

# CITY OF OAKLAND

## CALIFORNIA

### COMPREHENSIVE ANNUAL FINANCIAL REPORT

#### FISCAL YEAR ENDED JUNE 30, 2007

PREPARED BY THE FINANCE AND MANAGEMENT AGENCY

WILLIAM E. NOLAND • DIRECTOR  
ACE A. TAGO • CONTROLLER

PRINTED ON RECYCLED PAPER

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2007

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# INTRODUCTORY SECTION

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**FINANCE AND MANAGEMENT AGENCY  
ACCOUNTING DIVISION**

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December 7, 2007

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Oakland, California (City). The Finance and Management Agency has prepared this report to present the financial position and the changes in net assets for the fiscal year ended June 30, 2007, 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 generally accepted accounting principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of the City. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government'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 laws and regulations. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by a group of independent auditing firms that are licensed certified public accountants. The objective of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2007, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2007. The Independent Auditors Report is presented as the first component of the Financial Section of this report.

GASB Statement No. 34 (GASB 34) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.



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

The City has defined its reporting entity in accordance with generally accepted accounting principles that provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The Basic Financial Statements presents information on the activities of the City and its component units.

GAAP require that the component units be separated into blended or discretely presented units 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 operations.

Accordingly, we have included the operations of the Oakland Municipal Employees' Retirement System (OMERS), the Police and Fire Retirement System (PFRS), and the Oakland Redevelopment Agency (Agency) as blended component units. The operations of the Port of Oakland (including the Oakland International Airport) is 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 Oakland Housing Authority, the Oakland Unified School District, and the Peralta Community College District were not included 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 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.

### ***Profile of the Government***

The City of Oakland was chartered as a city in 1854. 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 and under the direction of the Mayor, 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 comprises eight elected officials. One Council member is elected “at large”, while the other seven Council members represent specific 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 enforcement, recreational and cultural activities, public improvements, planning, zoning, and general administrative services.

The City’s budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes: (1) the programs, projects, services, and activities to be carried out during the fiscal year; (2) the estimated revenue available to finance the operating plan; and (3) the estimated spending requirements for the operating plan. The budget represents a process wherein policy decisions by the Mayor and the City Council are adopted, implemented and controlled. The notes to the required supplementary information summarizes the budgetary roles of various City officials and the timetable for their budgetary actions according to the City Charter. On June 30, 2006, the City Council, during its mid-cycle review, approved the City’s revised budget for fiscal year 2006-07.

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 reservations 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 City Council for that year.



### ***Factors Affecting Financial Condition***

The information presented in the financial statements is perhaps best understood when it is considered from the broader context of the specific environment within which the City operates.

**Local Economy.** The City of Oakland continues to transform itself into one of the most desirable communities to live and most vibrant to do business in the country. Testimony to this transformation is well publicized in various magazines and comments by public officials. For example, the City is:

- “....9<sup>th</sup> Best office market in the country in 2006.” (Marcus & Millichap))
- “....8<sup>th</sup> Best Place for Business in the U.S.” (Forbes 2002 Annual Survey);
- “....7<sup>th</sup> Most Creative City in America” (Carnegie Mellon);
- “....6<sup>th</sup> Best City to live in the U.S.” (Money, Dec. 2002);
- “....leader among America’s top ten technology cities.” (Newsweek, April 30, 2001); and
- “....uniquely positioned as an excellent point for international business.” (Mickey Kantor, former U.S. Secretary of Commerce)

Added to the above list of accomplishments are the City’s latest achievements in the following categories.

- 7<sup>th</sup> in the U.S. and best in the state of California in drinking water quality. (Men’s Health Magazine, March 2007)
- Named the greenest city government by drawing 17% of its power from sustainable sources (SustainLane, an environmentally focused Web site)

These declarations are testimony to the City’s vibrancy, its business-friendly public policies, its well educated (ranked 8<sup>th</sup> as most educated in the nation) and skilled labor force, and its incentive-driven environment within which to do business. Moreover, transportation systems such as four freeways (I-880, I-580, Hwy. 13, and Hwy. 24), railroad, trucking, shipping (4<sup>th</sup> largest port in the nation), air transportation, and public transit converge in the City of Oakland to make it the hub of interstate and international commerce on the West Coast. Its strategic location and proximity to Silicon Valley and to highly acclaimed institutions of higher learning provide excellent synergy for collaborative research and innovation for improved business products and services.

Oakland occupies 56 square miles of land with nineteen miles of coastline to the west and magnificent rolling hills to the east. It is the eighth largest city in California with a population of 415,492. Its economy ranks in the top 20 economies in the United States and the 84<sup>th</sup> largest in the world. Some of the diverse attributes which helped Oakland survive the dot.com bust are:

- Featured as among 10 top technology cities in the future (Newsweek, April 2001)
- Oakland ranked nation’s #1 office market through 2005 (Landauer OM Index);
- Ranked 8th in the nation in percentage of women-owned businesses;
- Anchored by corporate giants such as Clorox, Kaiser Permanente, Dreyer’s, APL, etc.;
- Port of Oakland handles 62% of all export cargo on the West Coast of the U.S..



Two primary engines that drive the economies of the City in particular and Northern California in general are the Port of Oakland and the Oakland International Airport. The Port of Oakland is the fourth busiest container port in the United States and handles 99% of all containerized cargo that passes through the Golden Gate plus 62% of all export cargo on the West Coast of the United States. In 2006, the Oakland International Airport handled more than 14.5 million passengers and has more than 200 daily flights to serve 13 domestic and international carriers to 42 non-stop destinations. Part of this tremendous growth is driven by China's booming manufacturing trade and other economies in the Far East.

### ***Long-term Financial Planning***

Mayor Ronald V. Dellums priorities for fiscal years 2008 and 2009 budgets reflect the beginning of his vision to transform Oakland as a 21<sup>st</sup> Century Model city. The main focus will be:

- To foster sustainable economic growth and development for the benefit of Oakland and Oakland residents;
- To create a sense of hope and empowerment, especially among the youth;
- To give Oakland residents the opportunity to lead a healthy life; and
- To deliver City services in an open, transparent, effective and efficient manner.

The administration emphasizes that while the \$2.1 billion budget for the next two fiscal years will be the catalyst upon which the Mayor's vision will begin its journey towards realization, it is not, by any means, "a transformative budget because there are simply too few resources to address the magnitude of the problems facing Oakland". To confront this monumental challenge, the Mayor has begun his outreach campaign to develop collaboration with outside funding sources and foster closer working relationships with the State and Federal governments. For example, the City of Oakland and its housing partners were recently awarded over \$12 million dollars through four different State programs under Proposition 1C and Proposition 46 funds, which represent 28% of the funding awarded in the entire Bay Area (1) to facilitate home ownership opportunities for low income families, (2) to develop and rehabilitate emergency and supportive housing for seniors and homeless families, and (3) to provide resources to improve parks and library resources for seniors, children and youth in Oakland.

Parallel to this external funding pursuit is the City's fundamental need to continue its aggressive push for sustainable economic development as a response to social problems and improved quality of life for Oakland residents. To this end, the Mayor announced an initiative to create 10,000 new jobs for Oakland. This effort is anchored by, for example, the PG&E Corporation unveiling "a plan to spend \$3 million over the next three years to reduce greenhouse gases, conserve energy and train Oakland residents for careers with new 'green' businesses and help new environmentally sensitive businesses get off the ground." Further evidence of this long term, sustainable economic push and of the vibrancy that is taking place in Oakland are witnessed below.

**Oakland Base Reuse:** Plans for the former United States Army Base development include (1) 41-acre mix of businesses devoted to trade, logistics and maritime; (2) 28 acres of flexible office space and creative industries such as biotechnology or multi-media; (3) 23 acres of regional retail; and (4) a 24-acre auto mall that has already been approved for the area north of West Grand Avenue.



**Downtown Business Development:** Whole Foods and a new Gourmet Cookies Shop have recently begun operations in Oakland. A new 23-story office tower is being planned for City Center. Seventh Street townhouses are virtually completed and will be open for sale soon. Ownership of the Marriott Hotel and Oakland Courtyard Hotel has been transferred to a new company. The first 30 of the a planned 132 condominiums in a new seven-story Art Deco-inspired residential-retail complex at West Grand Avenue and Broadway has opened for sale. The retail space will include an 8,000 square foot well known Ozumo Japanese restaurant from San Francisco and a Starbucks coffee shop.

### ***Economic Indicators and Next Fiscal Year's Budget and Tax Rates***

The City of Oakland's primary economic indicators are highlighted on pages 16 and 17 in the Management Discussion and Analysis (MD&A) section of this report.

### ***Cash Management Policies and Practices***

To maximize interest income and maintain liquidity, the City pools operating cash of both the City and Port and invests these monies in securities of various maturities. These monies and operating funds of the Redevelopment Agency and the Oakland Base Reuse Authority are invested pursuant to the City's Investment Policy in compliance with Section 53601 of the California Government Code, the Nuclear Free Zone and Linked Banking Ordinances, and the Tobacco Divestiture Resolution. The objectives of the Investment Policy are to preserve capital, provide adequate liquidity to meet cash disbursements of the City, and to reduce overall portfolio needs while maintaining market-average rates of return. Investments are secured by collateral as required under law, with maturity dates staggered to ensure that cash is available when needed. The City Council receives quarterly reports on the performance of the City's pooled investment program.

The permitted investments include U.S. Treasury notes (with certain restrictions), federal agency issues, bankers' acceptances, commercial paper, corporate stocks and bonds with ratings of A1 or P1 by either Standard and Poor's or Fitch's, negotiable certificates of deposit, Local Agency Investment Fund, and repurchase agreements.

### ***Risk Management***

To finance its risks of general liability and workers' compensation, the City maintains a program of self-insurance, supplemented with commercial insurance of limited coverage that is sufficient to protect resources at the lowest reasonable cost. The City does maintain commercial fire insurance policies on all of its buildings. Additionally, the City insures for the perils of earthquake and flood on the Henry J. Kaiser Convention Center and the George F. Scotlan Memorial Convention Center.

The City Attorney represents the City in all of its legal matters, including claims investigation, civil litigation, and disposition of claims and lawsuits.



Insurance to protect and indemnify the City against the risks of general liability and property damage is required in virtually all of its public works, contractor-supplied, and professional services contracts.

### *Awards*

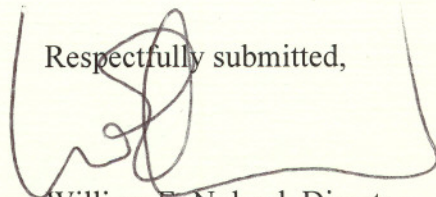
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. The Certificate of Achievement 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. Such 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 for 17 of the last 18 years. The single missing year was due to the delay in the submission of the City's CAFR to GFOA as a result of conversion to a new financial management system. The City's Fiscal Year 2006-07 CAFR will be submitted to GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting.

### *Acknowledgements*

I would like to express my appreciation to the entire staff of the Finance and Management Agency, most particularly the Accounting Division, and other agency and departmental staff, for their professionalism, dedication, and efficiency in the preparation of this report. I also thank Macias, Gini & O'Connell LLP for their assistance and guidance. Finally, I would like to thank the Mayor, members of the City Council, and the City Administrator for their interest and continuing support in planning and conducting the City's financial operations in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'W. Noland', enclosed within a large, loopy, handwritten flourish that extends to the left and right.

William E. Noland, Director  
Finance and Management Agency

# 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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



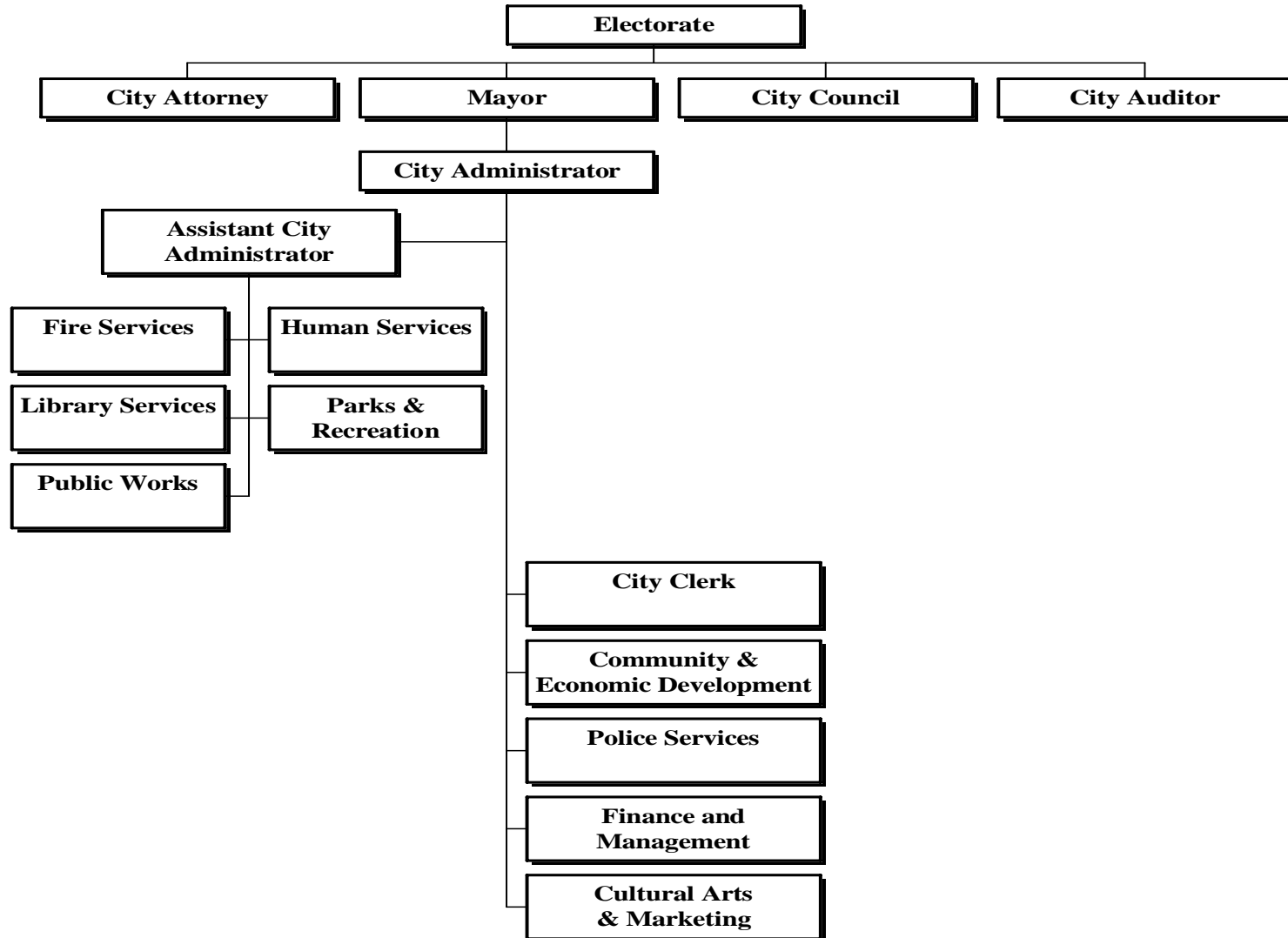
*Charles S. Cox*

President

*Jeffrey R. Enen*

Executive Director

# City of Oakland Organization Chart



**DIRECTORY OF CITY OFFICIALS  
MAYOR/COUNCIL FORM OF GOVERNMENT  
June 30, 2007**

**MAYOR**

Ronald V. Dellums

**MEMBERS OF THE CITY COUNCIL**

Ignacio De La Fuente, *President (District 5)*  
Jean Quan, *Vice-Mayor (District 4)*

*At Large – Henry Chang, Jr.*  
*District 3 – Nancy Nadel*

*District 1 – Jane Brunner*  
*District 6 – Desley Brooks*

*District 2 – Patricia Kernighan*  
*District 7 – Larry Reid*

**COUNCIL APPOINTED OFFICERS**

Deborah A. Edgerly, *City Administrator*

La Tonda Simmons, *City Clerk*

**ELECTED OFFICERS**

John Russo, *City Attorney*  
Courtney Ruby, *City Auditor*

**AGENCY & DEPARTMENT DIRECTORS**

Raul Godinez II  
*Public Works*

Audree Jones-Taylor  
*Parks & Recreation*

Carmen Martinez  
*Library Services*

Daniel Farrell  
*Fire Services*

William E. Noland  
*Finance & Management*

Wayne Tucker  
*Police Services*

Lori Fogarty  
*Cultural Arts & Marketing*

Andrea Youngdahl  
*Human Services*

Claudia Cappio  
*Community & Economic Development*

# **CITY OF OAKLAND**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

### **PROJECT TEAM**

William E. Noland  
*Director*  
*Finance and Management Agency*

Ace A. Tago  
*Controller*

### **AUDIT/FINANCIAL STATEMENT COORDINATOR**

Osborn K. Solitei, *Acting Assistant Controller*

### **FINANCIAL STATEMENT PREPARATION**

#### **Financial Statement Leaders**

Theresa Woo  
*Accountant III*

#### **Accounting Team (GL, ORA & GRANTS)**

Connie L. Chu  
Jennifer Luong  
Frank Catalya  
Erico Parras  
Michelle Wong

Edward Chun  
Felipe Kiocho  
Lani Pallotta  
Leland Lee  
David Warner

Bruce Levitch  
Norma Torres  
Andy Yang  
Rogelio Medalla

### **ADMINISTRATIVE SUPPORT**

Ebony Thomas, *Administrative Assistant*

### **SPECIAL ASSISTANCE**

Donna Treglown  
David Jones

Deanna Andrews  
Gregoria Torres

Katano Kasaine  
Sharon Holman

### **SPECIAL ASSISTANCE – DEPARTMENTS & OFFICES**

City Administrator's Office      City Attorney's Office      FMA-Treasury Division  
Community & Economic Development Agency  
Risk Management

# FINANCIAL SECTION

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**MACIAS GINI & O'CONNELL** LLP  
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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Los Angeles, CA 90071  
213.286.6400

402 West Broadway, Suite 400  
San Diego, CA 92101  
619.573.1112

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

### **Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oakland Municipal Employees' Retirement System (OMERS) and the Oakland Police and Fire Retirement System (PFRS), which collectively represent 70.1%, 73.7% and 26.8%, respectively, of the assets, net assets/fund balances, and revenues/additions of the aggregate remaining fund information as of and for the year ended June 30, 2007. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.


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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2007, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedules of funding progress and the budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

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 and individual fund 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 and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
Certified Public Accountants  
Walnut Creek, California

December 4, 2007



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Oakland's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. 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 City's total assets exceeded its total liabilities by \$821.0 million as of June 30, 2007, compared to \$690.5 million at June 30, 2006. This represents a net growth of \$130.5 million or 18.9% compared to the previous year. Assets increased by 11.4% or \$313.2 million primarily as the result of the combined increase of \$199.9 million in pooled and restricted cash and investments attributable to unspent bond proceeds and improved cash collections. Also, an increase of \$67 million for Property Held for Resale by the Agency contributed to the increase. Conversely, liabilities grew by 8.9% or \$182.7 million compared to the prior fiscal year primarily as a result of new debts associated with the above unspent bond proceeds.
- The City's cumulative fund balances grew by 26.8% (\$255.6 million) to \$1, 211.0 million compared to \$955.3 million for the prior fiscal year. This growth is primarily attributed to: (1) the net increase of \$226.1 million is primarily attributable to unspent bond proceeds; (2) the 17.2% improvement in property taxes as a result of double digit increases in property valuation; and (3) offset by 13.5% increase in overall governmental expenditures for its operations.
- As of June 30, 2007, the City had total long-term obligations outstanding of \$2.0 billion compared to a similar amount outstanding for the prior fiscal year for an increase of 8.6%. Of this amount, \$345 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.7 billion is comprised of various long-term debt instruments including accruals of year-end estimates for other long-term liabilities.
- The City's General Fund unreserved/undesignated fund balance at June 30, 2007 was \$56.1 million compared to \$59.4 million for the previous year, a decrease of (\$3.3) million or (5.7%). The unreserved/undesignated fund balance met the requirements of the City Council's 7.5% reserve policy based on the total General Fund expenditures for fiscal year 2007.

## 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 three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also includes required and other supplementary information in addition to the basic financial statements themselves.

### 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 of the 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, life enrichment, community and economic development, and public works. The business-type activities of the City include the sewer service system and the parks and recreation.

### 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 of 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 fund balance sheet and the governmental fund 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 fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, federal and state grant special revenue fund, Oakland Redevelopment Agency (Agency) as a blended component unit of the City, and municipal capital improvement 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 non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general 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:

***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.

***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, and central stores. 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 fund 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 Oakland Municipal Employees Retirement System (OMERS) Fund, the Police and Fire Retirement System (PFRS) Fund are reported as pension trust funds. The Private Purpose Trust Fund along with the pension trust funds 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.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information, other than this discussion and analysis, concerning the City's progress in funding its obligation to provide pension benefits to its employees and budget-to-actual information for the City's general fund. This required supplementary information is presented immediately following the notes to the basic financial statements.

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds, and fiduciary funds are immediately following the required supplementary information along with budgetary comparison schedules.

## **Government-wide Financial Analysis**

Net assets may serve over time as a useful indicator of the City's financial position. The City's total assets exceeded its liabilities as of June 30, 2007 by \$821.0 million compared to \$690.5 million as of June 30, 2006, an increase of \$130.5 million. The largest portion of the City's net assets (56.4%) reflects its investment in capital assets of \$463.6 million for governmental and business type activities net of related debt. Of the remaining balance, (43.6%) reflects \$317.5 million in resources that are subject to external restrictions on how they may be used and unrestricted net assets of \$39.9 million are primarily attributed to ongoing projects related governmental activities.

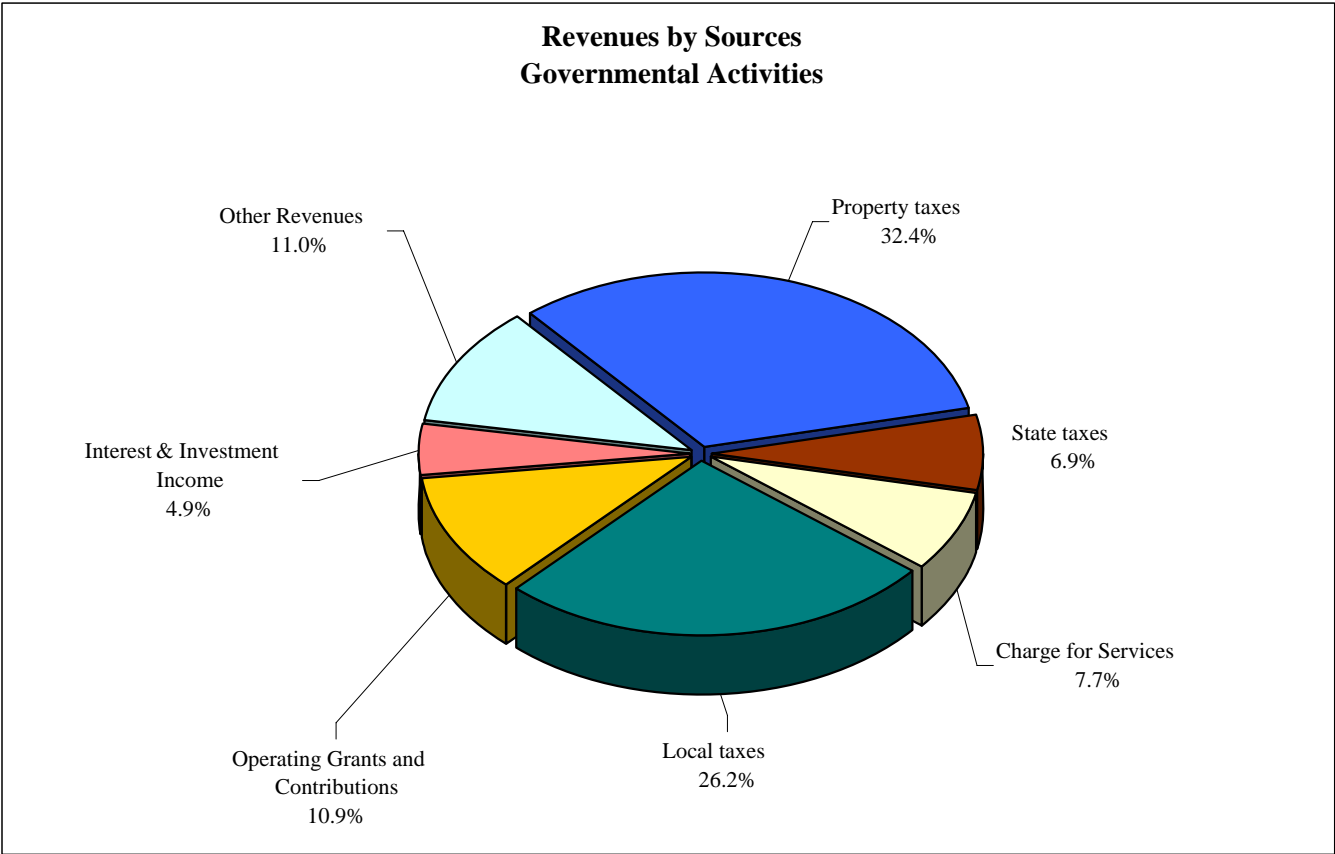
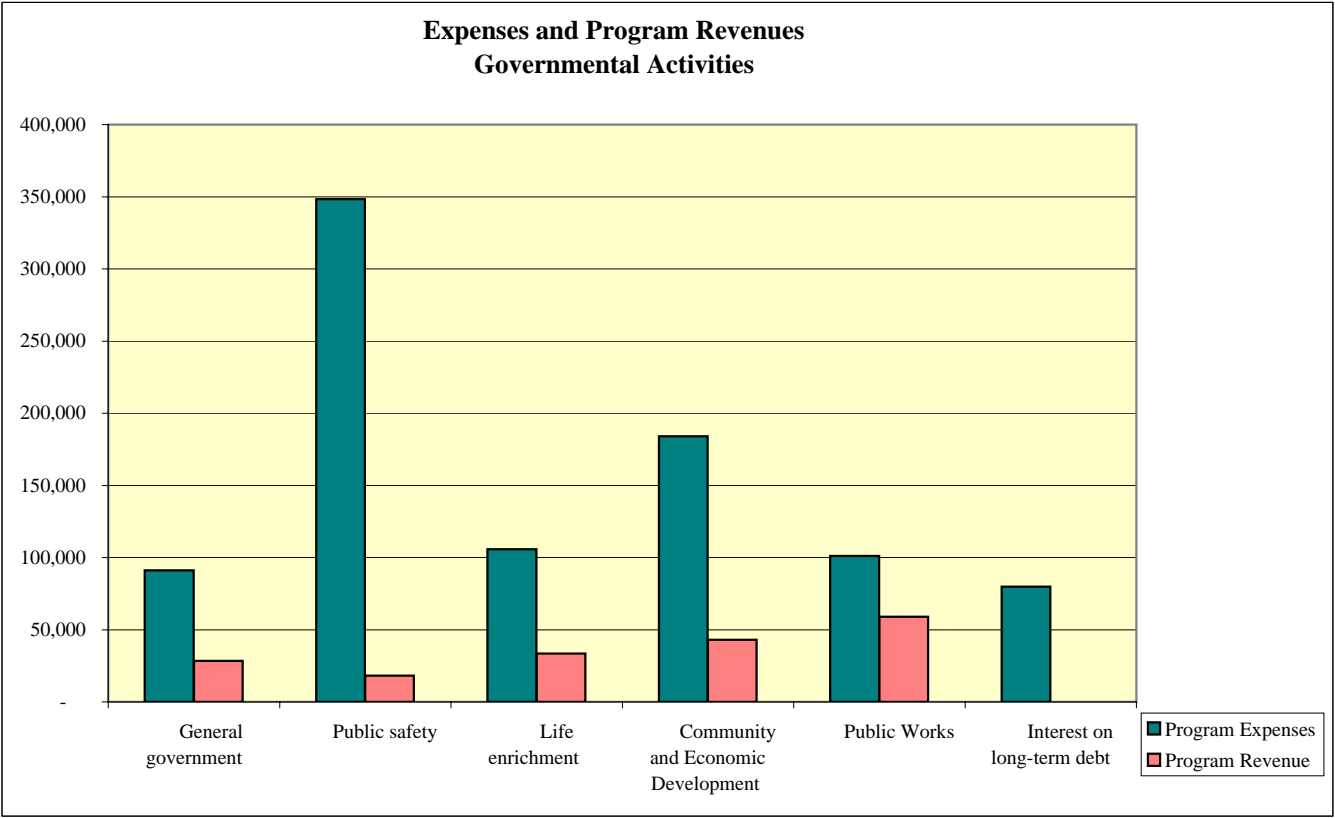
**City of Oakland's Net Assets**  
**June 30, 2007**  
*(In Thousands)*

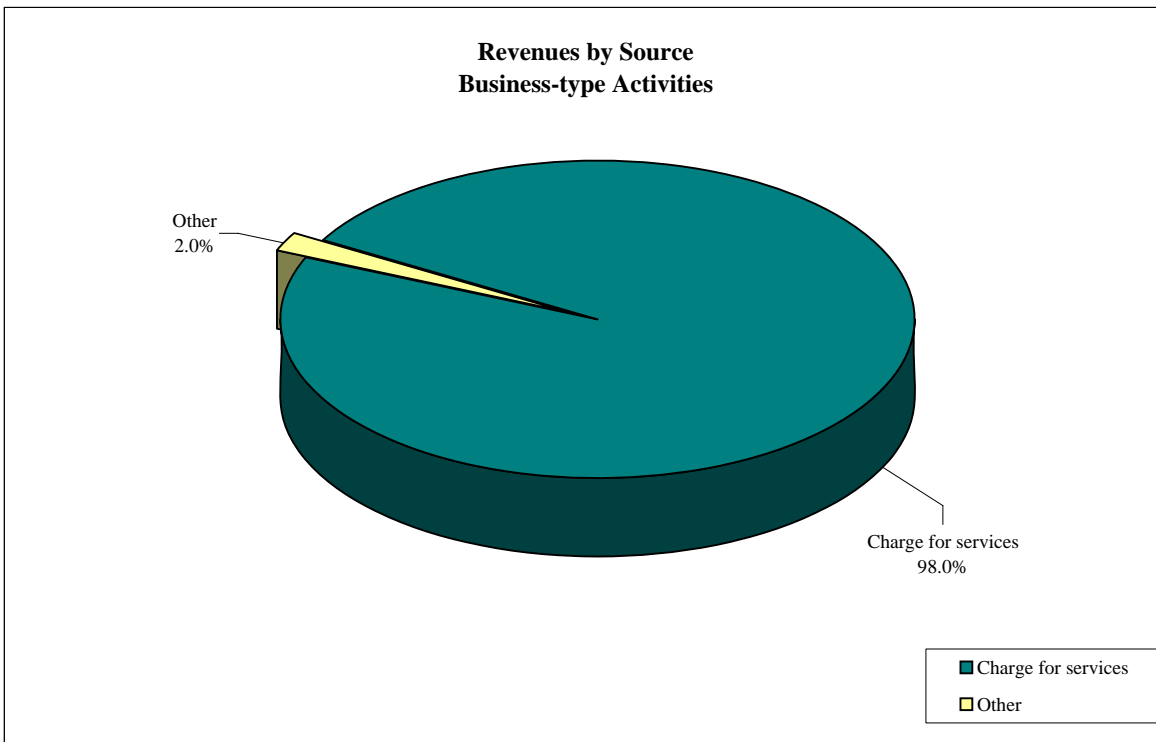
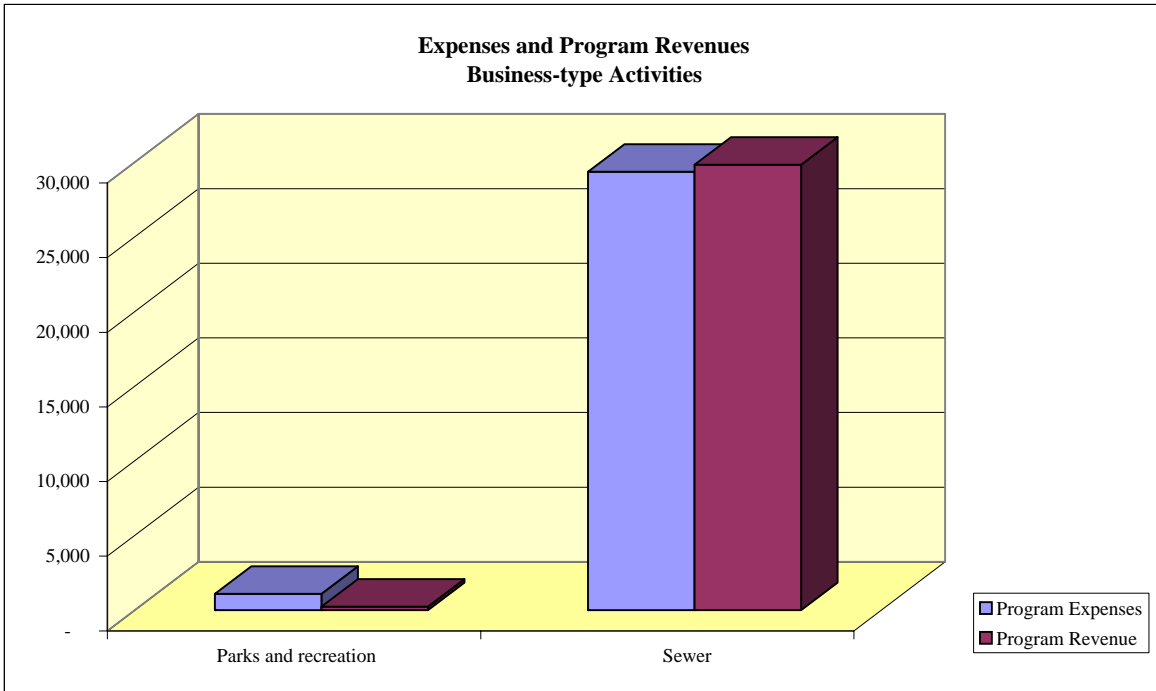
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Assets:</b>						
Current and other assets	2,020,139	\$1,723,502	43,835	54,508	2,063,974	1,778,010
Capital assets	854,373	835,991	136,093	127,221	990,466	963,212
<b>TOTAL ASSETS</b>	<b>2,874,512</b>	<b>2,559,493</b>	<b>179,928</b>	<b>181,729</b>	<b>3,054,440</b>	<b>2,741,222</b>
 Long-term liabilities outstanding	 1,979,249	 1,815,189	 66,024	 68,475	 2,045,273	 1,883,664
Other liabilities	186,286	165,070	1,845	1,986	188,131	167,056
<b>TOTAL LIABILITIES</b>	<b>2,165,535</b>	<b>1,980,259</b>	<b>67,869</b>	<b>70,461</b>	<b>2,233,404</b>	<b>2,050,720</b>
 <b>Net assets:</b>						
Invested in capital assets, net of related debt	353,715	319,932	109,886	110,279	463,601	430,211
Restricted net assets:						
Debt service	2,083	27,470	-	-	2,083	27,470
Pension obligations	138,778	153,735	-	-	138,778	153,735
Urban redevelopment and housing	156,077	82,940	-	-	156,077	82,940
Other purposes	20,620	3,679	-	-	20,620	3,679
Unrestricted	37,704	(8,522)	2,173	989	39,877	(7,533)
<b>TOTAL NET ASSETS</b>	<b>\$ 708,977</b>	<b>\$ 579,234</b>	<b>\$ 112,059</b>	<b>\$ 111,268</b>	<b>\$ 821,036</b>	<b>\$ 690,502</b>

**Governmental activities.** The City's change in net assets of \$130.5 million for the year ended June 30, 2007 compared to \$32.9 million for the previous fiscal year represents a net increase of \$97.6 million. The key elements of this increase are listed below.

**Changes in Net Assets**  
**June 30, 2007**  
*(In Thousands)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 75,242	\$ 70,711	30,075	24,875	105,317	95,586
Operating grants and contributions	106,903	77,154	21	-	106,924	77,154
General revenues:						
Property taxes	317,666	268,693	-	-	317,666	268,693
State taxes:						
Sales and use taxes	58,006	56,844	-	-	58,006	56,844
Motor vehicles in-lieu tax	2,268	2,984	-	-	2,268	2,984
Gas tax	7,449	7,476	-	-	7,449	7,476
Local taxes:						
Business license	50,339	43,790	-	-	50,339	43,790
Utility consumption	51,426	48,770	-	-	51,426	48,770
Real estate transfer	61,505	79,483	-	-	61,505	79,483
Transient occupancy	12,303	11,690	-	-	12,303	11,690
Parking	16,202	15,196	-	-	16,202	15,196
Voter approved special tax	31,483	31,728	-	-	31,483	31,728
Franchise	13,010	12,152	-	-	13,010	12,152
License and permits	20,390	19,006	-	-	20,390	19,006
Interest and investment income	48,073	30,406	1,745	1,996	49,818	32,402
Other	108,048	78,053	2	62	108,050	78,115
<b>TOTAL REVENUES</b>	<b>980,313</b>	<b>854,136</b>	<b>31,843</b>	<b>26,933</b>	<b>1,012,156</b>	<b>881,069</b>
<b>Expenses:</b>						
General government	91,119	71,471	-	-	91,119	71,471
Public safety	348,436	335,171	-	-	348,436	335,171
Life enrichment	105,728	101,902	-	-	105,728	101,902
Community & economic development	183,968	140,351	-	-	183,968	140,351
Public works	101,075	100,448	-	-	101,075	100,448
Interest on long-term debt	79,864	73,224	-	-	79,864	73,224
Sewer	-	-	29,365	24,841	29,365	24,841
Parks and recreation	-	-	1,087	734	1,087	734
<b>TOTAL EXPENSES</b>	<b>910,190</b>	<b>822,567</b>	<b>30,452</b>	<b>25,575</b>	<b>940,642</b>	<b>848,142</b>
Change in net assets before transfers and special item	70,123	31,569	1,391	1,358	71,514	32,927
Transfers	600	600	(600)	(600)	-	-
Special item:						
Net resale properties from OBRA	59,020	-	-	-	59,020	-
Change in net assets	129,743	32,169	791	758	130,534	32,927
Net assets at beginning of year	579,234	547,065	111,268	110,510	690,502	657,575
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 708,977</b>	<b>\$ 579,234</b>	<b>\$ 112,059</b>	<b>\$ 111,268</b>	<b>\$ 821,036</b>	<b>\$ 690,502</b>







The increase of \$97.6 million (18.9%) is attributed to the following significant elements:

- While the increases in property taxes of \$49 million or 18.2% were driven by enhancement in assessed property valuation within the boundaries of the City of Oakland during fiscal year 2006-07, operating grants and contributions, and other revenues increased by \$30 million or 38.6%, and \$29.9 million or 38.3% respectively.
- The increase in interest and investment income of \$17.4 million or 53.7% is primarily attributable to the increase in earnings from the City's pooled and restricted cash and investments as a result of carrying higher balances compared to the previous year.
- The increase of \$19.6 million or 27.5% of spending in general government when compared to the previous year is due primarily to spending related to the Urban Area Security Initiative Grant.
- The increase of \$13.3 million or 4.0% of spending in public safety when compared to the previous year is due primarily to overtime costs resulting from the continuing problem of shortage in sworn staff, and the added costs to recruit new officers and conduct police academies to train and certify new recruits.
- The increases in community & economic development and life enrichment expenses of \$43.6 million or 31.1% and \$3.8 million or 3.8% respectively are attributed to completed projects and costs related to continuing projects from previous years.
- Interest on long-term debt increased by \$6.6 million or 9.1% due to defeasance and refunding of certain debts by the City.

**Business-type activities.** Business-type activities ended the fiscal year with a positive change in its net assets of \$0.8 million compared to a similar amount for the previous fiscal year. The increase of \$0.03 million in net assets is attributable to an 18.2% or \$4.9 million increase in revenues offset by an 18.2% or \$4.5 million increase in sewer project related expenses.

### **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's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Oakland Redevelopment Agency had a fund balance of \$598.6 million as of June 30, 2007 that represents an increase of 86.1% over the prior fiscal year. The net increase of

\$276.9 million was primarily related to the improvement in property tax revenues in the project areas and the remaining bond proceeds for the Low and Moderate Housing Project Area to be completed by fiscal year 2007.

**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 assets invested in capital assets, net of related debt amounted to \$109.9 million as of June 30, 2007, compared to \$110.3 million for the previous fiscal year. The -0.4% or \$0.4 million decrease is related to partial proceeds spent from a debt issued to finance sewer projects. During the fiscal year, the City capitalized \$8.8 million in sewer system completed projects, net of depreciation.

### **General Fund Budgetary Highlights**

Differences between the original and the final amended expenditure budgets totaling \$11.9 million were due primarily to the determination of actual project carryforwards for continuing appropriations for various multi-year projects, capital improvement projects, and other projects authorized by City Council. The original approved expenditure budget contained only estimates of project carryforwards.

Total general fund actual expenditures compared to the final amended expenditure budget showed net budget savings of \$12.6 million for the year ended June 30, 2007, compared to \$19.8 million in savings for the previous fiscal year. The net budget savings is attributed to (1) the significant turnover in full time sworn officers through attrition, (2) the absorption of a certain portion of sworn officers salaries and benefits by Measure Y funds to satisfy that Measure's mandates while recruitment for additional authorized full time peace officers is in progress, and (3) the completion of carryforward projects during the fiscal year.

Actual revenues compared to the final amended general fund revenue budget exceeded projections by \$15.3 million, compared to a favorable variance of \$16.3 million for the previous fiscal year. The increase is primarily attributed to improved property taxes driven by a 42% improvement in assessed property valuation as reported by the County of Alameda.

### **Capital Assets**

The City's capital assets, net of depreciation, totaled \$990.5 million as of June 30, 2007 compared to \$963.2 million as of June 30, 2006, an increase of \$27.3 million or 3%. Governmental activities additions of \$68.6 million in capital assets included land acquisition and capitalization of infrastructure, facilities improvements, and furniture and equipment 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 \$18.4 million in adjustments against capital assets for governmental activities. Business activities,

primarily the sewer fund, increased its capital assets by \$8.8 million, net of retirements and depreciation. See Note (7) for more details in capital assets.

### **Construction Commitments**

The City has active construction projects as of June 30, 2007 totaling \$316,073,158. The projects include street construction, park construction, building improvements and sewer and storm drain improvements.

### **Debt Administration**

At the end of the current fiscal year, the City's debt limit (3.75% of property valuation, net of exemptions subject to taxation) was \$985.0 million. The total amount of debt applicable to the debt limit was \$345.2 million. The resulting legal debt margin was \$639.8 million.

The City of Oakland's underlying ratings for its general obligation bonds as of June 30, 2007, were as follows:

Standard and Poor's Corporation	A+
Moody's Investors Services, Inc.	A1
Fitch, JBCA, Inc.	A+

As of June 30, 2007, the City had total long-term obligations outstanding of \$2.05 billion compared to \$1.88 billion outstanding for the prior fiscal year, an increase of 8.6%. Of this amount, \$345.2 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.70 billion is comprised of various long-term debt instruments listed below including accruals of year-end estimates for other long-term liabilities.

**Outstanding Debt**  
**June 30, 2007**  
*(In Thousands)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
General obligation bonds	\$ 345,214	\$ 358,124	\$ -	\$ -	345,214	358,124
Tax allocation bonds	514,475	319,115	-	-	514,475	319,115
Certificate of participation	45,795	49,154	-	-	45,795	49,154
Lease revenue bonds	325,105	346,110	-	-	325,105	346,110
Pension obligation bonds	313,625	341,475	-	-	313,625	341,475
Special assessment debt with government commitments	6,800	7,085	-	-	6,800	7,085
Accreted interest on appreciation bonds	104,356	85,884	-	-	104,356	85,884
Sewer-bonds & notes payable	-	-	63,431	65,765	63,431	65,765
Less: deferred amounts						
Bond issuance premiums	22,887	22,734	2,593	2,710	25,480	25,444
Bond refunding loss	(20,035)	(22,216)			(20,035)	(22,216)
Total Bonds Payable	1,658,222	1,507,465	66,024	68,475	1,724,246	1,575,940
Notes & Leases payable	48,899	38,158	-	-	48,899	38,158
Other long-term liabilities	272,128	269,566	-	-	272,128	269,566
Total Outstanding Debt	<u>\$ 1,979,249</u>	<u>\$1,815,189</u>	<u>\$ 66,024</u>	<u>\$ 68,475</u>	<u>\$2,045,273</u>	<u>\$1,883,664</u>

The City's overall total long-term obligations increased by \$161.6 million compared to fiscal year 2006. The net increase is primarily attributable to (1) the City issuance of Capital Lease for 450 Lancaster Building and Parking Meters, (2) the Agency issuance of the Central City East Redevelopment Project Tax Allocation Bonds, Series 2006A-TE & Series 2006A-T, (3) the Agency issuance of Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE & Series 2006B-T, (4) the Agency issuance of Broadway/MacArther/San Pablo Redevelopment Project Tax Allocation Bonds, Series 2006C-TE & Series 2006C-T and (5) the Agency issuance of Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable). The other long-term obligations increased basically because of the additional amounts provided for estimated environmental remediation cost for fiscal year 2007.

## **Summary of New Debt:**

### **City of Oakland Capital Lease - 450 Lancaster Building**

On July 21, 2006, the City of Oakland closed a lease transaction with Bank of America in the principal amount of \$4,940,000 for the purpose of purchasing a building at 450 Lancaster Street (Oakland, CA). The financing is tax-exempt with a final maturity of August 1, 2021; the interest rate on this lease transaction is 5.30%.

### **City of Oakland Capital Lease - Parking Meters**

On June 14, 2007, the City of Oakland closed a lease transaction with CitiCapital in the principal amount of \$4,520,000 for the purpose of purchasing multi-space pay and display parking meters (“Meters”). The financing is tax-exempt with a final maturity of July 15, 2014; the interest rate on this lease transaction is 3.90%.

The City also entered into other capital leases during the year amounting to \$8,805,000.

### **Redevelopment Agency of the City of Oakland Central City East Redevelopment Project Tax Allocation Bonds Series 2006A-TE & Series 2006A-T (Federally Taxable)**

On October 12, 2006, the Redevelopment Agency of the City of Oakland (“Agency”) issued \$13,780,000 of Central City East Redevelopment Project Tax Allocation Bonds, Series 2006A-TE (the “Series 2006A-TE Bonds”) and \$62,520,000 of Central City East Redevelopment Project Tax Allocation Bonds, Series 2006A-T (Federally Taxable) (the “Series 2006A-T Bonds”). The Series 2006A-TE Bonds are tax-exempt with a final maturity of September 1, 2036; the interest rate of these bonds is 5.000%. The Series 2006A-T Bonds are federally taxable with a final maturity of September 1, 2034; the interest rates of these bonds range from 5.263% to 5.537%.

### **Redevelopment Agency of the City of Oakland Coliseum Area Redevelopment Project Tax Allocation Bonds Series 2006B-TE & Series 2006B-T (Federally Taxable)**

On October 12, 2006, the Redevelopment Agency of the City of Oakland (“Agency”) issued \$28,770,000 of Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE (the “Series 2006B-TE Bonds”) and \$73,820,000 of Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-T (Federally Taxable) (the “Series 2006B-T Bonds”). The Series 2006B-TE Bonds are tax-exempt with a final maturity of September 1, 2036; the interest rates of these bonds range from 4.000% to 5.000%. The Series 2006B-T Bonds are federally taxable with a final maturity of September 1, 2035; the interest rates of these bonds range from 5.263% to 5.537%.

The refunding resulted in a cash flow savings of \$2,797,908. In addition, the Agency obtained a net economic gain on this financing of \$626,658.

**Redevelopment Agency of the City of Oakland  
Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds  
Series 2006C-TE & Series 2006C-T (Federally Taxable)**

On October 12, 2006, the Redevelopment Agency of the City of Oakland (“Agency”) issued \$4,945,000 of Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds, Series 2006C-TE (the “Series 2006C-TE Bonds”) and \$12,325,000 of Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds, Series 2006C-T (Federally Taxable) (the “Series 2006C-T Bonds”). The Series 2006C-TE Bonds are tax-exempt with a final maturity of September 1, 2036; the interest rate of these bonds is 5.000%. The Series 2006C-T Bonds are federally taxable with a final maturity of September 1, 2032; the interest rates of these bonds range from 5.283% to 5.587%.

**Redevelopment Agency of the City of Oakland  
Central District Redevelopment Project Subordinated Tax Allocation Bonds  
Series 2006T (Federally Taxable)**

On November 21, 2006 the Redevelopment Agency of the City of Oakland (“Agency”) issued \$33,135,000 of Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable) (the “Series 2006T Bonds”). The Series 2006T Bonds are federally taxable with a final maturity of September 1, 2021; the interest rates of these bonds range from 5.252% to 5.411%.

Additional information on the City’s long-term debt obligations can be found in Note 12 to the financial statements.

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

The economic indicators highlighted below, among others and including labor union contracts, were factored into the City’s budget formulation process as they relate to revenue forecasting, program planning, and resource allocation for fiscal year 2006-07.

The City of Oakland’s unemployment rate increased to 7.4% in July 2007 compared to an average unemployment rate of 7.1% for August 2006.

The Bay Area’s consumer price index for all urban consumers in October 2007 was 217.949 compared to the U.S. city average consumer price index (CPI-U) for all urban consumers at 208.936. (Base period: 1982 – 84 = 100).

Average forecast residential rental and vacancy rates for 2007 were \$1,321 per month and 3.8% respectively compared to \$1,236 and 6.0% for 2006.

For the 2007 third quarter, the average office space rental rate per square foot for the City ranged from \$1.68 to \$2.42 compared to \$3.39 for San Francisco and \$2.62 for the Silicon Valley.

Oakland's gross metropolitan product, estimated at \$107.8 billion for 2004, ranks in the top 20 metropolitan economies in the United States and among the top 60 largest economy in the world.

Estimated population for January 1, 2007 is 415,492 with a total number of households of 150,790 and an average household size of 2.60 persons with a mean household income of \$59,500.

Electric utility rates for commercial range from 13.15 to 15.85 cents per kilowatt hour while industrial rates are from 8.87 to 12.82 cents per kilowatt hour.

Increases in expenditures due to new union contracts, CalPERS pension rates, and healthcare costs have been factored into the City's Fiscal Year 2006-07 budget without raising or imposing new taxes.

### **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 and Management Agency, Accounting Division, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353; Oakland, California 94612-2093.

# BASIC FINANCIAL STATEMENTS



**City of Oakland**  
**Statement of Net Assets**  
**June 30, 2007**  
*(In Thousands)*

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Port of Oakland
<b>ASSETS</b>				
Cash and investments	\$ 418,276	\$ 3,936	\$ 422,212	\$ 84,346
Receivables (net of allowance for uncollectibles of \$6,404 for City and \$1,733 for Port):				
Accrued interest	2,561	-	2,561	740
Property taxes	21,304	-	21,304	-
Accounts receivable	59,401	3,498	62,899	39,855
Grants receivable	32,550	-	32,550	-
Due from Port	11,694	-	11,694	-
Internal balances	3,416	(3,416)	-	-
Due from pension trust fund	4,206	-	4,206	-
Notes and loans receivable (net of allowance for uncollectibles of \$41,564 for the City)	230,605	-	230,605	-
Restricted assets:				
Cash and investments	712,135	39,160	751,295	193,882
Receivables	-	-	-	7,374
Inventories	1,228	-	1,228	-
Property held for resale	120,586	-	120,586	-
Capital assets:				
Land and other assets not being depreciated	119,379	6,919	126,298	754,574
Facilities, infrastructures, and equipment, net of depreciation	734,994	129,174	864,168	1,525,828
Unamortized bond issuance costs	26,117	657	26,774	-
Net pension asset	376,024	-	376,024	-
Other	36	-	36	79,756
<b>TOTAL ASSETS</b>	<b>2,874,512</b>	<b>179,928</b>	<b>3,054,440</b>	<b>2,686,355</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	130,306	1,813	132,119	54,364
Accrued interest payable	15,813	-	15,813	28,059
Due to other governments	15,558	-	15,558	-
Due to primary government	-	-	-	11,694
Unearned revenue	9,704	25	9,729	65,925
Matured bonds and interest payable	520	-	520	-
Other	14,385	7	14,392	45,310
Noncurrent liabilities:				
Due within one year	158,812	2,483	161,295	40,608
Due in more than one year	1,820,437	63,541	1,883,978	1,543,146
<b>TOTAL LIABILITIES</b>	<b>2,165,535</b>	<b>67,869</b>	<b>2,233,404</b>	<b>1,789,106</b>
<b>NET ASSETS (deficit)</b>				
Invested in capital assets, net of related debt	353,715	109,886	463,601	894,073
Restricted net assets:				
Debt service	2,083	-	2,083	469
Pension	138,778	-	138,778	-
Urban redevelopment and housing	156,077	-	156,077	-
Other purposes	20,620	-	20,620	9,337
Unrestricted net assets (deficit)	37,704	2,173	39,877	(6,630)
<b>TOTAL NET ASSETS</b>	<b>\$ 708,977</b>	<b>\$ 112,059</b>	<b>\$ 821,036</b>	<b>\$ 897,249</b>

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

**City of Oakland**  
**Statement of Activities**  
**Year Ended June 30, 2007**  
*(In Thousands)*

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Port of Oakland	Oakland Base Reuse Authority
					Governmental Activities	Business-type Activities	Total		
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 91,119	\$ 13,741	\$ 14,707	\$ -	\$ (62,671)	\$ -	\$ (62,671)		
Public safety	348,436	9,803	8,341	-	(330,292)	-	(330,292)		
Life enrichment	105,728	3,992	29,582	-	(72,154)	-	(72,154)		
Community and economic development	183,968	16,437	26,641	-	(140,890)	-	(140,890)		
Public works	101,075	31,269	27,632	-	(42,174)	-	(42,174)		
Interest on long-term debt	79,864	-	-	-	(79,864)	-	(79,864)		
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>910,190</b>	<b>75,242</b>	<b>106,903</b>	<b>-</b>	<b>(728,045)</b>	<b>-</b>	<b>(728,045)</b>		
Business-type activities:									
Sewer	29,365	29,838	21	-	-	494	494		
Park and recreation	1,087	237	-	-	-	(850)	(850)		
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>30,452</b>	<b>30,075</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>(356)</b>	<b>(356)</b>		
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 940,642</b>	<b>\$ 105,317</b>	<b>\$ 106,924</b>	<b>\$ -</b>	<b>\$ (728,045)</b>	<b>\$ (356)</b>	<b>\$ (728,401)</b>		
<b>Component units:</b>									
Port of Oakland	\$ 299,140	\$ 277,374	\$ -	\$ 35,667				\$ 13,901	
Oakland Base Reuse Authority	\$ 91,350	\$ -	\$ -	\$ -					\$ (91,350)
General revenues:									
Property taxes					317,666	-	317,666	-	-
State taxes:									
Sales and use taxes					58,006	-	58,006	-	-
Motor vehicle in-lieu tax					2,268	-	2,268	-	-
Gas tax					7,449	-	7,449	-	-
Local taxes:									
Business license					50,339	-	50,339	-	-
Utility consumption					51,426	-	51,426	-	-
Real estate transfer					61,505	-	61,505	-	-
Transient occupancy					12,303	-	12,303	-	-
Parking					16,202	-	16,202	-	-
Voter approved special tax					31,483	-	31,483	-	-
Franchise					13,010	-	13,010	-	-
License and permits					20,390	-	20,390	-	-
Interest and investment income					48,073	1,745	49,818	10,457	-
Other					108,048	2	108,050	45,309	-
Transfers					600	(600)	-	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>798,768</b>	<b>1,147</b>	<b>799,915</b>	<b>55,766</b>	<b>-</b>
Special Items									
Net resale properties from OBRA					59,020	-	59,020	-	-
Changes in net assets					129,743	791	130,534	69,667	(91,350)
<b>NET ASSETS - BEGINNING</b>					<b>579,234</b>	<b>111,268</b>	<b>690,502</b>	<b>827,582</b>	<b>91,350</b>
<b>NET ASSETS - ENDING</b>					<b>\$ 708,977</b>	<b>\$ 112,059</b>	<b>\$ 821,036</b>	<b>\$ 897,249</b>	<b>\$ -</b>

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

**CITY OF OAKLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**  
*(In Thousands)*

	<b>General</b>	<b>Federal/State Grant Fund</b>	<b>Oakland Redevelopment Agency</b>	<b>Municipal Capital Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and investments	\$133,649	\$ -	\$ 187,187	\$ 9,304	\$ 86,795	\$ 416,935
Receivables (net of allowance for uncollectibles of \$3,902):						
Accrued interest	1,436	-	35	363	727	2,561
Property taxes	6,928	795	9,663	-	3,918	21,304
Accounts receivable	43,572	33	3,758	-	11,969	59,332
Grants receivable	-	32,118	-	-	432	32,550
Due from component unit	11,352	-	-	-	342	11,694
Due from other funds	74,730	-	14,552	-	2,804	92,086
Notes and loans receivable (net of allowance for uncollectibles of \$41,564)	21,693	91,844	97,581	-	19,487	230,605
Restricted cash and investments	143,542	7,115	309,213	90,144	153,314	703,328
Property held for resale	-	-	120,586	-	-	120,586
Other	36	-	-	-	-	36
<b>TOTAL ASSETS</b>	<b>\$436,938</b>	<b>\$ 131,905</b>	<b>\$ 742,575</b>	<b>\$ 99,811</b>	<b>\$ 279,788</b>	<b>\$1,691,017</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$108,730	\$ 5,554	\$ 5,798	\$ 1,796	\$ 5,336	\$ 127,214
Due to other funds	8,228	16,087	2,955	-	17,530	44,800
Due to other governments	60	257	15,240	-	1	15,558
Deferred revenue	36,413	104,965	113,044	-	23,153	277,575
Matured bonds and interest payable	-	-	-	520	-	520
Other	1,600	-	4,169	612	8,004	14,385
<b>TOTAL LIABILITIES</b>	<b>155,031</b>	<b>126,863</b>	<b>141,206</b>	<b>2,928</b>	<b>54,024</b>	<b>480,052</b>
<b>Fund balances</b>						
Reserved:						
Encumbrances	7,440	19,619	-	6,867	6,591	40,517
Long-term receivables	-	-	1,739	-	-	1,739
Debt service	16,451	17,090	-	1,610	146,201	181,352
Property held for resale	-	-	120,586	-	-	120,586
Capital projects	-	-	477,399	-	-	477,399
Pension obligations	115,000	-	-	-	-	115,000
Unreserved/(deficit) reported in:						
General fund	143,016	-	-	-	-	143,016
Special revenue funds	-	(31,667)	-	-	64,111	32,444
Capital project funds	-	-	1,645	88,406	8,861	98,912
<b>TOTAL FUND BALANCES</b>	<b>281,907</b>	<b>5,042</b>	<b>601,369</b>	<b>96,883</b>	<b>225,764</b>	<b>1,210,965</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$436,938</b>	<b>\$ 131,905</b>	<b>\$ 742,575</b>	<b>\$ 99,811</b>	<b>\$ 279,788</b>	<b>\$1,691,017</b>

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

**City of Oakland**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net**  
**Assets for Governmental Activities**  
**June 30, 2007**  
*(In Thousands)*

Fund balance - total governmental funds	\$ 1,210,965
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Primary government capital assets, net of depreciation	\$ 854,373	
Less: internal service funds' capital assets, net of depreciation	(19,319)	835,054

Bond issuance costs are expended in the governmental funds when paid and are capitalized and amortized over the life of the corresponding bonds for the purposes of the governmental activities on the statement of net assets.

26,117

Net pension assets are recognized in the statement of net assets as an asset, however, it is not considered a financial resource and, therefore, is not reported on the balance sheet of governmental funds.

376,024

Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.

(15,813)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the governmental funds.

267,871

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

Long-term liabilities	\$ (1,979,249)	
Less: long-term liabilities for internal service funds	13,748	(1,965,501)

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 and liabilities of internal service funds are included in governmental activities in the statement of net assets.

(25,740)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 708,977
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The note 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, 2007**  
*(In Thousands)*

	General	Federal/State Grant Fund	Oakland Redevelopment Agency	Municipal Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 170,105	\$ -	\$ 109,613	\$ -	\$ 34,750	\$ 314,468
State:						
Sales and use	46,690	-	-	-	11,316	58,006
Motor vehicle in-lieu	2,268	-	-	-	-	2,268
Gas	-	-	-	-	7,449	7,449
Local:						
Business license	50,339	-	-	-	-	50,339
Utility consumption	51,426	-	-	-	-	51,426
Real estate transfer	61,505	-	-	-	-	61,505
Transient occupancy	12,303	-	-	-	-	12,303
Parking	8,892	-	-	-	7,310	16,202
Voter approved special tax	-	11,148	-	-	18,630	29,778
Franchise	13,010	-	-	-	-	13,010
Licenses and permits	1,066	-	-	-	19,324	20,390
Fines and penalties	24,727	358	-	-	1,774	26,859
Interest and investment income	7,007	3,112	18,590	4,951	15,481	49,141
Charges for services	55,837	77	-	-	19,328	75,242
Federal and state grants and subventions	7,051	83,772	-	5	6,554	97,382
Annuity income	9,324	-	-	-	-	9,324
Other	15,116	8,764	17,018	161	24,375	65,434
<b>TOTAL REVENUES</b>	<b>536,666</b>	<b>107,231</b>	<b>145,221</b>	<b>5,117</b>	<b>166,291</b>	<b>960,526</b>
<b>EXPENDITURES</b>						
Current:						
Elected and Appointed Officials:						
Mayor	2,745	-	-	-	199	2,944
Council	3,701	-	-	23	1,269	4,993
City Manager	11,089	10,400	-	1,354	3,023	25,866
City Attorney	9,365	169	-	-	4,231	13,765
City Auditor	1,043	-	-	-	49	1,092
City Clerk	2,757	-	-	-	74	2,831
Agencies/Departments:						
Personnel Resource Management	5,232	-	-	-	319	5,551
Information Technology	9,339	109	-	668	36	10,152
Financial Services	24,631	252	-	12	1,123	26,018
Police Services	195,206	3,848	-	3	7,504	206,561
Fire Services	101,184	2,001	-	1,840	7,674	112,699
Life Enrichment:						
Parks and Recreation	15,285	-	-	212	3,651	19,148
Library	11,799	12,674	-	42	116	24,631
Cultural Arts and Museum	6,595	-	-	2	379	6,976
Aging & Health and Human Services	6,336	25,773	-	28	21,091	53,228
Community and Economic Development	2,780	29,789	93,695	609	42,360	169,233
Public Works	33,595	8,777	-	9,359	39,759	91,490
Other	9,162	-	1,116	-	363	10,641
Capital outlay	14,885	8,911	-	18,511	7,588	49,895
Debt service:						
Principal repayment	832	850	12,040	833	65,409	79,964
Bond issuance costs	172	-	4,295	-	-	4,467
Interest charges	550	1,143	21,998	77	45,914	69,682
<b>TOTAL EXPENDITURES</b>	<b>468,283</b>	<b>104,696</b>	<b>133,144</b>	<b>33,573</b>	<b>252,131</b>	<b>991,827</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>						
<b>OVER (UNDER) EXPENDITURES</b>	<b>68,383</b>	<b>2,535</b>	<b>12,077</b>	<b>(28,456)</b>	<b>(85,840)</b>	<b>(31,301)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	17,283	-	126,705	-	-	143,988
Issuance of refunding bonds	-	-	102,590	-	-	102,590
Premiums on issuance of bonds	-	-	1,963	-	-	1,963
Payment to refunding bond escrow agent	-	-	(22,729)	-	-	(22,729)
Property sale proceeds	328	237	-	-	53	618
Transfers in	2,857	-	-	899	93,641	97,397
Transfers out	(93,463)	-	-	-	(2,434)	(95,897)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(72,995)</b>	<b>237</b>	<b>208,529</b>	<b>899</b>	<b>91,260</b>	<b>227,930</b>
<b>SPECIAL ITEMS</b>						
Net resale properties from OBRA	-	-	59,020	-	-	59,020
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,612)</b>	<b>2,772</b>	<b>279,626</b>	<b>(27,557)</b>	<b>5,420</b>	<b>255,649</b>
Fund balances - beginning	286,519	2,270	321,743	124,440	220,344	955,316
<b>FUND BALANCES - ENDING</b>	<b>\$ 281,907</b>	<b>\$ 5,042</b>	<b>\$ 601,369</b>	<b>\$ 96,883</b>	<b>\$ 225,764</b>	<b>\$ 1,210,965</b>

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

**City of Oakland**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the**  
**Statement of Activities of Governmental Activities**  
**Year Ended June 30, 2007**  
*(In Thousands)*

Net change in fund balance - total governmental funds		\$ 255,649
Amounts reported for governmental activities in the statement of activities are different because:		
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 exceeds depreciation in the current period.		
Primary government:		
Capital asset acquisition	\$ 68,598	
Retirement of capital assets	(3,630)	
Depreciation	(46,586)	
Net changes of capital assets within internal service funds	<u>5,408</u>	23,790
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 amounts during the current period.		41,996
Some expenses such as claims, vacations and sick leave reported in the statement of activities do not require the use of current financial resources and therefore are not reported as an expenditure in the governmental funds.		3,567
Changes to the net pension assets, as reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(8,401)
Bond issuance costs are expended in the governmental funds when paid, and are deferred and amortized over the life of the corresponding life of the bonds for purposes of the statement of net assets. This is the amount by which current year bond issuance costs exceeded amortization expense in the current period.		2,268
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and the advance refunding of debt consume the current financing sources of the governmental funds. These transactions, however have no effect on net assets. This is the amount by which principal retirement and payment to escrow agent exceeded bond proceeds in the current period.		
Debt and capital lease principal payments	\$ 79,964	
Payments to escrow agent for refunded debt	22,729	
Issuance of bonds and notes	(246,578)	
Premium on bond proceeds	<u>(1,963)</u>	(145,848)
Amortization of bond premiums		1,810
Amortization of refunding loss		(3,015)
Additional accrued and accreted interest calculated on bonds and notes payable		(24,527)
Principal payments of Coliseum Authority pledge obligation		2,750
Net changes on other long-term liability for mandated Alameda County environmental clean-up health costs		(8,879)
The net loss of activities of internal service funds is reported with governmental activities		<u>(11,417)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<u><u>\$ 129,743</u></u>

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

**CITY OF OAKLAND**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2007**  
*(In Thousands)*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Sewer Service</b>	<b>Nonmajor Fund Parks and Recreation</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ -	\$ 3,936	\$ 3,936	\$ 1,341
Accounts receivables (net of uncollectibles of \$2,148 and \$354) for the enterprise funds and internal service funds, respectively)	3,466	32	3,498	69
Due from other funds	-	-	-	55
Inventories	-	-	-	1,228
Restricted cash and investments	39,160	-	39,160	8,807
Total Current Assets	<u>42,626</u>	<u>3,968</u>	<u>46,594</u>	<u>11,500</u>
Noncurrent Assets:				
Capital assets:				
Land and other assets not being depreciated	6,620	299	6,919	326
Facilities and equipment, net of depreciation	127,463	1,711	129,174	18,993
Total capital assets	134,083	2,010	136,093	19,319
Unamortized bond issuance costs	657	-	657	-
Total Noncurrent Assets	<u>134,740</u>	<u>2,010</u>	<u>136,750</u>	<u>19,319</u>
<b>TOTAL ASSETS</b>	<u>177,366</u>	<u>5,978</u>	<u>183,344</u>	<u>30,819</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and accrued liabilities	1,803	10	1,813	3,092
Due to other funds	3,416	-	3,416	39,719
Unearned revenue	25	-	25	-
Other payables	7	-	7	-
Bonds, notes payables	2,483	-	2,483	2,907
Total Current Liabilities	<u>7,734</u>	<u>10</u>	<u>7,744</u>	<u>45,718</u>
Noncurrent Liabilities:				
Bonds, notes and other payables	63,541	-	63,541	10,841
Total Noncurrent Liabilities	<u>63,541</u>	<u>-</u>	<u>63,541</u>	<u>10,841</u>
<b>TOTAL LIABILITIES</b>	<u>71,275</u>	<u>10</u>	<u>71,285</u>	<u>56,559</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	107,876	2,010	109,886	9,765
Unrestricted (deficit)	(1,785)	3,958	2,173	(35,505)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ 106,091</u>	<u>\$ 5,968</u>	<u>\$ 112,059</u>	<u>\$ (25,740)</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 Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Sewer Service</b>	<b>Nonmajor Fund Parks and Recreation</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Rental	\$ -	\$ 237	\$ 237	\$ -
Sewer services	29,792	-	29,792	-
Charges for services	-	-	-	40,373
Other	46	-	46	751
<b>TOTAL OPERATING REVENUES</b>	<b>29,838</b>	<b>237</b>	<b>30,075</b>	<b>41,124</b>
<b>OPERATING EXPENSES</b>				
Personnel	13,965	259	14,224	18,191
Supplies	704	282	986	8,767
Depreciation and amortization	3,820	151	3,971	6,529
Contractual services and supplies	1,362	74	1,436	1,851
Repairs and maintenance	41	110	151	2,556
General and administrative	4,160	62	4,222	4,750
Rental	1,392	133	1,525	1,773
Other	916	16	932	7,679
<b>TOTAL OPERATING EXPENSES</b>	<b>26,360</b>	<b>1,087</b>	<b>27,447</b>	<b>52,096</b>
<b>OPERATING INCOME (LOSS)</b>	<b>3,478</b>	<b>(850)</b>	<b>2,628</b>	<b>(10,972)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment income	1,564	181	1,745	(1,068)
Interest expense	(3,005)	-	(3,005)	(723)
Federal and State grants	21	-	21	184
Other, net (Property sale proceeds)	2	-	2	2,062
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(1,418)</b>	<b>181</b>	<b>(1,237)</b>	<b>455</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>2,060</b>	<b>(669)</b>	<b>1,391</b>	<b>(10,517)</b>
Transfers in	-	-	-	2,761
Transfers out	(600)	-	(600)	(3,661)
<b>TOTAL TRANSFERS</b>	<b>(600)</b>	<b>-</b>	<b>(600)</b>	<b>(900)</b>
Change in net assets (deficit)	1,460	(669)	791	(11,417)
Net Assets (Deficit) - Beginning	104,631	6,637	111,268	(14,323)
<b>NET ASSETS (DEFICIT) - ENDING</b>	<b>\$ 106,091</b>	<b>\$ 5,968</b>	<b>\$ 112,059</b>	<b>\$ (25,740)</b>

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



**CITY OF OAKLAND**  
**Combining Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Sewer Service</b>	<b>Nonmajor Fund Parks and Recreation</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers, including other funds and cash deposits	\$ 29,256	\$ -	\$ 29,256	\$ 40,015
Cash received from tenants for rents	-	237	237	-
Cash from other sources	46	-	46	751
Cash paid to employees for services	(13,965)	(259)	(14,224)	(18,191)
Cash paid to suppliers for goods & services	(8,733)	(651)	(9,384)	(26,146)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>6,604</b>	<b>(673)</b>	<b>5,931</b>	<b>(3,571)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from interfund loans	-	-	-	7,557
Repayment of interfund loans	(1,244)	-	(1,244)	(2,447)
Federal and state grants	21	-	21	184
Transfers in	-	-	-	2,761
Transfers out	(600)	-	(600)	(3,661)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,823)</b>	<b>-</b>	<b>(1,823)</b>	<b>4,394</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(12,577)	(245)	(12,822)	(1,129)
Proceeds from sales of property	2	-	2	55
Long-term debt:				
Loan Proceeds	-	-	-	982
Repayment of long-term debt	(2,451)	-	(2,451)	(5,009)
Interest paid on long-term debt	(3,005)	-	(3,005)	(723)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(18,031)</b>	<b>(245)</b>	<b>(18,276)</b>	<b>(5,824)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income (expense)	1,564	181	1,745	(1,068)
Rental income	-	-	-	2,007
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>1,564</b>	<b>181</b>	<b>1,745</b>	<b>939</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,686)</b>	<b>(737)</b>	<b>(12,423)</b>	<b>(4,062)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>50,846</b>	<b>4,673</b>	<b>55,519</b>	<b>14,210</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 39,160</b>	<b>\$ 3,936</b>	<b>\$ 43,096</b>	<b>\$ 10,148</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 3,478	\$ (850)	\$ 2,628	\$ (10,972)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Depreciation and amortization	3,820	151	3,971	6,529
Retirement of capital assets	-	16	16	8
Changes in assets and liabilities:				
Receivables	(536)	-	(536)	20
Inventories	-	-	-	(378)
Accounts payable and accrued liabilities	(142)	10	(132)	1,222
Unearned revenue	(16)	-	(16)	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 6,604</b>	<b>\$ (673)</b>	<b>\$ 5,931</b>	<b>\$ (3,571)</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>				
Cash and investments	-	3,936	3,936	1,341
Restricted cash and investments	39,160	-	39,160	8,807
<b>TOTAL</b>	<b>\$ 39,160</b>	<b>\$ 3,936</b>	<b>\$ 43,096</b>	<b>\$ 10,148</b>

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

**CITY OF OAKLAND**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2007**  
*(In Thousands)*

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund</b>
<b>ASSETS</b>		
Cash and investments	\$ 3,136	\$ 6,435
Receivables:		
Accrued interest and dividends	2,588	37
Investments and contributions	57,572	-
Retired members and beneficiaries	303	-
Restricted:		
Cash and investments:		
Short-term investments	31,011	-
U.S. government bonds	172,558	-
U.S. Corporate bonds	109,194	-
Other government bonds	2,838	-
Domestic equities and mutual funds	231,735	-
International equities and mutual funds	103,116	-
Real estate mortgage loans	54	-
Securities lending collateral	42,014	-
<b>TOTAL ASSETS</b>	<u>756,119</u>	<u>6,472</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	115,641	5
Due to other funds	4,206	-
Securities lending collateral	42,014	-
Other	-	7
<b>TOTAL LIABILITIES</b>	<u>161,861</u>	<u>12</u>
<b>NET ASSETS</b>		
Net assets held in trust	<u>\$ 594,258</u>	<u>\$ 6,460</u>

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

**CITY OF OAKLAND**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund</b>
<b>ADDITIONS:</b>		
Contributions:		
Member contributions	\$ 18	\$ -
Trust receipts	-	993
Investment income:		
Net appreciation in fair value of investments	59,550	-
Interest	15,123	216
Dividends	5,328	-
Securities lending	2,419	-
<b>TOTAL INVESTMENT INCOME</b>	<b>82,420</b>	<b>216</b>
Less investment expenses:		
Investment expenses	(2,788)	-
Borrowers rebates and other agent fees on securities lending transactions	(2,350)	-
<b>Total investment expenses</b>	<b>(5,138)</b>	<b>-</b>
<b>NET INVESTMENT INCOME</b>	<b>77,282</b>	<b>216</b>
Other income	-	-
<b>TOTAL ADDITIONS</b>	<b>77,300</b>	<b>1,209</b>
<b>DEDUCTIONS:</b>		
Benefits to members and beneficiaries:		
Retirement	43,805	-
Disability	26,267	-
Death	2,251	-
<b>TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES</b>	<b>72,323</b>	<b>-</b>
Administrative expenses	1,164	5
Change in payable to City	548	-
Other	-	77
Police services	-	346
<b>TOTAL DEDUCTIONS</b>	<b>74,035</b>	<b>428</b>
Change in net assets	3,265	781
<b>NET ASSETS - BEGINNING</b>	<b>590,993</b>	<b>5,679</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 594,258</b>	<b>\$ 6,460</b>

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2007**

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# NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2007**

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**(1) ORGANIZATION AND DEFINITION OF REPORTING ENTITY**

The City of Oakland, California, (the City or Primary Government) was incorporated on May 25, 1854, 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. 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. The Port of Oakland (Port) is the City's discretely presented component unit and is reported in a separate column in the government-wide financial statements to emphasize that they possess characteristics that they are legally separate from the City. 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.

**Blended Component Units**

The Redevelopment Agency of the City of Oakland (Agency) was activated on October 11, 1956, for the purpose of redeveloping certain areas of the City designated as project areas. Its principal activities are acquiring real property for the purpose of removing or preventing blight, constructing improvements thereon, and rehabilitating and restoring existing properties. The Oakland City Council serves as the Board of the Agency. The Agency's funds are reported as a major governmental fund.

The Civic Improvement Corporation (Corporation) was created to provide a lease financing arrangement for the City. The Corporation's activities are reported in other governmental funds.

The Oakland Joint Powers Financing Authority (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 is composed of the City and the Agency. 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 government-wide statement of net assets.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**Discretely Presented Component Units**

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. All interfund transactions have been eliminated. The Port is governed by a seven-member Board of Port Commissioners (the Board) that is appointed by the City Council, upon nomination by the Mayor. The Board 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.

Oakland Base Reuse Authority (OBRA), reported as discretely presented component unit of the City in the prior fiscal year, was dissolved and all its assets and obligations were transferred to and were accepted by the Oakland Redevelopment Agency on August 7, 2006. The OBRA assets transferred to the Agency was net of the amount of the property held for resale that was transferred to the Port of Oakland as part of OBRA's dissolution. Also transferred were the rights and obligations with respect to the balance of \$1.05 million of a \$2.4 million public works grant awarded by the United States Department of Commerce Economic Development Administration. OBRA is now accounted for and reported as a project area of the Agency.

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

Finance and Management Agency, Accounting Division  
City of Oakland  
150 Frank H. Ogawa Plaza, Suite 6353  
Oakland, CA 94612-2093

In accordance with Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, the City evaluated potential component units and determined that none of the remaining potential component units were individually significant to the City's reporting entity.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. The effect of inter-fund 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 units, legally separate entities for which the Primary Government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is 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.

**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 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



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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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 current fiscal period. All other revenues are considered to be available if they are collected within 120 days of the end of the current 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, and interest 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 current. The estimated installments receivable not considered available, as defined above, are recorded as receivables and offset by deferred revenue.

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. 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, 2007.

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 used or expended for a specific purpose, activity or program.

The **Oakland Redevelopment Agency Fund** accounts for federal grants, land sales, rents and other revenues relating to redevelopment projects. Expenditures are comprised of land acquisitions and improvements and all other costs inherent in redevelopment activities.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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The **Municipal Capital Improvement Fund** accounts primarily for monies pertaining to the Museum and the Scotland Convention Center financings. This fund may be used for the lease, acquisition, construction or other improvements of public facilities.

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 program.

Additionally, the City reports the following fund types:

The **Internal Service Funds** account for the purchase 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; and acquisition of inventory provided to various City departments on a cost reimbursement basis.

The **Pension Trust Funds** account for closed benefit plans that cover uniformed employees hired prior to July 1976 and non-uniformed employees hired prior to September 1970.

The **Private Purpose Trust Fund** accounts for the operations of the Youth Opportunity Program and certain gifts that are not related to Agency projects or parks, recreation and cultural activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed in both the business-type activities in the government-wide and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 nonoperating 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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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enterprise and internal service funds are charges for customer services including: sewers, golf courses, vehicle acquisition and maintenance, radio and telecommunication support charges, 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 nonoperating 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.

### **Cash and Investments**

The City follows the practice of pooling cash of all operating funds for investment, except for the Oakland Redevelopment Agency Fund, and funds held by outside custodians. Investments are generally carried at fair value. Money market investments (such as short-term, highly liquid debt instruments including commercial paper, banker's acceptances, U.S. Treasury and agency obligations) and participating interest-earning investment contracts (such as negotiable certificates of deposit, repurchase agreements and guaranteed or bank investment contracts) that have a remaining maturity at the time of purchase of one year or less, are carried at amortized cost. Changes in fair value of investments are recognized as a component of interest and investment income.

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

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.

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The proprietary fund types' investments in the City's cash and investment pool are, in substance, demand deposits and are therefore considered to be cash equivalents.

### **Due From/Due To Other Funds and Internal Balances**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In the fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds." In the government-wide financial statements, these receivables and payables are eliminated within the governmental activities and business-type activities columns. Net receivables and

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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payables between the governmental activities and business-type activities are classified as internal balances.

### **Interest Rate Swap Agreements**

The City enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expense resulting from these agreements, no amounts are recorded in the financial statements. Refer to Note 12 for additional information.

### **Inter-fund Transfers**

In the fund financial statements, inter-fund 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 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 reduction of expenditures in the fund that is reimbursed. Reimbursements are eliminated for purposes of government-wide reporting.

### **Bond Issuance Costs and Discounts/Premiums**

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources and uses, respectively, and bond issuance costs as debt service expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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## **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.

## **Capital Assets**

Capital assets, which include land, museum collections, construction in progress, facilities and improvements, furniture, machinery and equipment, infrastructure (e.g., streets, streetlights, traffic signals, and parks), sewers and storm drains, and capital assets acquired prior to 1980, are reported in the applicable governmental or business-type activities columns in the government-wide financial 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 estimated fair market value at the date of donation. Capital outlay is recorded as expenditures in the general, federal/state grant, the Agency, municipal capital improvements, and other 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 are 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.

Depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

Facilities and improvements	15-40 years
Furniture, machinery and equipment	3-20 years
Infrastructure	7-50 years

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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### **Property Held for Resale**

Property held for resale is recorded as an asset at the lower of cost or estimated net realizable value. In its fund statements, the Agency charges as expenditures, the cost of developing and administering its capital development projects related to costs over and above the cost of the initial acquisition.

### **Net Pension Asset**

In February 1997, the City issued pension obligation bonds to reduce the actuarial accrued liability of the Police and Fire Retirement System (PFRS). The net pension asset represents a prepaid asset amortized over the same period used by the actuary at the time of the bond issuance, as it allows for the matching of the asset with the related pension obligation bond liability. See Note 16 for the accounting treatment of the net pension asset.

### **Compensated Absences**

It is the City's policy to 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.

### **Retirement Plans**

City employees participate in one of three defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS), and California Public Employees' Retirement System (PERS), collectively the Plans. Employer contributions and member contributions made by the employer to the 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 Plans. Refer to Note 16 for additional information.

### **Refunding of Debt**

Gains or losses occurring from advance refundings are deferred and amortized into expense for both business-type activities and proprietary funds. For governmental activities reported in the government-wide financial statements, they are deferred and amortized into expense if they occurred subsequent to June 30, 2001.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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## **Fund Balances**

Reservations of fund balances of the governmental funds indicate those portions of fund equity that are not available for appropriation for expenditure or which have been legally restricted to a specific use. Following is a brief description of the nature of certain reserves.

1. **Reserve for Encumbrances** – Encumbrances outstanding at fiscal year end are reported as reservations of fund balances and the related appropriation is automatically carried forward into the next fiscal year. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.
2. **Reserve for Long-Term Receivables** – This fund balance is reserved for long-term receivables that do not represent expendable available financial resources
3. **Reserve for Debt Service** – This fund balance is reserved for the payment of debt service requirements in subsequent years.
4. **Reserve for Property Held for Resale** – This fund balance is reserved for the cost of developing and administering residential and commercial properties intended for resale.
5. **Reserve for Capital Projects** – This fund balance is reserved for ongoing projects in specific areas excluding the General Fund. This reservation includes \$95,583,035 reserved for low and moderate housing projects.
6. **Reserve for Pension Obligations** – This fund balance is reserved for the City's obligations under its pension plans.

Designations of portions of the General Fund unreserved fund balance have been made to indicate those portions of the fund balances which the City has tentative plans to utilize in a future period. These amounts may or may not result in actual expenditures. See Note 13 for specific designations.

## **Restricted Net Assets**

Restricted net assets are those assets, net of their related liabilities that have constraints placed on their use by laws, regulations, creditors, grantors, contributors, or by enabling legislation. Accordingly, restricted assets may include principal and interest amounts accumulated to pay debt service, unspent grant revenues, certain fees and charges, and restricted tax revenues.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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### **Special Item - OBRA**

The dissolution of OBRA and its absorption by the Agency on August 7, 2006 resulted in substantial revenue for the Agency of \$59,020,242 mainly due to the transfer of real property at the former Oakland Army Base. The dissolution involved the distribution of real property between the Agency and the Port. The Agency's portion of the OBRA properties had a total historical value of \$46,534,025. In addition to the real property received, the Agency also received OBRA's other assets and liabilities in the net amount of \$67,217 and the \$12,419,000 payment by the Port for one of the parcels of land included in the agreed property transfers.

### **Effects of New Pronouncements**

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. The statement generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. This statement is effective for the City's fiscal year ending June 30, 2008.

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also contains provisions that apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues. In addition, this Statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues. The requirements of this Statement are effective for financial statement periods beginning after December 15, 2006.



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The requirements of this Statement are effective for financial statements periods beginning after December 15, 2007.

In May 2007, GASB issued Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**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.

**(3) CASH AND INVESTMENTS AND RESTRICTED CASH AND INVESTMENTS**

**Primary Government**

The City maintains a cash and investment pool consisting of City funds and cash held for OMERS, PFRS, and 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:

- United States Treasury securities (subject to restrictions by the Nuclear Free Ordinance);
- federal agency issues;
- bankers' acceptances;
- commercial paper;
- medium term corporate notes and deposit notes;
- negotiable certificates of deposit;
- certificates of deposit;
- State of California Local Agency Investment Fund;
- money market mutual funds;
- local city/agency bonds;
- State of California bonds;
- secured obligations and agreements;
- repurchase agreements; and
- reverse repurchase agreements.

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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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.

The retirement systems' investment policies authorize investment in the domestic stocks and bonds, U.S. equities, international equities, U.S. fixed income, mortgage loans and real estate. The systems' investment portfolios are managed by external investment managers. During the year ended June 30, 2007, the number of external investment managers was nine for the PFRS and one for the OMERS.

Total City deposits and investments at fair value are as follows (in thousands):

	<b>Primary Government</b>				<b>Component Unit</b>
	<b>Governmental</b>	<b>Business-type</b>	<b>Fiduciary</b>		
	<b>Activities</b>	<b>Activities</b>	<b>Funds</b>	<b>Total</b>	<b>Port</b>
Cash and investments	\$ 418,276	\$ 3,936	\$ 9,571	\$ 431,783	\$ 84,346
Restricted cash and investments	712,135	39,160	650,506	1,401,801	193,882
Restricted securities lending collateral	-	-	42,014	42,014	-
<b>TOTAL</b>	<b>\$ 1,130,411*</b>	<b>\$ 43,096</b>	<b>\$ 702,091</b>	<b>\$ 1,875,598</b>	<b>\$ 278,228</b>
Deposits				\$ 19,065	\$ 15,635
Investments				1,856,533	262,593
<b>TOTAL</b>				<b>\$ 1,875,598</b>	<b>\$ 278,228</b>

\*\$1,130,411 consists of all governmental funds and the internal service funds.

### **Investments - Primary Government**

**Custodial Credit Risk:** For investments, custodial risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the inability 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. The City's investments subject to Custodial Credit Risk Category is very low.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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At June 30, 2007, the carrying amount of the City's deposits was \$19.1 million and the bank balance was \$18.5 million. Deposits include checking accounts, interest earning savings accounts, money market accounts, and nonnegotiable certificates of deposit. Of the bank balance, \$0.7 million was FDIC insured and \$17.8 million was 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 governmental securities or first trust deed mortgage notes be used as collateral for demand deposits and certificates of deposit at 110 percent and 150 percent, respectively, of all deposits not covered by federal deposit insurance. The collateral must be held by the pledging financial institution's trust department and is considered held in the City's name.

**Credit Risk (Financial 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 obligations. Since these obligations are the only ones permitted by State law, investing in them is also the most effective way to maintain legal compliance. The City invests only in securities from highly rated entities. As of June 30, 2007, approximately 66% of the pooled investments was invested in "AAA" quality securities.

The following tables show the City's credit risk for the Pool and Restricted portfolios as of June 30, 2007 (in thousands):

**Pooled Investments**

	Rating as of Fiscal Year Ended 06-30-07			
	Fair Value	AAA/Aaa	A1/P1/F1	Not Rated
U.S. Govt. Agency Securities	\$ 232,168	\$ 232,168	\$ -	\$ -
U.S. Govt. Agency Securities (Disc)	38,719	38,719	-	-
Money Market Funds	64,317	64,317	-	-
Local Agency Investment Fund (LAIF)	72,136	-	-	72,136
Commercial Paper	85,263	-	85,263	-
Negotiable CD's	12,000	-	12,000	-
<b>Total Investment Pool</b>	<b>\$ 504,603</b>	<b>\$ 335,204</b>	<b>\$ 97,263</b>	<b>\$ 72,136</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**Restricted Investments**

	Rating as of Fiscal Year Ended 06-30-07			
	Fair Value	AAA/Aaa	A1/P1/F1	Not Rated
U.S. Govt. Agency Securities	\$ 20,337	\$ 20,337	\$ -	\$ -
U.S. Govt. Agency Securities (Disc)	33,502	33,502	-	-
U.S. Treasury Strips	22,385	-	-	22,385
Money Market Funds	108,738	108,738	-	-
Local Agency Investment Fund (LAIF)	11,612	-	-	11,612
Commercial Paper	131,135	-	131,135	-
Corporate Bonds	2,925	-	2,925	-
Investment Agreement	192,800	-	-	192,800
Local Government Bond	112,084	-	-	112,084
Annuity	115,000	-	-	115,000
<b>Total</b>	<b>\$ 750,518</b>	<b>\$ 162,577</b>	<b>\$ 134,060</b>	<b>\$ 453,881</b>

**Concentration of Credit Risk:** This risk represents the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by the lack of diversification. The City believes in the importance of a well-diversified portfolio. It is the policy of the City to review the diversity of the portfolio on a regular basis so that reliance on any one issuer will not place an undue financial burden on the City.

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 revenue anticipation notes. The JPFA's investment in the City of Oakland General Obligation Refunding Bonds, Series 2005 in the amount of \$112,084,363 and the guaranteed non-participating annuities in New York Life Insurance Company in the amount of \$115,000,000 represents 8.93% and 9.16% of the total City portfolio respectively, at June 30, 2007. The City also has U.S. Government Securities with Federal National for \$141,486,171 and Federal Home Loan Bank for \$183,239,085 that represents 11.27% and 14.60% of the total City portfolio respectively, at June 30, 2007. The City also has Investment Agreements with the following; AIG Matching Funding Corporation \$77,764,952, FSA Capital Management \$62,837,230 and Natixis Funding Corp \$ 52,197,930, representing 15.36% of the total City portfolio at June 30, 2007.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

The following table shows the diversification of the City's portfolio (in thousands):

**Pooled Investments**

	<u>Fair Value</u>	<u>% of Portfolio</u>
U.S. Govt. Agency Securities	\$ 232,168	46.01%
U.S. Govt. Ag. Security Disc.	38,719	7.67%
Money Market Funds	64,317	12.75%
LAIF	72,136	14.30%
Commercial Paper	85,263	16.90%
Negotiable CD's	12,000	2.38%
<b>TOTAL</b>	<b>\$ 504,603</b>	<b>100.00%</b>

**Restricted Investments**

	<u>Fair Value</u>	<u>% of Portfolio</u>
U.S. Govt. Ag. Securities	\$ 20,337	2.71%
U.S. Govt. Ag. Security Disc.	33,502	4.46%
U.S. Treasury Strips	22,385	2.98%
Money Market Funds	108,738	14.49%
LAIF	11,612	1.55%
Commercial Paper	131,135	17.47%
Corporate Bond	2,925	0.39%
Investment Agreement	192,800	25.69%
Local Government Bonds	112,084	14.93%
Annuity	115,000	15.32%
<b>TOTAL</b>	<b>\$ 750,518</b>	<b>100.00%</b>

**Interest Rate Risk:** This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. In order to manage interest rate risk, it is the City's policy that the maximum maturity for any one investment shall not exceed five (5) years unless authority for such investment is expressly granted in advance by the City Council.

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2007, the City's pooled portfolio had an average day to maturity of 171 days and had the following investments and original maturities (in thousands):

**Pooled Investments**

	<u>Fair Value</u>	<u>Maturity</u>		
		<u>Interest Rates (%)</u>	<u>12 Months or Less</u>	<u>1 - 3 Years      3 - 5 Years</u>
U.S. Govt. Agency Securities	\$ 232,168	3.32 - 7.71	\$ 125,989	\$ 103,209      \$ 2,970
U.S. Govt. Agency Securities (Disc)	38,719	4.51 - 5.13	38,719	-      -
Money Market Funds	64,317	5.19 - 5.29	64,317	-      -
Local Agency Investment Fund (LAIF)	72,136	5.25	72,136	-      -
Commercial Paper	85,263	3.72 - 10.59	85,263	-      -
Negotiable CD's	12,000	5.25 - 5.28	12,000	-      -
<b>Total Investment Pool</b>	<b>\$ 504,603</b>		<b>\$ 398,424</b>	<b>\$ 103,209      \$ 2,970</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

**Restricted Investments**

			Maturity			
	Fair Value	Interest Rates (%)	12 Months or Less	1 - 3 Years	3 - 5 Years	5 Years +
U.S. Govt. Agency Securities	\$ 20,337	5.21 - 5.58	\$ 17,343	\$ 2,994	\$ -	\$ -
U.S. Govt. Agency Securities (Disc)	33,502	5.06 - 5.15	33,502	-	-	-
U.S. Treasury Strips	22,385	4.32 - 5.48	2,126	3,938	3,593	12,728
Money Market Funds	108,738	1.14 - 5.17	108,738	-	-	-
Local Agency Investment Fund	11,612	1.00 - 4.92	11,612	-	-	-
Commercial Paper	131,135	4.81 - 8.00	131,135	-	-	-
Corporate Bonds	2,925	7.18	-	-	-	2,925
Investment Agreement	192,800	3.46 - 4.88	77,765	115,035	-	-
Local Government Bond	112,084	4.86	5,551	12,030	13,335	81,168
Annuity	115,000	5.4	-	-	-	115,000
Total	\$ 750,518		\$ 387,772	\$ 133,997	\$ 16,928	\$ 211,821

**Foreign Currency Risk:** The possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit/investment's fair value. The City only invests in U.S. dollar denominated obligations. This successfully eliminates all risk of principal erosion due to fluctuations in the values of foreign currencies.

**Other Disclosures:** As of June 30, 2007, the City's investment in LAIF is \$83.7 million (\$72.1 million in pooled investments and \$11.6 million in restricted investments). The total amount invested by all public agencies in LAIF at that date is approximately \$19.7 billion. Of that amount, over 96.5% is invested in non-derivative financial products and 3.5% in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The 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.

**Pensions Cash and Investments**

**Oakland Municipal Employee's Retirement System (OMERS)**

**City's Investment Pool**

Cash and cash equivalents are funds held by the City Treasurer as pooled cash or held by the third party custodian as short-term investment funds for the temporary placement of proceeds from the sale or maturity of investments or in anticipation of investment purchases.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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OMERS maintains its operating cash in the City's investment pool. It is not possible to disclose relevant information about the OMERS separate portion of the investment pool. As of June 30, 2007, the OMERS share of the City's investment pool totaled \$155,000.

**Investments**

OMERS investment policy authorizes investment in domestic common stocks and bonds. During the year ended June 30, 2007, OMERS investment portfolio was managed by one external investment manager.

OMERS investment policy states that the asset allocation of the investment portfolio shall be 70% Domestic Equity and 30% Domestic Fixed Income. As of June 30, 2007, OMERS investment portfolio consists of shares of two commingled fund investments (Funds). OMERS invests in the Western Asset Core Bond Fund and the American Century Equity Fund. Specific guidelines for the Funds are detailed in the prospectus, or declaration of Trust, for each individual fund. OMERS also has \$15,000 in cash equivalents held by trustee.

The following summarizes OMERS investment allocation at June 30, 2007 (in thousands):

<b>Investments</b>	<b>Fair Value</b>	<b>Fund Allocation</b>
<b>Equity Investments</b>		
American Century Equity Mutual Fund	\$ 6,560	71%
<b>Fixed Investments</b>		
Western Asset Core Bond Mutual Fund	2,714	29%
<b>Total Investment</b>	<b>\$ 9,274</b>	<b>100%</b>

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. OMERS investment policy states that the fixed income portfolio shall not exceed 8% below investment grade securities (rated Ba/BB) or below by at least one Nationally Recognized Statistical Rating Organization (NRSRO) at the fair market value. OMERS fixed income portfolio consists of shares of the Western Asset Core Bond Fund. The Western Asset Core Bond Fund has an average credit quality rating of AA.



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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

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

The City, on behalf of OMERS, 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. OMERS does not have any investments that are not registered in the name of OMERS and are either held by the counterparty or the counterparty's trust department or agent but not in OMERS's name.

### **Oakland Police and Fire Retirement System (PFRS)**

#### **City's Investment Pool**

Cash in treasury is held in the City's cash and investment pool. These funds are invested according to the investment policy adopted by the City Council. Interest earned on these pooled accounts is allocated monthly to all funds based on the average daily cash balance maintained by the respective funds. It is not possible to disclose relevant information about PFRS separate portion of the investment pool. As of June 30, 2007, the PFRS share of the City's investment pool totaled \$2,966,000.

#### **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. During the year ended June 30, 2007, the number of external investment managers was eleven.

The PFRS investments are also restricted by the City Charter. In November 2006, City voters passed Measure M to amend the City Charter to allow the PFRS Board to invest in

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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non-dividend paying stocks and to change the asset allocation structure from 50% equities and 50% fixed income to the Prudent Person Standard.

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 core style managers to invest in securities rated “BBB” or higher (investment grade using Standard & Poor’s or Moody’s ratings). The policy also allows enhanced core style managers to invest in securities with a minimum rating of B or higher (non investment grade using Standard & Poor’s or Moody’s ratings) as long as the portfolio maintains an average credit quality of BBB.

PFRS investment policy states that investments in derivative securities known as Collateralized Mortgage Obligations (CMOs) shall be limited to a maximum of 20% of an account’s market value with no more than 5% in any one issue. CMOs are mortgage-backed security that creates 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.

**Interest Rate Risk:** This is the risk that changes in interest rates will adversely affect the fair value of an investment. 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. As of June 30, 2007 the average duration for PFRS fixed income investment portfolio was 5.16 years, excluding the fixed income short-term investments and securities lending investments.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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As of June 30, 2007, PFRS had the following fixed income investments and maturities (in thousands):

<b>Fixed Investments</b>	<b>Fair Value</b>	<b>Modified Duration (Year)</b>
U.S. Government Agencies	\$ 126,367	4.17
U.S. Government Bonds	46,191	5.30
Corporate Bonds	109,194	6.37
Other Government Bonds	2,838	0.71
Total Fixed Income Investments	<u>\$ 284,590</u>	<u>5.16</u>

**Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The following table provides information as of June 30, 2007 concerning credit risk of fixed income securities (in thousands):

<b>S &amp; P or Moody's Rating</b>	<b>Fair Value</b>	<b>Fair Value as a Percentage of Total Fixed Maturity Fair Value</b>
AAA	\$ 217,066	76.27%
AA	5,946	2.09%
A	12,887	4.53%
BBB	21,304	7.49%
BB	11,953	4.20%
B	10,897	3.83%
Not Rated	4,537	1.59%
Total Fixed Investments	<u>\$ 284,590</u>	<u>100.0%</u>

**Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2007, with the exception of mutual funds and United States Government securities, no investment exceeded 5% of PFRS investments.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of a failure of depository financial institution or counterparty to a transaction, the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party.

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

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 the PFRS name.

**Foreign Currency Risk:** This risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. The following summarizes PFRS investments that are denominated in foreign currencies as of June 30, 2007:

<b>Foreign Currency</b>	<b>Total</b>
Australian Dollar	\$ 3,532
Canadian Dollar	3,114
Swiss Franc	7,487
Danish Krone	793
Euro	20,522
British Pound Sterling	11,400
Hong Kong Dollar	4,058
Japanese Yen	11,810
Norwegian Krone	672
Philippines Peso	1
Swedish Krona	772
Singapore Dollar	996
<b>Total Foreign Currency</b>	<b>\$ 65,157</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**Securities Lending Transactions**

PFRS is authorized to enter into securities lending transactions which are short term collateralized loans of PFRS securities to brokers-dealers with a simultaneous agreement allowing PFRS to invest and receive earnings on the loan collateral for a loan rebate fee. All securities loans can be terminated on demand by either PFRS or the borrower, although the average term of such loans is one week.

Metropolitan West Securities, Inc. (MetWest) administers the securities lending program. MetWest is responsible for maintaining an adequate level of collateral in an amount equal to at least 102% (105% for international) of the market value of loaned U.S. government securities. Collateral received may include cash, letters of credit, or securities. If securities collateral is received, PFRS cannot pledge or sell the collateral securities unless the borrower defaults.

As of June 30, 2007, 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 MetWest requires it to indemnify PFRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay PFRS for income distributions by the securities' issuers while the securities are on loan.

The following table provides information as of June 30, 2007 concerning securities lending investments and collateral received (in thousands):

<b>Securities Lending</b>	
<b>Investments and Collateral Received (At Fair Value)</b>	
Type of Investment	Amount
Cash Collateral	
U.S. Government and Agencies	38,789
U.S. Equity	3,225
Total Securities Lent	<u>\$ 42,014</u>
Type of Collateral Received	
Cash Collateral	
Cash	11
Corporate bonds	25,000
Repurchase agreement	18,140
Total Collateral Received	<u>\$ 43,151</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**Fair Value Highly Sensitive to Change in Interest Rates:** The term of a debt investment may cause its fair value to be highly sensitive to interest rates changes. The fair value Collateralized Mortgage Obligation (CMO) are considered sensitive to interest rate changes because they have embedded options.

The following table shows sensitive interest rate analysis as of June 30, 2007:

<u>Securities Name</u>	<u>Coupon Rate</u>	<u>Fair Value (in millions)</u>	<u>Percent of account Market value</u>
Commercial Mortgage Pass-Through, reported as part of U.S. Government Agencies	4.51%	<u>\$17.46</u>	<u>2.58%</u>

## **Discretely Presented Component Unit**

### **Port of Oakland**

The Port's cash, cash equivalents, investments and deposits consisted of the following at June 30, 2007 (in thousands):

#### **Bank Deposit**

Cash on hand	\$ 10
Bank deposit - escrow in-lieu of retentions	15,625
Investments	<u>262,593</u>
Total Cash, Cash Equivalents, Investment and Deposits	<u>\$ 278,228</u>

Bank deposits 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**

Under the City of Oakland Charter, all income and revenue from the operation of the Port is to be deposited in the City Treasury. Unused bonds proceeds are on deposit with a Trustee for both reserves and construction funds. The investment of funds held by a Trustee is governed by the Amended and Restated Master Trust Indenture, dated as of April 1, 2006, as it may be amended from time to time (the Restated Indenture). Escrow funds are on deposit with an escrow agent.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

At June 30, 2007 the Port had the following investments (in thousands):

	<b>Fair Value</b>	<b>Credit Rating</b>	<b>Maturity</b>		
			<b>Less than 1 Year</b>	<b>1 - 5 Years</b>	<b>5 Years +</b>
Federal Agency Securities	\$ 242	AAA	\$ 133	\$ 109	\$ -
Government Securities Money					
Market Mutual Funds	39,162	AAA	39,162	-	-
Guaranteed Investment Contracts	106,454	Not Rated	48,859	6,059	51,536
Bank Investment Contract	28,996	Not Rated	-	-	28,996
City Investment Pool	87,739	AAA	87,739	-	-
<b>Total Investment</b>	<b>\$ 262,593</b>		<b>\$ 175,893</b>	<b>\$ 6,168</b>	<b>\$ 80,532</b>

### Investments Authorized by Debt Agreements

The following are the maximum maturities for each type of investment as allowed under the Trust Indenture and the applicable Supplemental Indenture for each bond issue.

<b><u>Authorized Investment Type</u></b>	<b><u>Maximum Maturity</u></b>
U.S Government Securities	None
U.S. Treasury & Agency Obligations	None
Obligations of any State in the U.S	None
Prime Commercial Paper	270 days
FDIC Insured Deposits	None
Certificates of Deposits/Banker's Acceptances	365 days
Money Market Mutual Funds	None
State-sponsored Investment pools	None
Investment Contracts	None
Forward Delivery Agreement	None

### Interest Rate Risk

Most bond proceeds are invested in investment contracts structured so that the entire amount of the investment is available if the need should arise, regardless of changes in the interest rates.

### Credit Risk

Provisions of the Port's Trust Indenture limit the Port's investment to agreements or financial institutions that, at the time of investment, are rated Aaa by Moody's and AAA by Standard & Poor's (S&P). Providers must also maintain ratings of at least Aa3 by Moody's or AA- by S&P and all current providers exceed these minimums.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**Concentration of Credit Risk**

The Trust Indenture places no limit on the amount the Port may invest in any one issuer. Those that exceed 5% of the total investment are as follows.

<b>Investment</b>	<b>Investment Type</b>	<b>% of Investment</b>
Bayerische LandesBank Girozentrale	Bank Investment Contract	11.04%
AMBAC Capital Funding, Inc	Guaranteed Investment Contract	9.34%
IXIS Funding Corp	Guaranteed Investment Contract	9.27%
XL Asset Funding Company I LLC	Guaranteed Investment Contract	16.01%
City Investment Pool	City Pool	33.41%

Port revenues are deposited in the City Treasury. These and all the City funds are commingled and invested in the City's investment pool. The City's investment portfolio average maturity may not exceed 540 days; the weighted average maturity of the City's investment pool as of June 30, 2007 is 215. The maximum maturity for any one investment may not exceed 5 years. Authorized investments included federal agency obligations, repurchase agreements, reverse repurchase agreements, secured obligations and agreements, state investment pool (Local Agency Investment Fund), bonds of the City or its agencies, State of California bonds, bankers' acceptances, commercial paper, medium-term corporate bonds and notes, negotiable certificates of deposit, certificates of deposit, and money market mutual funds. All investments deposited in the City Treasury are insured or registered, or held by the City or its agent in the City's name. The City's investment pool is rated annually.

**Custodial Credit Risk**

For investments, custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the inability to recover the value of the investments or collateral securities in the possession of an outside party. The carrying amount of Port bank investment contracts and deposits with banks was \$44,621,000 at June 30, 2007. Bank balances and escrow deposits of \$622,000 at June 30, 2007 are insured or collateralized with securities held by the pledging financial institution's trust department in the Port's name. The remaining balance of \$43,999,000 as of June 30, 2007, was exposed to custodial credit risk by not being insured or collateralized.

**Cash and Investments with the City of Oakland**

Pursuant to the City Charter, Port operating revenues are deposited in the City Treasury. These funds are commingled in the City's investment pool. The Port receives a monthly interest allocation from investment earnings of the City based on the average daily balance on deposit and the earnings of the investments.



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**Restricted Cash and Investments**

Port bond resolutions authorize the investment of restricted cash, including deposits, with fiscal agents for debt service and construction funds. Authorized investment securities are specified in the various bond indentures. Authorized investments are U.S. Treasury obligations, bank certificates of deposit, federal agency obligations, certain state and secured municipal obligations, long-term and medium-term guaranteed corporate debt securities in the two highest rating categories, commercial paper rated prime, repurchase agreements, certain money market mutual funds, and certain guaranteed investment contracts.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**(4) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

“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 Agency are related to advances and interfund loans made by the City for projects, loans and services. The receivable amounts in the Agency relate to project advances made by the Agency for the City. The composition of interfund balances as of June 30, 2007, is as follows (in thousands):

**DUE FROM/DUE TO OTHER FUNDS:**

<b>Receivables</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Federal/State Grant Fund	\$ 12,920
	Oakland Redevelopment Agency	96
	Other Governmental Funds	14,373
	Sewer Service Fund	3,416
	Internal Service Funds	39,719
	Pension Trust Fund	4,206
<b>TOTAL</b>		<u>74,730</u>
Oakland Redevelopment Agency	General Fund	8,228
	Federal/State Grant Fund	3,167
	Other Governmental Funds	3,157
<b>TOTAL</b>		<u>14,552</u>
Other Governmental Funds	Oakland Redevelopment Agency	2,804
<b>TOTAL GOVERNMENTAL</b>		<u>92,086</u>
Internal Service Funds	Oakland Redevelopment Agency	55
<b>TOTAL</b>		<u><u>\$ 92,141</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**INTERFUND TRANSFERS:**

<b>TRANSFERS OUT</b>	<b>TRANSFERS IN</b>				<b>Total Governmental</b>
	<b>General Fund</b>	<b>Municipal Capital Improvement</b>	<b>Other Governmental Funds</b>	<b>Internal Service Fund</b>	
General Fund	\$ -	\$ -	\$ 93,463	\$ -	\$ 93,463
Other Governmental Funds	1,357	899	178	-	2,434
Sewer Service Funds	600	-	-	-	600
Internal Service Fund	900	-	-	2,761	3,661
<b>Total</b>	<b>\$ 2,857</b>	<b>\$ 899</b>	<b>\$ 93,641</b>	<b>\$ 2,761</b>	<b>\$ 100,158</b>

The \$93.5 million transferred from the General Fund consists of transfers made to provide funding for the following:

- \$11.6 million for the Kids' First Children's Program;
- \$4.3 million for special refunding revenue bonds; and
- \$77.1 million for debt service payments.
- \$0.4 million for contract compliance administration fee
- \$0.1 million for City-owned parcels of land in the Wildfire Prevention Assessment District

The \$0.9 million transferred from Other Governmental Funds to Municipal Capital Improvement are for closing capital projects. \$0.2 million was transferred from Debt Service Funds to Special Revenue Funds

The \$1.3 million transferred from Other Governmental Funds to the General Fund are reimbursements from the Development Service Fund to General Fund for repayment of prior year subsidies, recently purchased telephone equipment, and Capital Improvement Program funding for permit and Enforcement and Record Tracking System.

The \$0.6 million transfer from the Sewer Service Fund is to provide funds for City-wide lease payments.

The \$0.9 million transfer from Internal Service Fund is to provide funds for the Police Department In-Car Video Management System. \$2.7 million was transferred from Equipment to Central Stores.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**INTERFUND LOANS:**

Certain interfund loans made from the General Fund to the ORA Governmental Fund have been removed as they are not expected to be repaid within a reasonable period of time. The loans continue to be obligations of the ORA, and will be recognized as other financing sources in the General Fund upon receipt. The loan balances are as follows (in thousands):

City Center Garage/Central District	\$ 17,058
Oakland Center Project	<u>13,669</u>
Total	<u><u>\$ 30,727</u></u>

**(5) MEMORANDUMS OF UNDERSTANDING**

The City and the Port have Memorandums of Understanding (MOUs) relating to: general obligation bonds issued by the City for the benefit of the Port; various administrative, personnel, south airport police security, aircraft rescue and fire fighters, and financial services (Special Services); police, fire, public street cleaning and maintenance, and similar services (General Services) provided by the City to the Port; and Lake Merritt payments. Payments are made upon execution of appropriate agreements and for some payments periodic findings and authorizations from the Board.

**Special Services**

Payments for Special Services are treated as a cost of Port operations pursuant to the City Charter Section 717(3) Clause Third and have priority over certain other expenditures of Port revenues. Special Services totaled \$12,043,000 and are included in "Operating Expenses." At June 30, 2007, \$9,724,000 was accrued as a current liability by the Port and as a receivable by the City.

**General Services and Lake Merritt**

Payments for General Services from 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, 2007, the Port accrued approximately \$1,112,000 of payments for General Services as current liability and by the City as a receivable. Additionally, subject to certain conditions, the Port accrued approximately \$858,000 to reimburse the City for General Services for net City expenditures for Lake Merritt tideland trust properties in 2007. Subject to adequate documentation from the City, and 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 purpose costs.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**Lease with the Port**

The Port has leased property to the City under a 66-year lease, which is expressed in terms of the Amended and Restated Lease between the Port and the City for the development and operation of the public golf course by the City. The lease commenced in 2003 when the Port delivered a completed golf course to the City to replace the City's golf course that was destroyed when the Port used the site as a dredge disposal site.

**(6) NOTES AND LOANS RECEIVABLE**

The composition of the City's notes and loans receivable as of June 30, 2007, is as follows (in thousands):

<b>Type of Loan</b>	<b>General Fund</b>	<b>Federal/State Grant Fund</b>	<b>Oakland Redevelopment Agency</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds/ Governmental Activities</b>
Pass-through loans	\$ 7,830	\$ 3,167	\$ -	\$ 799	\$ 11,796
Loans to Oakland Hotel Association, LTD	12,038	-	-	-	12,038
Community Development Block Grant	-	62,910	-	-	62,910
Economic Development Loans and Other	1,932	29,580	135,057	18,856	185,425
Less: Allowance for uncollectable accounts	(107)	(3,813)	(37,476)	(168)	(41,564)
<b>TOTAL LOANS, NET</b>	<b>\$ 21,693</b>	<b>\$ 91,844</b>	<b>\$ 97,581</b>	<b>\$ 19,487</b>	<b>\$ 230,605</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

**(7) CAPITAL ASSETS**

**Primary Government**

Capital assets activity of the primary government for the year ended June 30, 2007, is as follows (in thousands):

	<b>Balance July 1, 2006</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2007</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 76,557	\$ 851	\$ -	\$ 77,408
Museum Collections	287	6	-	293
Construction in progress	17,841	27,359	3,522	41,678
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<b>94,685</b>	<b>28,216</b>	<b>3,522</b>	<b>119,379</b>
Capital assets, being depreciated:				
Facilities and improvements	676,685	14,393	2	691,076
Furniture, machinery and equipment	154,960	4,178	1,112	158,026
Infrastructure	399,085	21,811	110	420,786
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>1,230,730</b>	<b>40,382</b>	<b>1,224</b>	<b>1,269,888</b>
Less accumulated depreciation:				
Facilities and improvements	246,727	20,125	-	266,852
Furniture, machinery and equipment	110,619	13,021	1,105	122,535
Infrastructure	132,078	13,440	11	145,507
<b>TOTAL ACCUMULATED DEPRECIATED</b>	<b>489,424</b>	<b>46,586</b>	<b>1,116</b>	<b>534,894</b>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<b>741,306</b>	<b>(6,204)</b>	<b>108</b>	<b>734,994</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 835,991</b>	<b>\$ 22,012</b>	<b>\$ 3,630</b>	<b>\$ 854,373</b>

(continued)

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Business-type activities:</b>				
<b>Sewer fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 4	\$ -	\$ -	\$ 4
Construction in progress	8,561	11,797	13,742	6,616
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<b>8,565</b>	<b>11,797</b>	<b>13,742</b>	<b>6,620</b>
Capital assets, being depreciated:				
Facilities and improvements	306	-	-	306
Furniture, machinery and equipment	755	23	23	755
Sewer and storm drains	182,144	14,536	-	196,680
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>183,205</b>	<b>14,559</b>	<b>23</b>	<b>197,741</b>
Less accumulated depreciation:				
Facilities and improvements	71	20	-	91
Furniture, machinery and equipment	723	12	23	712
Sewer and storm drains	65,687	3,788	-	69,475
<b>TOTAL ACCUMULATED DEPRECIATED</b>	<b>66,481</b>	<b>3,820</b>	<b>23</b>	<b>70,278</b>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<b>116,724</b>	<b>10,739</b>	<b>-</b>	<b>127,463</b>
<b>SEWER FUND CAPITAL ASSETS, NET</b>	<b>125,289</b>	<b>22,536</b>	<b>13,742</b>	<b>134,083</b>
<b>Other Proprietary Funds:</b>				
Capital assets, not being depreciated:				
Land	218	-	-	218
Construction in progress	-	81	-	81
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<b>218</b>	<b>81</b>	<b>-</b>	<b>299</b>
Capital assets, not being depreciated:				
Facilities and improvements	2,179	85	-	2,264
Furniture, machinery & equipment	453	79	191	341
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>2,632</b>	<b>164</b>	<b>191</b>	<b>2,605</b>
Less accumulated depreciation:				
Facilities and improvements	482	145	-	627
Furniture, machinery & equipment	436	6	175	267
<b>TOTAL ACCUMULATED DEPRECIATED</b>	<b>918</b>	<b>151</b>	<b>175</b>	<b>894</b>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>1,714</b>	<b>13</b>	<b>16</b>	<b>1,711</b>
<b>OTHER PROPRIETARY FUNDS CAPITAL ASSETS, NET</b>	<b>1,932</b>	<b>94</b>	<b>16</b>	<b>2,010</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 127,221</b>	<b>\$ 22,630</b>	<b>\$ 13,758</b>	<b>\$ 136,093</b>



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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Depreciation expense was charged to functions/programs of the primary government as follows (in thousands):

<b>Governmental Activities:</b>	
General Government	\$ 4,421
<b>Public Safety:</b>	
Police Services	1,244
Fire Services	1,707
Life Enrichment	12,017
Community and Economic Development	2,949
Public Works	17,719
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets	<u>6,529</u>
<b>TOTAL</b>	<u><u>\$ 46,586</u></u>
 <b>Business-Type Activities:</b>	
Sewer	\$ 3,820
Parks and Recreation	<u>151</u>
	<u><u>\$ 3,971</u></u>

## **Construction Commitments**

The City has active construction projects as of June 30, 2007 totaling \$316,073,158. The projects include street construction, park construction, building improvements and sewer and storm drain improvements.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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## Discretely Presented Component Units

### Port of Oakland

Capital assets activity for the Port for the year ended June 30, 2007, is as follows (in thousands):

	<b>Balance July 1, 2006</b>	<b>Additions</b>	<b>Adjustments &amp; Retirements</b>	<b>Transfers of Completed Construction</b>	<b>Balance June 30, 2007</b>
Capital assets, not being depreciated:					
Land	\$ 331,987	61,025	875	\$ -	393,887
Construction in progress	420,718	230,407	37	(290,475)	360,687
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<b>752,705</b>	<b>291,432</b>	<b>912</b>	<b>(290,475)</b>	<b>754,574</b>
Capital assets, being depreciated:					
Building and improvements	597,743	(780)	(5,724)	175,352	766,591
Container cranes	170,374	-	-	988	171,362
Systems and structures	1,161,112	-	326	103,862	1,265,300
Other equipment	52,055	1,764	(4,015)	10,273	60,077
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>1,981,284</b>	<b>984</b>	<b>(9,413)</b>	<b>290,475</b>	<b>2,263,330</b>
Less accumulated depreciation:					
Building and improvements	282,958	28,633	547	-	311,044
Container cranes	58,490	6,788	-	-	65,278
Systems and structures	297,468	40,044	1,711	-	335,801
Other equipment	23,928	5,323	3,872	-	25,379
<b>TOTAL ACCUMULATED DEPRECIATED</b>	<b>662,844</b>	<b>80,788</b>	<b>6,130</b>	<b>-</b>	<b>737,502</b>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<b>1,318,440</b>	<b>79,804</b>	<b>(3,283)</b>	<b>290,475</b>	<b>1,525,828</b>
<b>CAPITAL ASSETS, NET</b>	<b>\$ 2,071,145</b>	<b>\$ 211,628</b>	<b>\$ (2,371)</b>	<b>\$ -</b>	<b>\$ 2,280,402</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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## Capital Leases

The capital assets leased to others at June 30, 2007, consist of the following (in thousands):

Land	\$ 255,859
Container cranes	171,362
Building and other facilities	<u>1,006,986</u>
Total	1,434,207
Less accumulated depreciation	<u>(341,592)</u>
Capital assets, net, on lease	<u><u>\$ 1,092,615</u></u>

## Operating Leases

A major portion of the Port's capital assets is held for lease. Leased assets include maritime facilities, aviation facilities, office and commercial space, and land. The majority of the 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. Such leases generally provide for minimum rentals, and certain preferential assignments provide for both minimum and maximum rentals.

A summary of revenues from long-term leases for the year ended June 30, 2007, is as follows (in thousands):

Minimum non-cancelable rentals, including preferential assignments	\$ 120,373
Contingent rentals in excess of minimums	18,876
Secondary use of facilities leased under preferential assignments	<u>2,542</u>
Total	<u><u>\$ 141,791</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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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
2008	\$ 136,105
2009	133,998
2010	125,716
2011	116,746
2012	102,727
2013 - 2017	332,366
2018 - 2022	155,779
2023 - 2027	16,681
2028 - 2032	14,376
2033 - 2037	12,985
2038 - 2042	11,903
2043 - 2047	8,774
Thereafter through 2071	30,261
Total	<u>\$ 1,198,417</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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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 for the succeeding years ending June 30 are as follows:

Year	Lease Revenues
2008	\$ 326
2009	336
2010	346
2011	356
2012	367
2013 - 2017	2,008
2018 - 2022	2,327
2023 - 2027	2,698
2028 - 2032	3,128
2033 - 2037	3,626
2038 - 2042	4,204
2043 - 2047	4,874
Thereafter through 2054	13,776
Total	<u>\$ 38,372</u>

**(8) PROPERTY HELD FOR RESALE**

A summary of changes in Property Held for Resale follows (in thousands):

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Property held for resale	<u>\$ 53,266</u>	<u>\$ 67,320</u>	<u>\$ -</u>	<u>\$ 120,586</u>

The increase in Property Held for Resale represents the transfer of property from OBRA to the Agency of \$46,534,000 plus the capitalization of \$2,077,000 in remediation costs for OBRA and the purchases of land in the amount of \$16,998,000 for the uptown project and \$1,711,000 for 7001 Oakport.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

**(9) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES PAYABLE**

Accounts payable and accrued liabilities payable as of June 30, 2007, for the City's individual major funds, non major funds in the aggregate, business-type activities – enterprise fund and internal service funds, are as follows (in thousands):

	<b>Accounts Payable</b>	<b>Checks Payable</b>	<b>Accrued Payroll/Employee Benefits</b>	<b>Total</b>
<b>Governmental funds:</b>				
General	\$ 20,408	\$ 9,714	\$ 78,608	\$ 108,730
Federal/State grant fund	4,633	-	921	5,554
Oakland Redevelopment Agency	5,798	-	-	5,798
Municipal Capital Improvement Fund	1,709	-	87	1,796
Other governmental funds	5,300	-	36	5,336
<b>TOTAL</b>	<b>37,848</b>	<b>9,714</b>	<b>79,652</b>	<b>127,214</b>
Governmental activities -				
Internal service funds	2,978	-	114	3,092
<b>TOTAL</b>	<b>\$ 40,826</b>	<b>\$ 9,714</b>	<b>\$ 79,766</b>	<b>\$ 130,306</b>
<b>Business-type activities - Enterprise Funds:</b>				
Park and Recreation	\$ 10	\$ -	\$ -	\$ 10
Sewer Service	1,039	-	764	1,803
<b>TOTAL</b>	<b>\$ 1,049</b>	<b>\$ -</b>	<b>\$ 764</b>	<b>\$ 1,813</b>

Accounts payable and accrued liabilities for the pension trust funds and private purpose trust funds at June 30, 2007, are as follows (in thousands):

Accounts payable	\$ 9
Investments payable	109,048
Accrued investment management fees	642
Member benefits payable	5,942
Total Pension Trust Funds Accounts Payable	
and Accrued Liabilities	115,641
Private Purpose Trust Fund Accounts Payable	5
Total Accounts Payable and Accrued Liabilities	<u>\$ 115,646</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**(10) DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with unearned revenue and receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2007, the various components of deferred revenue and unearned revenue reported were as follows (in thousands):

	<u><b>Unavailable</b></u>	<u><b>Unearned</b></u>
Major Funds:		
General Fund	\$ 26,709	\$ 9,704
Federal and State Grants Fund	104,965	-
Oakland Redevelopment Agency	113,044	-
Non-major Funds:		
Other Governmental Funds	<u>23,153</u>	<u>-</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 267,871</u></u>	<u><u>\$ 9,704</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**(11) TAX AND REVENUE ANTICIPATION NOTES PAYABLE**

The City issued tax and revenue anticipation notes in advance of property tax collections. The notes were used to satisfy General Fund obligations and carried an approximate effective interest rate of 4.50%. Principal and interest were paid on June 30, 2007.

The short-term debt activity for the year ended June 30, 2007, is as follows (in thousands):

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
2006-2007 Tax & Revenue Anticipation Notes	\$ -	\$ 75,000	\$ (75,000)	\$ -



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

**(12) LONG-TERM OBLIGATIONS**

**Long-term Obligations**

The following is a summary of long-term obligations for the year ended June 30, 2007 (in thousands):

<b>Governmental Activities</b>			
<b>Type of Obligation</b>	<b>Final Maturity Year</b>	<b>Remaining Interest Rates</b>	<b>Amount</b>
General obligation bonds (A)	2036	2.50 - 5.00%	\$ 345,214
Tax allocation bonds (B)	2037	2.50 - 8.03%	514,475
Certificate of participation (C)	2015	4.00 - 6.55%	45,795
Lease revenue bonds (C)	2026	3.60 - 5.50%	325,105
Pension obligation bonds (D)	2022	6.09 - 7.31%	313,625
Accreted interest (C) & (D)			104,356
City guaranteed special assessment district bonds (D)	2024	4.60 - 6.70%	6,800
Notes payable (C) & (E)	2016	1.70 - 8.27%	17,090
Capital Leases (C) & (E)	2016	3.54 - 5.52%	31,809
Accrued vacation and Sick leave (C)			33,601
Self - Insurance liability for worker's compensation (C)			98,381
Estimated claims payable (C)			43,598
Estimated environmental cost (B) & (C)			11,198
Pledge obligation for Coliseum Authority debt (C)			85,350
<b>GOVERNMENTAL ACTIVITIES TOTAL LONG-TERM OBLIGATIONS</b>			<b>1,976,397</b>
<b>DEFERRED AMOUNTS:</b>			
Bond insurance premiums			22,887
Bond refunding loss			(20,035)
<b>GOVERNMENTAL ACTIVITIES TOTAL LONG-TERM OBLIGATIONS, NET</b>			<b>\$ 1,979,249</b>

**Debt service payments are made from the following sources:**

- (A) Property tax recorded in the debt service funds
- (B) Property tax allocated to the Oakland Redevelopment Agency based on increased assessed valuations in the project area
- (C) Revenues recorded in the general fund
- (D) Property tax voter approved debt
- (E) Revenues recorded in the special revenue funds

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

**Business-Type Activities**

<b>Type of Obligation</b>	<b>Final Maturity Year</b>	<b>Remaining Interest Rates</b>	<b>Amount</b>
Sewer fund - Notes payable	2014	3.00 - 3.50%	\$ 4,126
Sewer fund - Bonds	2029	3.00 - 5.25%	59,305
Unamortized Bond Premium			2,593
BUSINESS-TYPE ACTIVITIES -			
TOTAL LONG-TERM OBLIGATIONS			<u>\$ 66,024</u>

**Component Unit - Port of Oakland**

<b>Type of Obligation</b>	<b>Final Maturity Year</b>	<b>Remaining Interest Rates</b>	<b>Amount</b>
Parity bonds	2033	3.00 - 6.00%	\$ 1,370,072
Notes and Loans	2030	3.31 - 5.12%	198,366
Total			<u>1,568,438</u>
Self - Insurance liability for workers' compensation			6,000
General Liability			4,747
Environmental Remediation			11,731
Total			<u>1,590,916</u>
Unamortized bond discount and premium, net			(2,762)
Deferred loss on refunding			(4,493)
COMPONENT UNIT TOTAL LONG-TERM OBLIGATIONS			<u>\$ 1,583,661</u>

## Debt Compliance

There are a number of limitations and restrictions contained in the various bond indentures held by the City and Agency. Management believes that the City and Agency are in compliance.

## Legal Debt Limit and Legal Debt Margin

As of June 30, 2007, the City's debt limit (3.75% of valuation subject to taxation) was \$985,017,038. The total amount of debt applicable to the debt limit was \$345,214,363. The resulting legal debt margin was \$639,802,675.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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## **Interest Rate Swaps**

### **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 \$187,500,000 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 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 Offer Rate (“LIBOR”). This amendment resulted in an additional upfront payment from the Counterparty to the City of \$5.975 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”). However, the Swap associated with the 1998 Lease Revenue Bonds still remains in effect and is set to terminate on July 31, 2021.

*Terms.* The swap agreement terminates on July 31, 2021, and has a notional amount as of June 30, 2007 of \$110,400,000. 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.* Because interest rates have declined since the execution of the Swap, the Swap had a negative fair value of \$13,069,000 as of June 30, 2007. 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.

*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 Aaa by Moody’s Investors Service, and AA+ by Standard and Poor’s as of June 30, 2007. To

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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mitigate the potential for credit risk, if the counterparty's credit quality falls below "A3" by Moody's Investors Service or "A-" by Standard and Poor's the swap agreement 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.

*Basis Risk.* Another risk associated with the synthetic fixed rate swap is basis risk. This is the risk that as the City receives a floating rate index on the swap to offset the variable rate it pays on its underlying variable rate bonds, these two variable rate cash flows could potentially mismatch. The swap agreement provides that the payment received by the City shall be at 65% of 1-month LIBOR.

*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 Investors Service or "A-" by Standard and Poor's.

The counterparty may terminate the Swap if both the City and the bond insurer fail to perform under the terms of the contract. The counterparty also may terminate the Swap upon the occurrence of the following events: 1) the bond insurer falls below "A3" by Moody's Investors Service or "A-" by Standard and Poor's; and 2) the City falls below "Baa3" by Moody's Investors Service or "BBB-" by Standard and Poor's. If the Swap is terminated, the variable rate Bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the Swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the Swap's fair value.

**Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds (Oakland Administration Buildings), 2004 Series A-1/A-2**

*Objective of the Interest Rate Swap.* On May 21, 2004, the City entered into a synthetic fixed rate swap ("2004 Swap") with Bank of America, N.A. and UBS AG ("Counterparties") in connection with the \$117,200,000 Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2004 Series A-1 and A-2 (the "2004 Lease Revenue Bonds"). Under the terms of the 2004 Swap, the City pays the Counterparties a fixed rate of 3.533% through the end of the swap agreement in 2026 and receives a variable rate based on 58% of 1-month LIBOR plus 35 basis points.

The 2004 Swap effectively allowed the City to lock in the low long-term interest rates available in the marketplace at that time

*Terms.* The 2004 Swap terminates on August 1, 2026, and has a notional amount as of June 30, 2007 of \$105,725,000. The notional amount of the swap declines through 2026.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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*Fair Value.* As of June 30, 2007, the interest rate swap with Bank of America, N.A. had an outstanding notional amount of \$52,875,000 and had a positive fair value of \$138,000. As of June 30, 2007, the interest rate swap with UBS AG had an outstanding notional amount of \$52,850,000 and a positive fair value of \$142,000. 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.

*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 counterparties were rated as follows as of June 30, 2007: Bank of America, N.A. (Aa1 by Moody's Investors Service, AA by Standard and Poor's and AA- by Fitch), and UBS AG (Aa2 by Moody's Investors Service, AA+ by Standard and Poor's, and AA+ by Fitch).

To mitigate the potential for credit risk, if the counterparty's credit quality falls below "A3" by Moody's Investors Service or "A-" by Standard and Poor's, the swap agreement provides that the counterparty, the City, the bond insurer for the Bonds, and a third party collateral agent are to execute a collateral agreement establishing the type of collateral, the amount of collateral, the collateral agent, and the terms of the collateral agreement.

*Basis Risk.* Another risk associated with the synthetic fixed rate swap is basis risk. This is the risk that as the City receives a floating rate index on the swap to offset the variable rate it pays on its underlying variable rate bonds, these two variable rate cash flows could potentially mismatch. The swap agreement provides that the payment received by the City shall be at 58% of 1-month LIBOR plus 35 basis points.

*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 may also terminate the swap if the counterparty fails to execute a collateral agreement satisfactory to the City and the bond insurer if the counterparty's ratings fall below "A3" by Moody's Investors Service or "A-" by Standard and Poor's. The termination events are bilateral agreements between the City and the counterparties. If the swap is terminated, the variable rate bonds would no longer carry a synthetic fixed interest rate. Also, 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.

*Swap Payments and Associated Debt.* The following table presents the estimated debt service requirements for the 2004 Lease Revenue Bonds. It is assumed that the interest rate on the 2004 Lease Revenue Bonds and the variable rate portion of the 2004 Swap (58% of

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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LIBOR) averages 3.750% through the maturity date of both the 2004 Series A Bonds and the Swap (August 21, 2026).

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest*</b>	<b>Net Interest Rate Swap Payment*</b>	<b>Total Debt Service</b>
2008	\$ 3,575,000	\$ 4,059,280	\$ 34,814	\$ 7,669,094
2009	3,750,000	3,548,110	33,449	7,331,559
2010	3,875,000	3,762,008	32,390	7,669,398
2011	4,050,000	3,269,193	31,108	7,350,301
2012	4,175,000	3,432,921	29,768	7,637,689
2013	4,375,000	2,955,540	28,176	7,358,716
2014	4,525,000	2,805,999	26,939	7,357,938
2015	4,675,000	2,907,362	25,443	7,607,805
2016	4,875,000	2,459,849	23,896	7,358,745
2017	5,050,000	2,510,767	22,040	7,582,807
2018	5,275,000	2,090,214	20,612	7,385,826
2019	5,450,000	2,090,612	18,868	7,559,480
2020	5,675,000	1,687,532	17,065	7,379,597
2021	5,900,000	1,484,380	14,903	7,399,283
2022	6,125,000	1,401,229	13,235	7,539,464
2023	6,375,000	1,036,978	11,209	7,423,187
2024	6,600,000	886,995	9,100	7,496,095
2025	6,875,000	550,889	6,585	7,432,474
2026	7,125,000	334,431	4,642	7,464,073
2027	7,400,000	28,130	2,285	7,430,415
<b>TOTAL</b>	<b>\$ 105,725,000</b>	<b>\$ 43,302,419</b>	<b>\$ 406,527</b>	<b>\$ 149,433,946</b>

\*Numbers of estimates; subject to change based on prevailing market conditions. The calculation above assumes to have a 3.750% interest rate and 3.556% swap rate.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

## Changes in Long-term Obligations

The changes in long-term obligations for the year ended June 30, 2007, are as follows (in thousands):

<b>Governmental Activities</b>					
	<b>Balance at July 1, 2006</b>	<b>Additional obligations, interest accretion and net increases</b>	<b>Current maturities, retirements and net decreases</b>	<b>Balance at June 30, 2007</b>	<b>Amounts due within one year</b>
<b>Bonds Payable:</b>					
General obligation bonds	\$ 358,124	\$ -	\$ 12,910	\$ 345,214	\$ 13,686
Tax allocation bonds	319,115	229,295	33,935	514,475	17,845
Certificate of participation	49,154	-	3,359	45,795	5,300
Lease revenue bonds	346,110	-	21,005	325,105	21,925
Pension obligation bonds	341,475	-	27,850	313,625	30,920
City guaranteed special assessment district bonds	7,085	-	285	6,800	305
Accreted interest on appreciation bonds	85,884	20,019	1,547	104,356	-
Less deferred amounts:					
Bond insurance premiums	22,734	1,963	1,810	22,887	1,834
Bond refunding loss	(22,216)	(834)	(3,015)	(20,035)	(3,028)
<b>TOTAL BONDS PAYABLE</b>	<b>1,507,465</b>	<b>250,443</b>	<b>99,686</b>	<b>1,658,222</b>	<b>88,787</b>
Notes payable	17,940	-	850	17,090	810
Capital Leases	20,218	18,265	6,674	31,809	4,840
<b>TOTAL NOTES &amp; LEASES</b>	<b>38,158</b>	<b>18,265</b>	<b>7,524</b>	<b>48,899</b>	<b>5,650</b>
<b>Other Long-Term Liabilities</b>					
Accrued vacation and Sick leave	33,709	54,517	54,625	33,601	25,563
Pledge obligation for Coliseum Authority debt	88,100	-	2,750	85,350	2,900
Estimated environmental cost	2,319	11,173	2,294	11,198	2,691
Self - Insurance worker's compensation	100,493	18,071	20,183	98,381	19,043
Estimated claims payable	44,945	9,663	11,010	43,598	14,178
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>	<b>269,566</b>	<b>93,424</b>	<b>90,862</b>	<b>272,128</b>	<b>64,375</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES - LONG-TERM OBLIGATIONS</b>	<b>\$ 1,815,189</b>	<b>\$ 362,132</b>	<b>\$ 198,072</b>	<b>\$ 1,979,249</b>	<b>\$ 158,812</b>

Internal service funds predominantly serve the 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, 2007, \$13,748,203 of capital leases related to the internal service funds are included in the above amounts.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

**Business-Type Activities**

	<b>Balance at July 1, 2006</b>	<b>Current maturities, retirements and net decreases</b>	<b>Balance at June 30, 2007</b>	<b>Amounts due within one year</b>
Sewer fund - Notes payable	\$ 4,925	\$ 799	\$ 4,126	\$ 780
Sewer fund - Bonds	60,840	1,535	59,305	1,585
Unamortized Bond Premium	2,710	117	2,593	118
<b>Total</b>	<b>68,475</b>	<b>2,451</b>	<b>66,024</b>	<b>2,483</b>

**Component Unit - Port of Oakland**

	<b>Balance at July 1, 2006</b>	<b>Additional obligations, interest accretion and net increases</b>	<b>Current maturities, retirements and net decreases</b>	<b>Balance at June 30, 2007</b>	<b>Amounts due within one year</b>
Parity bonds	\$ 1,395,464	\$ -	\$ 25,392	\$ 1,370,072	\$ 32,633
Notes and Loans	156,632	45,000	3,266	198,366	184
<b>Total</b>	<b>1,552,096</b>	<b>45,000</b>	<b>28,658</b>	<b>1,568,438</b>	<b>32,817</b>
Self - Insurance worker's compensation	5,829	1,652	1,481	6,000	6,000
General Liability	3,986	4,620	3,859	4,747	-
Environmental Remediation & Others	6,618	6,717	1,511	11,824	1,311
Unamortized bond discount/ premium, net	(1,838)	715	1,639	(2,762)	843
Deferred loss on refunding	(4,856)	-	(363)	(4,493)	(363)
<b>TOTAL DEBT</b>	<b>1,561,835</b>	<b>58,704</b>	<b>36,785</b>	<b>1,583,754</b>	<b>40,608</b>



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

## Repayment Schedule

The annual repayment schedules for all long-term debt as of June 30, 2007, are as follows (in thousands):

	2008	2009	2010	2011	2012	2013-2017	2018-2022	2023-2027	2028-2032	2033-2037	Total
<b>Governmental-type Activities:</b>											
General obligation bonds:											
Principal	\$ 13,686	\$ 14,340	\$ 15,006	\$ 15,762	\$ 16,587	\$ 92,723	\$ 104,747	\$ 29,253	\$ 34,160	\$ 8,950	\$ 345,214
Interest	16,596	16,014	15,398	14,688	13,936	56,946	33,373	15,026	7,384	756	190,117
Certificate of participation:											
Principal	5,300	5,620	5,965	6,415	7,095	15,400	-	-	-	-	45,795
Interest	1,840	1,627	1,377	1,116	833	1,200	-	-	-	-	7,993
Lease revenue bonds:											
Principal	21,925	22,970	23,755	25,225	26,450	124,005	37,325	43,450	-	-	325,105
Interest	13,709	12,332	11,682	10,259	9,423	28,090	12,649	3,891	-	-	102,035
Pension obligation bonds:											
Principal	30,920	34,250	37,860	14,958	20,860	90,463	71,643	12,671	-	-	313,625
Interest	6,091	3,833	1,321	25,347	17,515	119,742	172,037	40,460	-	-	386,346
Special assessments bonds:											
Principal	305	315	340	345	365	1,685	1,980	1,465	-	-	6,800
Interest	360	342	325	307	287	1,153	664	116	-	-	3,554
Tax allocation bonds:											
Principal	17,845	17,230	16,865	18,680	19,665	102,145	132,310	61,470	55,530	72,735	514,475
Interest	22,633	28,774	27,824	26,843	29,561	101,660	72,379	41,776	27,757	10,139	389,346
Notes payable:											
Principal	810	1,435	2,015	2,180	2,355	8,295	-	-	-	-	17,090
Interest	1,051	995	936	871	799	1,572	-	-	-	-	6,224
Capital leases											
Principal	4,840	5,213	4,010	3,184	3,261	8,345	2,956	-	-	-	31,809
Interest	1,346	1,199	990	815	667	1,741	354	-	-	-	7,112
TOTAL PRINCIPAL	\$ 95,631	\$ 101,373	\$ 105,816	\$ 86,749	\$ 96,638	\$ 443,061	\$ 350,961	\$ 148,309	\$ 89,690	\$ 81,685	\$ 1,599,913
TOTAL INTEREST	\$ 63,626	\$ 65,116	\$ 59,853	\$ 80,246	\$ 73,021	\$ 312,104	\$ 291,456	\$ 101,269	\$ 35,141	\$ 10,895	\$ 1,092,727

The specific year for payment of the pledge obligation, environmental costs, estimated vacation, sick leave, workers' compensation, and estimated claims is not practicable to determine.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

(continued)

	2008	2009	2010	2011	2012	2013-2017	2018-2022	2023-2027	2028-2032	2033-2037	Total
<b>Business-type Activities:</b>											
Sewer revenue bonds:											
Principal	\$ 1,585	\$ 1,630	\$ 1,710	\$ 1,800	\$ 1,885	\$ 10,935	\$ 13,815	\$ 17,610	\$ 8,335	\$ -	\$ 59,305
Interest	2,900	2,852	2,771	2,685	2,595	11,479	8,598	4,812	630	-	39,322
Sewer notes payable:											
Principal	780	806	833	860	274	573	-	-	-	-	4,126
Interest	135	109	82	54	25	26	-	-	-	-	431
TOTAL PRINCIPAL	\$ 2,365	\$ 2,436	\$ 2,543	\$ 2,660	\$ 2,159	\$ 11,508	\$ 13,815	\$ 17,610	\$ 8,335	\$ -	\$ 63,431
TOTAL INTEREST	\$ 3,035	\$ 2,961	\$ 2,853	\$ 2,739	\$ 2,620	\$ 11,505	\$ 8,598	\$ 4,812	\$ 630	\$ -	\$ 39,753

## Component Unit - Port of Oakland

Annual debt service requirements to maturity for all bonds and loans outstanding as of June 30, 2007, are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2008	\$ 32,817	\$ 76,233	\$ 109,050
2009	23,655	75,562	99,217
2010	36,583	74,757	111,340
2011	236,101	67,118	303,219
2012	46,393	64,951	111,344
2013 - 2017	265,148	289,071	554,219
2018 - 2022	287,043	207,979	495,022
2023 - 2027	307,750	132,332	440,082
2028 - 2032	290,428	47,381	337,809
2033	42,520	1,063	43,583
SUB TOTAL	1,568,438	1,036,447	2,604,885
Unamortized bond (discount) premium, net	(2,762)	-	(2,762)
Self-insurance workers' compensation	6,000	-	6,000
General Liability	4,747	-	4,747
Environmental Remediation & Others	11,824	-	11,824
Deferred loss on refunding	(4,493)	-	(4,493)
TOTAL	\$ 1,583,754	\$ 1,036,447	\$ 2,620,201

In June 2007, the Port defeased \$5,500,000 of 2002 Series M Bonds due on November 1, 2007 and in August 2007 an additional \$10,000,000 of 2002 Series M Bonds due on November 1, 2008. Sufficient funds were deposited with the trustee and invested in State

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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and Local Government Series (SLGS) securities to pay both interest and principal on their respective due dates. The \$5,500,000 of 2002 Series M Bonds in June 2007 required the Port to increase the applicable reserve fund by \$2,125,000 as required by the Twelfth Supplemental Indenture.

Net interest costs of \$12,260,000 were capitalized in fiscal 2007. These amounts represented capitalized interest expense of \$18,644,000, net of interest revenue of \$6,384,000 for fiscal 2007.

### **Current Year Long-Term Debt Financings**

#### **City of Oakland Capital Lease - 450 Lancaster Building**

On July 21, 2006, the City of Oakland closed a lease transaction with Bank of America in the principal amount of \$4,940,000 for the purpose of purchasing a building at 450 Lancaster Street (Oakland, CA). The 450 Lancaster building was financed in order to house the Oakland Museum's collections and artifacts. The financing is tax-exempt with a final maturity of August 1, 2021; the interest rate on this lease transaction is 5.30%.

#### **City of Oakland Capital Lease - Parking Meters**

On June 14, 2007, the City of Oakland closed a lease transaction with CitiCapital in the principal amount of \$4,520,000 for the purpose of purchasing multi-space pay and display parking meters ("Meters"). The Meters were financed in order to maximize the efficiency of short-term parking throughout the City of Oakland. The financing is tax-exempt with a final maturity of July 15, 2014; the interest rate on this lease transaction is 3.90%.

The City also entered into other capital leases during the year amounting to \$8,805,000.

#### **Redevelopment Agency of the City of Oakland Central City East Redevelopment Project Tax Allocation Bonds Series 2006A-TE & Series 2006A-T (Federally Taxable)**

On October 12, 2006, the Redevelopment Agency of the City of Oakland ("Agency") issued \$13,780,000 of Central City East Redevelopment Project Tax Allocation Bonds, Series 2006A-TE (the "Series 2006A-TE Bonds") and \$62,520,000 of Central City East Redevelopment Project Tax Allocation Bonds, Series 2006A-T (Federally Taxable) (the "Series 2006A-T Bonds"). The collective Series 2006A-TE Bonds and Series 2006A-T Bonds were issued to finance certain redevelopment activities within or to the benefit of the Agency's Central City East Redevelopment Project Area. The Series 2006A-TE Bonds are tax-exempt with a final maturity of September 1, 2036; the interest rate of these bonds is 5.000%. The Series 2006A-T Bonds are federally taxable with a final maturity of September 1, 2034; the interest rates of these bonds range from 5.263% to 5.537%.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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The Series 2006A-TE Bonds and Series 2006A-T Bonds are limited obligations of the Agency payable solely from and secured solely by tax revenues, consisting primarily of tax increment derived from property, in the Central City East Redevelopment Project Area.

**Redevelopment Agency of the City of Oakland**  
**Coliseum Area Redevelopment Project Tax Allocation Bonds**  
**Series 2006B-TE & Series 2006B-T (Federally Taxable)**

On October 12, 2006, the Redevelopment Agency of the City of Oakland (“Agency”) issued \$28,770,000 of Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE (the “Series 2006B-TE Bonds”) and \$73,820,000 of Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-T (Federally Taxable) (the “Series 2006B-T Bonds”). The collective Series 2006B-TE Bonds and Series 2006B-T Bonds were issued to finance certain redevelopment activities within or to the benefit of the Agency’s Coliseum Area Redevelopment Project Area as well as to refund all of the outstanding Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2003. The Series 2006B-TE Bonds are tax-exempt with a final maturity of September 1, 2036; the interest rates of these bonds range from 4.000% to 5.000%. The Series 2006B-T Bonds are federally taxable with a final maturity of September 1, 2035; the interest rates of these bonds range from 5.263% to 5.537%.

The Series 2006B-TE Bonds and Series 2006B-T Bonds are limited obligations of the Agency payable solely from and secured solely by tax revenues, consisting primarily of tax increment derived from property, in the Coliseum Redevelopment Project Area.

The refunding resulted in a cash flow savings of \$2,797,908. In addition, the Agency obtained a net economic gain on this financing of \$626,658.

**Redevelopment Agency of the City of Oakland**  
**Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds**  
**Series 2006C-TE & Series 2006C-T (Federally Taxable)**

On October 12, 2006, the Redevelopment Agency of the City of Oakland (“Agency”) issued \$4,945,000 of Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds, Series 2006C-TE (the “Series 2006C-TE Bonds”) and \$12,325,000 of Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds, Series 2006C-T (Federally Taxable) (the “Series 2006C-T Bonds”). The collective Series 2006C-TE Bonds and Series 2006C-T Bonds were issued to finance certain redevelopment activities within or to the benefit of the Agency’s Broadway/MacArthur/San Pablo Redevelopment Project Area. The Series 2006C-TE Bonds are tax-exempt with a final maturity of September 1, 2036; the interest rate of these bonds is 5.000%. The Series

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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2006C-T Bonds are federally taxable with a final maturity of September 1, 2032; the interest rates of these bonds range from 5.283% to 5.587%.

The Series 2006C-TE Bonds and Series 2006C-T Bonds are limited obligations of the Agency payable solely from and secured solely by tax revenues, consisting primarily of tax increment derived from property, in the Broadway/MacArthur/San Pablo Redevelopment Project Area.

**Redevelopment Agency of the City of Oakland**  
**Central District Redevelopment Project Subordinated Tax Allocation Bonds**  
**Series 2006T (Federally Taxable)**

On November 21, 2006 the Redevelopment Agency of the City of Oakland (“Agency”) issued \$33,135,000 of Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable) (the “Series 2006T Bonds”). The Series 2006T Bonds were issued to finance certain redevelopment activities within or to the benefit of the Agency’s Central District Redevelopment Project Area. The Series 2006T Bonds are federally taxable with a final maturity of September 1, 2021; the interest rates of these bonds range from 5.252% to 5.411%.

The Series 2006T Bonds are limited obligations of the Agency payable solely from and secured solely by tax revenues, consisting primarily of tax increment derived from property, in the Central District Redevelopment Project Area.

**Prior Year’s Debt Defeasance**

In prior years, the City has defeased various bond issues by creating separate irrevocable escrow funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the City’s government-wide financial statements. As of June 30, 2007, the amount of defeased debt outstanding but removed from the City’s government-wide financial statements amounted to \$93.5 million.

**Authorized and Unissued Debt**

The City has \$126.8 million (Measure DD) General Obligation Bonds authorized and unissued. The voters, in a City election on November 5, 2002, authorized these bonds. The bonds are to be issued by the City in general obligation bonds for the improvement of Lake Merritt, the Estuary, inland creeks, Studio One, and other specifically identified projects in the City.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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## 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, 2007, is (in thousands):

	<u>Authorized and Issued</u>	<u>Maturity</u>	<u>Outstanding at June 30, 2007</u>
City of Oakland Kaiser Permanente Insured Revenue Bonds 1999A	\$ 64,425	01/01/29	\$ 63,425
City of Oakland Kaiser Permanente Insured Revenue Bonds 1999B	15,720	01/01/29	15,720
City of Oakland Liquidity Facility Revenue Bonds (Association of Bay Area Governments), Series 1984	3,300	12/01/09	685
City of Oakland Health Facility Revenue Bonds  (Children's Hospital Medical Center of Northern California), 1998	23,000	07/01/08	4,590
Oakland JPFA Revenue Bond 2001 Series A Fruitvale Transit Village (Fruitvale Development Corporation)	19,800	07/01/33	17,800
Oakland JPFA Revenue Bond 2001 Series B Fruitvale Transit Village (La Clinica De La Raza Fruitvale Health Project, Inc)	5,800	07/01/33	5,600
Redevelopment Agency of the City of Oakland, Multifamily Housing Revenue Bonds (Uptown Apartment Project), 2005 Series A	160,000	10/01/50	160,000
<b>TOTAL</b>			<u><u>\$ 267,820</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**(13) GENERAL FUND UNRESERVED FUND BALANCE**

The following designations reflect the City of Oakland's imposition of limitations on the use of the otherwise available expendable financial resources in the General Fund (in thousands).

Designations:

Pension obligations - PFRS	\$ 55,840
Carryforward for continuing projects	18,398
Lighting and Landscaping Assessment District gap funding	3,504
Oakland Convention & Visitors' Bureau	777
General Fund fiscal year 2008 budget allocation	8,419
Total designations	<u>86,938</u>
Unreserved/undesignated fund balance	<u>56,078</u>
Total General Fund unreserved fund balance	<u><u>\$ 143,016</u></u>

**(14) SELF-INSURANCE**

Changes in the balances of claims liabilities for all self-insured claims for the years ended June 30, 2007 and 2006 are as follows (in thousands):

**Workers' Compensation**

	<u>2007</u>	<u>2006</u>
Unpaid claim's, beginning of fiscal year	\$ 100,493	\$ 96,166
Current year claims and changes in estimates	18,071	21,039
Claims payments	<u>(20,183)</u>	<u>(16,712)</u>
Unpaid claim's, end of fiscal year (Note 12)	<u><u>\$ 98,381</u></u>	<u><u>\$ 100,493</u></u>

**General Liability**

	<u>2007</u>	<u>2006</u>
Unpaid claim's, beginning of fiscal year	\$ 44,945	\$ 43,099
Current year claims and changes in estimates	9,663	7,189
Claims payments	<u>(11,010)</u>	<u>(5,343)</u>
Unpaid claim's, end of fiscal year (Note 12)	<u><u>\$ 43,598</u></u>	<u><u>\$ 44,945</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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The above 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.

### **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.

The City is self-insured for its general liability, workers' compensation, malpractice liability, general, and auto liability and has excess reinsurance with the California State Association of Counties – Excess Insurance Authority as described below.

### **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 \$25,000 deductible to be paid by the City. 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.

### **General Liability**

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2007, the amount of liability determined to be probable of occurrence is approximately \$43,598,000. Of this amount, claims and litigation approximating \$14,178,000 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 Agency are involved in various claims and litigation arising in the ordinary course of its activities. In the opinion of the Agency's in-house counsel, the City Attorney's Office for the City, none of these claims are expected to have a significant impact on the financial condition of the City and the Agency or changes in financial position.

The City has not accumulated or segregated assets or reserved fund balance for the payment of estimated claims and judgments.



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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## **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 \$98,381,000 in claims liabilities as of June 30, 2007, approximately \$19,043,000 is estimated to be due within one year.

## **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. Self-insured retention levels and purchased insurance per occurrence are as follows:

<b>Type of Coverage</b>	<b>Self-Insurance Retention</b>	<b>Insurance Authority/Purchase Insurance</b>
General Liability	up to \$2,000,000	\$2,000,000 to \$25,000,000 per occurrence
Automobile Liability	up to \$2,000,000	\$2,000,000 to \$25,000,000 per occurrence
Public Officials Errors and Omissions	up to \$2,000,000	\$2,000,000 to \$25,000,000 per occurrence/annual aggregate
Products & Completed Operations	up to \$2,000,000	\$2,000,000 to \$25,000,000 per occurrence/annual aggregate
Employment Practices Liability	up to \$2,000,000	\$2,000,000 to \$25,000,000 per occurrence/annual aggregate
Workers' Compensation	up to \$1,000,000	\$1,000,000 to \$100,000,000 per occurrence/annual aggregate

## **Discretely Presented Component Unit**

### **Workers' Compensation**

The Port is exposed to risk of loss related to injuries of employees. The Port is self-insured and self-administered for workers' compensation up to a maximum of \$750,000 per accident. The Port carries commercial insurance for claims in excess of \$750,000 per accident up to a maximum limit per accident of \$1,000,000. There were no workers' compensation claims paid in fiscal years 2007, 2006, and 2005 above the \$1,000,000 per accident limit. The excess policy provides full statutory limits as established by California law.

Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses are based on an actuarial

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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valuation performed as of June 30, 2007 and include an estimate of claims that have been incurred but not reported.

Changes in the reported liability resulted from the following (in thousands):

	<u><b>2007</b></u>	<u><b>2006</b></u>
Workers' compensation liability at beginning of fiscal year	\$ 5,829	\$ 4,600
Current year claims and changes in estimates	1,652	2,263
Claims payments	<u>(1,481)</u>	<u>(1,034)</u>
Workers' compensation liability at end of fiscal year	<u><u>\$ 6,000</u></u>	<u><u>\$ 5,829</u></u>

### **General Liability**

The Port maintains general liability insurance in excess of specified deductibles. For the Airport, coverage is provided in excess of \$250,000 in the aggregate up to a maximum of \$200,000,000. For the harbor area and the Port's real estate holdings, coverage is provided in excess of \$1,000,000 per occurrence up to an aggregate amount of \$150,000,000 per occurrence. Additionally, the Port maintains a Public Officials Errors & Omissions and Employment Practices policy. The policy limits are \$25,000,000 with a \$450,000 per claim deductible. Defense costs are in addition to the policy limits, but are included in the deductible. The Port is uninsured for losses in excess of these amounts. Casualty losses are accrued when it is determined that a loss to the Port is probable and the amount is estimable.

As of June 30, 2007, the Port was a defendant in various lawsuits arising in the normal course of constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known. The Port's insurance may cover a portion of any losses. For additional information, please contact the Port of Oakland, 530 Water Street, Oakland, California 94607.

Changes in the reported liabilities, which is included as part of accounts payable and accrued liabilities, follows:

	<u><b>2007</b></u>	<u><b>2006</b></u>
General liability at beginning of fiscal year	\$ 3,986	\$ 3,539
Current year claims and changes in estimates	4,620	3,544
Vendor payments	<u>(3,859)</u>	<u>(3,097)</u>
General liability at end of fiscal year	<u><u>\$ 4,747</u></u>	<u><u>\$ 3,986</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**(15) JOINT VENTURE**

**Oakland-Alameda County Coliseum**

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

In August 1995, the Authority issued \$9,200,000 in Fixed Rate Refunding Lease Revenue Bonds and \$188,500,000 in Variable Rate Lease Revenue Bonds (collectively known as the Stadium Bonds) to satisfy certain obligations of the Authority, the City, the County, the Corporation and Oakland-Alameda County Coliseum Inc. (Coliseum Inc.), which manages 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 football franchise to the City.

On May 25, 2000, the Authority issued \$201,300,000 in series 2000 C and D Refunding Bonds to retire \$181,900,000 of the 1995 Variable Rate Lease Revenue Stadium Bonds (\$188,500,000 less \$6,600,000 principal payment). In February 2004, the 1995 Fixed Rate Refunding Lease Revenue Bond was fully repaid from the escrow established in 1995 at the time the Coliseum Authority issued the Stadium Bonds.

The Stadium Bonds are limited obligations of the Authority payable solely from revenues of the Authority, consisting primarily of base rental payments to be received by the Authority from the City and the County. The source of the Coliseum Authority's revenues relating to football games consists primarily of a portion of club dues, concession and parking payments. In the event that such football revenues and other revenues received in connection with the Stadium are insufficient to make base rental payments, the City and the County are obligated to make up the shortfall in the base rental payments from their respective General Funds. The City and the County each have covenanted to appropriate \$11 million annually to cover such shortfalls in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the City could have to pay up to \$22 million annually in the event of default by the County.

On August 2, 1996, the Authority issued \$70,000,000 Series A-1 and \$70,000,000 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 Authority, the City, the County and Coliseum Inc. in connection with the retention of the Golden State Warriors

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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(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) between the Warriors, the City, the County, Coliseum Inc. and the Authority.

Under the Warriors Agreements, the Arena Bonds were limited obligations of the Authority, payable solely from base rental revenues of the Authority received by the Authority on behalf of the City and the County. These revenues consist of base rental payments from the City and County and certain payments from the Warriors of up to \$7,428,000 annually from premium seating revenues, and other payments from Arena operations. 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 County are obligated to make up the shortfall in the base rental payment from their respective General Funds. The City and the County each have covenanted to appropriate up to \$9,500,000 annually to cover such revenue shortfalls; however, the City and the County are jointly and severally liable to cover such shortfalls, which means that the City could have to pay up to \$19,000,000 annually in the event of default by the County.

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its agreement with Oakland Coliseum Joint Venture and reinstated its Operating Agreement with Oakland-Alameda County Coliseum, Inc. Oakland-Alameda County Coliseum, Inc. subcontracted all of the operations of the Coliseum Complex to Oakland Coliseum Joint Venture. The Operating Agreement between the Coliseum Authority and Coliseum Inc. expired, by its terms, on July 31, 2006. The Authority entered into a Termination Agreement whereby, in return for certain consideration, the Authority agreed to perform the duties of Coliseum, Inc. on and after August 1, 2006.

On September 27, 1997, the City of Oakland, the County of Alameda, and the Oakland-Alameda County Coliseum Authority, collectively known as the "East Bay Entities", filed suit against the Oakland Raiders and A.D. Football, Inc. (collectively, "Raider Management") for breach of contract, declaratory relief and interference with prospective economic advantage. The suit asks for compensatory and punitive damages with regards to revenues lost as a result of actions by Raider Management. The Court resolved the issues in this case in a summary judgment declaring that the Raiders could not terminate the license, among other things. Raider Management filed a cross-complaint seeking the right to rescind the Master Agreement and seeking damages for breaches of the Master Agreement and for fraudulent inducement. Prior to the trial, the Court dismissed the City, the County and the Coliseum Authority from the Fraud claims on summary judgment and Raider Management agreed to arbitrate all breach of contract claims, leaving Coliseum, Inc. as the only defendant at trial. At the conclusion of the trial, the jury found no liability on the fraud claims, but did award the Raiders damages of \$34,000,000 for negligent misrepresentation. This judgment has been entered only against Coliseum, Inc. Attorneys for the Oakland-Alameda County Coliseum, Inc. filed an appeal of that decision. On

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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November 17, 2006, the Third Appellate District of the California Court of Appeal overturned this entire verdict and ordered the Raiders to pay the Coliseum, Inc costs of the appeal. The Raiders and the Coliseum Inc subsequently agreed that the Raiders would waive all rights to further appeals in return for the Coliseums Inc waving the Raiders paying the costs of appeal.

Debt service requirements for the Coliseum Authority debt are as follows (in thousands):

<b>For the Period Ending June 30,</b>	<b><u>Stadium Debt</u></b>		<b><u>Arena Debt</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2008	\$ 5,800	\$ 6,289	3,100	7,575
2009	6,200	5,924	3,300	7,377
2010	6,700	5,563	3,600	7,166
2011	7,100	5,212	3,900	6,936
2012	7,500	4,951	4,100	6,687
2013-2017	43,400	20,458	25,400	29,101
2018-2022	54,500	12,089	35,600	19,738
2023-2026	39,500	2,332	38,900	6,491
Total	<u>\$ 170,700</u>	<u>\$ 62,818</u>	<u>\$ 117,900</u>	<u>\$ 91,071</u>

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

Under the joint exercise of power agreement, which formed the Authority, the City is responsible for funding up to 50% of the Authority's operating costs and debt service requirements, to the extent such funding is necessary. During the year ended June 30, 2007, the City made contributions of \$11,150,000 to fund its share of operating deficits and debt service payments of the Authority.

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium bonds, such that the City and County may have to contribute to base rental payments. Of the \$20,500,000 million appropriated in the General Fund as part of the above agreements, it is estimated that the City may have to contribute \$10,946,000 for the 2007-08 fiscal year. There are many uncertainties in the estimation of revenues for the Authority beyond one year into the future; therefore, the City has established a liability to fund the Authority deficit in the statement of net assets in an amount equal to its contingent share (50%) of the outstanding Stadium bonds in the amount of \$85,350,000. 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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**(16) PENSION PLANS**

The City has three defined benefit retirement plans: Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS) and California Public Employees' Retirement System (PERS). PFRS and OMERS are closed plans that cover employees hired prior to July 1976 and September 1970, respectively. These two plans are considered part of the City's reporting entity and are included in the City's basic financial statements as pension trust funds. City employees hired subsequent to the plans' closure dates are covered by PERS, which is administered by the State of California.

Member and employer contributions are recognized in the period in which the contributions are due pursuant to formal commitments, as well as contractual or statutory requirements, and benefits and refunds are recognized when due and payable, in accordance with the terms of the plans.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are reported based on the remaining principal balances which approximate the value of future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on prices in a competitive market as determined by a specialist.

	<u>PFRS</u>	<u>OMERS</u>	<u>PERS</u>
Type of plan	Single employer	Single employer	Agent multi-employer
Reporting entity	City	City	State
Last complete actuarial study	July 01, 2005	July 01, 2005	June 30, 2006

**Significant actuarial assumptions**

	<u>PFRS</u>	<u>OMERS</u>	<u>PERS</u>
Investment rate of return	8.0%	8.0%	7.75%
Payroll growth	3.0%	3.0%	3.25%
Inflation rate	3.5%	3.5%	3.00%

**Police and Fire Retirement System (PFRS)**

PFRS provides death, disability and service retirement benefits to uniformed employees and their beneficiaries. Members who complete 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, are 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 will

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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receive reduced benefits based on the number of years of service. Benefit provisions and all other requirements are established by the City Charter (Charter). The June 30, 2007, stand alone financial statements are available by contacting the City Administrator's Office, One Frank Ogawa Plaza, Oakland, California 94612.

In accordance with the Charter, active members of PFRS contribute a percentage of earned salaries based upon entry age as determined by the City's consulting actuary. During the year ended June 30, 2007, these contributions ranged from 5.47% to 6.05%. By statute, employee contributions are limited to 13% of earned salaries. Employee contributions are refundable with interest at 4% per annum if an employee elects to withdraw from PFRS upon termination of employment with the City.

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. The City issued pension obligation bonds in February 1997 to fund PFRS through 2011. Bond proceeds in the amount of \$417,173,300 were contributed in fiscal year 1997 and, as a result, no employer contributions are required through fiscal year 2011. In fiscal year 2005, the City made an advance contribution of \$17,709,888 to PFRS.

The City's actuaries do not make an allocation of the contribution amount between normal cost and the unfunded actuarial liability because the plan is closed. The actuarial calculations are based on the aggregate cost method and the asset valuation method is on the market value basis. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities.

The City's annual pension cost and prepaid asset, computed in accordance with GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers," for fiscal year ended June 30, 2007, were as follows:

Annual Required Contribution (ARC)	\$ -
Interest on pension asset	30,753,955
Adjustment to the annual required contribution	(39,154,478)
Pension contribution	-
Pension assets, beginning of year	384,424,437
Pension assets, end of year	<u><u>\$ 376,023,914</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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The following table shows the City's annual pension cost and the percentage contributed for the fiscal year 2007 and each of the two preceding years:

<b>Fiscal Year Ended</b>	<b>Annual</b>	<b>Percentage (%)</b>	<b>Net Pension</b>
<b>June 30</b>	<b>Pension Cost</b>	<b>Contributed</b>	<b>Asset</b>
2005	\$ 10,833,004	164%	\$ 392,202,699
2006	7,778,262	-	384,424,437
2007	8,400,523	-	376,023,914

Annual contribution requirement, subsequent to receipt of pension obligation bond proceeds, is zero through the year 2011.

### **Oakland Municipal Employees Retirement System (OMERS)**

OMERS provides death, disability and service retirement benefits to participants of the plan. Members who complete at least 20 years of service and have reached the age of 52, or who complete at least 5 years of service and reach the age of 60, are eligible for retirement benefits. The retirement allowance is calculated on a basis which takes into account the final three-years' average compensation, age and the number of years of service. Benefit provisions and all other requirements are established by the Charter. The June 30, 2007, stand alone financial statements are available by contacting by the City Administrator's Office, One Frank Ogawa Plaza, Oakland, California 94612.

All active non-uniformed City employees hired prior to September 1970 have transferred to CalPERS as of July 1, 2004. Accordingly, OMERS did not receive any employee contributions during the year ended June 30, 2007, and will not receive any employee contributions in the future. Because of the Retirement System current funding status, the City is currently not required to make contributions to OMERS. The actuarial calculations are computed using the "aggregate cost method" and the asset valuation is on a market value basis. Under this method, the normal cost is the actuarial present value of a member's benefit divided by the member's expected future working lifetime. The funding of the unfunded actuarial accrued liability is based on a level percentage of payroll over a period ending July 1, 2020, as required by the City Charter.

### **California Public Employees Retirement Systems (PERS)**

#### **Plan Description**

The City of Oakland contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street, Sacramento, CA 95814. A separate report for the City's plan is not available.

**Funding Policy**

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 17.479% for non-safety employees and 27.700% for police and fire employees, of annual covered payroll. The contribution requirements of the plan members and the City are established and may be amended by PERS.

**Annual Pension Cost**

For 2006-07, the City's annual pension cost of \$89,304,252 was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2004, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service (3.25% to 14.45%), and (c) payroll growth of 3.25%. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a closed 20 year period.

**Three-Year Trend Information for PERS**  
**(in millions)**

<b>Fiscal Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2005	\$ 87.4	100%	\$ -
2006	95.0	100	-
2007	89.3	100	-

**(17) POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The City has three programs in place to partially pay health insurance premiums for certain classes of retirees from City employment.

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 PERS health benefit plan on a pay-as-you-go basis. Approximately \$3,305,251 was paid on behalf of 870 retirees under this program for the year ended June 30, 2007.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**(18) COMMITMENTS AND CONTINGENT LIABILITIES**

**Construction Commitments**

**Primary Government**

The City has committed to funding in the amount of \$82,483,064 to a number of capital improvement projects for fiscal year 2008 through fiscal year 2010.

**Discretely Presented Component Unit**

The Port anticipates spending \$855,362,000 commencing fiscal year 2008 through June 2010 for its capital improvement program. The most significant Aviation projects are the terminal renovation and retrofit; perimeter dike seismic upgrades; paving/reconstruction of parking, roadway, ground access, aprons and taxiways; and air cargo relocation. The most significant Maritime projects are the 50-foot channel deepening; 7<sup>th</sup> Street upgrade separation and relocation; and the modernization, expansion, and renovation of wharves and terminals.

Other major renovation and expansion projects are in the preliminary planning phase for the Aviation and Maritime Divisions. These projects will not be included in the Capital Improvement Program until they are determined to be feasible.

As of June 30, 2007, the Port had contracts for the acquisition and construction of assets as follows (in thousands):

Maritime	\$ 73,752
Aviation	81,958
Commercial real estate	280
Total	<u>\$ 155,990</u>

The most significant projects for which the Port has contractual commitments are airport terminal expansion of \$67,035,000; and modernization of maritime wharfs and terminals new cranes of \$42,427,000.

**Power Purchases**

The Port purchases electrical power for resale and self-consumption at the Airport, and at Port Maritime facilities located at the former Navy Fleet and Industrial Supply Center Oakland and the former Oakland Army Base. After power requirements are determined, the Port commits and enters into purchase contracts, in advance, with power providers. The price is fixed at the time the Port enters into the contract. At June 30, 2007, the total purchase commitment was approximately \$4,490,000 for 88 megawatts.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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## **Other Commitments and Contingencies**

### **Primary Government**

As of June 30, 2007, the Agency has entered into contractual commitments of approximately \$55,165,978 for materials and services relating to various projects. These commitments and future costs will be funded by future tax increment revenue and other sources.

At June 30, 2007, the Agency was committed to fund \$48,842,846 in loans and had issued \$1,648,600 in letters of credit in connection with several low and moderate-income housing projects. These commitments were made to facilitate the construction of low and moderate income housing within the City.

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the government carries commercial insurance. Liabilities of the Agency are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The City is also liable for environmental remediation cost of about \$1,190,990 as of June 30, 2007 for the Agency's Uptown Project and its Edgewater Service Center.

### **Environmental Remediation**

Land conveyed to OBRA from the Army may be subject to environmental remediation as required by Comprehensive Environmental Response, Compensation and Liability Act. If and when such environmental remediation is required, OBRA then, and subsequently the Agency and the Port are responsible for the first \$13.0 million of environmental remediation costs; including environmental remediation insurance. OBRA has received a federal grant of \$13 million to pay for the above-mentioned environmental remediation costs including \$3.5 million insurance premium. Of the \$13.0 million grant, \$9.6 million has been spent of which \$9.0 million has been reimbursed and received as of June 30, 2007. The remaining \$3.4 million of grant expenditures will be shared equally between the Agency and the Port.

The next \$11.5 million of environmental remediation costs are to be shared equally by Agency and the Port. As a result, the Agency will have as its share in the remaining Oakland Army Base remediation costs, a total of \$7.4 million. The next \$9 million will be paid from insurance proceeds from the environmental remediation policy. If subsequent environmental remediation is required after the initially-required remediation is complete, then the environmental site liability policy will cover up to \$30 million in additional environmental remediation-related costs. The Agency and the Port have agreed to share equally in any environmental remediation-related costs above \$21 million that are not covered by insurance.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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The Agency management believes that none of the estimated environmental remediation costs will cause the recorded amounts any properties held for resale to exceed their estimated net realizable values. Accordingly, no provisions have been made in the financial statements for any related environmental remediation liabilities.

**Discretely Presented Component Unit**

The Port is required to comply with a number of federal, state and local laws and regulations designed to protect human health, safety and the environment. In conforming to these laws and the implementing regulations, the Port has instituted a number of compliance programs and procedures.

It is the Port's intent that its environmental compliance programs be compliant with regulatory and legal requirements while effectively managing financial resources.

The Port's financial statements include liabilities, established and adjusted periodically, based on new information, in accordance with applicable generally accepted accounting principles in the United States of America, for the estimated costs of compliance with environmental laws and regulations and remediation of known contamination.

As future development planning is undertaken, the Port evaluates its overall provisions for environmental liabilities in conjunction with the nature of future activities contemplated for each site and accrues for a liability, if necessary. It is, therefore, reasonably possible that in future reporting periods, current estimates of environmental liabilities could materially change, causing expense to the Port.

A summary of the environmental liability accounts, included within the financial statements at June 30, 2007, is as follows (in thousands):

Environmental remediation	\$ 11,731
Miscellaneous compliance	93
Total environmental liabilities	<u>\$ 11,824</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**(19) DEFICIT FUND BALANCES/NET ASSETS & EXPENDITURE OVER BUDGET**

As of June 30, 2007, the following funds reported deficits in fund balance/net assets (in thousands):

Special Revenue:	
ORA Projects	\$ (3,399)
State Gas Tax	(1,279)
Landscape & Lighting Assessment District	(2,545)
Debt Service:	
Lease Financing	(481)

The ORA projects fund deficit is expected to be cured by reimbursements from the Agency. The State Gas Tax and the Landscape & Lighting Assessment District will be cleared by transferring sufficient funds from the General Fund. The Lease Financing deficit will be cleared by transferring in sufficient funds to cover debt service payments.

Internal Service:	
Facilities	\$ (20,607)
Equipment	(1,841)
Central Stores	(3,731)

The City's facilities, equipment, central stores and radio funds deficits are expected to be funded through increased user charges for future years.

As of June 30, 2007, the following funds reported expenditures in excess of budgets (in thousands):

Special Revenue:	
Landscape & Lighting Assessment District	\$ (1,622)
Debt Service:	
Civic Improvement	(360)
JPFA Fund	(271)

The Civic Improvement and JPFA Fund had a negative expenditure due to variable interest expense budget on cash basis while the actual amount was calculated on accrual basis. The excess of expenditures of budget in Landscape & Lighting Assessment District is attributed to ongoing project costs that will eventually be distributed to their appropriate funding sources or offset by reimbursements from FEMA for the winter storms disasters.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2007**

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**(20) SUBSEQUENT EVENTS**

**Tax and Revenue Anticipation Notes**

On July 12, 2007, the City issued the 2007-2008 Tax and Revenue Anticipation Notes in the principal amount of \$141,880,000. These notes were issued in two series. The Series A Notes, in the principal amount of \$65,000,000, were issued to finance General Fund expenditures; Series A Notes are tax-exempt with an interest rate of 4.50%. The Series B Notes, in the principal amount of \$76,880,000, were issued to prepay the City's annual contribution to the California Public Employees Retirement System for fiscal year 2007-2008; Series B Notes are taxable with an interest rate of 5.38%. Both series of notes will mature on July 11, 2008.

# REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF OAKLAND**  
**Required Supplementary Information**  
**(unaudited)**  
**June 30 2007**

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**PERS ACTUARIAL VALUATION**  
**SCHEDULE OF FUNDING PROGRESS**

The schedule of funding progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The required contribution was determined as part of the actuarial valuation using the entry age normal actuarial cost method.

**PUBLIC SAFETY RETIREMENT PLAN (POLICE AND FIRE)**

<b>Valuation Date July 1,</b>	<b>Actuarial Accrued Liability (a)</b>	<b>Actuarial Value of Assets (b)</b>	<b>Unfunded Liability (a-b)</b>	<b>Funded Status (b)/(a)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a % of Payroll [(a-b)/c]</b>
2004	\$ 730,092,603	\$ 529,461,015	\$ 200,631,588	72.5%	\$ 115,452,259	173.8%
2005	820,642,031	602,422,608	218,219,423	73.4%	122,893,613	177.6%
2006	907,421,303	678,599,629	228,821,674	74.8%	124,174,590	184.3%

**MISCELLANEOUS RETIREMENT PLAN**

<b>Valuation Date July 1,</b>	<b>Actuarial Accrued Liability (a)</b>	<b>Actuarial Value of Assets (b)</b>	<b>Unfunded (Overfunded) Liability (a-b)</b>	<b>Funded Status (b)/(a)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a % of Payroll [(a-b)/c]</b>
2004	\$ 1,259,667,702	1,066,027,320	193,640,382	84.6%	216,320,251	89.5%
2005	1,397,236,509	1,156,704,781	240,531,728	82.8%	206,261,519	116.6%
2006	1,507,980,747	1,250,681,091	257,299,656	82.9%	217,024,554	118.6%



**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2007**

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**(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 2005, the City Council approved the City's two-year budget for fiscal years 2005-07. 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 2006-07 budget. Certain projects are appropriated on a multi-year rather than annual basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations are carried forward to the following year with the approval of the City Administrator.

Transfers of appropriations between funds must be approved by the City Council. 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.

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2007**

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## **Budgetary Basis of Accounting**

The City adopts budgets each fiscal year on a basis of accounting which is substantially the same as GAAP except as to certain investment earnings.

Certain funds of the City contain capital projects, grant projects, loan programs or other programs that are budgeted on a multi-year basis. The amounts of the projects and programs budgeted on a multi-year 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:

### **Major Funds**

- Federal and State Grants
- Oakland Redevelopment Agency
- Municipal Capital Improvement

### **Nonmajor Funds**

- Special Revenue Funds
  - ORA Projects
  - Parks and Recreation and Cultural

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

**CITY OF OAKLAND**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 157,397	\$ 161,821	\$ 170,105	\$ 8,284
State:				
Sales and use	44,412	44,412	46,690	2,278
Motor vehicle in-lieu	2,134	2,134	2,268	134
Local:				
Business license	47,799	47,799	50,339	2,540
Utility consumption	51,457	51,457	51,426	(31)
Real estate transfer	63,231	63,231	61,505	(1,726)
Transient occupancy	10,237	10,237	12,303	2,066
Parking	8,996	8,996	8,892	(104)
Franchise	12,908	12,908	13,010	102
Licenses and permits	1,301	1,301	1,066	(235)
Fines and penalties	25,426	25,426	24,727	(699)
Interest and investment income	-	-	6,469	6,469
Charges for services	57,849	58,031	55,837	(2,194)
Federal and state grants and subventions	1,396	1,969	7,051	5,082
Annuity income	13,500	13,500	9,324	(4,176)
Other	17,090	17,613	15,116	(2,497)
<b>TOTAL REVENUES</b>	<u>515,133</u>	<u>520,835</u>	<u>536,128</u>	<u>15,293</u>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials-				
Mayor	2,185	2,437	2,745	(308)
Council	4,909	4,660	3,701	959
City Manager	10,428	11,302	11,089	213
City Attorney	8,818	9,325	9,365	(40)
City Auditor	1,361	1,382	1,043	339
City Clerk	2,338	2,807	2,757	50
Agencies/Departments:				
Personnel Resource Management	4,959	5,685	5,232	453
Information Technology	8,888	8,950	9,339	(389)
Financial Services	25,647	26,599	24,631	1,968
Police Services	185,492	190,526	195,206	(4,680)
Fire Services	106,793	107,894	101,184	6,710
Life Enrichment:				
Parks and Recreation	14,766	17,099	15,285	1,814
Library	12,103	12,432	11,799	633
Cultural Arts and Museum	6,269	6,403	6,595	(192)
Aging & Health and Human Services	6,644	8,002	6,336	1,666
Community and Economic Development	3,347	6,615	2,780	3,835
Public Works	41,935	44,038	33,595	10,443
Other	5,008	8,533	9,162	(629)
Capital outlay	19	4,748	14,885	(10,137)
Debt service:				
Principal repayment	832	832	832	-
Bond issuance costs	-	32	172	(140)
Interest charges	411	550	550	-
<b>TOTAL EXPENDITURES</b>	<u>453,152</u>	<u>480,851</u>	<u>468,283</u>	<u>12,568</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>61,981</u>	<u>39,984</u>	<u>67,845</u>	<u>27,861</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	375	17,283	16,908
Property sale proceeds	147	277	328	51
Transfers in	49,176	50,940	2,857	(48,083)
Transfers out	(96,607)	(108,624)	(93,463)	15,161
<b>TOTAL OTHER FINANCING USES, NET</b>	<u>(47,284)</u>	<u>(57,032)</u>	<u>(72,995)</u>	<u>(15,963)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>14,697</u>	<u>(17,048)</u>	<u>(5,150)</u>	<u>11,898</u>
Fund balances - beginning	<u>293,522</u>	<u>293,522</u>	<u>293,522</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$308,219</u>	<u>\$ 276,474</u>	<u>\$ 288,372</u>	<u>\$ 11,898</u>

The notes to the required supplementary information are an integral part of this schedule.

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2007**

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**(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 accounting principles generally accepted in the United States of America (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 Budgetary Basis “actual” and GAAP basis is a timing difference:

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, 2007, was \$538,093.

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

	<b>General Fund</b>
Net change in fund balance – budgetary basis	\$ (5,150)
Amortization of debt service deposit agreement	538
Net change in fund balance – GAAP basis	<u>\$ (4,612)</u>

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2007**

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The General Fund's fund balance on a Budgetary Basis is reconciled to that on a GAAP basis as of June 30, 2007, which is as follows (in thousands):

	<b>General Fund</b>
Fund Balance, June 30, 2007 - Budgetary Basis	\$ 288,372
Unamortized debt service deposit agreement	<u>(6,465)</u>
Fund Balance, June 30, 2007 – GAAP Basis	<u>\$ 281,907</u>

General Fund Budgetary Basis Fund Balance at June 30, 2007, is composed of the following (in thousands):

	<b>General Fund</b>
Reserved:	
Encumbrances	\$ 7,440
Debt service	16,451
Pension obligations	115,000
Unreserved reported in:	
General fund	<u>143,016</u>
<b>TOTAL FUND BALANCES</b>	<u><b>\$ 281,907</b></u>

# COMBINING NONMAJOR GOVERNMENTAL FUNDS

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2007**  
*(In Thousands)*

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 78,263	\$ 8,532	\$ -	\$ 86,795
Receivables, net:				
Accrued interest and dividends	662	65	-	727
Property taxes	2,404	1,514	-	3,918
Accounts receivable	11,969	-	-	11,969
Grants receivable	432	-	-	432
Due from other funds	2,660	144	-	2,804
Due from component unit	342	-	-	342
Notes and loans receivable, net	19,487	-	-	19,487
Restricted cash and investments	-	138,460	14,854	153,314
<b>TOTAL ASSETS</b>	<u>\$ 116,219</u>	<u>\$ 148,715</u>	<u>\$ 14,854</u>	<u>\$ 279,788</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 4,964	\$ 67	\$ 305	\$ 5,336
Due to other funds	10,911	1,414	5,205	17,530
Due to other governments	1	-	-	1
Deferred revenue	21,639	1,514	-	23,153
Other	8,004	-	-	8,004
<b>TOTAL LIABILITIES</b>	<u>45,519</u>	<u>2,995</u>	<u>5,510</u>	<u>54,024</u>
<b>Fund Balances</b>				
Reserved:				
Encumbrances	6,589	-	2	6,591
Debt service	-	146,201	-	146,201
Unreserved/designated:				
Special revenue funds	64,111	-	-	64,111
Capital project funds	-	(481)	9,342	8,861
<b>TOTAL FUND BALANCES</b>	<u>70,700</u>	<u>145,720</u>	<u>9,344</u>	<u>225,764</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 116,219</u>	<u>\$ 148,715</u>	<u>\$ 14,854</u>	<u>\$ 279,788</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Nonmajor Governmental Total
<b>REVENUES</b>				
Taxes:				
Property	\$ 14,085	\$ 20,665	\$ -	\$ 34,750
State:				
Sales and use	11,316	-	-	11,316
Gas	7,449	-	-	7,449
Licenses and permits	19,324	-	-	19,324
Parking	7,310	-	-	7,310
Voter approved special tax	18,630	-	-	18,630
Fines and penalties	1,730	44	-	1,774
Interest and investment income	5,969	9,132	380	15,481
Charges for services	19,328	-	-	19,328
Federal and state grants and subventions	6,554	-	-	6,554
Other	23,632	743	-	24,375
<b>TOTAL REVENUES</b>	<u>135,327</u>	<u>30,584</u>	<u>380</u>	<u>166,291</u>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	199	-	-	199
Council	1,269	-	-	1,269
City Manager	3,023	-	-	3,023
City Attorney	4,210	-	21	4,231
City Auditor	49	-	-	49
City Clerk	74	-	-	74
Agencies/Departments:				
Personnel Resource Management	319	-	-	319
Information Technology	36	-	-	36
Financial Services	1,098	25	-	1,123
Police Services	7,504	-	-	7,504
Fire Services	7,674	-	-	7,674
Life Enrichment:				
Parks and Recreation	3,651	-	-	3,651
Library	116	-	-	116
Cultural Arts/Museum	379	-	-	379
Aging & Health and Human Services	21,091	-	-	21,091
Community and Economic Development	42,360	-	-	42,360
Public Works	39,280	-	479	39,759
Other	323	40	-	363
Capital outlay	6,809	-	779	7,588
Debt service:				
Principal repayment	-	65,409	-	65,409
Interest charges	-	45,914	-	45,914
<b>TOTAL EXPENDITURES</b>	<u>139,464</u>	<u>111,388</u>	<u>1,279</u>	<u>252,131</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(4,137)</u>	<u>(80,804)</u>	<u>(899)</u>	<u>(85,840)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sale proceeds	53	-	-	53
Transfers in	16,505	77,136	-	93,641
Transfers out	(2,434)	-	-	(2,434)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>14,124</u>	<u>77,136</u>	<u>-</u>	<u>91,260</u>
<b>NET CHANGE IN FUND BALANCES (deficit)</b>	<u>9,987</u>	<u>(3,668)</u>	<u>(899)</u>	<u>5,420</u>
Fund balances - beginning	60,713	149,388	10,243	220,344
<b>FUND BALANCES - ENDING</b>	<u>\$ 70,700</u>	<u>\$ 145,720</u>	<u>\$ 9,344</u>	<u>\$ 225,764</u>



# NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds account for certain revenue sources that are legally restricted 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.

**Other Special Revenue Funds** account for other restricted monies that are classified as Special Revenue Funds.

**ORA Projects Fund** accounts for monies dedicated to Oakland Redevelopment Agency projects.

**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, 2007**  
*(In Thousands)*

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessmt District	Assessment Districts	Other Special Revenue	ORA Projects	Parks and Recreation and Cultural	Total
<b>ASSETS</b>								
Cash and Investments	\$ 29,203	\$ -	\$ -	\$ 1,116	\$ 44,559	\$ -	\$ 3,385	\$ 78,263
Receivable, net:								
Accrued interest and dividends	242	-	-	16	368	11	25	662
Property taxes	-	-	1,148	81	1,126	-	49	2,404
Accounts receivable	3,151	664	128	22	7,990	-	14	11,969
Grants receivable	129	-	-	-	303	-	-	432
Due from other funds	-	-	-	-	-	2,660	-	2,660
Due from component unit	-	-	342	-	-	-	-	342
Notes and loans receivable, net	-	-	-	-	19,487	-	-	19,487
<b>TOTAL ASSETS</b>	<u>\$ 32,725</u>	<u>\$ 664</u>	<u>\$ 1,618</u>	<u>\$ 1,235</u>	<u>\$ 73,833</u>	<u>\$ 2,671</u>	<u>\$ 3,473</u>	<u>\$ 116,219</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 651	\$ 13	\$ 375	\$ 158	\$ 2,569	\$ 1,183	\$ 15	\$ 4,964
Due to other funds	-	1,930	2,298	-	1,797	4,886	-	10,911
Due to other governments	-	-	-	-	-	1	-	1
Deferred revenues	2	-	1,490	81	20,017	-	49	21,639
Other	-	-	-	-	7,731	-	273	8,004
<b>TOTAL LIABILITIES</b>	<u>653</u>	<u>1,943</u>	<u>4,163</u>	<u>239</u>	<u>32,114</u>	<u>6,070</u>	<u>337</u>	<u>45,519</u>
<b>Fund Balances (deficit)</b>								
Reserved:								
Encumbrance	1,211	82	66	-	4,178	1,015	37	6,589
Unreserved/designated:								
Unreserved (deficit)	30,861	(1,361)	(2,611)	996	37,541	(4,414)	3,099	64,111
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>32,072</u>	<u>(1,279)</u>	<u>(2,545)</u>	<u>996</u>	<u>41,719</u>	<u>(3,399)</u>	<u>3,136</u>	<u>70,700</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 32,725</u>	<u>\$ 664</u>	<u>\$ 1,618</u>	<u>\$ 1,235</u>	<u>\$ 73,833</u>	<u>\$ 2,671</u>	<u>\$ 3,473</u>	<u>\$ 116,219</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds-Special Revenue Funds**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	<b>Traffic Safety &amp; Control</b>	<b>State Gas Tax</b>	<b>Landscape and Lighting Assessment District</b>	<b>Assessment Districts</b>	<b>Other Special Revenue</b>	<b>ORA Projects</b>	<b>Parks and Recreation and Cultural</b>	<b>Total</b>
<b>REVENUES</b>								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 1,700	\$ 12,385	\$ -	\$ -	\$ 14,085
State:								
Sales and use	11,316	-	-	-	-	-	-	11,316
Gas	-	7,449	-	-	-	-	-	7,449
Licenses and permits	-	-	30	-	19,294	-	-	19,324
Parking	-	-	-	-	7,310	-	-	7,310
Voter approved special tax	-	-	15,863	-	2,767	-	-	18,630
Fines and penalties	1,204	-	-	-	526	-	-	1,730
Interest and investment income	1,237	-	-	24	2,846	1,736	126	5,969
Charges for services	310	-	190	3	18,811	-	14	19,328
Federal and state grants and subventions	34	138	-	-	6,382	-	-	6,554
Other	223	-	1	13	681	22,207	507	23,632
<b>TOTAL REVENUES</b>	<b>14,324</b>	<b>7,587</b>	<b>16,084</b>	<b>1,740</b>	<b>71,002</b>	<b>23,943</b>	<b>647</b>	<b>135,327</b>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials:								
Mayor	-	-	-	-	-	199	-	199
Council	1	1	-	-	-	1,267	-	1,269
City Manager	492	-	96	3	225	2,207	-	3,023
City Attorney	-	-	148	-	1,057	3,005	-	4,210
City Auditor	-	-	-	-	-	49	-	49
City Clerk	-	-	-	-	-	74	-	74
Agencies/Departments:								
Personnel Resource Management	-	-	-	-	283	36	-	319
Information Technology	-	-	36	-	-	-	-	36
Financial Services	-	9	223	-	27	839	-	1,098
Police Services	-	-	-	-	6,734	770	-	7,504
Fire Services	-	-	-	1,392	6,282	-	-	7,674
Life Enrichment:								
Parks and Recreation	-	-	3,361	-	288	-	2	3,651
Library	-	-	-	-	-	5	111	116
Cultural Arts and Museum	-	-	343	-	-	-	36	379
Aging & Health and Human Services	1,503	-	-	-	19,081	507	-	21,091
Community and Economic Development	419	-	-	-	30,875	11,066	-	42,360
Public Works	9,896	9,458	19,405	-	294	195	32	39,280
Other	-	-	-	-	323	-	-	323
Capital outlay	2,562	11	-	-	1,212	3,018	6	6,809
<b>TOTAL EXPENDITURES</b>	<b>14,873</b>	<b>9,479</b>	<b>23,612</b>	<b>1,395</b>	<b>66,681</b>	<b>23,237</b>	<b>187</b>	<b>139,464</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<b>(549)</b>	<b>(1,892)</b>	<b>(7,528)</b>	<b>345</b>	<b>4,321</b>	<b>706</b>	<b>460</b>	<b>(4,137)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Property sale proceeds	-	53	-	-	-	-	-	53
Transfers in	-	-	4,300	149	12,056	-	-	16,505
Transfers out	-	-	-	(1,063)	(1,357)	(14)	-	(2,434)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>53</b>	<b>4,300</b>	<b>(914)</b>	<b>10,699</b>	<b>(14)</b>	<b>-</b>	<b>14,124</b>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<b>(549)</b>	<b>(1,839)</b>	<b>(3,228)</b>	<b>(569)</b>	<b>15,020</b>	<b>692</b>	<b>460</b>	<b>9,987</b>
Fund balances (deficit) - beginning	32,621	560	683	1,565	26,699	(4,091)	2,676	60,713
<b>FUND BALANCES (deficit) - ENDING</b>	<b>\$ 32,072</b>	<b>\$ (1,279)</b>	<b>\$ (2,545)</b>	<b>\$ 996</b>	<b>\$ 41,719</b>	<b>\$ (3,399)</b>	<b>\$ 3,136</b>	<b>\$ 70,700</b>

**CITY OF OAKLAND**  
**Special Revenue Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	Traffic Safety and Control				State Gas Tax				Landscaping and Lighting District			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State:												
Sales and use	10,362	10,362	11,316	954	-	-	-	-	-	-	-	-
Gas	-	-	-	-	7,974	7,974	7,449	(525)	-	-	-	-
Local	-	-	-	-	-	-	-	-	17,692	17,692	15,863	(1,829)
Licenses and permits	-	-	-	-	-	-	-	-	27	27	30	3
Fines and penalties	1,000	1,000	1,204	204	-	-	-	-	-	-	-	-
Interest and investment income	-	-	1,237	1,237	-	-	-	-	-	-	-	-
Charges for services	181	181	310	129	-	-	-	-	25	25	190	165
Federal and state grants and subventions	77	77	34	(43)	-	-	138	138	-	-	-	-
Voter approved special tax	260	260	-	(260)	-	-	-	-	-	-	-	-
Other	-	-	223	223	-	-	-	-	-	-	1	1
<b>TOTAL REVENUES</b>	<b>11,880</b>	<b>11,880</b>	<b>14,324</b>	<b>2,444</b>	<b>7,974</b>	<b>7,974</b>	<b>7,587</b>	<b>(387)</b>	<b>17,744</b>	<b>17,744</b>	<b>16,084</b>	<b>(1,660)</b>
<b>EXPENDITURES</b>												
Current:												
Elected and Appointed Officials-												
Council	-	897	1	896	-	1,241	1	1,240	-	-	-	-
City Manager	-	1	492	(491)	-	-	-	-	91	91	96	(5)
City Attorney	-	-	-	-	-	-	-	-	148	148	148	-
Information Technology	-	-	-	-	-	-	-	-	36	36	36	-
Financial Services	-	-	-	-	112	112	9	103	134	134	223	(89)
Police Services	-	2	-	2	-	-	-	-	-	-	-	-
Life Enrichment:												
Parks and Recreation	-	-	-	-	-	-	-	-	3,198	3,202	3,361	(159)
Museum	-	-	-	-	-	-	-	-	340	340	343	(3)
Aging & Health and Human Services	1,157	2,036	1,503	533	-	-	-	-	-	-	-	-
Community and Economic Development	-	933	419	514	-	-	-	-	-	-	-	-
Public Works	8,877	23,022	9,896	13,126	7,991	8,872	9,458	(586)	17,758	18,039	19,405	(1,366)
Capital outlay	3,856	14,720	2,562	12,158	-	29	11	18	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>13,890</b>	<b>41,611</b>	<b>14,873</b>	<b>26,738</b>	<b>8,103</b>	<b>10,254</b>	<b>9,479</b>	<b>775</b>	<b>21,705</b>	<b>21,990</b>	<b>23,612</b>	<b>(1,622)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<b>(2,010)</b>	<b>(29,731)</b>	<b>(549)</b>	<b>29,182</b>	<b>(129)</b>	<b>(2,280)</b>	<b>(1,892)</b>	<b>388</b>	<b>(3,961)</b>	<b>(4,246)</b>	<b>(7,528)</b>	<b>(3,282)</b>
<b>OVER (UNDER) EXPENDITURES</b>												
<b>OTHER FINANCING SOURCES</b>												
Property sale proceeds	-	-	-	-	-	-	53	53	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	4,300	4,300	4,300	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>53</b>	<b>4,300</b>	<b>4,300</b>	<b>4,300</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES (deficit)</b>	<b>(2,010)</b>	<b>(29,731)</b>	<b>(549)</b>	<b>29,182</b>	<b>(129)</b>	<b>(2,280)</b>	<b>(1,839)</b>	<b>441</b>	<b>339</b>	<b>54</b>	<b>(3,228)</b>	<b>(3,282)</b>
Fund balances -beginning	32,621	32,621	32,621	-	560	560	560	-	683	683	683	-
<b>FUND BALANCES (deficit) - ENDING</b>	<b>\$ 30,611</b>	<b>\$ 2,890</b>	<b>\$ 32,072</b>	<b>\$ 29,182</b>	<b>\$ 431</b>	<b>\$ (1,720)</b>	<b>\$ (1,279)</b>	<b>\$ 441</b>	<b>\$ 1,022</b>	<b>\$ 737</b>	<b>\$ (2,545)</b>	<b>\$ (3,282)</b>

(Continued)

**CITY OF OAKLAND**  
**Special Revenue Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2007**  
*(In Thousands)*

(Continued)	Assessment Districts				Other Special Revenue			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>								
Taxes:								
Property	\$ 1,893	\$ 1,893	\$ 1,700	\$ (193)	\$ 12,512	\$ 12,512	12,385	\$ (127)
Local	-	-	-	-	10,527	10,527	10,077	(450)
Licenses and permits	-	-	-	-	17,844	17,844	19,294	1,450
Fines and penalties	-	-	-	-	769	769	526	(243)
Interest and investment income	-	-	24	24	-	561	2,846	2,285
Charges for services	-	-	3	3	12,266	12,266	18,811	6,545
Federal and state grants and subventions	-	-	-	-	4,216	5,038	6,382	1,344
Other	2	2	13	11	280	1,053	681	(372)
<b>TOTAL REVENUES</b>	<u>1,895</u>	<u>1,895</u>	<u>1,740</u>	<u>(155)</u>	<u>58,414</u>	<u>60,570</u>	<u>71,002</u>	<u>10,432</u>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials-								
City Manager	3	3	3	-	709	1,081	225	856
City Attorney	-	-	-	-	1,057	1,057	1,057	-
City Auditor	-	-	-	-	15	34	-	34
Agencies/Departments:								
Personnel Resource Management	-	-	-	-	-	442	283	159
Financial Services	-	-	-	-	71	88	27	61
Police Services	-	-	-	-	9,925	16,841	6,734	10,107
Fire Services	1,822	1,880	1,392	488	7,617	11,390	6,282	5,108
Life Enrichment:								
Parks and Recreation	-	-	-	-	-	308	288	20
Aging, Health and Human Services	-	-	-	-	18,769	26,162	19,081	7,081
Community and Economic Development	-	-	-	-	29,699	37,944	30,875	7,069
Public Works	-	-	-	-	225	1,385	294	1,091
Other	-	-	-	-	-	4,266	323	3,943
Capital outlay	-	-	-	-	-	2,911	1,212	1,699
<b>TOTAL EXPENDITURES</b>	<u>1,825</u>	<u>1,883</u>	<u>1,395</u>	<u>488</u>	<u>68,087</u>	<u>103,909</u>	<u>66,681</u>	<u>37,228</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<u>70</u>	<u>12</u>	<u>345</u>	<u>333</u>	<u>(9,673)</u>	<u>(43,339)</u>	<u>4,321</u>	<u>47,660</u>
<b>OVER (UNDER) EXPENDITURES</b>								
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	149	(149)	12,042	12,263	12,056	(207)
Transfers out	-	-	(1,063)	(1,063)	(1,357)	(1,357)	(1,357)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(914)</u>	<u>(1,212)</u>	<u>10,685</u>	<u>10,906</u>	<u>10,699</u>	<u>(207)</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>70</u>	<u>12</u>	<u>(569)</u>	<u>(879)</u>	<u>1,012</u>	<u>(32,433)</u>	<u>15,020</u>	<u>47,453</u>
Fund balances - beginning	<u>1,565</u>	<u>1,565</u>	<u>1,565</u>	<u>-</u>	<u>26,699</u>	<u>26,699</u>	<u>26,699</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,635</u>	<u>\$ 1,577</u>	<u>\$ 996</u>	<u>\$ (879)</u>	<u>\$ 27,711</u>	<u>\$ (5,734)</u>	<u>\$ 41,719</u>	<u>\$ 47,453</u>

# 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 Agency, 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 **Civic Improvement Fund** accounts for monies received in connection with leases between the City and the Civic Improvement Corporation.

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 monies received in connection with the Special Refunding Revenue Bonds (Pension Financing) 1988 Series A and for payments on such bonds. Proceeds from the bonds were used by the City to fund a portion of the City's liability for employee pensions.

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds-Debt Service Funds**  
**June 30, 2007**  
*(In Thousands)*

	General Obligation Bonds	Lease Financing	Civic Improvement	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total
<b>ASSETS</b>							
Cash and investments	\$ 5,410	\$ -	\$ -	\$ -	\$ 3,122	\$ -	\$ 8,532
Receivables, net:							
Accrued interest and dividends	60	-	-	-	5	-	65
Property taxes	1,243	-	-	-	271	-	1,514
Due from other funds	-	-	144	-	-	-	144
Restricted cash and investments	68	8	24,168	112,254	1,140	822	138,460
<b>TOTAL ASSETS</b>	<u>\$ 6,781</u>	<u>\$ 8</u>	<u>\$ 24,312</u>	<u>\$ 112,254</u>	<u>\$ 4,538</u>	<u>\$ 822</u>	<u>\$ 148,715</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ 64	\$ -	\$ -	\$ -	\$ 2	\$ 1	\$ 67
Due to other funds	-	489	435	311	-	179	1,414
Deferred revenue	1,243	-	-	-	271	-	1,514
<b>TOTAL LIABILITIES</b>	<u>1,307</u>	<u>489</u>	<u>435</u>	<u>311</u>	<u>273</u>	<u>180</u>	<u>2,995</u>
<b>Fund Balances (Deficit)</b>							
Reserved:							
Reserved for debt service	5,474	-	23,877	111,943	4,265	642	146,201
Unreserved/designated:							
Projects	-	(481)	-	-	-	-	(481)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>5,474</u>	<u>(481)</u>	<u>23,877</u>	<u>111,943</u>	<u>4,265</u>	<u>642</u>	<u>145,720</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 6,781</u>	<u>\$ 8</u>	<u>\$ 24,312</u>	<u>\$ 112,254</u>	<u>\$ 4,538</u>	<u>\$ 822</u>	<u>\$ 148,715</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds-Debt Service Funds**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	<b>General Obligation Bonds</b>	<b>Lease Financing</b>	<b>Civic Improvement</b>	<b>JPFA Fund</b>	<b>Other Assessment Bonds</b>	<b>Special Revenue Bonds</b>	<b>Total</b>
<b>REVENUES</b>							
Property taxes	\$ 20,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,665
Fines and penalties	44	-	-	-	-	-	44
Interest and investment income	219	-	2,939	5,724	186	64	9,132
Other	-	-	-	-	734	9	743
<b>TOTAL REVENUES</b>	<u>20,928</u>	<u>-</u>	<u>2,939</u>	<u>5,724</u>	<u>920</u>	<u>73</u>	<u>30,584</u>
<b>EXPENDITURES</b>							
Agencies/Departments:							
Financial services	1	-	-	5	19	-	25
Other	3	6	1	13	16	1	40
Debt Service:							
Principal repayment	7,600	9,989	2,300	8,785	285	36,450	65,409
Interest charges	<u>11,061</u>	<u>7,527</u>	<u>1,198</u>	<u>9,836</u>	<u>373</u>	<u>15,919</u>	<u>45,914</u>
<b>TOTAL EXPENDITURES</b>	<u>18,665</u>	<u>17,522</u>	<u>3,499</u>	<u>18,639</u>	<u>693</u>	<u>52,370</u>	<u>111,388</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,263</u>	<u>(17,522)</u>	<u>(560)</u>	<u>(12,915)</u>	<u>227</u>	<u>(52,297)</u>	<u>(80,804)</u>
<b>OTHER FINANCING SOURCES</b>							
Transfers in	-	17,483	-	7,411	164	52,078	77,136
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>17,483</u>	<u>-</u>	<u>7,411</u>	<u>164</u>	<u>52,078</u>	<u>77,136</u>
<b>NET CHANGE IN FUND BALANCES (deficit)</b>	2,263	(39)	(560)	(5,504)	391	(219)	(3,668)
Fund balances (deficit) - beginning	<u>3,211</u>	<u>(442)</u>	<u>24,437</u>	<u>117,447</u>	<u>3,874</u>	<u>861</u>	<u>149,388</u>
<b>FUND BALANCES (deficit) - ENDING</b>	<u>\$ 5,474</u>	<u>\$ (481)</u>	<u>\$ 23,877</u>	<u>\$111,943</u>	<u>\$ 4,265</u>	<u>\$ 642</u>	<u>\$ 145,720</u>



**CITY OF OAKLAND**  
**Debt Service Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	General Obligation Bonds				Lease Financing				Civic Improvement			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>												
Taxes:												
Property	\$ 18,192	\$ 18,683	\$ 20,665	\$ 1,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and penalties	-	-	44	44	-	-	-	-	-	-	-	-
Interest and investment income	592	-	219	219	500	500	-	(500)	2,601	2,601	2,939	338
Other	-	-	-	-	21,500	21,500	-	(21,500)	-	-	-	-
<b>TOTAL REVENUES</b>	<u>18,784</u>	<u>18,683</u>	<u>20,928</u>	<u>2,245</u>	<u>22,000</u>	<u>22,000</u>	<u>-</u>	<u>(22,000)</u>	<u>2,601</u>	<u>2,601</u>	<u>2,939</u>	<u>338</u>
<b>EXPENDITURES</b>												
Current:												
Agencies/Departments:												
Financial Services	-	-	1	(1)	-	-	-	-	-	-	-	-
Other	37	22	3	19	12	12	6	6	18	18	1	17
Debt service:												
Principal repayment	6,770	7,600	7,600	-	31,489	31,489	9,989	21,500	2,300	2,300	2,300	-
Interest charges	11,385	11,061	11,061	-	7,509	7,509	7,527	(18)	821	821	1,198	(377)
<b>TOTAL EXPENDITURES</b>	<u>18,192</u>	<u>18,683</u>	<u>18,665</u>	<u>18</u>	<u>39,010</u>	<u>39,010</u>	<u>17,522</u>	<u>21,488</u>	<u>3,139</u>	<u>3,139</u>	<u>3,499</u>	<u>(360)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>592</u>	<u>-</u>	<u>2,263</u>	<u>2,263</u>	<u>(17,010)</u>	<u>(17,010)</u>	<u>(17,522)</u>	<u>(512)</u>	<u>(538)</u>	<u>(538)</u>	<u>(560)</u>	<u>(22)</u>
<b>OTHER FINANCING SOURCES</b>												
Proceeds from bonds issuance	-	-	-	-	-	-	-	-	538	538	-	(538)
Transfers in	-	-	-	-	17,504	17,504	17,483	(21)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,504</u>	<u>17,504</u>	<u>17,483</u>	<u>(21)</u>	<u>538</u>	<u>538</u>	<u>-</u>	<u>(538)</u>
<b>NET CHANGE IN FUND BALANCES (deficit)</b>	<u>592</u>	<u>-</u>	<u>2,263</u>	<u>2,263</u>	<u>494</u>	<u>494</u>	<u>(39)</u>	<u>(533)</u>	<u>-</u>	<u>-</u>	<u>(560)</u>	<u>(560)</u>
Fund balances (deficit) - beginning	3,211	3,211	3,211	-	(442)	(442)	(442)	-	24,437	24,437	24,437	-
<b>FUND BALANCES (deficit) - ENDING</b>	<u>\$ 3,803</u>	<u>\$ 3,211</u>	<u>\$ 5,474</u>	<u>\$ 2,263</u>	<u>\$ 52</u>	<u>\$ 52</u>	<u>\$ (481)</u>	<u>\$ (533)</u>	<u>\$ 24,437</u>	<u>\$ 24,437</u>	<u>\$ 23,877</u>	<u>\$ (560)</u>

(Continued)

**CITY OF OAKLAND**  
**Debt Service Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2007**  
*(In Thousands)*

(Continued)

	JPFA Fund				Other Assessment Bonds				Special Revenue Bonds			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment income	-	5,710	5,724	14	84	84	186	102	118	118	64	(54)
Other	-	-	-	-	741	741	734	(7)	-	-	9	9
<b>TOTAL REVENUES</b>	<u>-</u>	<u>5,710</u>	<u>5,724</u>	<u>14</u>	<u>825</u>	<u>825</u>	<u>920</u>	<u>95</u>	<u>118</u>	<u>118</u>	<u>73</u>	<u>(45)</u>
<b>EXPENDITURES</b>												
Current:												
Agencies/Departments:												
Financial Services	-	-	5	(5)	25	25	19	6	-	-	-	-
Other	16	22	13	9	38	38	16	22	8	26	1	25
Debt service:												
Principal repayment	3,475	8,785	8,785	-	285	285	285	-	37,850	36,450	36,450	-
Interest charges	3,920	9,561	9,836	(275)	375	375	373	2	8,118	16,351	15,919	432
<b>TOTAL EXPENDITURES</b>	<u>7,411</u>	<u>18,368</u>	<u>18,639</u>	<u>(271)</u>	<u>723</u>	<u>723</u>	<u>693</u>	<u>30</u>	<u>45,976</u>	<u>52,827</u>	<u>52,370</u>	<u>457</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<u>(7,411)</u>	<u>(12,658)</u>	<u>(12,915)</u>	<u>(257)</u>	<u>102</u>	<u>102</u>	<u>227</u>	<u>125</u>	<u>(45,858)</u>	<u>(52,709)</u>	<u>(52,297)</u>	<u>412</u>
<b>OVER (UNDER) EXPENDITURES</b>												
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	7,411	7,411	7,411	-	660	660	164	(496)	45,976	52,827	52,078	(749)
Transfers out	-	-	-	-	(660)	(660)	-	660	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>7,411</u>	<u>7,411</u>	<u>7,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164</u>	<u>164</u>	<u>45,976</u>	<u>52,827</u>	<u>52,078</u>	<u>(749)</u>
<b>NET CHANGE IN FUND BALANCES (deficit)</b>	<u>-</u>	<u>(5,247)</u>	<u>(5,504)</u>	<u>(257)</u>	<u>102</u>	<u>102</u>	<u>391</u>	<u>289</u>	<u>118</u>	<u>118</u>	<u>(219)</u>	<u>(337)</u>
Fund balances - beginning	117,447	117,447	117,447	-	3,874	3,874	3,874	-	861	861	861	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 117,447</u>	<u>\$ 112,200</u>	<u>\$ 111,943</u>	<u>\$ (257)</u>	<u>\$ 3,976</u>	<u>\$ 3,976</u>	<u>\$ 4,265</u>	<u>\$ 289</u>	<u>\$ 979</u>	<u>\$ 979</u>	<u>\$ 642</u>	<u>\$ (337)</u>

# NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds account for financial resources to be used for the acquisition, construction or improvement of major capital facilities, except those financed by proprietary funds.

The **Parks and Recreation Fund** accounts for monies from the issuance of the General Obligation Bonds to be used for financing the acquisition of land and to expand, develop, and rehabilitate park and recreational facilities.

The **Emergency Services Fund** accounts for monies from the issuance of the General Obligation Bonds to be used for financing the enhancement of emergency response capabilities and seismic reinforcement of essential public facilities and infrastructures.

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds-Capital Projects Funds**  
**June 30, 2007**  
*(In Thousands)*

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	<u>Parks and Recreation</u>	<u>Emergency Services</u>	<u>Total</u>
<b>ASSETS</b>			
Restricted cash and investments	\$ 3,565	\$11,289	\$ 14,854
<b>TOTAL ASSETS</b>	<u>\$ 3,565</u>	<u>\$11,289</u>	<u>\$ 14,854</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 8	\$ 297	\$ 305
Due to other funds	<u>88</u>	<u>5,117</u>	<u>5,205</u>
<b>TOTAL LIABILITIES</b>	<u>96</u>	<u>5,414</u>	<u>5,510</u>
<b>Fund balances</b>			
Reserved:			
Encumbrance	1	1	2
Unreserved/designated:			
Projects	<u>3,468</u>	<u>5,874</u>	<u>9,342</u>
<b>TOTAL FUND BALANCES</b>	<u>3,469</u>	<u>5,875</u>	<u>9,344</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,565</u>	<u>\$11,289</u>	<u>\$ 14,854</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds-Capital Projects Funds**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	<b>Parks and Recreation</b>	<b>Emergency Services</b>	<b>Total</b>
<b>REVENUES</b>			
Interest and investment income	\$ 28	\$ 352	\$ 380
<b>TOTAL REVENUES</b>	<u>28</u>	<u>352</u>	<u>380</u>
<b>EXPENDITURES</b>			
Current:			
Elected and Appointed Officials:			
City Attorney	21	-	21
Agencies/departments:			
Public Works	218	261	479
Capital outlay	688	91	779
<b>TOTAL EXPENDITURES</b>	<u>927</u>	<u>352</u>	<u>1,279</u>
<b>DEFICIENCY OF REVENUES</b>			
UNDER EXPENDITURES	<u>(899)</u>	<u>-</u>	<u>(899)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(899)	-	(899)
Fund balances - beginning	4,368	5,875	10,243
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,469</u>	<u>\$ 5,875</u>	<u>\$ 9,344</u>

**CITY OF OAKLAND**  
**Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	Parks and Recreation				Emergency Services			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>								
Interest and investment income	\$ -	\$ -	\$ 28	\$ 28	\$ -	\$ -	\$ 352	\$ 352
<b>TOTAL REVENUES</b>	-	-	28	28	-	-	352	352
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials-								
City Attorney	21	21	21	-	-	-	-	-
Agencies/Departments:								
Parks and Recreation	-	-	-	-	-	20	-	20
Public Works	-	2,230	218	2,012	-	5,339	261	5,078
Capital outlay	-	894	688	206	-	2,224	91	2,133
<b>TOTAL EXPENDITURES</b>	21	3,145	927	2,218	-	7,583	352	7,231
<b>NET CHANGE IN FUND BALANCES (deficit)</b>	(21)	(3,145)	(899)	2,246	-	(7,583)	-	7,583
Fund balances - beginning	4,368	4,368	4,368	-	5,875	5,875	5,875	-
<b>FUND BALANCES (deficit) - ENDING</b>	\$ 4,347	\$ 1,223	\$ 3,469	\$ 2,246	\$ 5,875	\$ (1,708)	\$ 5,875	\$ 7,583

# 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.

**CITY OF OAKLAND**  
**Combining Statement of Fund Net Assets**  
**Internal Service Funds**  
**June 30, 2007**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Total</u>
<b>ASSETS</b>						
Current assets:						
Cash and Investments	\$ -	\$ 1,019	\$ -	\$ 322	\$ -	\$ 1,341
Accounts receivable	-	66	-	3	-	69
Due from other funds	-	-	-	-	55	55
Inventories	318	-	-	-	910	1,228
Restricted cash and investments	8,265	542	-	-	-	8,807
Total Current assets	<u>8,583</u>	<u>1,627</u>	<u>-</u>	<u>325</u>	<u>965</u>	<u>11,500</u>
Noncurrent assets:						
Capital assets:						
Land and other assets not being depreciated	-	-	326	-	-	326
Facilities and equipment, net of depreciation	17,885	815	293	-	-	18,993
Total Noncurrent Assets	<u>17,885</u>	<u>815</u>	<u>619</u>	<u>-</u>	<u>-</u>	<u>19,319</u>
<b>TOTAL ASSETS</b>	<u>26,468</u>	<u>2,442</u>	<u>619</u>	<u>325</u>	<u>965</u>	<u>30,819</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued liabilities	1,533	389	1,121	49	-	3,092
Due to other funds	18,656	-	16,367	-	4,696	39,719
Notes payable	2,245	346	316	-	-	2,907
Total Current Liabilities	<u>22,434</u>	<u>735</u>	<u>17,804</u>	<u>49</u>	<u>4,696</u>	<u>45,718</u>
Noncurrent liabilities:						
Notes payable	5,875	1,544	3,422	-	-	10,841
Total Noncurrent Liabilities	<u>5,875</u>	<u>1,544</u>	<u>3,422</u>	<u>-</u>	<u>-</u>	<u>10,841</u>
<b>TOTAL LIABILITIES</b>	<u>28,309</u>	<u>2,279</u>	<u>21,226</u>	<u>49</u>	<u>4,696</u>	<u>56,559</u>
<b>NET ASSETS (DEFICIT)</b>						
Invested in capital assets, net of related debt	9,765	-	-	-	-	9,765
Unrestricted (deficit)	(11,606)	163	(20,607)	276	(3,731)	(35,505)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ (1,841)</u>	<u>\$ 163</u>	<u>\$ (20,607)</u>	<u>\$ 276</u>	<u>\$ (3,731)</u>	<u>\$ (25,740)</u>



**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Total</u>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 16,005	\$ 2,269	\$ 18,056	\$ 1,438	\$ 2,605	\$ 40,373
Other	<u>62</u>	<u>-</u>	<u>689</u>	<u>-</u>	<u>-</u>	<u>751</u>
<b>TOTAL OPERATING REVENUES</b>	<u>16,067</u>	<u>2,269</u>	<u>18,745</u>	<u>1,438</u>	<u>2,605</u>	<u>41,124</u>
<b>OPERATING EXPENSES</b>						
Personnel	5,439	1,453	9,531	387	1,381	18,191
Supplies	5,134	2,196	1,320	92	25	8,767
Depreciation and amortization	6,215	298	16	-	-	6,529
Contractual services and supplies	421	627	776	20	7	1,851
Repairs and maintenance	900	43	1,584	28	1	2,556
General and administrative	1,557	38	2,744	281	130	4,750
Rental	387	183	519	637	47	1,773
Other	<u>890</u>	<u>-</u>	<u>5,910</u>	<u>12</u>	<u>867</u>	<u>7,679</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>20,943</u>	<u>4,838</u>	<u>22,400</u>	<u>1,457</u>	<u>2,458</u>	<u>52,096</u>
<b>OPERATING INCOME (LOSS)</b>	(4,876)	(2,569)	(3,655)	(19)	147	(10,972)
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest and investment income	(211)	99	(763)	8	(201)	(1,068)
Interest expense	(463)	(92)	(168)	-	-	(723)
Rental	-	-	455	-	-	455
Federal and State grants	-	-	129	-	55	184
Insurance claims and settlements	-	-	1,519	-	-	1,519
Other, net (sale property, loan exp.)	<u>33</u>	<u>-</u>	<u>55</u>	<u>-</u>	<u>-</u>	<u>88</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(641)</u>	<u>7</u>	<u>1,227</u>	<u>8</u>	<u>(146)</u>	<u>455</u>
<b>INCOME (LOSS)</b>	<u>(5,517)</u>	<u>(2,562)</u>	<u>(2,428)</u>	<u>(11)</u>	<u>1</u>	<u>(10,517)</u>
Transfers in	-	-	-	-	2,761	2,761
Transfers out	<u>(3,661)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,661)</u>
<b>TOTAL TRANSFERS</b>	<u>(3,661)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,761</u>	<u>(900)</u>
Changes in net assets (deficit)	(9,178)	(2,562)	(2,428)	(11)	2,762	(11,417)
Total net assets (deficit) - beginning	<u>7,337</u>	<u>2,725</u>	<u>(18,179)</u>	<u>287</u>	<u>(6,493)</u>	<u>(14,323)</u>
<b>TOTAL NET ASSETS (DEFICIT) - ENDING</b>	<u>\$ (1,841)</u>	<u>\$ 163</u>	<u>\$ (20,607)</u>	<u>\$ 276</u>	<u>\$ (3,731)</u>	<u>\$(25,740)</u>

**CITY OF OAKLAND**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Stores</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers, including other funds and cash deposits	\$ 15,995	\$ 2,237	\$ 18,056	\$ 1,437	\$ 2,290	\$ 40,015
Cash from other sources	62	-	689	-	-	751
Cash paid to employees for services	(5,439)	(1,453)	(9,531)	(387)	(1,381)	(18,191)
Cash paid to suppliers for goods & services	(8,194)	(2,727)	(13,039)	(1,109)	(1,077)	(26,146)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>2,424</u>	<u>(1,943)</u>	<u>(3,825)</u>	<u>(59)</u>	<u>(168)</u>	<u>(3,571)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Proceeds of interfund loans	5,491	-	2,066	-	-	7,557
Repayment of interfund loans	-	-	-	-	(2,447)	(2,447)
Federal and State grants	-	-	129	-	55	184
Transfers in	-	-	-	-	2,761	2,761
Transfers out	(3,661)	-	-	-	-	(3,661)
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>1,830</u>	<u>-</u>	<u>2,195</u>	<u>-</u>	<u>369</u>	<u>4,394</u>
<b>CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES</b>						
Acquisition of capital assets	(924)	(59)	(146)	-	-	(1,129)
Proceeds from sales of property	-	-	55	-	-	55
Loan Proceeds	-	-	982	-	-	982
Repayment of long-term debt	(4,375)	(330)	(304)	-	-	(5,009)
Interest paid on long-term debt	(463)	(92)	(168)	-	-	(723)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(5,762)</u>	<u>(481)</u>	<u>419</u>	<u>-</u>	<u>-</u>	<u>(5,824)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income (expense)	(211)	99	(763)	8	(201)	(1,068)
Other, net (rental, Insurance claims and settlements)	33	-	1,974	-	-	2,007
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(178)</u>	<u>99</u>	<u>1,211</u>	<u>8</u>	<u>(201)</u>	<u>939</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,686)</u>	<u>(2,325)</u>	<u>-</u>	<u>(51)</u>	<u>-</u>	<u>(4,062)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>9,951</u>	<u>3,886</u>	<u>-</u>	<u>373</u>	<u>-</u>	<u>14,210</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 8,265</u></u>	<u><u>\$ 1,561</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 322</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,148</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (4,876)	\$ (2,569)	\$ (3,655)	\$ (19)	\$ 147	\$ (10,972)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>						
Depreciation	6,215	298	16	-	-	6,529
Retirement of capital assets	-	-	-	8	-	8
Changes in assets and liabilities:						
Receivables	35	(32)	-	(1)	18	20
Inventories	(45)	-	-	-	(333)	(378)
Accounts payable and accrued liabilities	1,095	360	(186)	(47)	-	1,222
Total Adjustments	<u>7,300</u>	<u>626</u>	<u>(170)</u>	<u>(40)</u>	<u>(315)</u>	<u>7,401</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u><u>\$ 2,424</u></u>	<u><u>\$ (1,943)</u></u>	<u><u>\$ (3,825)</u></u>	<u><u>\$ (59)</u></u>	<u><u>\$ (168)</u></u>	<u><u>\$ (3,571)</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>						
Cash and investments	-	1,019	-	322	-	1,341
Restricted cash and investments	8,265	542	-	-	-	8,807
<b>TOTAL</b>	<u><u>\$ 8,265</u></u>	<u><u>\$ 1,561</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 322</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,148</u></u>

# 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. Agency funds account for assets held for other funds, governments, private organizations or individuals. Agency funds do not measure the results of operations and generally serve as clearing accounts.

## PENSION TRUST FUNDS

The **Oakland Municipal Employees Retirement System (OMERS) Fund** is a closed benefit plan that covers non-uniformed employees hired prior to September 1970 who have not elected to transfer to the California Public Employees Retirement System.

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.

## OTHER TRUST FUND

**Private Purpose Trust Fund** accounts for the operations of certain trust funds, such as the Major Gifts Funds or the Youth Opportunity Program Fund, and retiree medical payments, that are not related to Oakland Redevelopment Agency projects or parks, recreation or cultural activities.

**CITY OF OAKLAND**  
**Combining Statement of Fiduciary Net Assets**  
**Pension Trust Funds**  
**June 30, 2007**  
*(In Thousands)*

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and investments	\$ 170	\$ 2,966	\$ 3,136
Receivables:			
Interest and dividends	-	2,588	2,588
Investments and contributions	12	57,560	57,572
Retired members and beneficiaries	-	303	303
Restricted cash and investments:			
Short-term investments	-	31,011	31,011
U.S. government bonds		172,558	172,558
U.S. corporate bonds		109,194	109,194
Other government bonds	-	2,838	2,838
Domestic equities and mutual funds	9,274	222,461	231,735
International equities and mutual funds	-	103,116	103,116
Real estate mortgage loans	-	54	54
Securities lending collateral	-	42,014	42,014
<b>TOTAL ASSETS</b>	<u>9,456</u>	<u>746,663</u>	<u>756,119</u>
<b>LIABILITIES</b>			
Due to other funds	4,206	-	4,206
Accounts payable and accrued liabilities	85	115,556	115,641
Securities lending liability	-	42,014	42,014
<b>TOTAL LIABILITIES</b>	<u>4,291</u>	<u>157,570</u>	<u>161,861</u>
<b>NET ASSETS</b>			
<b>HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 5,165</u>	<u>\$ 589,093</u>	<u>\$ 594,258</u>

**CITY OF OAKLAND**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
**Year Ended June 30, 2007**  
*(In Thousands)*

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Members	\$ -	\$ 18	\$ 18
Investment Income:			
Net increase			
in fair value of investments	774	58,776	59,550
Interest	90	15,033	15,123
Dividends	267	5,061	5,328
Securities lending income	<u>-</u>	<u>2,419</u>	<u>2,419</u>
Total investment income, net	1,131	81,289	82,420
Less investment expense	(44)	(2,744)	(2,788)
Borrowers' rebates and other agent fees and securities lending transactions	<u>-</u>	<u>(2,350)</u>	<u>(2,350)</u>
Net investment income	<u>1,087</u>	<u>76,195</u>	<u>77,282</u>
TOTAL ADDITIONS	<u>1,087</u>	<u>76,213</u>	<u>77,300</u>
DEDUCTIONS:			
Disbursements to members and beneficiaries:			
Retirement	789	43,016	43,805
Disability	128	26,139	26,267
Death	<u>1</u>	<u>2,250</u>	<u>2,251</u>
TOTAL DISBURSEMENTS TO MEMBERS AND BENEFICIARIES	918	71,405	72,323
Administrative expenses	345	819	1,164
Change in payable to City	<u>548</u>	<u>-</u>	<u>548</u>
TOTAL DEDUCTIONS	<u>1,811</u>	<u>72,224</u>	<u>74,035</u>
Change in net assets	(724)	3,989	3,265
Net assets - beginning	<u>5,889</u>	<u>585,104</u>	<u>590,993</u>
Net assets - ending	<u><u>\$ 5,165</u></u>	<u><u>\$ 589,093</u></u>	<u><u>\$ 594,258</u></u>

# STATISTICAL SECTION

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## CITY OF OAKLAND STATISTICS

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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.

### **Component Unit**

Schedule seventeen contains debt information related to the Port of Oakland, a component unit of the City. This schedule assists in understanding the resources available to pay 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 year. The City implemented GASB 34 in fiscal year ended June 30, 2002.

# CITY OF OAKLAND STATISTICS

## SCHEDULE 1

### NET ASSETS BY COMPONENT

*(in thousands)*

	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	\$ 395,311	\$ 385,354	\$ 389,345	\$ 310,633	\$ 319,932	\$ 353,715
Restricted	246,923	429,353	316,026	292,415	267,824	317,558
Unrestricted	(634,634)	(400,886)	(260,074)	(55,983)	(8,522)	37,704
Total governmental activities net assets	<u>\$ 7,600</u>	<u>\$ 413,821</u>	<u>\$ 445,297</u>	<u>\$ 547,065</u>	<u>\$ 579,234</u>	<u>\$ 708,977</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 103,197	\$ 109,682	\$ 113,610	\$ 107,396	\$ 110,279	\$ 109,886
Unrestricted	(4,287)	(3,643)	(6,185)	3,114	989	2,173
Total business-type activities net assets	<u>\$ 98,910</u>	<u>\$ 106,039</u>	<u>\$ 107,425</u>	<u>\$ 110,510</u>	<u>\$ 111,268</u>	<u>\$ 112,059</u>
Primary government						
Invested in capital assets, net of related debt	\$ 498,508	\$ 495,036	\$ 502,955	\$ 418,029	\$ 430,211	\$ 463,601
Restricted	246,923	429,353	316,026	292,415	267,824	317,558
Unrestricted	(638,921)	(404,529)	(266,259)	(52,869)	(7,533)	39,877
Total primary government net assets	<u>\$ 106,510</u>	<u>\$ 519,860</u>	<u>\$ 552,722</u>	<u>\$ 657,575</u>	<u>\$ 690,502</u>	<u>\$ 821,036</u>

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

Source: City of Oakland Statement of Net Assets



# CITY OF OAKLAND STATISTICS

## SCHEDULE 2

### CHANGES IN NET ASSETS

(in thousands)

	2002	2003	2004	2005	2006	2007
<b>Expenses</b>						
Governmental Activities:						
General government	\$ 80,170	\$ 95,671	\$ 67,069	\$ 65,865	\$ 71,471	\$ 91,119
Public safety	250,503	302,273	297,869	319,908	335,171	348,436
Life enrichment	99,223	105,133	102,314	96,649	101,902	105,728
Community and economic development	108,101	110,400	121,160	117,689	140,351	183,968
Public works	72,639	83,548	70,369	107,457	100,448	101,075
Interest on long-term debt	72,924	56,072	58,820	62,238	73,224	79,864
Total governmental activities expenses	\$ 683,560	\$ 753,097	\$ 717,601	\$ 769,806	\$ 822,567	\$ 910,190
Business-type activities:						
Sewer	\$ 15,848	\$ 17,960	\$ 20,597	\$ 21,337	\$ 24,841	\$ 29,365
Parks and recreation	94	68	159	160	734	1,087
Total business-type activities	\$ 15,942	\$ 18,028	\$ 20,756	\$ 21,497	\$ 25,575	\$ 30,452
Total primary government expenses	\$ 699,502	\$ 771,125	\$ 738,357	\$ 791,303	\$ 848,142	\$ 940,642
<b>Program Revenues</b> (see schedule 3)						
Governmental activities:						
Charges for services:						
General government	\$ 25,131	\$ 27,946	\$ 14,913	\$ 25,641	\$ 16,266	\$ 13,741
Public safety	14,715	15,489	38,959	66,983	42,492	9,803
Life enrichment	5,123	4,355	73	125	79	3,992
Community and economic development	21,553	21,599	7,287	12,528	7,947	16,437
Public works	21,872	26,898	3,600	6,190	3,927	31,269
Operating grants and contributions	63,235	79,784	78,965	74,694	77,154	106,903
Capital grants and contributions	10,553	9,262	10,366	-	-	-
Total governmental activities program revenues	\$ 162,182	\$ 185,333	\$ 154,163	\$ 186,161	\$ 147,865	\$ 182,145
Business-type activities:						
Charges for services:						
Sewer	\$ 19,153	\$ 19,364	\$ 22,590	\$ 24,252	\$ 24,678	\$ 29,838
Parks and recreation	100	122	58	244	197	237
Operating grants and contributions	19	19	-	-	-	21
Total business-type activities program revenues	\$ 19,272	\$ 19,505	\$ 22,648	\$ 24,496	\$ 24,875	\$ 30,096
Total primary government program revenues	\$ 181,454	\$ 204,838	\$ 176,811	\$ 210,657	\$ 172,740	\$ 212,241
<b>Net (Expense)/Revenue</b>						
Governmental activities	\$ (521,378)	\$ (567,764)	\$ (563,438)	\$ (583,645)	\$ (674,702)	\$ (735,868)
Business-type activities	3,330	1,477	1,892	2,999	(700)	(356)
Total primary government net expense	\$ (518,048)	\$ (566,287)	\$ (561,546)	\$ (580,646)	\$ (675,402)	\$ (736,224)
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Property taxes	\$ 172,029	\$ 202,297	\$ 200,731	\$ 234,127	\$ 268,693	\$ 317,666
State taxes	68,603	79,444	72,906	68,451	67,304	67,723
Local taxes	160,729	199,720	197,873	251,301	261,815	256,658
Other taxes	66,883	64,414	117,238	84,850	30,406	108,048
Interest and investment income	36,463	40,043	5,566	46,063	78,053	48,073
Transfers	659	629	600	621	600	600
Special Items	-	-	-	-	-	59,020
Total governmental activities	\$ 505,366	\$ 586,547	\$ 594,914	\$ 685,413	\$ 706,871	\$ 857,788
Business-type activities:						
Interest and investment income	\$ 10	\$ 199	\$ 94	\$ 707	\$ 1,996	\$ 1,745
Other	1,891	6,082	-	-	62	2
Transfers	(659)	(629)	(600)	(621)	(600)	(600)
Total business-type activities	\$ 1,242	\$ 5,652	\$ (506)	\$ 86	\$ 1,458	\$ 1,147
Total primary government	\$ 506,608	\$ 592,199	\$ 594,408	\$ 685,499	\$ 708,329	\$ 858,935
<b>Change in Net Assets</b>						
Governmental activities	\$ (16,012)	\$ 18,783	\$ 31,476	\$ 101,768	\$ 32,169	\$ 129,743
Business-type activities	4,572	7,129	1,386	3,085	758	791
Total primary government	\$ (11,440)	\$ 25,912	\$ 32,862	\$ 104,853	\$ 32,927	\$ 130,534

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

Source: City of Oakland Statement of Activities

# CITY OF OAKLAND STATISTICS

## SCHEDULE 3

### PROGRAM REVENUES BY FUNCTION/PROGRAM

*(in thousands)*

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:						
General government	\$ 25,131	\$ 27,946	\$ 14,913	\$ 25,641	\$ 16,266	\$ 13,741
Public safety	14,715	15,489	38,959	66,983	42,492	9,803
Life enrichment	5,123	4,355	73	125	79	3,992
Community and economic development	21,553	21,599	7,287	12,528	7,947	16,437
Public works	21,872	26,898	3,600	6,190	3,927	31,269
Operating grants and contributions	63,235	79,784	78,965	74,694	77,154	106,903
Capital grants and contributions	10,553	9,262	10,366	-	-	-
Subtotal governmental activities	<u>\$ 162,182</u>	<u>\$ 185,333</u>	<u>\$ 154,163</u>	<u>\$ 186,161</u>	<u>\$ 147,865</u>	<u>\$ 182,145</u>
Business-type activities:						
Sewer	\$ 19,153	\$ 19,364	\$ 22,590	\$ 24,252	\$ 24,678	\$ 29,838
Parks and recreation	100	122	58	244	197	237
Operating grants and contributions	19	19	-	-	-	21
Subtotal business-type activities	<u>\$ 19,272</u>	<u>\$ 19,505</u>	<u>\$ 22,648</u>	<u>\$ 24,496</u>	<u>\$ 24,875</u>	<u>\$ 30,096</u>
Total primary government	<u><u>\$ 181,454</u></u>	<u><u>\$ 204,838</u></u>	<u><u>\$ 176,811</u></u>	<u><u>\$ 210,657</u></u>	<u><u>\$ 172,740</u></u>	<u><u>\$ 212,241</u></u>

Source: City of Oakland Statement of Activities

# CITY OF OAKLAND STATISTICS

## SCHEDULE 4

### FUND BALANCES, GOVERNMENTAL FUNDS

*(in thousands)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund						
Reserved	\$ 196,067	\$ 214,317	\$ 10,779	\$ 151,494	\$ 134,151	\$ 138,891
Unreserved	29,666	38,801	222,529	140,343	152,368	143,016
Total general fund	<u>\$ 225,733</u>	<u>\$ 253,118</u>	<u>\$ 233,308</u>	<u>\$ 291,837</u>	<u>\$ 286,519</u>	<u>\$ 281,907</u>
All Other Governmental Funds						
Reserved	\$ 327,871	\$ 475,385	\$ 284,475	\$ 445,531	\$ 496,474	\$ 797,702
Unreserved, reported in:						
Special revenue funds	(11,809)	(108,238)	4,704	19,785	42,102	32,444
Capital projects funds	4,222	6,599	164,788	143,456	130,221	98,912
Total all other governmental funds	<u>\$ 320,284</u>	<u>\$ 373,746</u>	<u>\$ 453,967</u>	<u>\$ 608,772</u>	<u>\$ 668,797</u>	<u>\$ 929,058</u>

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

Source: City of Oakland Balance Sheet, Governmental Funds

# CITY OF OAKLAND STATISTICS

## SCHEDULE 5

### CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

(in thousands)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 311,114	\$ 330,836	\$ 368,764	\$ 403,226	\$ 402,435	\$ 439,159	\$ 457,949	\$ 535,706	\$ 578,474	\$ 616,754
Licenses, fees, and permits	7,701	8,061	9,098	11,442	11,758	13,098	13,476	15,676	19,006	20,390
Fines and penalties	12,494	14,736	15,625	17,111	17,806	20,645	28,189	26,325	25,467	26,859
Interest/investment net income	53,401	48,275	35,449	37,116	35,481	40,619	7,672	38,495	30,721	49,141
Charges for services	34,510	38,192	41,181	50,310	60,840	65,324	67,176	73,133	70,711	75,242
Federal and State grants and subventions	85,346	61,334	83,759	75,701	48,234	72,483	79,918	97,009	73,778	97,382
Other revenues	25,312	40,580	17,159	22,001	61,391	70,027	48,608	53,711	47,558	74,758
<b>Total revenues</b>	<b>\$ 529,878</b>	<b>\$ 542,014</b>	<b>\$ 571,035</b>	<b>\$ 616,907</b>	<b>\$ 637,945</b>	<b>\$ 721,355</b>	<b>\$ 702,988</b>	<b>\$ 840,055</b>	<b>\$ 845,715</b>	<b>\$ 960,526</b>
<b>Expenditures</b>										
General government	\$ 24,273	\$ 29,166	\$ 31,689	\$ 35,338	\$ 41,389	\$ 39,365	\$ 42,225	\$ 45,466	\$ 49,411	\$ 67,194
Financial services	12,166	13,565	15,978	15,327	16,637	17,025	22,339	22,197	24,181	26,018
Police services	105,248	114,462	130,662	145,521	151,791	166,266	166,175	178,813	187,968	206,561
Fire services	58,151	60,637	72,237	77,129	84,239	88,154	91,542	98,029	111,162	112,699
Life enrichment										
Administration	-	-	-	1,693	561	660	1	7	-	-
Parks & Recreation	24,526	27,290	41,818	38,180	32,481	28,556	29,445	16,740	17,296	19,148
Library	13,425	14,314	13,871	15,178	16,540	17,096	18,460	20,547	22,942	24,631
Museum	4,815	4,597	5,512	5,707	7,278	7,561	8,327	7,383	267	6,976
Marketing	-	-	-	-	-	-	2,367	-	-	-
Aging, Health & Human Services	20,340	20,849	19,856	21,347	24,568	27,740	33,238	35,609	46,581	53,228
Cultural Arts	-	-	1,717	1,972	1,382	1,753	41	-	6,832	-
Community & Economic Development	73,833	73,923	84,394	73,745	118,234	122,715	92,788	101,031	135,561	169,233
Public Works	46,768	42,527	48,504	60,835	52,841	51,458	60,328	73,338	79,816	91,490
Other	30,906	55,054	48,313	46,773	41,471	36,652	30,372	38,327	23,048	10,641
Capital outlay	82,702	64,108	18,606	14,397	22,055	27,056	24,779	36,219	25,014	49,895
Debt service										
Bond issuance costs	-	-	-	-	3,711	4,212	12,874	4,478	2,496	4,467
Principal	26,664	30,457	36,144	50,351	39,686	50,356	61,831	88,506	72,583	79,964
Interest	81,167	74,410	73,743	75,649	58,558	55,020	62,897	60,656	69,027	69,682
<b>Total expenditures</b>	<b>\$ 604,984</b>	<b>\$ 625,359</b>	<b>\$ 643,044</b>	<b>\$ 679,142</b>	<b>\$ 713,422</b>	<b>\$ 741,645</b>	<b>\$ 760,029</b>	<b>\$ 827,346</b>	<b>\$ 874,185</b>	<b>\$ 991,827</b>
Excess of revenues over(under) expenditures	\$ (75,106)	\$ (83,345)	\$ (72,009)	\$ (62,235)	\$ (75,477)	\$ (20,290)	\$ (57,041)	\$ 12,709	\$ (28,470)	\$ (31,301)
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	\$ -	\$ -	\$ 1,166	\$ 1,573	\$ -	\$ -	\$ 3,927	\$ 433,956	\$ 105,840	\$ 143,988
Issuance of refunding bonds	-	-	-	-	213,655	202,765	188,650	-	-	102,590
Premiums on issuance of bonds	-	-	-	-	788	-	587	13,535	328	1,963
Payment to refunding bond escrow agent	-	-	-	-	(208,907)	(110,826)	(96,395)	(247,860)	(27,853)	(22,729)
Property sale proceeds	255	-	79	104	16,094	8,569	1,497	394	4,262	618
Transfers in	34,869	73,122	116,700	8,514	142,816	79,144	95,404	109,911	101,643	97,397
Transfers out	(70,971)	(111,121)	(164,902)	(59,261)	(142,157)	(78,515)	(94,804)	(109,311)	(101,043)	(95,897)
<b>Total other financing sources (uses)</b>	<b>\$ (35,847)</b>	<b>\$ (37,999)</b>	<b>\$ (46,957)</b>	<b>\$ (49,070)</b>	<b>\$ 22,289</b>	<b>\$ 101,137</b>	<b>\$ 98,866</b>	<b>\$ 200,625</b>	<b>\$ 83,177</b>	<b>\$ 227,930</b>
Special item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,020
Change in fund balances										
Total fund balance - beginning	\$ 29,700	\$ 24,464	\$ 42,872	\$ 32,234	\$ 599,205	\$ 546,017	\$ 645,450	\$ 687,275	\$ 900,609	\$ 955,316
Total fund balance - ending	24,464	42,872	32,234	22,796	546,017	626,864	687,275	900,609	955,316	1,210,965
<b>Net change in fund balances</b>	<b>\$ (5,236)</b>	<b>\$ 18,408</b>	<b>\$ (10,638)</b>	<b>\$ (9,438)</b>	<b>\$ (53,188)</b>	<b>\$ 80,847</b>	<b>\$ 41,825</b>	<b>\$ 213,334</b>	<b>\$ 54,707</b>	<b>\$ 255,649</b>
Debt service as a percentage of noncapital expenditures	20.65%	18.68%	17.60%	18.95%	14.75%	15.34%	18.71%	19.42%	16.97%	16.36%

Source: City of Oakland Statement of Revenues, Expenditures and Changes in Fund Balances.

# 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
1998	135,605	40,202	16,410	7,209	31,198	35,695	22,716	8,466	4,837	-	8,776	311,114
1999	140,029	43,808	17,701	7,389	31,825	36,938	28,892	9,430	5,827	-	8,997	330,836
2000	155,941	46,791	19,314	8,052	35,845	41,592	34,359	12,100	5,686	-	9,084	368,764
2001	162,895	52,877	21,361	10,419	38,738	48,703	38,309	12,766	6,762	-	10,396	403,226
2002	163,130	45,749	22,854	7,705	42,094	49,547	37,272	10,530	7,525	5,085	10,944	402,435
2003	193,738	48,798	24,259	6,387	42,020	46,581	42,088	10,863	8,242	5,359	10,824	439,159
2004	200,646	47,760	18,178	6,968	44,223	48,056	55,665	9,857	9,799	5,205	11,592	457,949
2005	232,061	51,148	9,656	7,647	43,902	49,781	77,722	10,926	11,580	30,155	11,128	535,706
2006	268,361	56,844	2,984	7,476	43,790	48,770	79,483	11,690	15,196	31,728	12,152	578,474
2007	314,468	58,006	2,268	7,449	50,339	51,426	61,505	12,303	16,202	29,778	13,010	616,754
Change 1998-2007	131.9%	44.3%	-86.2%	3.3%	61.4%	44.1%	170.8%	45.3%	235.0%	n/a	48.2%	98.2%

Note: Reflects revenues of the General, Special Revenue, Debt Service and Capital Projects Funds, and Oakland Redevelopment Agency

Source: City of Oakland Statement of Revenues, Expenditures and Changes in Fund Balances.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 7**

**ASSESSED VALUE AND ESTIMATED ACTUAL  
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 Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
1998	5,848,619	11,385,631	1,824,028	19,058,278	1,667,673	1,747,932	15,642,673	5.689	88,991,167	17.58%
1999	6,000,890	11,816,263	2,065,964	19,883,117	1,570,310	1,881,435	16,431,372	5.325	87,497,056	18.78%
2000	6,293,257	12,756,685	1,860,397	20,910,339	1,700,240	2,193,715	17,016,384	5.816	98,967,289	17.19%
2001	6,645,913	13,862,254	2,004,626	22,512,793	1,791,760	2,452,166	18,268,867	5.451	99,583,594	18.35%
2002	7,200,754	15,231,115	2,165,091	24,596,960	1,666,969	3,057,178	19,872,813	5.613	111,546,099	17.82%
2003	7,725,624	16,906,517	1,997,630	26,629,771	1,828,260	3,524,500	21,277,011	5.392	114,725,643	18.55%
2004	8,374,188	18,571,148	1,964,460	28,909,796	1,863,890	4,090,609	22,955,297	5.811	133,393,231	17.21%
2005	9,157,808	20,308,258	1,878,079	31,344,145	2,067,228	5,186,441	24,090,476	5.534	133,316,694	18.07%
2006	10,206,973	22,383,882	1,962,917	34,553,772	2,310,189	7,750,010	24,493,573	5.519	135,180,029	18.12%
2007	11,410,672	24,862,440	1,894,048	38,167,160	2,347,281	9,552,758	26,267,121	5.667	148,855,775	17.65%

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>						East Bay Municipal Utility Debt	East Bay Regional Parks District	East Bay Reg. Parks District Debt
	Basic Rate	Debt Service Fund	1981 Pension Liability	Total Direct Rate	Alameda County	Education	Education Debt	BART and AC Transit	BART Debt	Other			
1998	0.3485	0.0629	0.1575	0.5689	0.3086	0.2165	0.0332	0.0517	0.0220	0.0505	0.0096	0.0242	0.0081
1999	0.3485	0.0265	0.1575	0.5325	0.3086	0.2165	0.0318	0.0517	0.0167	0.0505	0.0091	0.0242	0.0092
2000	0.3485	0.0756	0.1575	0.5816	0.3086	0.2165	0.0274	0.0517	-	0.0505	0.0087	0.0242	0.0088
2001	0.3485	0.0391	0.1575	0.5451	0.3086	0.2165	0.0923	0.0517	-	0.0505	0.0085	0.0242	0.0065
2002	0.3485	0.0553	0.1575	0.5613	0.3086	0.2165	0.0959	0.0517	-	0.0505	0.0084	0.0242	0.0072
2003	0.3485	0.0332	0.1575	0.5392	0.3086	0.2165	0.0994	0.0517	-	0.0505	0.0084	0.0242	0.0065
2004	0.3485	0.0751	0.1575	0.5811	0.3086	0.2165	0.0923	0.0517	-	0.0505	0.0079	0.0242	0.0057
2005	0.3485	0.0474	0.1575	0.5534	0.3086	0.2165	0.0875	0.0517	-	0.0505	0.0076	0.0242	0.0057
2006	0.3485	0.0459	0.1575	0.5519	0.3086	0.2165	0.1018	0.0517	-	0.0505	0.0072	0.0242	0.0057
2007	0.3485	0.0607	0.1575	0.5667	0.3086	0.2165	0.1074	0.0517	-	0.0505	0.0068	0.0242	0.0085

Note: Rates per \$1,000 assessed value

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 9**

**PRINCIPAL PROPERTY TAX PAYERS**

<u>Taxpayer</u>	<u>1998</u>		<u>2007</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Oakland City Center Venture LLC	\$ -	0.000%	\$ 210,683,258	0.588%
SIC Lakeside Drive LLC	-	0.000%	195,518,292	0.546%
Kaiser Foundation Health Plan	112,511,269	0.647%	143,883,711	0.402%
1800 Harrison Foundation	-	0.000%	114,900,203	0.321%
Oakland Property LLC	-	0.000%	105,741,512	0.295%
Clorox Company	78,119,798	0.449%	93,590,595	0.261%
555 Twelfth Street Venture LLC	-	0.000%	89,186,247	0.249%
Brandywine Ordway LLC	-	0.000%	89,151,972	0.249%
KSL Claremont Resort, Inc.	-	0.000%	83,480,444	0.233%
SSR Western Multifamily LLC	-	0.000%	64,567,437	0.180%
Total	<u>\$ 190,631,067</u>	<u>1.096%</u>	<u>\$ 1,190,703,671</u>	<u>3.324%</u>

(1) 2007 based on total assessed value of \$35,819,878,951

(2) 1998 based on total assessed value of \$17,390,605,000

Source: County of Alameda



**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 10**

**PROPERTY TAX LEVIES  
AND COLLECTIONS**

*(in thousands)*

<b>1% TAX ROLL</b>			
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
1998	45,176	43,948	97.28%
1999	47,448	46,138	97.24%
2000	49,855	47,921	96.12%
2001	53,376	51,120	95.77%
2002	56,947	55,270	97.06%
2003	61,164	59,276	96.91%
2004	65,248	63,546	97.39%
2005	68,095	66,301	97.37%
2006	73,331	71,198	97.09%
2007	79,357	75,654	95.33%

<b>Voter-Approved Debt Tax Roll</b>			
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
1998	35,745	34,229	95.76%
1999	35,848	34,599	96.52%
2000	45,245	43,475	96.09%
2001	42,225	40,748	96.50%
2002	49,024	46,849	95.56%
2003	48,441	46,001	94.96%
2004	61,760	59,602	96.51%
2005	59,673	57,558	96.46%
2006	63,369	60,887	96.08%
2007	75,071	70,586	94.03%

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 11**

**TAXABLE SALES BY CATEGORY**

*(in thousands)*

	Calendar Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Auto & Transportation	n/a	n/a	n/a	\$ 922,018	\$ 895,331	\$ 929,517	\$ 871,710	\$ 817,924	\$ 860,194	\$ 912,876
Business & Industry	n/a	n/a	n/a	688,074	588,871	715,740	700,079	622,816	667,630	613,457
General Consumer Goods	n/a	n/a	n/a	501,218	504,084	480,747	453,363	461,085	554,136	549,394
Restaurants and Hotels	n/a	n/a	n/a	439,638	442,948	430,058	406,565	441,158	496,814	483,765
Building & Construction	n/a	n/a	n/a	319,187	348,829	393,261	369,886	491,196	488,972	495,607
Food & Drugs	n/a	n/a	n/a	372,774	342,013	341,625	308,529	316,990	321,467	330,643
Fuel & Service Stations	n/a	n/a	n/a	290,612	317,736	342,098	593,926	869,866	1,058,122	1,186,535
Total	\$ -	\$ -	\$ -	\$ 3,533,521	\$ 3,439,812	\$ 3,633,046	\$ 3,704,058	\$ 4,021,035	\$ 4,447,335	\$ 4,572,277
City direct sales tax rate									1.5%	1.5%

Source of taxable sales data is CEDA (<http://www.business2oakland.com/main/localeconomy.htm>) - obtained from HdL

**CITY OF OAKLAND  
STATISTICS**

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**SCHEDULE 12**

**DIRECT AND OVERLAPPING  
SALES TAX RATES**

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>State of California</b>
1998	n/a	n/a
1999	n/a	n/a
2000	n/a	n/a
2001	n/a	n/a
2002	n/a	n/a
2003	n/a	n/a
2004	n/a	n/a
2005	n/a	n/a
2006	1.50%	7.25%
2007	1.50%	7.25%

Source: California State Board of Equalization

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 13**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

*(in thousands)*

<u>Governmental Activities</u>															<u>Business-type Activities</u>					
Fiscal Year	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Lease Revenue Bonds	Pension Obligation Bonds	Accreted Interest	Special Assessment Bonds	Notes Payable	Capital Leases	Accrued Vacation and Sick Leave	Workers' Comp. Liability	Claims Payable (est.)	Environmental Cost (est.)	Pledge Oblig. For Authority Debt	Sewer Fund Notes Payable	Sewer Fund Bonds	Unamortized Bond Premium	Total Primary Government	Percentage of Personal Income (1)	Per Capita
1998	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1999	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2001	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2002	133,295	214,295	67,346	399,675	435,686	-	8,870	52,283	-	31,923	90,694	45,242	-	99,048	7,663	-	-	1,586,020	13.56%	4
2003	167,350	246,660	63,631	382,645	442,592	-	8,463	49,448	-	32,798	91,367	49,569	-	96,590	7,045	-	-	1,638,158	14.00%	4
2004	232,045	235,555	59,594	386,200	436,873	-	7,940	46,153	-	37,436	94,874	48,716	-	93,950	6,362	-	-	1,685,698	14.41%	4
2005	227,010	270,085	50,195	488,721	366,405	70,811	7,370	18,440	26,769	31,503	96,166	43,099	5,499	91,150	5,655	62,330	2,829	1,864,037	15.94%	5
2006	358,124	319,115	49,154	346,110	341,475	85,884	7,085	17,940	20,218	33,709	100,493	44,945	2,319	88,100	4,925	60,840	2,710	1,883,146	16.10%	5
2007	345,214	514,475	45,795	325,105	313,625	104,356	6,800	17,090	31,809	33,601	98,381	43,598	11,198	85,350	4,126	59,305	2,593	2,042,421	22.41%	5

Source: Notes to Basic Financial Statements, Note (12) - Long-term Obligations  
(1) Per capita income \$21,936 multiplied by population 415,492 gives personal income \$9,114,233

**CITY OF OAKLAND  
STATISTICS**

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**SCHEDULE 14**

**RATIOS OF GENERAL BONDED  
DEBT OUTSTANDING**

*(in thousands)*

**General Bonded Debt Outstanding**

<b>Fiscal Year</b>	<b>Net Bonded Debt (1)</b>	<b>Assessed Value (2)</b>	<b>Percentage of Actual Taxable Value of Property (%)</b>	<b>Per Capita (3) <i>(in dollars)</i></b>
1998	136,135	17,390	7.828	350.77
1999	132,960	18,313	7.260	332.48
2000	129,665	19,210	6.750	322.47
2001	137,080	20,721	6.616	336.81
2002	133,295	22,930	5.813	326.06
2003	167,350	24,802	6.747	405.99
2004	232,045	27,046	8.580	563.76
2005	227,010	29,277	7.754	550.59
2006	358,124	32,244	11.107	869.75
2007	345,214	35,820	9.637	830.86

(1) Source: City of Oakland Annual Debt Service Roll Forward, General Obligation Debt Total as of June 30, 2007

(2) Source: County of Alameda.

(3) Population 415,492 as of 1/1/07 per State of California Demographic Information by City.

# CITY OF OAKLAND STATISTICS

## SCHEDULE 15

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable</u>	<u>City Share of Debt</u>
<b>Direct Bonded Debt</b>		
City of Oakland (1)	100	\$ 345,214,363
City of Oakland and Coliseum Lease Revenue Obligations	100	515,200,000
City of Oakland 1915 Act Bond Obligations	100	6,530,000
City of Oakland Pension Special Assessment Obligations	100	313,624,842
<b>Total Direct Bonded Debt:</b>		<u>\$ 1,180,569,205</u>
<b>Overlapping Bonded Debt</b>		
Alameda-Contra Costa Transit District Certificates of Participation	21.739	\$ 4,081,400
Alameda County Board of Education Public Facilities Corporation	18.172	87,916
Alameda County and Coliseum Authority General Fund Obligation	18.172	82,923,259
Alameda County Pension Obligations	18.172	45,721,032
Bay Area Rapid Transit District	7.26	6,220,650
East Bay Municipal Utility District	20.587	223,500
East Bay Municipal Utility District, Special District #1	52.256	17,877,870
East Bay Regional Park District	10.62	17,248,117
Chabot-Las Positas Community College District	1.298	5,334,382
Chabot-Las Positas Community College District Certificates of Participation	1.298	56,132
Peralta Community College District	54.923	147,763,066
Peralta Community College District Pension Obligation	54.923	83,297,446
Berkeley & Castro Valley Unified School District	0.005 & 0.140	105,426
Oakland Unified School District	99.996	571,439,723
Oakland Unified School District Certificates of Participation	99.996	81,742,548
San Leandro Unified School District	12.693	8,510,008
San Leandro Unified School District Certificates of Participation	12.693	180,197
Castro Valley Unified School District Certificates of Participation	0.14	1,389
City of Emeryville 1915 Act Bonds	4.183	454,483
<b>Total Overlapping Bonded Debt:</b>		<u>\$ 1,073,268,544</u>
<b>Total Direct and Overlapping Debt</b>		\$ 2,253,837,749
Less: East Bay M.U.D. (100% self-supporting)		223,500
Less: East Bay M.U.D. Special District #1 (100% self-supporting)		17,877,870
<b>Total Net Direct and Overlapping Bonded Debt</b>		<u><u>\$ 2,235,736,379</u></u>

(1) Source: City of Oakland Annual Debt Service Roll Forward, General Obligation Debt Total as of June 30, 2007

Source: City of Oakland Treasury Division

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 16**

**LEGAL DEBT MARGIN INFORMATION**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$586,600,245	\$616,176,449	\$638,114,414	\$685,082,511	\$745,230,478	\$798,115,131	\$860,823,608	\$903,392,821	\$918,508,985	\$985,017,038
Total net debt applicable to limit	136,135,000	132,960,000	129,665,000	137,080,000	133,295,000	167,350,000	232,045,000	227,010,000	358,124,189	345,214,363
Legal debt margin	\$450,465,245	\$483,216,449	\$508,449,414	\$548,002,511	\$611,935,478	\$630,765,131	\$628,778,608	\$676,382,821	\$560,384,796	\$639,802,675
Total net debt applicable to the limit as a percentage of debt limit (%)	23.21%	21.58%	20.32%	20.01%	17.89%	20.97%	26.96%	25.13%	38.99%	35.05%

Source: County of Alameda and City of Oakland Annual Debt Service Roll Forward (General Obligation Debt Total as of June 30, 2007).

# CITY OF OAKLAND STATISTICS

## SCHEDULE 17

### PLEDGED-REVENUE COVERAGE, PORT OF OAKLAND

*(thousands of dollars)*

Fiscal Year	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
1998	79,194	12,095	25,564	37,659	210.29%
1999	79,302	11,620	26,039	37,659	210.58%
2000	83,655	12,180	25,496	37,676	222.04%
2001	98,605	18,920	18,757	37,677	261.71%
2002	85,485	13,810	39,380	53,190	160.72%
2003	94,610	10,638	46,323	56,961	166.10%
2004	110,797	9,241	50,124	59,365	186.64%
2005	126,636	8,155	53,633	61,788	204.95%
2006	136,566	14,968	56,806	71,774	190.27%
2007	138,458	19,892	62,756	82,648	167.53%

Source: Port of Oakland.



# CITY OF OAKLAND STATISTICS

## SCHEDULE 18

### DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (%)
1998	388,100	N/A	N/A	N/A	62,806	4.2
1999	399,900	N/A	N/A	N/A	63,652	3.5
2000	402,100	12,919,473	32,130	33.3	54,867	2.8
2001	407,000	13,730,552	33,736	33.3	55,525	2.9
2002	408,800	16,192,977	39,611	33.3	53,108	6.7
2003	412,200	17,979,340	43,618	33.3	52,629	6.8
2004	411,600	18,163,496	44,129	33.3	49,334	6.1
2005	412,300	9,044,213	21,936	33.3	49,334	5.3
2006	411,755	11,697,548	28,409	33.3	41,467	7.1
2007	415,492	9,114,233	21,936	33.3	39,802	7.4

**Note:** Median Age according to Community and Economic Development Agency website, Demographics.

*(<http://www.business2oakland.com/main/demographics.htm>)*

In FY 2000 - 2004 median family income was used as per capita personal income

Source: Unemployment rate - CEDA, Per Capita Income - CEDA, School Enrollment - OUSD.

**CITY OF OAKLAND  
STATISTICS**

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**SCHEDULE 19**

**PRINCIPAL EMPLOYERS**

<u>2007</u>	
<u>Employer</u>	<u>Employees</u>
Kaiser Permanente	25,070
University of California	22,753
Alameda County	8,925
United States Postal Service	8,472
City of Oakland	4,157
Bay Area Rapid Transit	3,581
Southwest Airlines Co.	2,200
Total	<u>75,158</u>

Source: Economic Development Alliance for Business, Alameda County Largest Employers.

# CITY OF OAKLAND STATISTICS

## SCHEDULE 20

### FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

<u>Function/Program</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Aging, Health & Human Services	N/A	N/A	N/A	N/A	N/A	N/A	224	219	210	213
Community & Economic										
Development Agency	N/A	N/A	N/A	N/A	N/A	N/A	285	266	258	262
Fire										
Firefighters and officers	492	492	492	492	492	506	481	464	445	456
Civilians	70	65	66	66	74	81	78	72	77	81
General Government										
Management services	N/A	N/A	N/A	N/A	N/A	N/A	214	207	199	222
Finance	N/A	N/A	N/A	N/A	N/A	N/A	184	175	201	210
Retirement Services	N/A	N/A	N/A	N/A	N/A	N/A	8	6	7	7
Personnel Resource Mgmt	N/A	N/A	N/A	N/A	N/A	N/A	36	35	38	41
Information Technology Division	N/A	N/A	N/A	N/A	N/A	N/A	73	72	76	76
Library	N/A	N/A	N/A	N/A	N/A	N/A	181	172	173	160
Marketing - CAM	N/A	N/A	N/A	N/A	N/A	N/A	22	22	22	22
Museum	N/A	N/A	N/A	N/A	N/A	N/A	67	61	56	58
Parks and recreation	N/A	N/A	N/A	N/A	N/A	N/A	216	81	88	81
Police										
Officers	690	713	751	747	839	763	759	714	701	725
Civilians	395	412	462	494	443	443	385	370	354	335
Public Works	N/A	N/A	N/A	N/A	N/A	N/A	609	698	709	727
Total	<b>4,027</b>	<b>4,025</b>	<b>4,218</b>	<b>4,218</b>	<b>4,556</b>	<b>3,858</b>	<b>3,822</b>	<b>3,634</b>	<b>3,614</b>	<b>3,676</b>

Note: FTE's not broken down by function/program prior to FY04.

Source: City of Oakland Office of Information Technology.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 21**

**OPERATING INDICATORS BY  
FUNCTION/PROGRAM**

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government							
Building permits issued	16,879	15,805	15,910	16,424	15,942	15,674	16,488
Building inspections conducted	N/A	N/A	N/A	N/A	N/A	78,306	89,388
Authorized new dwelling units	954	757	930	857	1,350	1,377	2,035
Commercial value	481,635	165,731	260,000	156,669	173,292	173,908	171,157
Residential value	138,570	317,792	170,527	268,600	356,256	646,214	611,036
Police							
Dispatched calls	N/A	N/A	N/A	N/A	N/A	317,323	299,283
Field Contacts	N/A	N/A	N/A	N/A	N/A	8,270	7,221
Physical arrests	N/A	N/A	N/A	N/A	N/A	10,958	14,908
Parking violations	N/A	N/A	N/A	548,922	539,115	512,376	470,008
Traffic violations	N/A	N/A	N/A	N/A	N/A	36,233	39,098
Fire							
Emergency responses	62,453	62,825	60,819	41,999	34,806	58,736	61,470
Fires extinguished	N/A	N/A	N/A	N/A	N/A	3,095	2,021
Inspections	5,636	3,563	1,070	1,070	2,310	2,515	2,631
Port of Oakland							
Imports (in tonnage)	9,668,640	9,144,261	9,905,575	10,759,090	12,434,675	15,223,082	16,081,289
Exports (in tonnage)	14,833,276	13,795,200	13,071,935	14,170,929	14,510,634	14,837,250	14,710,407
Total tonnage	24,501,916	22,939,461	22,977,510	24,930,019	26,945,309	30,060,332	30,791,696
Containers	931,913	968,895	1,079,479	N/A	1,160,270	1,292,277	1,369,123
Other public works							
Street resurfacing (miles)	N/A	N/A	N/A	N/A	N/A	2.44	14.58
Potholes repaired	N/A	N/A	N/A	N/A	N/A	5,020	12,574
Parks and recreation							
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	465	543
Community center admissions	N/A	N/A	N/A	N/A	N/A	909,303	1,436,682
Library							
Volumes in collection	N/A	N/A	1,291,097	1,292,980	1,357,589	1,300,023	1,956,249
Total volumes borrowed	N/A	N/A	1,950,437	1,779,358	2,062,891	2,316,772	2,270,755
Water							
New connections	N/A	N/A	N/A	N/A	N/A	890	389
Water main breaks	N/A	N/A	N/A	N/A	N/A	269	261
Average daily consumption (gallons/family)	282	214.5	213	213	203	203	203
Peak daily consumption (thousands of gallons)	365,000	385,000	385,000	385,000	385,000	385,000	385,000
Wastewater							
Average daily sewage treatment (thousands of gallons)	75,000	75,000	72,000	72,000	76,000	77,000	75,500

Source of Library data: Kathleen DiGiovanni, City of Oakland Library

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>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Aviation facilities										
Airports operated	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	1	1
Paved airport runways	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4	4	4
Total length of runways (in feet)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	24,520	25,038	25,038
Area of airport (in acres)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,500	2,600	2,600
Police										
Stations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	7
Patrol units	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	611	630
Fire stations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	25	25	25
Harbor facilities										
Miles at waterfront	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	19	19
Berthing length at wharves (in feet)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	23,063	23,063
Harbor area (in acres)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	786	786
Hospitals	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	2
Library branches	n/a	n/a	n/a	n/a	n/a	n/a	n/a	16	16	16
Museums	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	2	2
Other public works										
Streets (in lane miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2294	2287
Streetlights	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	36,219	33,952
Traffic signals	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	671	680
Parks and recreation										
Acreage	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2500	2500	2500
Swimming pools	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7	7	5
Tennis courts	n/a	n/a	n/a	n/a	n/a	n/a	n/a	44	44	36
Playgrounds	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13	13	89
Baseball/softball diamonds	n/a	n/a	n/a	n/a	n/a	n/a	n/a	64	46	46
Soccer/football fields	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13	13	15
Community centers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29	29	29
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	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6700	6705
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)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29.1	29.1
Treatment capacity (million gallons per day)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	120	120

Source: City of Oakland, East Bay Municipal Utilities District  
Note: Harbor Facilities data based on prior calendar year; fiscal year data unavailable.

# CITY OF OAKLAND STATISTICS

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## ***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 400,000, 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 106 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.

## **ALL-AMERICAN CITY**

According to U.S. Census figures, Oakland is the most culturally and ethnically diverse city in America. This diversity is reflected in a dynamic, multicultural arts, culture and dining scene. Less obvious to people passing through Oakland is the extraordinary number of individuals and groups of all ethnic backgrounds who work quietly, often voluntarily, usually with little public notice, to improve living conditions for everyone. There are about 150 neighborhood, community, and merchant organizations in Oakland, an unusually large number for any city.

In recognition of these activities, the City and its residents were awarded the National Civic League’s prestigious All-American City designation. Ten cities out of 151 applicants were selected. Each had to demonstrate broad-based citizen involvement reflecting the community’s demographics, the shared decision-making among its public and private sectors, the creative mobilization of community resources, and the willingness to confront critical local issues and results that have a lasting impact.

## **GOVERNMENT**

In November 1998, the citizens of Oakland passed Measure X to change the form of government from Council/Manager to Mayor/Council through a charter amendment. The legislative authority is vested in the City Council. The executive authority is vested in the Mayor with administrative authority resting with the City Manager under the direction of the Mayor. The City Auditor and the City Attorney are both elected officials and serve four-year terms.

## CITY OF OAKLAND STATISTICS

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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 districts. The Mayor and City Council are elected to serve four-year terms. The City Manager, appointed by the Mayor, is responsible for day-to-day administrative and fiscal operations of the City.

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 to five votes; (4) to eliminate the prohibition on paying the Mayor more than the City Manager; (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 Manager; 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 enforcement, recreational and cultural activities, public improvements, planning, zoning, and general administrative services. Oakland is also the seat of Alameda County, which is one of California’s largest counties.

### COMMERCIAL SECTORS

Oakland has made significant gains in diversifying its economic base. While manufacturing jobs have decreased, the economy now offers a healthy mix of trade, transshipment, government, high tech, financial, real estate, medical, publishing, and service-oriented occupations. It also has growing skilled-crafts and re-emerging food production sectors. Because it is considered the transportation hub of Northern California, the growth in its port and international airport activities have been unprecedented in the last five years driven by agricultural and high tech products shipped to and from the far east economies. In a March 18, 2004 press release, the Port moved \$1.2 billion in agricultural goods in 2003 and is the primary seaport for more than 70% of California wine, dried fruits, and other edible exports.

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, live performance venues, and a nine-screen movie theater makes Jack London Square a lively nighttime attraction. In addition, new office and retail buildings, public facilities, hotels, a convention center, park enhancements, seven farmer’s markets, outdoor cinema, 32 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 40 increasingly robust neighborhood retail areas are expanding and being revitalized. Abandoned warehouses, foundries and long silent cigar, macaroni, and tent factories are being converted into live/work studios for crafts people.

City departments and processes are being streamlined, restructured, and customer focused to better serve the needs of the businesses and the community. A variety of incentives are available to companies located in its Enterprise, Foreign Trade, and Recycling Market Development Zones. The East Bay Entrepreneur Center, located in downtown Oakland, links businesses with the many services

## CITY OF OAKLAND STATISTICS

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available to them throughout the area and serves as an ombudsman for companies dealing with the City. Neighborhood Commercial Revitalization Specialists work with merchants in each commercial district to promote the district, obtain loans, expedite permits, and arrange for City services.

Oakland is a city of rich history, impressive growth, and a promising future. Located within the **nation's largest metropolitan area**, California's eighth largest city is strategically positioned as the economic heart of the East Bay. Oakland is ready for the twenty-first century with a diverse business base and opportunities for expansion in business services, retail, and the cutting-edge advanced technology industries. Downtown Oakland offers competitively priced office space, a fiber optic infrastructure, and the amenities for both traditional and emerging enterprises.

As the economic, transportation, and civic hub of the East Bay, Oakland offers tremendous opportunity for retailers. The City's approximately 411,600 residents per capita income in 2006 averaged \$28,409. Portions of Oakland are among the wealthiest consumer markets in California; nearly one-quarter of the City's households report household income in excess of \$77,500. Estimated annual taxable sales were \$3.4 billion in 2004. Compared to other East Bay cities, Oakland sees a significant number of auto-related purchases, with opportunities available in consumer goods, building materials, and office products.

The City of Oakland has transformed itself into one of the most desirable communities to live and to do business in the country. Testimony to this transformation is well publicized in various media and comments by public officials. For example, the City is:

- "...4<sup>th</sup> Best commercial real estate market in the country" (Moody's Investors 2003);
- "...6<sup>th</sup> Best City to live in the U.S." (Money, Dec. 2002);
- "...7<sup>th</sup> Most Creative City in America." (Carnegie Mellon);
- "...8<sup>th</sup> Best Place for Business in the U.S." (Forbes 2002 Annual Survey);
- "...uniquely positioned as an excellent point for international business." (Mickey Kanter, former U.S. Secretary of Commerce);
- "...projected to have the highest average household income growth rate (3.67%) in the U.S. for the period 2004-2009. (NPA Data Services, 2005);
- "...ranked 4<sup>th</sup> best potential retail market in the nation (Marcus & Millichap, 2005);
- "...ranked 2<sup>nd</sup> in technology intensity and 4<sup>th</sup> highest percentage of U.S. households with computer users. (MetaFacts, April 2003);
- "...among the top ten green cities in the U.S. (*SustainLane* 2006, 2007);
- "...ranked the top commercial real estate market in the nation, projected to have the largest increase in rents of all U.S. cities through 2007 (*Cushman & Wakefield*, 2006);
- "...ranked eighth in the nation in the percentage of women-owned businesses (*Center for Women's Business Research*, September 2004, based on U.S. Census Bureau data).

These pronouncements are testimony to the City's vibrancy, its business-friendly public policies, its well educated (ranked 8<sup>th</sup> as most educated in the nation) and skilled labor force, its incentive-driven environment within which to do business, and a City administration under Mayor Jerry Brown's leadership that enthusiastically supports and embraces sustainable economic development.



# CITY OF OAKLAND STATISTICS

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## DEMOGRAPHICS

Oakland is a Mecca of culture, a community of people from all over the world working together to build a progressive City. At the same time, it has maintained a rich heritage of ethnic backgrounds and traditions.

The well-maintained four freeways (I-880, I-580, Hwy 13, and Hwy 24), mass transit systems, and ferry service make getting to and from downtown Oakland a relatively quick and easy process—travel times to San Francisco, San Jose and other area cities are surprisingly short.

### ***Mayor Ronald Dellum's "Economic Development is Happening in Oakland":***

Over the last 6 months, the Mayor's Office has been closely working with the Mayor's Economic Development task forces, the Oakland Metropolitan Chamber of Commerce, and key stakeholders from the private, public, labor, and education sectors to convene the Mayor's Economic Summit, define an economic vision for Oakland and form the Oakland Partnership. At the same time, the private sector and City staff have been very active "on the ground" to create a more vibrant economy in the city.

### **Retail Business, "Retail is *Happening* in Oakland":**

The Mayor encourages staff to work with retailers, property owners, developers and brokers to grow retail in Oakland's neighborhoods and its downtown.

A Citywide Retail Enhancement Initiative is underway to provide more retail and shopping opportunities for Oakland residents in neighborhoods and in the downtown area. These will reduce sales tax "leakage" in Oakland – the sales tax dollars lost when our residents leave the city to buy things they could have bought here. This opportunity represents \$10 million of sales tax revenue each year, and 10,400 jobs.

## **Green Business**

Oakland continues to expand its work with "green" businesses and has a unique opportunity to simultaneously grow its economy, improve environmental conditions, and create jobs for its residents. According to SustainLane, Oakland is the 5<sup>th</sup> most sustainable large city in the United States.

## **Industrial Business**

Oakland's industrial economy is changing to adapt to global trends, and with our proximity to the Port and Airport, and our central location in the Bay Area, our city is well positioned to grow our industrial sector.

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### Investment

The private sector has demonstrated increased confidence in Oakland's economy, as measured by the very tangible "yardstick" of investment dollars. There have been major investments in the downtown area, as well as other areas of Oakland, along with many new major leases as well.

### Business Improvement Districts

Oakland's Business Improvement Districts (BIDs): Rockridge, Montclair, Lakeshore/Lake Park, Temescal/Telegraph Avenue, Laurel, Fruitvale and a new proposed Korea town/Northgate district, stand to generate an aggregate \$15.8 million over their designated terms to provide enhanced cleaning, security, marketing, and economic development activities in designated commercial neighborhoods.

### Enterprise Zone Program

The City received a 15-year Enterprise Zone designation in 1993 from the State of California Enterprise Program (EZ). The EZ provides tax incentives to businesses and allows private sector market forces to revive the local economy. The City of Oakland has one of the largest Enterprise Zones in the State of California.

### Oakland - An International Gateway

The Port of Oakland is the 4<sup>th</sup> largest container port in the United States, and its maritime activities have a tremendous economic impact. The City is working in partnership with the Bay Area World Trade Center to develop an international trade strategy and branding campaign for Oakland.

The City is also working to create City-wide Wi-Fi connectivity for Oakland's residents, businesses and visitors. This has the potential to provide a large number of sustainable opportunities for economic growth, public safety and welfare enhancement, government efficiency and effectiveness improvement, personal enrichment, child development and community cohesion.

***In 1999, the City launched "Downtown 10K Initiative":*** the 10K Downtown Housing Initiative, has realized its goal of attracting 10,000 new residents to downtown Oakland by encouraging the development of 6,000 market-rate housing units. A near perfect climate, California's best mass transit system, a central Bay Area location and a growing downtown workforce all contribute to make downtown Oakland a great place to live.

As of September 2007, the 10K Downtown Housing Initiative has resulted in the start of 84 residential projects with 10,468 units. Of these, twenty-five projects (2,274 units) have been completed, eighteen projects (2,187 units) are in construction, twenty-one projects (2,316 units) have received planning approvals, and sixteen projects (3,691 units) are in the planning process. The Initiative has literally altered Oakland's skyline with the construction of the Essex on Lake Merritt, the first high-rise residential construction in downtown Oakland in a decade. Once these projects are completed, the 10K Initiative will have exceeded its goal by 4,468 units or almost double.

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To enhance the downtown for retail, the City/Redevelopment Agency is (1) constructing \$7 million of sidewalk improvements and pedestrian and transit amenities, (2) providing Façade Improvement and Tenant Improvement matching grants; and (3) encouraging the development of public parking.

Both Oakland's Maritime and International Airport operations are undergoing major capital improvements. The Maritime Division has added 12 new giant cranes to its cargo handling capacity, reflecting an investment of over \$50 million to connect with the new Joint Intermodal Terminal, and over \$38 million investment in federal transportation and private funds. This new 85-acre Intermodal Terminal affords Oakland two viable dock-to-rail alternatives to offer shipping customers. This facility will also benefit the community by taking more than 20,000 truck moves a year off the Interstate 80 freeway.

The Oakland Airport has nearly doubled its passenger volume to about 12 million passengers per year. To accommodate passenger growth, the Port is moving forward with its \$1.6 billion Airport Development Program (ADP) to enhance the airport improvements at its two terminals. The Airport is scheduled to add 17 new passenger gates, including new and expanded cargo facilities, a new two-level roadway system, parking structure, and streamlined rental car facilities. The expansion plans have been designed to accommodate the proposed Bay Area Rapid Transit (BART) rail connector between the airport and Coliseum BART station.

The Mayor and City Council have achieved considerable success in their active recruitment of and support for new and existing companies in five major target industries: telecommunications, software/multimedia, biotechnology, transportation, and food processing. The Oakland metro region is now home to more than 2,145 high-tech companies employing more than 52,000 people. As the Bay Area's economic boom spreads to Oakland, the City is also focusing its efforts on ensuring that more of its residents are able to enjoy the benefits of that boom. In conjunction with Freddie Mac and Bank of America, the City has launched an aggressive \$1 billion First-time Homebuyer Program targeted at helping Oakland residents buy their own home.

### 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 salmons, 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

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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 wharves began immediately. Ferry service between Oakland and San Francisco had existed for years, but by building large wharves 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. Auto makers 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, ferry, marine, aviation, freeways (I-880, I-580, Hwy 13, and Hwy 24), and the Bay Area Rapid Transit (BART) system guarantees ease of travel for local residents and efficient channels of commerce for businesses relying on the City’s easy access. 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 third largest container port on the Pacific Coast, fourth largest 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.

## CITY OF OAKLAND STATISTICS

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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 1,000 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 recently renovated and expanded Union Pacific Railroad intermodal facility is located adjacent to the BNSF facility. As part of the Port's Vision 2000 expansion, a new harbor roadway has been constructed along with other harbor area roadway improvements. In addition, the Middle Harbor Shoreline Park and Wildlife Habitat have been completed in 2003.

### **Oakland International Airport**

Oakland International is San Francisco Bay Area's most convenient airport and is a leader in on-time performance with 72.6% of its flights out on time. Strategically located at the center of the region, Oakland International handled 14.3 million passengers in 2004 and almost 700,000 metric tons of air cargo annually. It is the 31<sup>st</sup> largest airport in the United States by passenger traffic, and the second largest airport in the Bay Area. 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). Between the two airfields, Oakland International handles more than a half million operations annually, making it the 8th busiest airport in the world. From South Field, there are more than 200 departures daily to domestic and international destinations. The passenger terminal complex consists of two terminals with 22 gates, including an international arrivals building for Oakland's growing international service to such destinations as Guadalajara, Morelia, Leon, Mexico, Paris, and Papeete, Tahiti and the Azores Islands. Service between Oakland and Hawaii was inaugurated in February 2000 and direct flights to New York, JFK and Newark, New Jersey were started. The \$110 million Terminal 2 Expansion Project will add five gates and a food court, plus new baggage-screening facilities. The airport employs approximately 15,900 people. United Airlines and Alaska Airlines operate maintenance facilities at Oakland International.

### **Air Cargo at Oakland International Airport**

Oakland International handles nearly 700,000 metric tons of cargo annually, making it the 27th largest airport in the world in the amount of cargo handled. 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, which currently doubled its operations in Oakland by opening a new 13-acre, 191,000 square foot complex, operates a regional sorting and international import clearance facility at Oakland, where nearly 2,100 people are employed. UPS employs 450 people in its airport sort facility and operates a regional distribution center at the nearby Oakland Airport Business Park.

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### Mass Transit

Local bus service is provided by AC Transit, the public bus system serving 13 cities (and adjacent unincorporated communities) in 390 square miles along the east shore of San Francisco Bay. Serving a population of 1.4 million, AC Transit operates a network of 147 transbay and local East Bay bus routes, 98% of which make transfer connections with the Bay Area Rapid Transit (BART) system. AC Transit buses also serve the new Amtrak Station and ferry terminal at Jack London Square, the Oakland International Airport, and many other Bay Area attractions including downtown San Francisco.

BART is a 95-mile, automated rapid transit system serving over 3 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 17 Bay Area cities and 39 stations. Travel between Oakland and San Francisco averages only 20 minutes on BART. People in the Bay Area ride BART because it is a safe, reliable, economical, and energy-efficient means of transportation.

Other modes of transportation include the Alameda/Oakland Ferry Service that also 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 likewise offers daily bus service to cities throughout the United States.

### 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 66 elementary, 14 middle, 6 comprehensive high, and 6 alternative high schools. They also operate 35 child development centers and 4 adult education schools. The pupil to teacher ratio is 20:1 for K-3, 31:1 for grades 4-5, and 32:1 for 6-12 graders. Current implementation of 20:1 ratio for 9th graders is ongoing.

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, 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.

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## PUBLIC SAFETY

The Oakland Police Department is striving to use successful and innovative techniques to reduce crime in the City. The Department continues to strengthen its commitment to Community Policing by employing a new patrol reorganization plan. This plan emphasizes each officer's ability to utilize the Problem Oriented Policing and Problem Solving Teams approach in an effort to reduce Part 1 crimes in the coming years.

## 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 two public golf courses and a third driving range. Six outdoor 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.

There are over 79,000 acres of wilderness and parklands in the nearby East Bay Regional Park District, including 53 parks and 20 regional trails 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 Mayor and City Council have established a priority to "Celebrate Arts and Culture to express the creativity and diversity of Oakland." The Cultural Arts & Marketing Division, Office of the City Administrator, 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 each year to Oakland-based nonprofit organizations and individual artists that collectively provide more than 5,000 arts and cultural activities to Oakland residents and visitors.

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**Public Art Program**—The City commissions works of art for public buildings, parks, and open spaces to beautify neighborhoods, enrich civic spaces, and help create a unified vision for the entire City. Current projects include: completing three new murals in the African American Museum and Library, installing artwork at the Broadway Transit Center for four BART entrances, installing the Frank H. Ogawa Plaza Fountain Sculpture, coordinating the Arts Partnership Program on Murals, implementing the Adopt-A-Sculpture Program, and several Measure DD-funded projects along Lake Merritt and the Oakland Estuary.

**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**—One of the world's finest regional museums, the Oakland Museum of California hosts traveling exhibitions each year and maintains three permanent exhibitions featuring California's artistic heritage, history and natural resources. The Museum's permanent and special exhibitions, tours, educational programs and public festivals celebrate the state's far-reaching diversity, attracting over 200,000 visitors and serving more than 60,000 school children annually.

**Paramount Theater**—This 1931 movie place, authentically restored in 1973, is Oakland's premiere live performance facility. The Oakland East Bay Symphony, led by maestro Michael Morgan, showcases a fine classical repertoire and works of California composers. The internationally recognized Oakland Ballet is expanding its definition of Ballet under Artistic Director Karen Brown. Both the Symphony and the Ballet perform at the Paramount Theater, which also hosts Broadway shows, R&B concerts, gospel musicals, comedy performances and many special engagements.

**Malonga Casquelourd Center for the Arts** — This is a multi-cultural performing arts complex that is home to the Citicentre Dance Theater, Dimensions Dance Theater and the Oakland Ensemble Theater, all founding resident companies. In addition to hosting local, regional and national theater, dance and music productions, rental space for arts events are available.

**The Oakland School of the Arts**—This new Charter School provides students with intensive pre-professional training in the arts, within a college-preparatory curriculum for grades 8-12, and will be located on the ground floor of the soon-to-be restored Fox Theater in the Uptown district. It is among the highest performing private schools in the State.



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### SPORTS

Oakland is a magnet for sports fans of all types. Whatever the season, Oakland pro and amateur games often garner broad national media coverage. In the last two decades, Oakland's professional sports teams have won six world championships in three major sports. Of those, the Oakland Athletics have won six American League Championships and four baseball World Series titles. The Oakland Coliseum complex is home to the Athletics, the Golden State Warriors, and the Oakland Raiders. The city's fine sports reputation has made it a natural home for key events such as the 1987 All Star Game, the 1988, 1989 and 1990 World Series, 1989 Masters Rowing Regatta, the 1991 Summer Police Games, the World Figure Skating Championships in 1992, the Olympic Boxing Team Trials of 1996, the NBA All Star game in 2000, and the AFC Championship game between the Oakland Raiders and the Tennessee Titans in 2002. The Oakland Ice Rink, located in downtown City Center area, is one of the most technologically advanced ice rinks in the nation.

In March 23 and 25, 2006, the University of San Francisco and the Oakland Arena hosted the 2006 NCAA Men's Basketball Division 1 Regional Finals. It was the first time the University of San Francisco hosted this prestigious event and the first time since 1995 that the Oakland Arena served as the host venue. The City of Oakland drew considerable praise from the NCAA for its hosting of this exciting run-up to the Final Four while attracting more than 50,000 visitors and generating extensive regional media coverage.

### MEDIA

Oakland has its own daily and weekly regional newspapers, radio stations and a television station with daily award-winning newscasts. Its neighborhoods distribute 50 newsletters. 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.