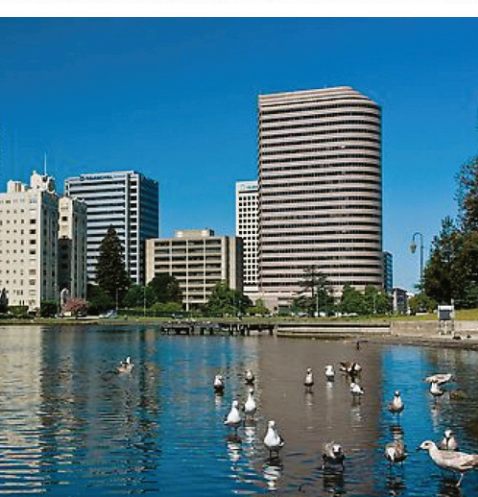
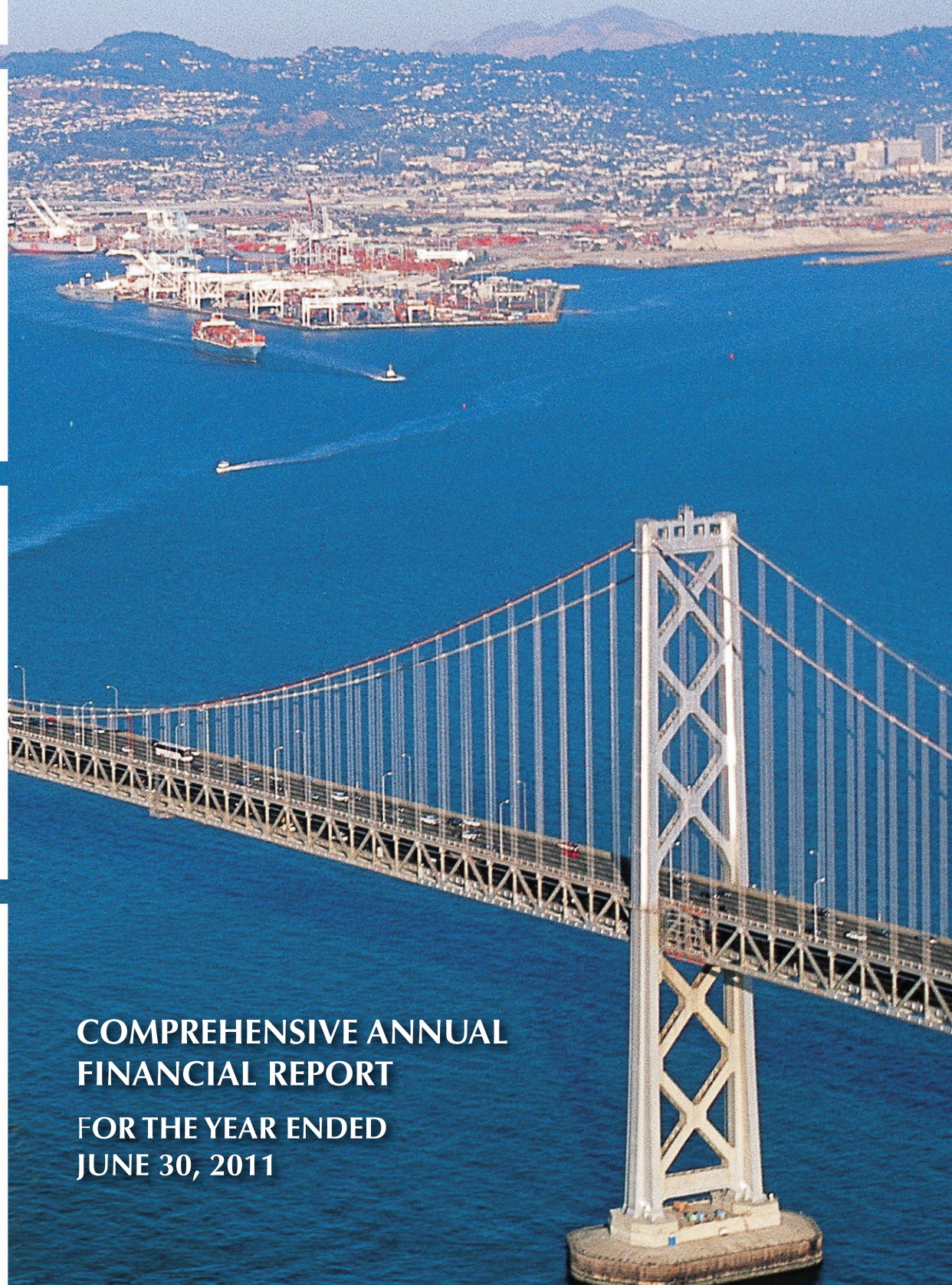




# CITY OF OAKLAND, CALIFORNIA



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2011**



# **CITY OF OAKLAND**

## **CALIFORNIA**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2011**

**PREPARED BY THE FINANCE AND MANAGEMENT AGENCY**

**JOSEPH T. YEW, JR., DIRECTOR**

**OSBORN K. SOLITEL, CONTROLLER**

**PRINTED ON RECYCLED PAPER**

# CITY OF OAKLAND

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# INTRODUCTORY SECTION

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**FINANCE AND MANAGEMENT AGENCY  
ADMINISTRATION OFFICE**

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Joseph T. Yew, Jr.  
Finance Director/City Treasurer

December 9, 2011

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

We are 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, 2011, 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 has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse, to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP, and to comply with laws and regulations. As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe this CAFR to be complete and reliable in all material respects.

The City contracted with Macias Gini & O'Connell LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for the year ended June 30, 2011 are fairly stated and in accordance with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unqualified" or "clean" opinion. The independent auditor's report is included in the Financial Section of this report.

In addition, Macias Gini & O'Connell LLP audited the City's major program expenditures of federal funds for compliance with the Federal Single Audit Act Amendments of 1996, the Office of Management and Budget (OMB) Circular A-133 regulating Single Audits, and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. The report of the Single Audit is published separately from this CAFR and may be obtained upon request from the City's Finance and Management Agency, Controller's Office.

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

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

GAAP requires that the component units be separated into blended 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's 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) are presented discretely. The Oakland-Alameda County Coliseum Authority (Authority) is a Joint Venture owned and operated by the City and the County of Alameda.

The 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 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.

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

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

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

Fiscal year 2010-11 continued to be a period of unprecedented General Fund revenue shortfall fueled by the continued weakened national recession. As in previous years the City utilized principal outlined in the “Financial Policies” as a guide and operational blueprint for assisting in the development of a budget that achieves fiscal stability and organizational sustainability. The financial policies are essential tools in returning the City to a healthy financial state and ensuring responsible financial management of the City’s resources.

- Establishing a baseline for the Real Estate Transfer Tax at \$40 million (an amount collected in a normal year), with any amount over the baseline used as follows: a) replenishment of the General Purpose Fund (GPF) reserves until such reserves reach 10 percent of current year budgeted GPF appropriations; and the remainder; b) 50 percent to repay negative Internal Service Funds; c) 30 percent set aside for the Police and Fire Retirement System (PFRS) liability until this obligation is met; d) 10 percent to establish an Other Postemployment Retirement Benefits (OPEB) trust; and e) 10 percent to replenish the Capital Improvement Reserve Fund until such baseline reaches \$10 million.
- Amending the policy on the use of one-time revenues, and requiring that any one-time discretionary revenue be used as follows: a) 50 percent to repay negative Internal Service Fund balances and b) 50 percent to repay negatives in all other funds, unless legally restricted to other purposes.
- Amending the City’s reserve policy to: a) require an annual review and certification of the GPF reserve by the City Administrator and b) limit project carry-forwards in the GPF.

As the City continues through the effects of the national economic recessions, growth projections continue to be flat or slightly higher in the fiscal year 2012-13 for the City's economically sensitive revenues including property tax, real estate transfer tax, parking tax, transient occupancy tax and sales tax due to the declining housing market and consumer spending.

The employment forecast for the remainder of 2011 continues to be negative, although the rate of job loss has improved. The City's average unemployment rate for June 2011 is 16.3 percent, which is lower than June 2010 at 17.2 percent. In general, the economic climate may remain uncertain, the City will continue to maintain prudent financial policies to navigate these hard economic times.

The City's general obligation credit ratings of AA-\Aa2\A+ from Standard and Poor's Corporation, Moody's Investor Services, Inc., and Fitch Ratings, respectively, continue to show the City's fiscal prudence. The rating agencies continue to cite management's demonstrated commitment to strong fiscal management as a basis of their rationale for bestowing the City strong ratings. These ratings translate to significant interest cost savings in the City's debt program and to the taxpayers of the City of Oakland.

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

The City of Oakland's primary economic indicators are highlighted on pages 15 and 16 in the Management Discussion and Analysis (MD&A) section of this report.

### **The Five-Year Financial Plan**

In anticipation of longer term needs, the City develops a Five-Year Financial Plan for the General Purpose Fund. The Five-Year Financial Plan is management's best assessment of future revenue, expenditures and operating results over the five-year forecast period. The compilation and review of the Plan provides an opportunity to put current funding decisions in context with longer-term economic conditions while affording City management a realistic projection for the ongoing financial impact of policy decisions. Major goals of the Five-Year Financial Plan include the following:

- To put the City's two-year budget-making process into a five-year planning horizon and to facilitate prudent financial management;
- To set revenue and expenditure targets, and evaluate budget priorities in light of fiscal conditions projected over the long-term;
- To present a picture of the long-term strategic financial issues facing the City, while highlighting funding priorities for budget planning;
- To identify potential structural budget surpluses or shortfalls;
- To demonstrate to policy-makers the likely impact of short-term capital investment and financing decisions on the City's long-term financial capacity;
- To provide a useful framework for reviewing and refining the City's financial forecasts, as well as its financial goals and priorities;

In preparing the Plan, City staff take into account historical experience, as well as the economic uncertainties underlying the revenue and expenditure outlook over the five-year period. The Plan also considers major demographic and legislative changes.



## **Single Audit**

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

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

## **Budget Controls**

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

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

The budget represents a process where policy decisions by the Mayor and the City Council are adopted, implemented and controlled. The notes to the required supplementary information summarizes the budgetary roles of various City officials and the timetable for their budgetary actions according to the City Charter. In April 2010, the City Council, during its mid-cycle review, approved the City's revised budget for fiscal year 2010-11.

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

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

The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

## **Debt Management Policy**

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

- To achieve the City with the lowest possible cost of capital;
- To achieve the highest practical credit rating;
- Maintain full and complete financial disclosure and reporting;
- Ensure timely repayment of debt;
- Ensure compliance with applicable State and Federal laws.

## **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.

## **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**

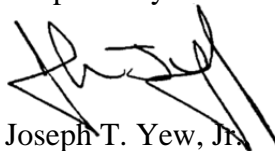
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City of Oakland has received a Certificate of Achievement the last 22 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 2010-11 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 Controller's Office, 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 black ink, appearing to read 'Joe Yew', written over a horizontal line.

Joseph T. Yew, Jr.  
Finance Director/City Treasurer,  
Finance and Management Agency

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# 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, 2010

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.



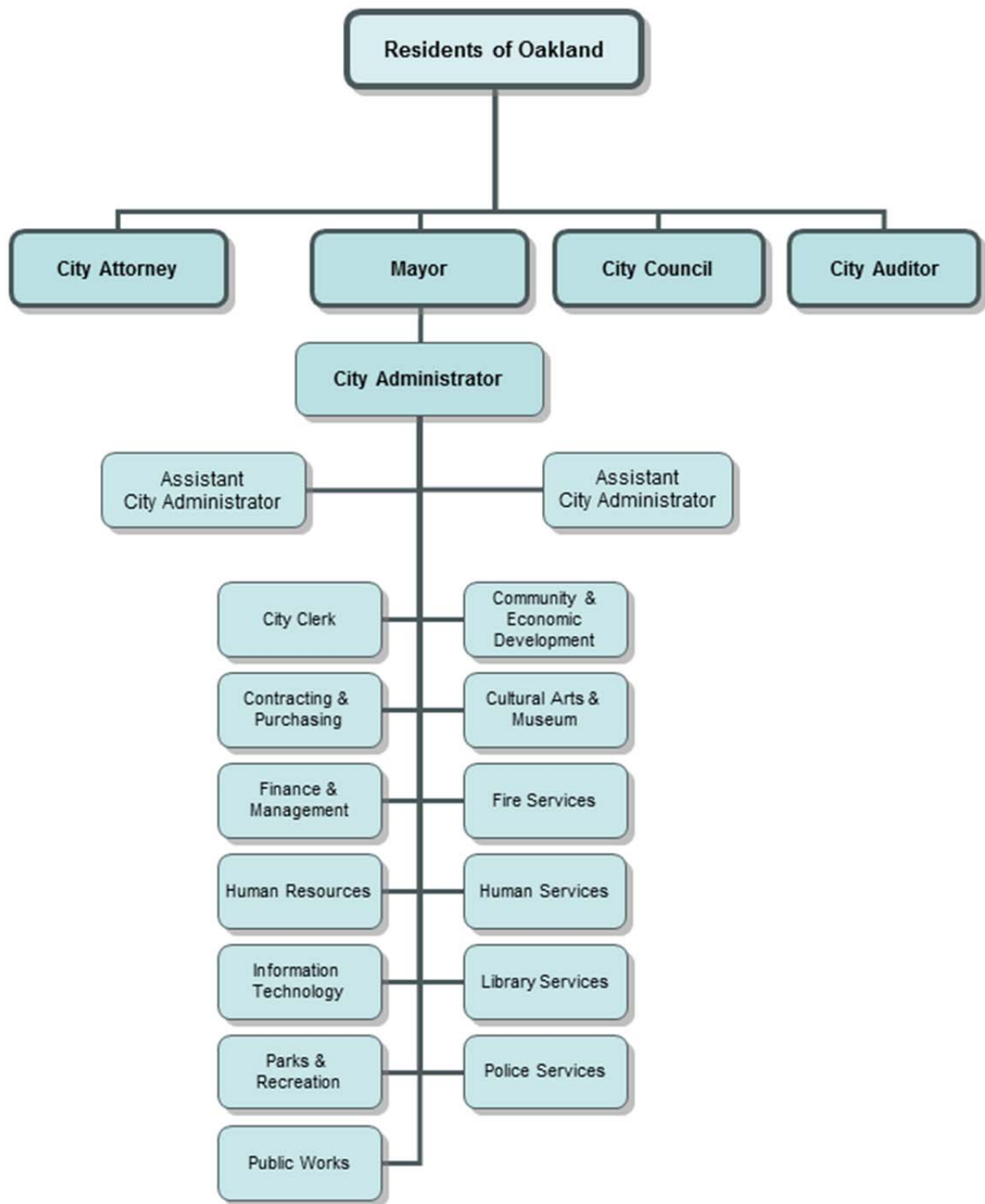
*Linda C. Sandison*

President

*Jeffrey R. Emer*

Executive Director

# CITY OF OAKLAND ORGANIZATION CHART



**DIRECTORY OF CITY OFFICIALS**  
**MAYOR/COUNCIL FORM OF GOVERNMENT**  
**June 30, 2011**

**MAYOR**

Jean Quan

**MEMBERS OF THE CITY COUNCIL**

Larry Reid, *President (District 7)*  
Desley Brooks, *Vice-Mayor (District 6)*

<i>At Large</i> – Rebecca Kaplan	<i>District 4</i> – Libby Schaff	<i>District 2</i> – Patricia Kernighan
<i>District 3</i> – Nancy Nadel	<i>District 5</i> – Ignacio De La Fuente	<i>District 1</i> – Jane Brunner

**MAYOR APPOINTED OFFICERS**

Deanna J. Santana, *City Administrator*  
Scott P. Johnson, *Assistant City Administrator*  
Fred G. Blackwell, *Assistant City Administrator*  
La Tonda Simmons, *City Clerk*

**ELECTED OFFICERS**

Barbara Parker, *City Attorney*  
Courtney Ruby, *City Auditor*

**AGENCY & DEPARTMENT DIRECTORS**

Vitaly B. Troyan <i>Public Works</i>	Mark Hoffmann (Interim) <i>Fire Services</i>	Audree Jones-Taylor <i>Parks &amp; Recreation</i>	Carmen Martinez <i>Library Services</i>
Joseph T. Yew, Jr. <i>Finance &amp; Management</i>	Howard Jordan (Interim) <i>Police Services</i>	Lori Fogarty <i>Museum Services</i>	Andrea Youngdahl <i>Human Services</i>
Kenneth Gordon (Acting) <i>Information Technology</i>	Deborah Barnes <i>Contracting &amp; Purchasing</i>	Fred G. Blackwell <i>Community &amp; Economic Development</i>	

**CITY OF OAKLAND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**PROJECT TEAM**

Joseph T. Yew, Jr.  
*Finance Director / City Treasurer*

Osborn K. Solitei  
*Controller*

**AUDIT/FINANCIAL STATEMENT COORDINATOR**

Osborn K. Solitei, *Controller*

**FINANCIAL STATEMENT PREPARATION**

**Financial Statement Leaders**

Theresa Woo  
*Acting Financial Analyst*

Connie L. Chu  
*Accountant III*

**Accounting CAFR Team**

Michelle Wong  
Jennifer Luong

Erico Parras  
Felipe Kiocho  
David Warner

Andy Yang  
Rogelio Medalla

**SPECIAL ASSISTANCE**

Donna Treglown  
Dawn Hort

Gregoria Torres

Katano Kasaine  
Sharon Holman

**SPECIAL ASSISTANCE - DEPARTMENTS & OFFICES**

City Administrator's Office

City Attorney's Office

Finance and Management Agency - Treasury Division

Community & Economic Development Agency

Risk Management



# FINANCIAL SECTION

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oakland, California (City), as of and for the year ended June 30, 2011, 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 57%, 68% and 25%, 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, 2011. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely 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 express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

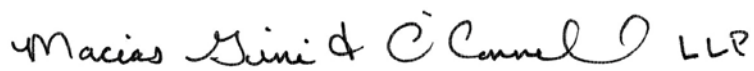
As discussed in Note 2 to the basic financial statements, effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As discussed in Note 21 to the financial statements, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is 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 in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

  
Oakland, California  
December 9, 2011

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited)**  
**Year Ended June 30, 2011**

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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, 2011. 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 \$738.3 million as of June 30, 2011, compared to \$689.3 million at June 30, 2010. This represents a net increase of \$49.0 million or 7.1 percent compared to the previous year. Assets increased by 1.1 percent or net of \$31.9 million, the net increase is primarily attributed to an increase in notes and loan receivables by \$53.6 million, increase in capital assets by \$35.8 million, \$11.0 million increase in business-type activities pooled cash and investments for sewer related activities, and an increase of \$11.1 million in grant receivables related to several "stimulus grants" the City received through the American Recovery and Reinvestment Act of 2009. The increases are off-set by the decrease of net pension assets in the amount of \$43.9 million to reflect annual pension cost, and an offset of a combined decrease of \$34.6 million in pooled and restricted cash and investments attributable to spending bond proceeds for capital improvement. Conversely, liabilities decreased by 0.8 percent or \$17.1 million compared to the prior fiscal year primarily as a result of debt payments and retirement of certain long-term debt.
- The City's governmental cumulative fund balances decreased by 1.2 percent or \$12.7 million to \$1,031.7 million compared to \$1,044.4 million for the prior fiscal year. This decrease is primarily attributed to a \$28.4 million or 2.7 percent increase in overall governmental expenditures for its operations and a \$6.3 million or 0.7 percent the decrease in overall governmental revenue.
- As of June 30, 2011, the City had total long-term obligations outstanding of \$1.99 billion compared to \$2.0 billion outstanding for the prior fiscal year for a decrease of 0.6 percent or \$11.7 million. Of this amount, \$349.4 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.64 billion is comprised of various long-term debt instruments including accruals of year-end estimates for other long-term liabilities.
- The City undesignated, uncommitted fund balance met the requirements of the City Council's 7.5% reserve policy based on the total General Purpose Fund expenditures for fiscal year 2011.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

In addition, this report also contains other supplementary information.

**Government-wide Financial Statements**

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

The *statement of net 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.

The government-wide financial statements include not only the City itself, but also the Port of Oakland (Port) as a discrete component unit. Financial information for the Port is reported separately from the financial information presented for the primary government. Further information about the Port can be obtained from the City's Finance and Management Agency – Controller's Office at 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, CA 94612-2093.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

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**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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, capital projects, debt service and general fund). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, 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 nonmajor 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.



**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

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

#### **Notes to the Basic Financial Statements**

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

#### **Required Supplementary Information**

The required supplementary information includes the budgetary schedule for the General Fund and schedules of funding progress for pension and other postemployment benefits that show the City's progress towards funding its obligation to provide future pension and other postemployment benefits for its active and retired employees.

#### **Other Information**

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

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

**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, 2011 by \$738.3 million compared to \$689.3 million as of June 30, 2010, an increase of \$49.0 million. The largest portion of the City's net assets, 88.5 percent, reflects its investment in capital assets of \$653.1 million for governmental and business-type activities net of related debt. Of the remaining balance, 51.8 percent reflects \$382.6 million in resources that are subject to external restrictions on how they may be used. The unrestricted net asset deficit of \$297.3 million is primarily attributed to a decrease of annual pension cost of \$43.9 million as of June 30, 2011 offset by an increase of 2.8 percent in revenue and a decrease of 6.7 percent in ongoing project expenditures related to governmental activities.

**Net Assets**  
**June 30, 2011 and 2010**  
*(In Thousands)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Assets:</b>						
Current and other assets	\$ 1,713,236	\$ 1,721,741	\$ 44,464	\$ 39,826	\$ 1,757,700	\$ 1,761,567
Capital assets	987,411	956,574	165,363	160,407	1,152,774	1,116,981
<b>TOTAL ASSETS</b>	<b>2,700,647</b>	<b>2,678,315</b>	<b>209,827</b>	<b>200,233</b>	<b>2,910,474</b>	<b>2,878,548</b>
<b>Liabilities:</b>						
Long-term liabilities	1,932,357	1,941,296	55,549	58,327	1,987,906	1,999,623
Other liabilities	181,683	187,583	2,552	2,062	184,235	189,645
<b>TOTAL LIABILITIES</b>	<b>2,114,040</b>	<b>2,128,879</b>	<b>58,101</b>	<b>60,389</b>	<b>2,172,141</b>	<b>2,189,268</b>
<b>Net assets:</b>						
Invested in capital assets,						
net of related debt	538,815	478,689	114,297	113,718	653,112	592,407
Restricted	382,563	372,439	-	-	382,563	372,439
Unrestricted (deficit)	(334,771)	(301,692)	37,429	26,126	(297,342)	(275,566)
<b>TOTAL NET ASSETS</b>	<b>\$ 586,607</b>	<b>\$ 549,436</b>	<b>\$ 151,726</b>	<b>\$ 139,844</b>	<b>\$ 738,333</b>	<b>\$ 689,280</b>

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

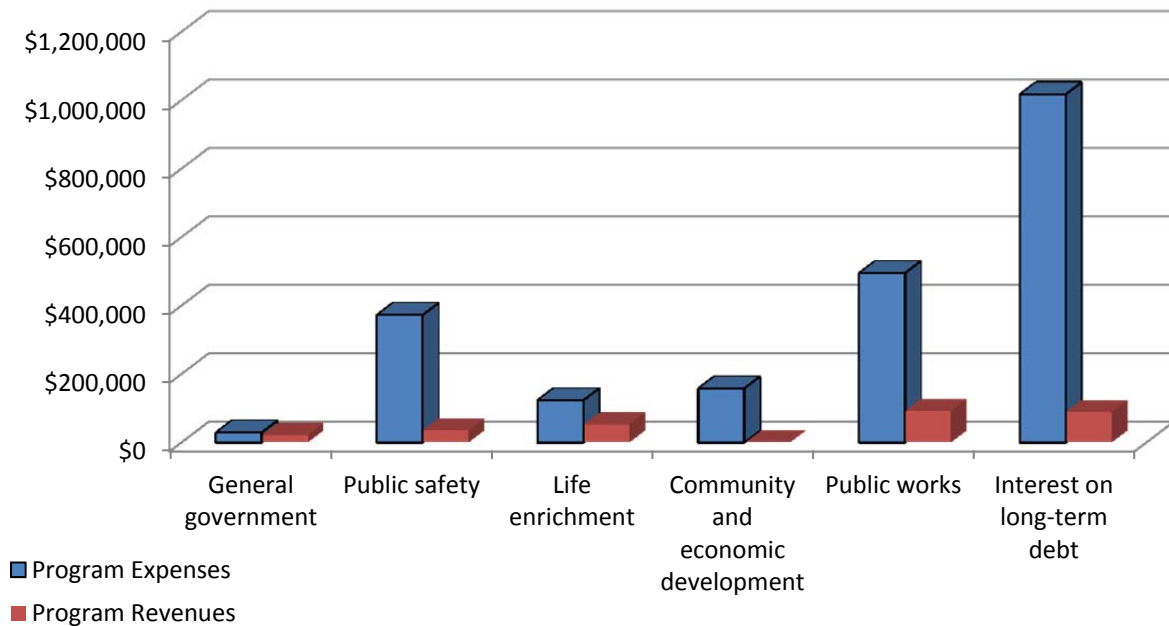
**Governmental activities.** The City's net assets in governmental activities increased by \$37.2 million for the year ended June 30, 2011. The key elements of this increase are listed below.

**Changes in Net Assets**  
**Years Ended June 30, 2011 and 2010**  
*(In Thousands)*

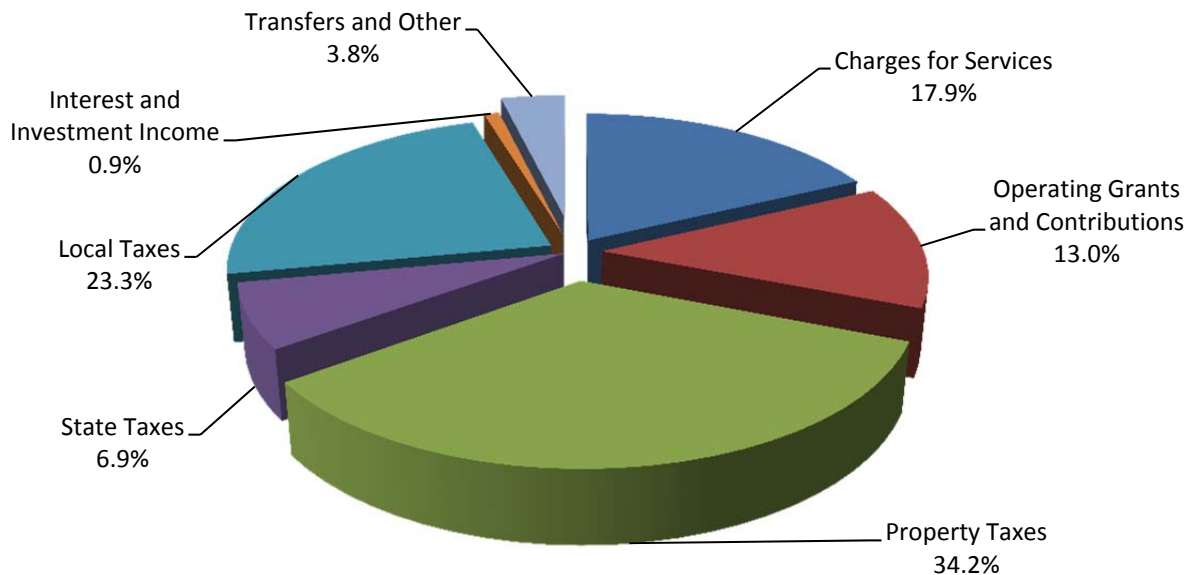
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 169,668	\$ 135,458	\$ 41,950	\$ 39,615	\$ 211,618	\$ 175,073
Operating grants and contributions	123,149	97,177	-	-	123,149	97,177
General revenues:						
Property taxes	324,516	346,859	-	-	324,516	346,859
State taxes:						
Sales and use taxes	51,910	45,503	-	-	51,910	45,503
Motor vehicles in-lieu tax	2,168	1,251	-	-	2,168	1,251
Gas tax	10,990	10,991	-	-	10,990	10,991
Local taxes:						
Business license	53,138	54,141	-	-	53,138	54,141
Utility consumption	53,440	51,107	-	-	53,440	51,107
Real estate transfer	31,608	36,971	-	-	31,608	36,971
Transient occupancy	12,484	10,085	-	-	12,484	10,085
Parking	13,460	13,885	-	-	13,460	13,885
Voter approved special tax	41,700	35,228	-	-	41,700	35,228
Franchise	14,854	14,655	-	-	14,854	14,655
Interest and investment income	8,592	10,894	119	113	8,711	11,007
Other	35,672	58,374	-	-	35,672	58,374
Total revenues	947,349	922,579	42,069	39,728	989,418	962,307
<b>Expenses:</b>						
General government	75,381	83,295	-	-	75,381	83,295
Public safety	372,587	411,333	-	-	372,587	411,333
Life enrichment	123,538	119,254	-	-	123,538	119,254
Community & economic development	158,209	222,226	-	-	158,209	222,226
Public works	88,321	70,757	-	-	88,321	70,757
Interest on long-term debt	93,618	73,735	-	-	93,618	73,735
Sewer	-	-	27,971	26,899	27,971	26,899
Parks and recreation	-	-	740	520	740	520
Total expenses	911,654	980,600	28,711	27,419	940,365	1,008,019
Change in net assets before transfers	35,695	(58,021)	13,358	12,309	49,053	(45,712)
Transfers	1,476	1,463	(1,476)	(1,463)	-	-
Change in net assets	37,171	(56,558)	11,882	10,846	49,053	(45,712)
Net assets at beginning of year	549,436	605,994	139,844	128,998	689,280	734,992
Net assets at end of year	\$ 586,607	\$ 549,436	\$ 151,726	\$ 139,844	\$ 738,333	\$ 689,280

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

**Expenses and Program Revenues - Governmental Activities**



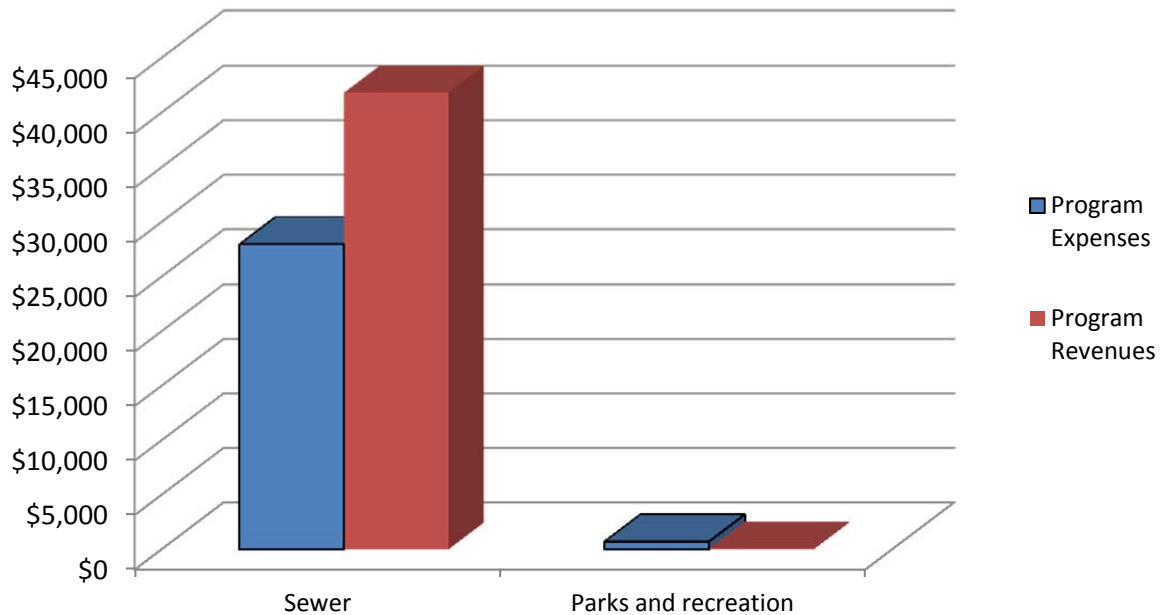
**Revenues by Sources - Governmental Activities**



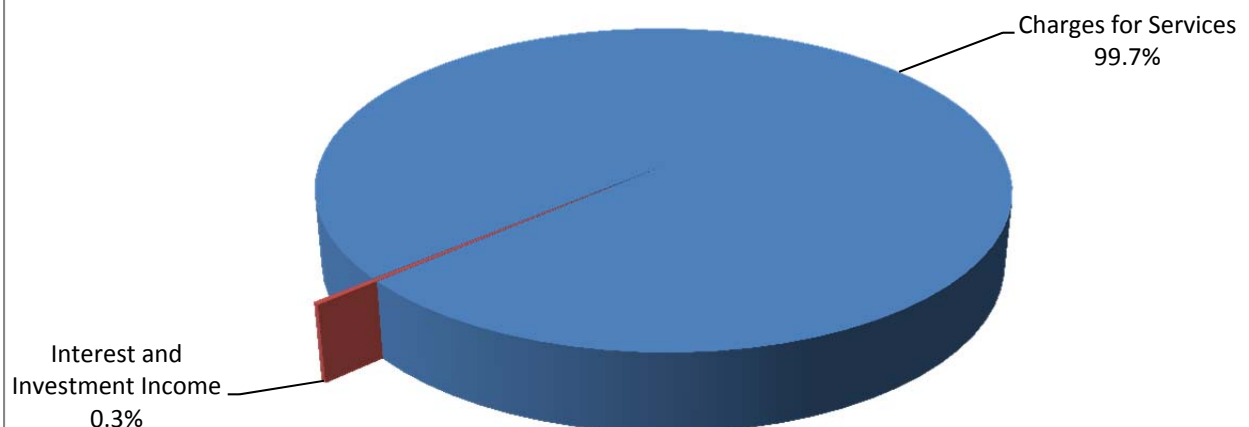
**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

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**Expenses and Program Revenues - Business-Type Activities**



**Revenues by Sources - Business-Type Activities**



**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

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**Governmental activities:** Net assets for governmental activities increased by \$37.2 million or 6.8 percent during 2010-11 from \$549.5 million to \$587.2 million. Total revenue increased at rate of 2.7 percent compared to expenses decreased at a rate of 6.7 percent. During 2009-10, revenues decreased at a rate of 4.7 percent and expenses increased at rates of 1.6 percent, respectively.

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

- Contributing to the increase in total revenue; operating grants and contributions by \$26.0 million, and state taxes by \$7.3 million mainly due to short-term government and industry incentives on auto sales rebates as well as high per gallon price of gasoline. Local taxes also increase by \$4.6 million due to three (3) percent surcharge on the City's transient occupancy tax. The increase is offset by a decrease in property taxes \$22.3 million or 6.4 percent, this is mainly due to aggressive property revaluations by the County; Investment income also decreased by \$2.3 million or 21.1 percent due to earned interest yield reflects a lower interest rate environment experienced during the year.
- General government expenses decreased by \$7.9 million or 9.5 percent when compared to previous year primarily due to budgets cuts, layoffs and furlough days.
- Public safety expenses decreased by \$38.7 million or 9.4 percent when compared to the previous year due primarily to budget cuts, layoffs, and union contract concessions that include 4 percent cost-of-living increase deferred to FY 2013.
- Community and economic development expenses decreased by \$64.0 million or 28.8 percent is primarily attributed to the move of engineering and construction division to public works agency, layoffs, budget cuts and furlough days.
- Public work expenses increased by \$17.6 million or 24.8 percent is mainly attributed to move of the engineering and construction division from community and economic development agency to public works agency. The increase is offset by a decrease in expense due to budget cuts, layoffs and furlough days.
- Interest on long-term debt increased by \$20.0 million or 27.0 percent due to City debt payments and retirement of certain long-term debt.

**Business-type activities:** Business-type activities ended the fiscal year with a positive change in its net assets of \$11.9 million compared to \$10.8 million the previous fiscal year. The increase of \$1.1 million in net assets is attributable to \$2.5 million or 6.4 percent increase in sewer revenues offset by \$1.1 million or 4.0 percent 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 financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

**General Fund:** The General Fund is the chief operating fund of the City. At June 30, 2011, its unassigned fund balance is \$48.3 million or 21.5 percent of the \$224.8 million total General Fund balance. For the fiscal year ended June 30, 2011 and 2010, revenues for the General Fund by revenue source are distributed as follows:

	<b>General Fund</b>	
	<b>2011</b>	<b>2010 <sup>(1)</sup></b>
<b>Revenues:</b>		
Taxes:		
Property taxes	\$ 189,237	\$ 194,591
State taxes:		
Sales and use taxes	41,235	35,877
Motor vehicles in-lieu tax	2,168	1,251
Local taxes:		
Business license	53,138	54,138
Utility consumption	53,440	51,107
Real estate transfer	31,608	36,971
Transient occupancy	9,634	8,578
Parking	8,513	7,523
Franchise	14,724	14,419
Licenses and permits	888	724
Fines and penalties	24,397	27,218
Interest and investment income	1,295	2,204
Charges for services	96,052	105,694
Federal & state grants and subventions	1,370	1,927
Annuity income	7,647	13,232
Other	10,661	8,912
<b>Total revenues</b>	<b>\$ 546,007</b>	<b>\$ 564,366</b>

<sup>(1)</sup> The June 30, 2010 balances were restated to reflect the impact of GASB Statement No. 54.

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

- *Property taxes* decreased by \$5.4 million or 2.8 percent due to the drop in property values for the City.
- *Real estate transfer* decreased by \$5.4 million or 14.5 percent mainly due to slowing economy and sluggish housing market and in fiscal year 2010, the City benefited from a one-time \$5 million real estate transfer property tax.
- *Fines and penalties* decreased by \$2.8 million or 10.4 percent mainly due to lower parking citation revenues and fewer real estate tax fines and penalties due to more efficient processes and improved compliance.
- *Charges for services* decreased by \$9.6 million or 9.1 percent mainly due to lower parking meters, towing and agency reimbursements.
- *Sales and use tax* increased by \$5.4 million primarily due to short-term government and industry incentives on auto sales rebates as well as high per gallon price of gasoline.



**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

For the fiscal years ended June 30, 2011 and 2010, expenditures for the General Fund by function are distributed as follows:

	<b>General Fund</b>	
	<b>2011</b>	<b>2010 <sup>(1)</sup></b>
<b>Expenditures:</b>		
Current:		
Elected and Appointed Officials:		
Mayor	\$ 1,977	\$ 2,280
Council	3,870	4,574
City Administrator	9,150	9,008
City Attorney	12,079	11,909
City Auditor	1,456	1,417
City Clerk	2,986	2,687
Agencies/Departments:		
Human Resource Management	4,231	4,369
Information Technology	8,219	8,785
Financial Services	24,007	25,894
Contracting and Purchasing	2,082	2,100
Police Services	188,384	194,602
Fire Services	96,871	99,329
Life Enrichment:		
Parks and Recreation	15,948	15,130
Library	8,912	9,005
Cultural Arts and Museum	6,008	5,829
Aging & Health and Human Services	5,968	5,823
Community and Economic Development	17,266	21,401
Public Works	35,312	31,560
Others	2,329	5,786
Capital outlay	5,899	14,014
Debt Service		
Principal repayment	1,860	1,815
Bond issuance costs	-	511
Interest charges	633	2,507
<b>Total expenditures</b>	<b>\$ 455,447</b>	<b>\$ 480,335</b>

<sup>(1)</sup> The June 30, 2010 balances were restated to reflect the impact of GASB Statement No. 54.

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

- *Public safety* decreased by \$8.7 million or 3.0 percent due to budget cuts, layoffs, union contract concessions that include 4 percent cost-of-living increase deferred to FY 2013.
- *City agencies and departments* are reporting decreases in expenditures mainly due to budget cuts, layoffs, furlough days and other union contract concessions.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

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**Federal and State Grant Fund:** The Federal and State Grant Fund had a fund balance of \$21.4 million as of June 30, 2011 that represents a slight increase of \$5.3 million or 32.6 percent over the prior fiscal year. The increase was primarily attributed to an increase of the federal and state grants by \$26.6 million over the previous year. The City received several “stimulus grants” through the American Recovery and Reinvestment Act of 2009. For example, the City was awarded \$19.7 million through the U.S. Department of Justice Community Oriented Policing Services Hiring Recovery Program (CHRP) to retain 41 officers’ positions.

**Oakland Redevelopment Agency:** The Oakland Redevelopment Agency had a fund balance of \$563.4 million as of June 30, 2011 that represents an increase of \$11.7 million or 2.1 percent from the prior fiscal year. The increase is primarily attributed to the issuance of \$7.4 million in tax allocation and \$47.0 million subordinated housing set-aside revenue bonds.

During fiscal year 2010-11, the Agency’s revenues decreased by \$2.7 million or 2.1 percent compared to the previous fiscal year. The decrease is mainly driven by a \$4.7 million or 4.1 percent decrease in tax increment revenue primarily due to lower assessment value on properties and a \$1.8 million or 59.6 percent decrease in investment income due to low interest rate environment offset by a \$4.1 million or 49.3 percent increase in charges for services from rents and reimbursement income.

The Agency’s expenditures also decreased by \$26.5 million or 13.7 percent. The decrease is driven primarily by lower state mandated SERAF payment and a \$3.9 million reduction in spending in urban redevelopment project area. Conversely, housing development spending increased by \$12.2 million or 40.6 percent mainly due to increase in lending activities.

**Municipal Capital Improvement Fund:** The Municipal Capital Improvement Fund had a fund balance of \$67.3 million as of June 30, 2011 that represents decrease of \$19.5 million or 22.5 percent over the prior fiscal year. In fiscal year 2010, the City issued \$67.6 million in new debt:

- General Obligation Bond (Series 2009B, Measure DD) for \$64.5 million to preserve and acquire open space, renovate parks, provide educational and recreation facilities for children, clean up Lake Merritt and restore Oakland’s creeks, waterfront and estuary; and
- Piedmont Pines Phase I 2010 Limited Obligation Improvement Bonds for \$3.1 million for under grounding of street lighting, electric power, telephone and other communication lines of special benefits to the property within the City’s Utility Underground Assessment District No. 2007-232.

**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 \$114.3 million as of June 30, 2011, compared to \$113.7 million for the previous fiscal year. The \$0.6 million or 0.5 percent increase is related to proceeds spent from debt issued to finance sewer projects. During the fiscal year, the City capitalized \$5.0 million in sewer system completed projects, net of depreciation.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

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**General Fund Budgetary Highlights**

During the fiscal year ended June 30, 2011, General Fund had a \$31.9 million increase in budgeted revenues between the original and final amended operating budget. The increase in revenue budget is primarily attributed to charges for services from the agency reimbursements. Actual budgetary basis revenues of \$549.2 million were \$23.8 million less than the final amended budget. The variance is due primarily to fines and penalties, charges for services and annuity income.

In addition, there was a \$73.2 million increase in appropriations between the original and final amended operating budget for the General Fund. The increase in appropriation is due primarily to the determination of actual project carryforwards for continuing appropriations for various multiyear projects, capital improvement projects, and other projects authorized by the City Council. The original approved expenditure budget contained only estimates of project carryforwards.

Actual budgetary basis expenditures of \$455.4 million were \$60.9 million less than the amended budget. The net budget savings is attributed to (1) general budget cuts, (2) layoffs, and (3) furlough days.

**Capital Assets**

The City's capital assets, net of depreciation, totaled \$1.15 billion as of June 30, 2011 compared to \$1.12 billion as of June 30, 2010, a decrease of \$35.8 million or 3.2 percent. Governmental activities additions of \$82.3 million in capital assets included construction in progress and capitalization of infrastructure, facilities and improvements, and furniture, machinery 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 \$30.8 million in additions against capital assets for governmental activities. Business activities, primarily the sewer fund, increased its capital assets by \$5.0 million, net of retirements and depreciation. See Note (7) for more details in capital assets.

**Construction Commitments**

The City has committed to funding in the amount of \$153.7 million to a number of capital improvement projects for fiscal year 2012 through fiscal year 2013. This projects include building and facilities improvements; parks and open space; sewers and storm drains; streets and sidewalks construction; technology enhancements and traffic improvements. See note 18 for more details in construction commitments.

**Debt Administration**

At the end of the current fiscal year, the City's debt limit (3.75 percent of property valuation, net of exemptions subject to taxation) was \$1,104.5 million. The total amount of debt applicable to the debt limit was \$349.4 million. The resulting legal debt margin was \$755.1 million.

# CITY OF OAKLAND

## Management's Discussion and Analysis (unaudited) (continued)

### Year Ended June 30, 2011

The City of Oakland's underlying ratings for its general obligation bonds as of June 30, 2011 were as follows:

Standard and Poor's Corporation (S&P)	AA-
Moody's Investors Services, Inc. (Moody's)	Aa2
Fitch, JBCA, Inc.	A+

The Agency's bond ratings at June 30, 2011 are as follows (in thousands):

	Moody's	S&P	Fitch
Tax allocation	Baa1/Baa2/A2	A+/A/A-	N/A
Housing set-aside revenue bonds	A2	A	A+

As of June 30, 2011, the City had total long-term obligations outstanding of \$2.0 billion compared to \$1.99 billion outstanding for the prior fiscal year, a decrease of 0.6 percent. Of this amount, \$349.4 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.64 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, 2011 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 349,431	\$ 366,248	\$ -	\$ -	\$ 349,431	\$ 366,248
Tax allocation, Housing and Other bonds	523,905	488,900	-	-	523,905	488,900
Certificate of participation	3,895	7,210	-	-	3,895	7,210
Lease revenue bonds	242,800	270,670	-	-	242,800	270,670
Pension obligation bonds	195,637	210,595	-	-	195,637	210,595
Special assessment debt with government commitments	7,963	8,298	-	-	7,963	8,298
Accreted interest on appreciation bonds	172,121	172,971	-	-	172,121	172,971
Sewer-bonds and notes payable	-	-	53,428	56,088	53,428	56,088
Less: deferred amounts						
Bond issuance premiums	22,203	26,846	2,121	2,239	24,324	29,085
Bond refunding loss	(23,481)	(26,396)	-	-	(23,481)	(26,396)
Total Bonds Payable	1,494,474	1,525,342	55,549	58,327	1,550,023	1,583,669
Notes & Leases payable	29,363	32,778	-	-	29,363	32,778
Other long-term liabilities	408,520	383,176	-	-	408,520	383,176
Total Outstanding Debt	<u>\$ 1,932,357</u>	<u>\$ 1,941,296</u>	<u>\$ 55,549</u>	<u>\$ 58,327</u>	<u>\$ 1,987,906</u>	<u>\$ 1,999,623</u>

The City's overall total long-term obligations decreased by \$11.7 million compared to fiscal year 2010. The net decrease is primarily attributable to City debt payments and retirement of certain long-term debt

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

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**Summary of New Debt:**

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

***Redevelopment Agency of the City of Oakland, Broadway/MacArthur/San Pablo Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010-T, Federally Taxable Recovery Zone Economic:*** On November 2, 2010, the Redevelopment of the City of Oakland (the "Agency") issued \$7,390,000 of Broadway/MacArthur/San Pablo Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010-T Federally Taxable Recovery Zone Economic Development Bonds (the "Series 2010-T Bonds"). The Bonds are taxable and treated as "recovery zone economic development bonds," a category of "Build America Bonds," under the American Recovery and Reinvestment Act of 2009 and Agency receives direct payment from the United States Treasury Department equal to forty-five percent (45%) of the interest payable on each interest payment date. The Agency expects to receive \$6.2 million or 45% interest subsidy from the federal government as part of the bond issue.

***Master Lease – Parking Access and Revenue Control System:*** On December 23, 2010, the City of Oakland closed a lease transaction with Chase Equipment Finance, Inc. in the amount of \$2,500,000 for the purpose of financing the acquisition of the equipment, software, maintenance and services for the automation of City garages. The financing is done on a taxable basis with a final maturity of July 15, 2018; the interest rate on this lease transaction is 2.56%.

***Redevelopment Agency of the City of Oakland, Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T:*** On March 3, 2011, the Agency issued \$46,980,000 of Subordinated Housing Set Aside Revenue Bonds Series 2011A-T (the "Series 2011A-T Bonds"). The Series 2011A-T Bonds are federally taxable with interest rates ranging from 3.25% to 9.25% and a final maturity of September 1, 2041.

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 and concessions, were factored into the City's budget formulation process as they relate to revenue forecasting, program planning, and resource allocation for fiscal years 2012-13.

The current unprecedented state of the economy has had direct and significant impacts on the City's declining revenue base. The fiscal issues addressed in the budget were deep and widespread, touching virtually every government service that Oakland provides. The City had to address a \$58 – 76 million annual General Purpose Fund shortfall in FY 2012-13 despite cutting more than \$170 million in shortfalls over the last few years. As a result, the policy and management decisions required by this budget were among the most difficult ever faced by this City. In closing the funding gap the City use a combination service reduction and union concessions, budget cuts,

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

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hiring freeze or position eliminations, furlough days, restructure City departments, prioritize services and eliminate programs.

Sluggish growth is projected in fiscal years 2011-12 for the City's major sensitive revenues including property tax, sales tax, vehicle license fees, business license tax, real estate transfer tax, and parking tax, due to uncertainties brought about by the continuing housing recession, the increase in home foreclosures, and tightened lending policies. The remaining areas, while impacted by overall economic performance, are driven by other factors, for example, franchise fee is typically more heavily impacted by rate changes than economic growth.

The City of Oakland's unemployment rate decreased to 16.3 percent in June 2011 compared to an average unemployment rate of 17.2 percent for June 2010.

The Bay Area's consumer price index for all urban consumers in June 2011 was 233.646 compared to the U.S. city average consumer price index (CPI-U) for all urban consumers at 225.722 (Base period: 1982 – 84 = 100).

Estimated population for January 1, 2011 is 392,932 with an estimated total number of households of 148,875, an average household size of 2.63 persons, and a per capita personal income of \$28,311.

PERS pension rates, and health care costs have been factored into the City's Fiscal Years 2011-12 budget.

**Recent Changes in Legislation Affecting California Redevelopment Agencies**

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the City "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Oakland intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

On July 26, 2011, City Ordinance No. 13084 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$39.4 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$10 million

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (unaudited) (continued)**  
**Year Ended June 30, 2011**

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will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation. Further information regarding Assembly Bill X1 26 and 27 is contained in Note 21 of the basic financial statements

**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, Controller's Office, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353; Oakland, California 94612-2093. This report is also available online at <http://www.oaklandnet.com>



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# BASIC FINANCIAL STATEMENTS

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**City of Oakland**  
**Statement of Net Assets**  
**June 30, 2011**  
*(In Thousands)*

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Port of Oakland</b>
<b>ASSETS</b>				
Cash and investments	\$ 378,122	\$ 29,487	\$ 407,609	\$ 174,591
Receivables (net of allowance for uncollectible of \$14,041 for the City and \$3,640 for the Port):				
Accrued interest	765	-	765	10
Property taxes	18,352	-	18,352	-
Accounts receivable	48,284	9,481	57,765	26,308
Grants receivable	32,336	-	32,336	-
Due from Port	17,093	-	17,093	-
Inventories	610	-	610	-
Restricted assets:				
Cash and investments	502,440	4,959	507,399	89,576
Receivables	-	-	-	2,332
Property held for resale	179,240	-	179,240	-
Notes and loans receivable (net of allowance for uncollectible of \$50,462 for the City)	365,227	-	365,227	-
Other	117	-	117	53,506
Unamortized bond issuance costs	14,549	537	15,086	-
Net pension asset	156,101	-	156,101	-
Capital assets:				
Land and other assets not being depreciated	141,377	12,698	154,075	655,300
Facilities, infrastructures, and equipment, net of depreciation	846,034	152,665	998,699	1,561,500
<b>TOTAL ASSETS</b>	<b>2,700,647</b>	<b>209,827</b>	<b>2,910,474</b>	<b>2,563,123</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	132,543	2,161	134,704	26,587
Accrued interest payable	21,136	121	21,257	11,651
Due to other governments	11,349	-	11,349	-
Due to primary government	-	-	-	17,093
Unearned revenue	8,233	263	8,496	116,287
Other	8,422	7	8,429	12,215
Non-current liabilities:				
Due within one year	195,456	2,277	197,733	63,612
Due in more than one year	1,736,901	53,272	1,790,173	1,389,678
<b>TOTAL LIABILITIES</b>	<b>2,114,040</b>	<b>58,101</b>	<b>2,172,141</b>	<b>1,637,123</b>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	538,815	114,297	653,112	865,602
Restricted net assets:				
Debt service	25,267	-	25,267	-
Pension	106,692	-	106,692	-
Urban redevelopment and housing	243,423	-	243,423	-
Other purposes	7,181	-	7,181	17,187
Unrestricted net assets (deficit)	(334,771)	37,429	(297,342)	43,211
<b>TOTAL NET ASSETS</b>	<b>\$ 586,607</b>	<b>\$ 151,726</b>	<b>\$ 738,333</b>	<b>\$ 926,000</b>

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

**City of Oakland**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			Component Unit Port of Oakland
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 75,381	\$ 20,360	\$ 1,231	\$ -	\$ (53,790)	\$ -	\$ (53,790)	
Public safety	372,587	13,573	22,167	-	(336,847)	-	(336,847)	
Life enrichment	123,538	8,483	44,334	-	(70,721)	-	(70,721)	
Community and economic development	158,209	42,418	50,491	-	(65,300)	-	(65,300)	
Public works	88,321	84,834	4,926	-	1,439	-	1,439	
Interest on long-term debt	93,618	-	-	-	(93,618)	-	(93,618)	
TOTAL GOVERNMENTAL ACTIVITIES	911,654	169,668	123,149	-	(618,837)	-	(618,837)	
Business-type activities:								
Sewer	27,971	41,832	-	-	-	13,861	13,861	
Parks and recreation	740	118	-	-	-	(622)	(622)	
TOTAL BUSINESS-TYPE ACTIVITIES	28,711	41,950	-	-	-	13,239	13,239	
TOTAL PRIMARY GOVERNMENT	\$ 940,365	\$ 211,618	\$ 123,149	\$ -	\$ (618,837)	\$ 13,239	\$ (605,598)	
Component unit:								
Port of Oakland	\$ 318,496	\$ 297,983	\$ -	\$ 27,343				\$ 6,830
General Revenues:								
Property Taxes					324,516	-	324,516	-
State Taxes:								
Sales and Use Taxes					51,910	-	51,910	-
Motor Vehicle In-Lieu Tax					2,168	-	2,168	-
Gas Tax					10,990	-	10,990	-
Local Taxes:								
Business License					53,138	-	53,138	-
Utility Consumption					53,440	-	53,440	-
Real Estate Transfer					31,608	-	31,608	-
Transient Occupancy					12,484	-	12,484	-
Parking					13,460	-	13,460	-
Voter Approved Special Tax					41,700	-	41,700	-
Franchise					14,854	-	14,854	-
Interest and Investment Income					8,592	119	8,711	2,876
Other					35,672	-	35,672	25,308
Transfers					1,476	(1,476)	-	-
TOTAL GENERAL REVENUES and TRANSFERS					656,008	(1,357)	654,651	28,184
Changes In Net Assets					37,171	11,882	49,053	35,014
Net Assets - Beginning					549,436	139,844	689,280	890,986
NET ASSETS - ENDING					\$ 586,607	\$ 151,726	\$ 738,333	\$ 926,000

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

**CITY OF OAKLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**  
*(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	\$ 135,066	\$ 94	\$ 201,679	\$ -	\$ 38,929	\$ 375,768
Receivables (net of allowance for uncollectibles of \$12,060):						
Accrued interest	172	-	549	-	47	768
Property taxes	9,719	-	-	-	8,633	18,352
Accounts receivable	33,972	61	449	-	13,712	48,194
Grants receivable	-	27,969	2,178	-	2,189	32,336
Due from component unit	17,093	-	-	-	-	17,093
Due from other funds	54,565	159	13,036	98	818	68,676
Notes and loans receivable (net of allowance for uncollectibles of \$50,462)	8,599	134,295	190,106	-	32,227	365,227
Restricted cash and investments	106,692	7,181	196,781	77,355	113,871	501,880
Property held for resale	-	-	179,240	-	-	179,240
Other	35	59	23	-	-	117
<b>TOTAL ASSETS</b>	<b>\$ 365,913</b>	<b>\$ 169,818</b>	<b>\$ 784,041</b>	<b>\$ 77,453</b>	<b>\$ 210,426</b>	<b>\$ 1,607,651</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 111,058	\$ 8,719	\$ 3,709	\$ 2,156	\$ 5,531	\$ 131,173
Due to other funds	8,992	3,532	2,328	8,045	6,032	28,929
Due to other governments	3,220	-	8,067	-	62	11,349
Deferred revenue	16,187	134,891	205,309	-	39,682	396,069
Other	1,095	1,261	1,210	-	4,849	8,415
<b>TOTAL LIABILITIES</b>	<b>140,552</b>	<b>148,403</b>	<b>220,623</b>	<b>10,201</b>	<b>56,156</b>	<b>575,935</b>
<b>Fund balances</b>						
Restricted	106,692	21,415	245,955	67,252	146,502	587,816
Committed	3,890	-	130,300	-	8,878	143,068
Assigned	65,985	-	187,163	-	1,559	254,707
Unassigned	48,794	-	-	-	(2,669)	46,125
<b>TOTAL FUND BALANCES</b>	<b>225,361</b>	<b>21,415</b>	<b>563,418</b>	<b>67,252</b>	<b>154,270</b>	<b>1,031,716</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 365,913</b>	<b>\$ 169,818</b>	<b>\$ 784,041</b>	<b>\$ 77,453</b>	<b>\$ 210,426</b>	<b>\$ 1,607,651</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, 2011**  
*(In Thousands)*

Fund balances - total governmental funds	\$ 1,031,716
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Amounts reported for governmental activities in the statement of net assets are different due to the following:

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

Primary government capital assets, net of depreciation	\$ 987,411	
Less: internal service funds' capital assets, net of depreciation	(11,469)	975,942

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.

14,549

Net pension asset is 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.

156,101

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

Interest payable on long-term debt for primary government	\$ (21,136)	
Add: Interest payable on long-term debt for internal service funds	48	(21,088)

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.

387,836

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	\$ (1,932,357)	
Less: long-term liabilities for internal service funds	3,692	(1,928,665)

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.

(29,784)

Net assets of governmental activities	\$ 586,607
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The notes to the basic financial statements are an integral part of this statement.



**CITY OF OAKLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	General	Federal/State Grant Fund	Oakland Redevelopment Agency	Municipal Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 189,237	\$ -	\$ 109,673	\$ -	\$ 27,666	\$ 326,576
State taxes:						
Sales and use tax	41,235	-	-	-	10,675	51,910
Motor vehicle in-lieu tax	2,168	-	-	-	-	2,168
Gas tax	-	-	-	-	10,990	10,990
Local taxes:						
Business license	53,138	-	-	-	-	53,138
Utility consumption	53,440	-	-	-	-	53,440
Real estate transfer	31,608	-	-	-	-	31,608
Transient occupancy	9,634	-	-	-	2,850	12,484
Parking	8,513	-	-	-	4,947	13,460
Voter approved special tax	-	6,177	-	-	35,523	41,700
Franchise	14,724	130	-	-	-	14,854
Licenses and permits	888	-	-	-	12,409	13,297
Fines and penalties	24,397	263	-	-	4,780	29,440
Interest and investment income	1,295	598	1,242	783	5,229	9,147
Charges for services	96,052	515	12,517	-	15,623	124,707
Federal and state grants and subventions	1,370	115,274	1,311	-	3,229	121,184
Annuity income	7,647	-	-	-	-	7,647
Other	10,661	3,836	1,681	1,458	7,007	24,643
<b>TOTAL REVENUES</b>	<b>546,007</b>	<b>126,793</b>	<b>126,424</b>	<b>2,241</b>	<b>140,928</b>	<b>942,393</b>
<b>EXPENDITURES</b>						
Current:						
Elected and Appointed Officials:						
Mayor	1,977	113	-	-	79	2,169
Council	3,870	-	-	-	-	3,870
City Administrator	9,150	412	-	-	1,142	10,704
City Attorney	12,079	65	-	-	411	12,555
City Auditor	1,456	-	-	-	41	1,497
City Clerk	2,986	-	-	-	-	2,986
Agencies/Departments:						
Human Resource Management	4,231	-	-	-	-	4,231
Information Technology	8,219	57	-	-	-	8,276
Financial Services	24,007	280	-	-	238	24,525
Contracting and Purchasing	2,082	-	-	-	-	2,082
Police Services	188,384	8,955	-	-	7,953	205,292
Fire Services	96,871	3,424	-	-	11,044	111,339
Life Enrichment:						
Parks and Recreation	15,948	66	-	63	4,837	20,914
Library	8,912	260	-	4	12,457	21,633
Cultural Arts and Museum	6,008	155	-	-	586	6,749
Aging & Health and Human Services	5,968	38,837	-	-	18,226	63,031
Community and Economic Development	17,266	31,539	96,958	440	29,547	175,750
Public Works	35,312	3,663	-	2,395	29,729	71,099
Other	2,329	-	22,608	680	1,445	27,062
Capital outlay	5,899	30,085	-	20,231	7,317	63,532
Debt service:						
Principal repayment	1,860	2,000	19,365	445	63,295	86,965
Bond issuance costs	-	-	828	-	-	828
Interest charges	633	403	27,272	-	61,206	89,514
<b>TOTAL EXPENDITURES</b>	<b>455,447</b>	<b>120,314</b>	<b>167,031</b>	<b>24,258</b>	<b>249,553</b>	<b>1,016,603</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>						
<b>OVER (UNDER) EXPENDITURES</b>	<b>90,560</b>	<b>6,479</b>	<b>(40,607)</b>	<b>(22,017)</b>	<b>(108,625)</b>	<b>(74,210)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	54,370	-	-	54,370
Discount on issuance of bonds	-	-	(2,052)	-	-	(2,052)
Capital lease	-	-	-	2,500	-	2,500
Property sale proceeds	4,481	-	-	-	-	4,481
Insurance claims and settlements	538	-	-	-	10	548
Transfers in	2,278	-	-	-	101,508	103,786
Transfers out	(100,300)	(1,208)	-	-	(578)	(102,086)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(93,003)</b>	<b>(1,208)</b>	<b>52,318</b>	<b>2,500</b>	<b>100,940</b>	<b>61,547</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,443)</b>	<b>5,271</b>	<b>11,711</b>	<b>(19,517)</b>	<b>(7,685)</b>	<b>(12,663)</b>
Fund balances - beginning, as originally report	233,050	20,898	551,707	86,769	151,955	1,044,379
Adoption of GASB Statement No. 54	(5,246)	(4,754)	-	-	10,000	-
Fund balance - beginning as restated	227,804	16,144	551,707	86,769	161,955	1,044,379
<b>FUND BALANCES - ENDING</b>	<b>\$ 225,361</b>	<b>\$ 21,415</b>	<b>\$ 563,418</b>	<b>\$ 67,252</b>	<b>\$ 154,270</b>	<b>\$ 1,031,716</b>

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

**City of Oakland**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities of Governmental Activities**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

Net change in fund balances - total governmental funds	\$ (12,663)
--	-------------

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

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

Primary government:

Capital asset acquisition	\$ 81,874	
Depreciation	(48,035)	
Less: net changes of capital assets within internal service funds	(3,002)	30,837

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.

Change in deferred revenue	\$ 17,832	
New notes and loans	34,828	52,660

Some expenses such as claims, workers' compensation, and vacation and sick leave reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.	(2,052)
---	---------

Changes to the net pension asset, 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.	(43,902)
--	----------

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 amortization expense exceeded bond issuance costs in the current period.

Amortization expenses	\$ (1,326)	
Cost of issuance of bonds	828	(498)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes 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 exceeded bond proceeds in the current period.

Debt and capital lease principal payments	\$ 86,965	
Issuance of bonds and notes	(56,870)	
Premium and discounts on bonds	2,052	32,147

Amortization of bond premiums and discounts	2,591
---	-------

Amortization of refunding loss	(2,915)
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Net change in accrued and accreted interest on bonds and notes payable	(1,391)
--	---------

Principal payments of Coliseum Authority pledge obligation	3,550
--	-------

Net changes in mandated environmental remediation obligation	928
--	-----

Net changes on postemployment benefits other than pension benefits (OPEB)	(30,741)
---	----------

Net changes on fair market value of interest swap agreements	2,971
--	-------

The net income of activities of internal service funds is reported with governmental activities	5,649
---	-------

Change in net assets of governmental activities	\$ 37,171
---	-----------

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

**CITY OF OAKLAND**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2011**  
*(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	\$ 28,158	\$ 1,329	\$ 29,487	\$ 2,354
Accounts receivables (net of uncollectibles of \$1,473 and \$282)				
for the enterprise funds and internal service funds, respectively)	9,479	2	9,481	87
Due from other funds	-	-	-	56
Inventories	-	-	-	610
Restricted cash and investments	4,483	476	4,959	560
Total Current Assets	42,120	1,807	43,927	3,667
Non-current Assets:				
Capital assets:				
Land and other assets not being depreciated	12,480	218	12,698	310
Facilities, infrastructure and equipment, net of depreciation	149,695	2,970	152,665	11,159
Total capital assets	162,175	3,188	165,363	11,469
Unamortized bond issuance costs	537	-	537	-
Total Non-current Assets	162,712	3,188	165,900	11,469
<b>TOTAL ASSETS</b>	<b>204,832</b>	<b>4,995</b>	<b>209,827</b>	<b>15,136</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	2,161	-	2,161	1,370
Accrued interest payable	121	-	121	48
Due to other funds	-	-	-	39,803
Unearned revenue	263	-	263	-
Other liabilities	7	-	7	7
Bonds, notes payable, and capital leases	2,277	-	2,277	1,615
Total Current Liabilities	4,829	-	4,829	42,843
Non-current Liabilities:				
Bonds, notes payable, and capital leases	53,272	-	53,272	2,077
<b>TOTAL LIABILITIES</b>	<b>58,101</b>	<b>-</b>	<b>58,101</b>	<b>44,920</b>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	111,109	3,188	114,297	8,391
Unrestricted (deficit)	35,622	1,807	37,429	(38,175)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ 146,731</b>	<b>\$ 4,995</b>	<b>\$ 151,726</b>	<b>\$ (29,784)</b>

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**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Nonmajor Fund</b>			<b>Internal Service Funds</b>
	<b>Sewer Service</b>	<b>Parks and Recreation</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>				
Rental	\$ -	\$ 117	\$ 117	\$ -
Sewer services	41,828	-	41,828	-
Charges for services	-	1	1	49,435
Other	4	-	4	63
<b>TOTAL OPERATING REVENUES</b>	<b>41,832</b>	<b>118</b>	<b>41,950</b>	<b>49,498</b>
<b>OPERATING EXPENSES</b>				
Personnel	10,927	76	11,003	18,235
Supplies	556	141	697	5,583
Depreciation and amortization	4,741	291	5,032	3,427
Contractual services and supplies	2,192	-	2,192	605
Repairs and maintenance	88	9	97	2,784
General and administrative	4,159	9	4,168	4,872
Rental	899	18	917	1,921
Other	1,781	196	1,977	6,786
<b>TOTAL OPERATING EXPENSES</b>	<b>25,343</b>	<b>740</b>	<b>26,083</b>	<b>44,213</b>
<b>OPERATING INCOME (LOSS)</b>	<b>16,489</b>	<b>(622)</b>	<b>15,867</b>	<b>5,285</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment income (loss)	115	4	119	(107)
Interest expense	(2,628)	-	(2,628)	(201)
Federal and State grants	-	-	-	108
Other (settlements, rental), net	-	-	-	788
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(2,513)</b>	<b>4</b>	<b>(2,509)</b>	<b>588</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>13,976</b>	<b>(618)</b>	<b>13,358</b>	<b>5,873</b>
Transfers out	(1,476)	-	(1,476)	(224)
<b>TOTAL TRANSFERS</b>	<b>(1,476)</b>	<b>-</b>	<b>(1,476)</b>	<b>(224)</b>
Change in net assets (deficit)	12,500	(618)	11,882	5,649
Net Assets (deficit) - Beginning	134,231	5,613	139,844	(35,433)
<b>NET ASSETS (DEFICIT) - ENDING</b>	<b>\$ 146,731</b>	<b>\$ 4,995</b>	<b>\$ 151,726</b>	<b>\$ (29,784)</b>

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

**CITY OF OAKLAND**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Nonmajor Fund</b>			<b>Internal Service Funds</b>
	<b>Sewer Service</b>	<b>Parks and Recreation</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers and users	\$ 40,982	\$ 1	\$ 40,983	\$ 49,688
Cash received from tenants for rents	-	117	117	-
Cash from other sources	4	-	4	63
Cash paid to employees	(10,927)	(76)	(11,003)	(18,235)
Cash paid to suppliers	(9,184)	(374)	(9,558)	(22,619)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>20,875</b>	<b>(332)</b>	<b>20,543</b>	<b>8,897</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from interfund loans	-	-	-	255
Repayment of interfund loans	-	-	-	(6,050)
Other (settlements, rental), net	-	-	-	896
Transfers out	(1,476)	-	(1,476)	(224)
<b>NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,476)</b>	<b>-</b>	<b>(1,476)</b>	<b>(5,123)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(9,915)	(73)	(9,988)	(425)
Long-term debt:				
Repayment of long-term debt	(2,660)	-	(2,660)	(1,610)
Interest paid on long-term debt	(2,716)	-	(2,716)	(201)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(15,291)</b>	<b>(73)</b>	<b>(15,364)</b>	<b>(2,236)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received (paid)	115	4	119	(107)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,223</b>	<b>(401)</b>	<b>3,822</b>	<b>1,431</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>28,418</b>	<b>2,206</b>	<b>30,624</b>	<b>1,483</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 32,641</b>	<b>\$ 1,805</b>	<b>\$ 34,446</b>	<b>\$ 2,914</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	16,489	(622)	15,867	5,285
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Depreciation and amortization	4,741	291	5,032	3,427
Changes in assets and liabilities:				
Receivables	(846)	-	(846)	(49)
Inventories	-	-	-	292
Due from other funds	-	-	-	10
Accounts payable and accrued liabilities	489	(1)	488	(75)
Other liabilities	2	-	2	7
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 20,875</b>	<b>\$ (332)</b>	<b>\$ 20,543</b>	<b>\$ 8,897</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>				
Cash and investments	\$ 28,158	\$ 1,329	\$ 29,487	\$ 2,354
Restricted cash and investments	4,483	476	4,959	560
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 32,641</b>	<b>\$ 1,805</b>	<b>\$ 34,446</b>	<b>\$ 2,914</b>
<b>NON CASH ITEMS:</b>				
Amortization of bond premiums	\$ (118)	\$ -	\$ (118)	\$ -
Amortization of bond cost of issuance	30	-	30	-
	<b>\$ (88)</b>	<b>\$ -</b>	<b>\$ (88)</b>	<b>\$ -</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, 2011**  
*(In Thousands)*

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 3,553	\$ 9,753
Receivables:		
Accrued interest and dividends	959	7
Accounts receivable	-	2
Investments and others	3,564	-
Restricted:		
Cash and investments:		
Short-term investments	16,910	-
Fixed income investments	81,523	-
Domestic equities and mutual funds	152,042	-
International equities and mutual funds	47,939	-
Real estate mortgage loans	38	-
Total restricted cash and investments	298,452	-
Securities lending collateral	11,536	-
<b>TOTAL ASSETS</b>	<b>318,064</b>	<b>9,762</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	16,773	824
Securities lending liabilities	11,536	-
<b>TOTAL LIABILITIES</b>	<b>28,309</b>	<b>824</b>
<b>NET ASSETS</b>		
Net assets held in trust	<u>\$ 289,755</u>	<u>\$ 8,938</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**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS:</b>		
Contributions:		
Member	\$ 7	\$ -
Trust receipts	-	1,026
Investment income:		
Net appreciation in fair value of investments	59,512	-
Interest	1,628	24
Dividends	4,829	-
Securities lending	119	-
<b>TOTAL INVESTMENT INCOME</b>	<b>66,088</b>	<b>24</b>
Less investment expenses:		
Investment expenses	(1,322)	-
Borrowers rebates and other agent fees on securities lending transactions	(30)	-
Total investment expenses	(1,352)	-
<b>NET INVESTMENT INCOME</b>	<b>64,736</b>	<b>24</b>
Other income	69	3,816
<b>TOTAL ADDITIONS</b>	<b>64,812</b>	<b>4,866</b>
<b>DEDUCTIONS:</b>		
Benefits to members and beneficiaries:		
Retirement	40,854	-
Disability	24,429	-
Death	2,078	-
<b>TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES</b>	<b>67,361</b>	<b>-</b>
Administrative expenses	1,111	154
Public works	-	59
Police services	-	283
Other	-	196
Capital outlay	-	3,449
<b>TOTAL DEDUCTIONS</b>	<b>68,472</b>	<b>4,141</b>
Change in net assets	(3,660)	725
Net assets - beginning	293,415	8,213
<b>NET ASSETS - ENDING</b>	<b>\$ 289,755</b>	<b>\$ 8,938</b>

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

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2011**

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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.

**Blended Component Units**

The Redevelopment Agency of the City of Oakland (Agency) was established 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 Agency's Board of Directors. The Agency's funds are reported as a major governmental fund.

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. The Oakland City Council serves as the governing board for JPFA. JPFA transactions are reported in other governmental funds. Related debt is included in the long-term obligations of the City in the governmental activities column of the statement of net assets.

**Discretely Presented Component Unit**

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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Complete financial statements of the individual component units may be obtained from:  
Finance and Management Agency, Controller's Office  
City of Oakland  
150 Frank H. Ogawa Plaza, Suite 6353  
Oakland, CA 94612-2093

## **(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 interfund activity has been removed from these statements except for interfund services provided among funds. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the Primary Government is reported separately from its discretely presented component unit for which the Primary Government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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 imposed by the provider have been met.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available for the year levied and if they are collected within 60 days of the end of the 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, charges for services, and interest and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Special assessments are recorded as revenues and receivables to the extent installments are considered current. The estimated installments receivable not considered available, as defined above, are recorded as receivables and offset by deferred revenue. All other revenues are reported on a cash basis.

### **Property Taxes**

The County of Alameda is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state law, and for remitting such amounts to the City. Property taxes are assessed and levied as of July 1 on all taxable property located in the City, and result in a lien on real property. 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, 2011.

The City reports the following major governmental funds:

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

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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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 to redevelopment activities.

The **Municipal Capital Improvement Fund** accounts primarily for monies pertaining to the Oakland Museum of California and the Scotlan 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 fund.

Additionally, the City reports the following fund types:

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

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 Funds** include: (a) the Private Purpose Trust Fund, which 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 and (b) The Private Pension Trust Fund, which accounts for the employee deferred compensation plan.

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 the same limitation. The City has elected not to follow subsequent private-sector guidance.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

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

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

### **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) that have a remaining maturity at the time of purchase of one year or less, and participating interest-earning investment contracts (such as negotiable certificates of deposit, repurchase agreements and guaranteed or bank investment contracts) 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.

Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges 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.

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 funds' investments in the City's cash and investment pool are, in substance, demand deposits and are therefore considered to be cash equivalents.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

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

**Interest Rate Swap Agreement**

The City entered into an interest rate swap agreement to modify the interest rate on outstanding debt. Refer to Note 12 for additional information.

**Interfund Transfers**

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

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

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

**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 the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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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, intangibles, 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 and in the proprietary fund statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital outlay is recorded as expenditures in the governmental funds and as assets in the government-wide and proprietary financial statements to the extent the City's capitalization threshold is met.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life 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.

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

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

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

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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**Property Held for Resale**

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

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

**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 – Accrued Vacation, Sick Leave, and Compensatory Time**

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

**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 Retirement Plans). Employer contributions and member contributions made by the employer to the Retirement Plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the provisions of the Retirement Plans. Refer to Note 16 for additional information.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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**Other Postemployment Benefits (OPEB)**

The OPEB plan covers Police, Fire and Miscellaneous employees. City retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. Retiree health benefits are described in the labor agreements between the City and Local Unions and in City resolutions. The demographic rates used for the California Public Employee Retirement System (PERS) were public safety employees retirements benefits under a 3% at 50 formula and miscellaneous employees retirement benefits under a 2.7% at 55 formula. At June 30, 2011, the City reported a net OPEB obligation of \$156,978,541. See Note 17 for additional information.

**Pollution Remediation Obligations**

Under the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the City recorded remediation liabilities related to its pollution remediation activities. See Note 12 for additional information.

**Refunding of Debt**

Gains or losses occurring from advance refunding 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.

**Fund Balances**

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balances for government funds are made up of the following:

- *Restricted Fund Balance*: includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. It also includes a legally enforceable requirement that the resources can only be used for specific purposes enumerated in the law.
- *Committed Fund Balance*: includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

- *Assigned Fund Balance:* comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body (for example: a Finance and Management Committee) or official to which the City's Council has delegated the authority to assign amounts to be used for specific purposes. This category includes the City's encumbrances, project carry-forwards, and continuing appropriation.
- *Unassigned Fund Balance:* are amounts technically available for any purpose. It's the residual classification for the General Fund and includes all amounts not contained in the other classifications.

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

Fund balances for all the major and nonmajor governmental funds as of June 30, 2011, were distributed as follows:

	General	Federal/ State Grant Fund	Oakland Re- development Agency	Municipal Capital Improvement	Other Governmental Funds	Total
<b>Restricted for:</b>						
Capital projects	\$ -	\$ 21,415	\$ 119,676	\$ 67,252	\$ 25,084	\$ 233,427
Pension obligations	106,692	-	-	-	-	106,692
Property held for resale	-	-	68,012	-	-	68,012
Housing projects	-	-	48,940	-	-	48,940
Debt service	-	-	9,327	-	121,418	130,745
Subtotal	106,692	21,415	245,955	67,252	146,502	587,816
<b>Committed for:</b>						
Debt service	1,955	-	-	-	-	1,955
Rent Arbitration	1,935	-	-	-	-	1,935
Technology service fee	-	-	-	-	6,553	6,553
Library and museum trust	-	-	-	-	2,325	2,325
Property held for resale	-	-	130,300	-	-	130,300
Subtotal	3,890	-	130,300	-	8,878	143,068
<b>Assigned for:</b>						
Capital projects	65,985	-	120,980	-	1,559	188,524
Housing projects	-	-	64,183	-	-	64,183
Remediation	-	-	2,000	-	-	2,000
Subtotal	65,985	-	187,163	-	1,559	254,707
<b>Unassigned</b>	48,794	-	-	-	(2,669)	46,125
<b>Total</b>	<b>\$ 225,361</b>	<b>\$ 21,415</b>	<b>\$ 563,418</b>	<b>\$ 67,252</b>	<b>\$ 154,270</b>	<b>\$ 1,031,716</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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**Adoption of New Pronouncement**

Beginning fund balance as of June 30, 2010 for the general fund in the amount of \$5.2 million, \$4.8 million for the Federal/State Grant Fund, and \$10.0 million for other governmental funds have been restated as part of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* implementation.

**Restricted Net Assets**

Restricted net assets are those assets, net of their related liabilities that have constraints placed on their use by laws and regulations of other governments, creditors, grantors, or contributors and restrictions imposed by law through constitutional provisions or 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. At June 30, 2011, the government-wide statement of net assets reported restricted net assets of \$382.5 million in governmental activities, none of which was restricted by enabling legislation.

**Effects of New Pronouncements**

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

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*. This statement addresses how to account for and report service concession agreements (SCAs). SCAs represent a type of public-private or public-public partnership. As used in the statement, a SCA is an agreement between a transferor (a government) and an operator (government or nongovernment) in which the following conditions are met:

- The transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and,
- The operator collects and is compensated by fees from third parties

This statement also provides authoritative guidance on whether the transferor or the operator should report the capital asset in its financial statement; when to recognize up-front payments from an operator as revenue; and how to record any obligations of the transferor to the operator. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. Statement No. 61 is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management's Discussion and*

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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*Analysis—for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The statement also amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance found in the following pronouncements issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements:

- Financial Accounting Standard Board (FASB) Statements and Interpretations,
- Accounting Principals Board Opinions, and
- Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure.

Application of this statement is effective for the City's fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, and incorporates these financial measures into the definitions of the required components of the residual measure, which will be renamed as net positions, rather than net assets. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

In June 2011, GASB also issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this statement are effective for the City's fiscal year ending June 30, 2013.

### **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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

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.

On March 17, 2011, the City Operating Fund or Investment Pool is rated 'AAA/V1' by Fitch Ratings, reflecting the credit quality of the portfolio assets and their low sensitivity to market risks. The fund's V1 volatility rating reflects low market risk and a capacity to return stable principal value to meet anticipated cash flow requirements of the City and the Port of Oakland, even in adverse interest rate environment.

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

	<b>Primary Government</b>			<b>Total</b>	<b>Component</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Fiduciary Funds</b>		<b>Unit</b>
Cash and investments	\$ 378,122	\$ 29,487	\$ 13,306	\$ 420,915	\$ 174,591
Restricted cash and investments	502,440	4,959	298,452	805,851	89,576
Securities lending collateral	-	-	11,536	11,536	-
<b>TOTAL</b>	<b>\$ 880,562</b>	<b>\$ 34,446</b>	<b>\$ 323,294</b>	<b>\$ 1,238,302</b>	<b>\$ 264,167</b>
Deposits				\$ 24,018	\$ 2,292
Investments				1,214,284	261,875
<b>TOTAL</b>				<b>\$ 1,238,302</b>	<b>\$ 264,167</b>

**Primary Government**

**Custodial Credit Risk:** Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the City may be unable to recover the value of the investments or collateral securities in the possession of an outside party. To protect against fraud and potential losses from the financial collapse of securities dealers, all securities owned by the City shall be held in the name of the City for safekeeping by a third party bank trust department, acting as an agent for the City under the terms of the Custody Agreement. The City's investments subject to Custodial Credit Risk Category is very low.

At June 30, 2011, the carrying amount of the City's deposits was \$24.0 million. Deposits include checking accounts, interest earning savings accounts, money market accounts, and nonnegotiable certificates of deposit. Of the bank balance, \$1.7 million was insured by the Federal Deposit Insurance Corporation (FDIC) and \$22.3 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.



**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**Credit Risk:** Credit risk represents the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. The most effective method for minimizing the risk of default by an issuer is to invest in high quality obligations. Under the City investment policy, short-term debt shall be rated at least A-1 by Standard and Poor's (S&P), P-1 by Moody's Investors Service or F-1 by Fitch Ratings. Long-term debt shall be rated at least A by Standard and Poor's, Moody's Investors Service or Fitch Ratings. Since these obligations are the only ones permitted by State law, investing in them is also the most effective way to maintain legal compliance. As of June 30, 2011, approximately 72% 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, 2011 (in thousands):

**Pooled Investments**

	Ratings as of June 30, 2011			
	Fair Value	AAA/Aaa	A1/P1/F1	Not Rated
U.S. Government Agency Securities	\$ 129,332	\$ 129,332	\$ -	\$ -
U.S. Government Agency Securities (Discount)	195,960	195,960	-	-
Money Market Mutual Funds	97,810	97,810	-	-
Local Agency Investment Fund (LAIF)	99,214	-	-	99,214
Negotiable Certificates of Deposit	21,008	-	21,008	-
Commercial Papers	44,947	-	44,947	-
<b>Total Pooled Investments</b>	<b>\$ 588,271</b>	<b>\$ 423,102</b>	<b>\$ 65,955</b>	<b>\$ 99,214</b>

**Restricted Investments**

	Ratings as of June 30, 2011				
	Fair Value	AAA/Aaa	A1/P1/F1	Bal	Not Rated
U.S. Government Agency Securities	\$ 23,009	\$ 23,009	\$ -	\$ -	\$ -
U.S. Government Agency Securities (Discount)	43,571	43,571	-	-	-
U.S. Treasury Securities (Discount)	2,000	2,000	-	-	-
Money Market Mutual Funds	242,501	242,501	-	-	-
Local Agency Investment Fund (LAIF)	3,148	-	-	-	3,148
Negotiable Certificates of Deposit	4,001	-	4,001	-	-
Commercial Papers	577	-	577	-	-
Corporate Bonds	2,595	-	-	2,595	-
Local Government Bonds	88,011	-	-	-	88,011
Annuity Contract	97,000	-	-	-	97,000
<b>Total Restricted Investments</b>	<b>\$ 506,413</b>	<b>\$ 311,081</b>	<b>\$ 4,578</b>	<b>\$ 2,595</b>	<b>\$ 188,159</b>

**Concentration of Credit Risk:** The City has an investment policy related to the City's cash and investment pool, which is subject to annual review. Under the City's Investment Policy, no more than five percent (5%) of the total assets of the investments held by the City may be invested in the securities of any one issuer, except the obligations of the United States government or government-sponsored enterprises, investment with the Local Agency Investment Fund, and proceeds of or pledged revenues for any tax and revenue anticipation notes. Per the Investment Policy, investments should conform to Sections 53600 et seq. of the California Government Code and the applicable limitations contained within the policy.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

Certain other investments are governed by bond covenants which do not restrict the amount of investment in any one issuer. Investments in one issuer that exceed 5% of the City's investment portfolio at June 30, 2011 are as follows (in thousands):

<b>Investment Type / Issuer</b>	<b>Amount</b>	<b>Percent of City's Investment Portfolio</b>
U.S. Government Agency Securities:		
Federal National Mortgage Association (Fannie Mae)	\$ 206,418	18.86%
Federal Home Loan Bank	72,306	6.61%
Federal Home Loan Mortgage Corporation (Freddie Mac)	69,995	6.39%
Local Government Bond:		
Oakland Joint Powers Financing Authority	88,011	8.04%
Annuity Contract:		
New York Life Insurance Company	97,000	8.86%

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

**Pooled Investments**

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percent (%) of Portfolio</b>
U.S. Government Agency Securities	\$ 129,332	21.99%
U.S. Government Agency Securities (Discount)	195,960	33.31%
Money Market Mutual Funds	97,810	16.63%
Local Agency Investment Fund (LAIF)	99,214	16.86%
Negotiable Certificates of Deposit	21,008	3.57%
Commercial Paper (Discount)	44,947	7.64%
<b>Total Pooled Investments</b>	<b>\$ 588,271</b>	<b>100.00%</b>

**Restricted Investments**

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percent (%) of Portfolio</b>
U.S. Government Agency Securities	\$ 23,009	4.55%
U.S. Government Agency Securities (Discount)	43,571	8.60%
U.S. Treasury Securities (Discount)	2,000	0.39%
Money Market Mutual Funds	242,501	47.89%
Local Agency Investment Fund (LAIF)	3,148	0.62%
Negotiable Certificates of Deposit	4,001	0.79%
Commercial Papers	577	0.11%
Corporate Bonds	2,595	0.51%
Local Government Bond	88,011	17.38%
Annuity Contracts	97,000	19.16%
<b>Total Restricted Investments</b>	<b>\$ 506,413</b>	<b>100.00%</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

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

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2011, the City had the following investments and original maturities (in thousands):

Pooled Investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>			
		<u>Interest Rates (%)</u>	<u>12 Months or Less</u>	<u>1 - 3 Years</u>	<u>3 - 5 Years</u>
U.S. Government Agency Securities	\$ 129,332	0.18 - 2.26	\$ 20,285	\$ 69,917	\$ 39,130
U.S. Government Agency Securities (Discount)	195,960	0.02 - 0.13	195,960	-	-
Money Market Mutual Funds*	97,810	0.07 - 0.09	97,810	-	-
Local Agency Investment Fund (LAIF)*	99,214	0.45	99,214	-	-
Negotiable Certificates of Deposit	21,008	0.15 - 0.29	21,008	-	-
Commercial Paper (Discount)	44,947	0.03 - 0.50	44,947	-	-
<b>Total Pooled Investments</b>	<b>\$ 588,271</b>		<b>\$ 479,224</b>	<b>\$ 69,917</b>	<b>\$ 39,130</b>

\* weighted average maturity used.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**Restricted Investments**

<b>Investment Type</b>	<b>Interest Rates (%)</b>	<b>Fair Value</b>	<b>Maturity</b>			
			<b>12 Months or Less</b>	<b>1 - 3 Years</b>	<b>3 - 5 Years</b>	<b>5 Years or More</b>
U.S. Government						
Agency Securities	0.25 - 1.70	\$ 23,009	\$ 17,008	\$ 6,001	\$ -	\$ -
U.S. Government Agency						
Securities (Discount)	0.02 - 0.15	43,571	43,571	-	-	-
U.S. Treasuries (Discount)	0.01 - 0.09	2,000	2,000	-	-	-
Money Market Mutual Funds*	0.01 - 0.04	242,501	242,501	-	-	-
Local Agency						
Investment Fund*	0.45	3,148	3,148	-	-	-
Negotiable Certificates						
of Deposit	0.51	4,001	4,001	-	-	-
Commercial Papers	0.18	577	577	-	-	-
Corporate Bonds	9.01	2,595	-	-	-	2,595
Local Government Bond	4.86	88,011	6,843	14,815	15,429	50,924
Annuity Contracts	3.15	97,000	-	-	-	97,000
<b>Total Restricted Investments</b>		<b>\$506,413</b>	<b>\$ 319,649</b>	<b>\$ 20,816</b>	<b>\$ 15,429</b>	<b>\$ 150,519</b>

\* weighted average maturity used.

**Foreign Currency Risk:** This is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an 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, 2011, the City's investment in LAIF is \$102.4 million (\$99.2 million in pooled investments and \$3.2 million in restricted investments). The total amount invested by all public agencies in LAIF at that date is approximately \$24 billion. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately \$66.5 billion, 94.99% is invested in non-derivative financial products and 5.01% in structured notes and asset-backed securities. As of June 30, 2011, LAIF has an average life-month end of 237 days. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different than the fair value of the City's position in the pool.

**Investments – Retirement Plans**

The Retirement Plans' 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 Retirement Plans' investment portfolios are managed by external investment managers. During the year ended June 30, 2011, the number of external investment managers was eleven for PFRS and one for OMERS.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

**Deposits in the City's Investment Pool**

Cash and deposits consisted of cash in treasury 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. As of June 30, 2011, OMERS' share of the City's investment pool totaled \$135,348.

**Investments**

OMERS' investment policy authorizes investments in domestic common stocks and bonds. OMERS' investment policy states that the asset allocation of the investment portfolio target shall be 70% domestic equity and 30% domestic fixed income. As of June 30, 2011, OMERS' investment portfolio consists of shares of two investment funds (Funds). OMERS invests in the American Century Equity Fund and the HighMark Employee Benefit Flexible Bond Commingled Fund. Specific guidelines for the Funds are detailed in the prospectus or declaration of Trust, for each individual fund.

The following summarizes OMERS' investment portfolio as well as the interest rate and the weighted average maturities of the funds as of June 30, 2011 (in thousands):

<b>Investments</b>	<b>Fair Value</b>	<b>Yield</b>	<b>Weighted Average Maturity</b>
<b>Short-Term Investments</b>	\$ 47	-	*
<b>Equity Investments</b>			
American Century Equity Mutual Fund	3,256	-	*
<b>Fixed Income Investments</b>			
HighMark Employee Benefit Flexible Bond Commingled Fund	1,481	3.0%	4.6 Years
Total Equity & Fixed Income Investment	4,737		
<b>Total Investments</b>	<u>\$ 4,784</u>		

\* Weighted average maturity is less than 0.1 year.

**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% investment in below investment grade securities (rated Ba/BB) or below by at least one Nationally Recognized Statistical Rating Organization (NRSRO) at fair market. As of June 30, 2011, OMERS was invested in the HighMark Employee Benefit Flexible Bond Commingled Fund which has a credit quality rating of AA.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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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, OMERS may not be able 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.

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.

**Derivatives:** OMERS has no derivatives as of June 30, 2011.

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

**Deposits in the City's Investment Pool**

As of June 30, 2011, cash and cash deposits consisted of cash in treasury held in the City's cash and investment pool as well as cash deposits held in bank and with a custodian. These funds are invested according to the investment policy adopted by the City Council. Interest earned on these pooled accounts is allocated monthly to all funds based on the average daily cash balance maintained by the respective funds. As of June 30, 2011, PFRS' share of the City's investment pool totaled \$2,300,096.

PFRS has a money market account with Alta Alliance Bank in the amount of \$1,100,158 and a cash balance of \$17,421 in its international custodian accounts. Of the total cash and cash deposits not held in the City's investment pool, \$267,421 was FDIC insured and \$850,158 was collateralized with securities held by the pledging financial institution in PFRS' name, in accordance with Section 53652 of the California Government Code.

**Investments**

PFRS' investment policy authorizes investment in U.S. equities, international equities, U.S. fixed income securities, instruments including U.S. Treasury notes and bonds, government agency mortgage backed securities, U.S. corporate notes and bonds, collateralized mortgage obligations, yankee bonds and non-U.S. issued fixed income securities denominated in foreign currencies. PFRS' investment portfolio is managed by external investment managers, except for the bond iShares which are managed internally. During the year ended June 30, 2011, the number of external investment managers was eleven.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

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

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

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

**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. The weighted average duration for PFRS fixed income investment portfolio excluding fixed short-term investments and securities lending investments was 4.95 years as of June 30, 2011.

As of June 30, 2011, PFRS had the following fixed income investments by category (in thousands):

**Short-Term Investment Duration:**

<b>Investment Type</b>	<b>Fair Value</b>	<b>Modified Duration (Year)</b>
U.S. Treasuries	\$ 5,329	0.71
Short-Term Investment Funds	11,534	n/a
Total Short-Term Investments	<u>\$ 16,863</u>	

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

Long-Term Investment Duration:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (Year)</u>
Government Bonds:		
U.S. Treasuries	\$ 14,477	4.15
U.S. Government Agency Securities	30,949	4.82
Total Government Bonds	45,426	
U.S. Corporate and Other Bonds		
Corporate Bonds	27,407	5.22
TIPS Bond Fund (iShares)	6,608	4.59
Other Government Bonds	2,082	9.71
Total U.S. Corporate and Other Bonds	36,097	
Total Fixed Income Investments	\$ 81,523	4.95
Securities Lending Collateral	\$ 11,536	0.003

**Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The following tables provide information as of June 30, 2011 concerning credit risk of fixed income securities (in thousands):

<u>Investment Type</u>	<u>S&amp;P/Moody's Rating</u>	<u>Fair Value</u>
U.S. Treasuries	AAA/Aaa	\$ 5,329
Short-Term Investment Funds	Not Rated	11,534
Total Short-Term Investments		\$ 16,863

The following tables provide information as of June 30, 2011 concerning credit risk of fixed income and long-term investment rating (in thousands):

<u>S &amp; P/Moody's Rating</u>	<u>Fair Value</u>	<u>Percent of Total Fair Value</u>
AAA/Aaa	\$ 39,873	48.92%
AA /Aa	4,567	5.60%
A/A	8,057	9.88%
BBB/Baa	7,589	9.31%
BB/Ba	440	0.54%
B/B	597	0.73%
Not Rated	20,400	25.02%
Total Fixed Income Investments	\$ 81,523	100.0%



**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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The following tables provide information as of June 30, 2011 concerning credit risk of securities lending collateral ratings (in thousands):

<u>S &amp; P/Moody's Rating</u>	<u>Fair Value</u>
Not Rated	<u>\$ 11,536</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, 2011, no investment in any single insurer exceeded 5% of PFRS' investments.

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

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

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

**Derivatives:** PFRS has no derivatives as of June 30, 2011.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**Foreign Currency Risk:** Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. Currency hedging is allowed under the PFRS investment policy for defensive purposes only. The investment policy limits currency hedging to a maximum of 25% of the portfolio value. The following summarizes PFRS' investments denominated in foreign currencies as of June 30, 2011 (in thousands):

<u>Foreign Currency</u>	<u>Total</u>
Australian Dollar	\$ 1,681
Brazilian Real	998
Canadian Dollar	1,207
Danish Krone	672
Euro	8,230
Hong Kong Dollar	2,102
Indonesian Rupian	624
Japanese Yen	4,061
Malaysian Ringgit	379
Mexican Peso	425
Norwegian Kroner	447
Singapore Dollar	111
South Korean Won	856
Swedish Krona	1,010
Swiss Franc	2,968
Taiwan Dollar	231
United Kingdom Pound	4,447
<b>Total Foreign Currency</b>	<b><u>\$ 30,449</u></b>

**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.

The Bank of New York Mellon administers the securities lending program. The administrator is responsible for maintaining an adequate level of collateral in an amount equal to at least 102% of the market value of loaned U.S. government securities, common stock and other equity securities, bonds, debentures, corporate debt securities, notes, and mortgages or other obligations. Collateral received may include cash, letters of credit, or securities. If securities collateral is received, PFRS cannot pledge or sell the collateral securities unless the borrower defaults. PFRS does not match the maturities of investments made with cash collateral with the securities on loan.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

As of June 30, 2011, management believes that PFRS has minimized its credit risk exposure to borrowers because the amounts held by PFRS as collateral exceeded the securities loaned by PFRS. PFRS' contract with The Bank of New York Mellon requires it to indemnify PFRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities borrowed) or fail to pay PFRS for income distributions by the securities' issuers while the securities are on loan.

The following table summarizes investments in securities lending transactions and collateral received as of June 30, 2011 (in thousands):

<b>Securities Lending</b>	
<b>Investments and Collateral Received (At Fair Value)</b>	
Securities on loan:	
U.S. Government and Agency Securities	\$ 57
U.S. Corporate Bonds	513
U.S. Equity	8,906
Non-U.S. Equity	1,730
Total Securities on Loan	<u>\$ 11,206</u>
Invested Cash Collateral Received:	
Money Market Mutual Funds	\$ 585
Repurchase Agreements	10,951
Total Invested Cash Collateral Received	<u>\$ 11,536</u>

**Fair Value Highly Sensitive to Change in Interest Rates:** The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. PFRS has invested in collateralized mortgage obligations (CMOs), which are mortgage-backed bonds that pay pass-through rates with varying maturities. The fair values of CMOs are considered sensitive to interest rate changes because they have embedded options, which are triggers related to quantities of delinquencies or defaults in the loans backing the mortgage pool. If a balance of delinquent loans reaches a certain threshold, interest and principal that would be used to pay junior bondholders is instead directed to pay off the principal balance of senior bondholders and shortening the life of the senior bonds. The following table shows PFRS' investments in CMOs as of June 30, 2011 (in thousands):

<b>Securities Name</b>	<b>Weighted Average Coupon Rate</b>	<b>Weighted Average Maturity</b>	<b>Fair Value</b>	<b>Percent of Total Investment Fair Value</b>
Commercial Mortgage Pass-Through	4.13%	12/13/2023	\$ 908	0.31%

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

The Port's cash, investments and deposits consisted of the following at June 30, 2011 (in thousands):

Cash on hand	\$ 9
Bank Deposits and Deposits in Escrow	2,283
Investments	<u>261,875</u>
Total Cash and Investments	<u>\$ 264,167</u>

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

**Investments**

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 (the Restated Indenture). There were no investments pertaining to the Intermediate Lien Debt. Escrow funds are on deposit with an escrow agent. At June 30, 2011 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>
U.S. Treasury Notes	\$ 61,898	AAA	\$ 61,898	\$ -
Government Securities Money				
Market Mutual Funds	10,541	AAA	10,541	-
City Investment Pool	<u>189,436</u>	AAA	<u>150,236</u>	<u>39,200</u>
<b>Total Investments</b>	<b><u>\$ 261,875</u></b>		<b><u>\$ 222,675</u></b>	<b><u>\$ 39,200</u></b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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**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	One year
U.S. Agency Obligations	None
Obligations of any State in the U.S	None
Prime Commercial Paper	270 days
FDIC Insured Deposits	None
Certificates of Deposits/Bankers' Acceptances	None
Money Market Mutual Funds	None
State-sponsored Investment Pools	None
Investment Contracts	None
Forward Delivery Agreement	None

**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 Port's policy that most bond proceeds are invested in permitted investment provisions of the Port's Trust Indentures with a short-term maturity.

**Credit Risk**

Provisions of the Port's Trust Indenture prescribe restrictions on the types of permitted investments of the monies held by the trustee in the funds and accounts created under the trust indentures, including agreements or financial institutions that must meet certain ratings.

**Concentration of Credit Risk**

The Trust Indenture places no limit on the amount the Port may invest in any one issuer. There were no investments that exceeded 5% of the total invested funds.

**Custodial Credit Risk**

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the ability to recover the value of the investments or collateral securities in the possession of an outside party may be doubtful. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Port will not be able to recover the value of its investment or collateral securities that are in possession of another party. To protect against custodial credit risk, all securities owned by the Port are held in the name of the Port for safekeeping by a third party bank trust

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

department, acting as an agent for the Port under the terms of the Restated Trust Indenture. The carrying amount of Port deposits in escrow was \$2,283,000 at June 30, 2011. Bank balances and escrow deposits of \$250,000 at June 30, 2011 are insured or collateralized with securities held by the pledging financial institution's trust department in the Port's name. The remaining balance of \$2,033,000 as of June 30, 2011, 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.

**(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 of the Agency relate to project advances made by the Agency for the City. The internal service funds' borrowing will be repaid over a reasonable period of time as described in Note 20. The composition of interfund balances and transfers as of June 30, 2011, is as follows (in thousands):

**Due From/Due To Other Funds**

<b>Receivables</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Oakland Redevelopment Agency	\$ 1,197
	Other Governmental Funds	5,520
	Municipal Capital Improvement	8,045
	Internal Service Funds	39,803
	Subtotal General Fund	54,565
Federal/State Grant Fund	Oakland Redevelopment Agency	159
Oakland Redevelopment Agency	General Fund	8,992
	Federal/State Grant Fund	3,532
	Other Governmental Funds	512
	Subtotal Oakland Redevelopment Agency	13,036
Municipal Capital Improvement	Oakland Redevelopment Agency	98
Other Governmental Funds	Oakland Redevelopment Agency	818
	Subtotal Governmental Funds	68,676
Internal Service Funds	Oakland Redevelopment Agency	56
	Total	\$ 68,732

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**Interfund Transfers**

<b>TRANSFERS OUT</b>	<b>TRANSFERS IN</b>		
	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental</b>
General Fund	\$ -	\$ 100,300	\$ 100,300
Federal/State Grant Fund	-	1,208	1,208
Other Governmental Funds	578	-	578
Sewer Service Fund	1,476	-	1,476
Internal Service Funds	224	-	224
<b>Total</b>	<b>\$ 2,278</b>	<b>\$ 101,508</b>	<b>\$ 103,786</b>

The \$100.3 million transferred from the General Fund consists of transfers made to provide funding for the following:

- \$11.5 million for the Kids' First Children's Program
- \$88.6 million for debt service payments
- \$0.2 million for City-owned parcels of land in the Wildfire Prevention Assessment District

The \$0.6 million transfer from Other Governmental Funds to General Fund is to provide funding for the following:

- \$0.2 million for City's claims and liability payments
- \$0.4 million for Motorola IPSS support and maintenance cost

The \$1.5 million transfer from the Sewer Service Fund to the General Fund is to provide funding for the following:

- \$0.6 million for City-wide lease payments
- \$0.9 million for City's claims and liability payments

The \$0.2 million transfer from the Internal Service Fund to the General Fund is to provide funds for City's claims and liability payments.

The \$1.2 million transfer from Federal/State Grant Funds to Other Governmental Funds is to set up Prop 42 fund within the State Gas Tax fund.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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**Interfund Loans**

Certain interfund loans made from the General Fund to the Oakland Redevelopment 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 Agency, and will be recognized as other financing sources in the General Fund upon receipt. The table below shows the total amount of interfund loans due as of June 30, 2011 (in thousands).

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Oakland Center Project	\$ 13,270	\$ -	\$ 13,270	\$ -

On July 20, 2010, the City Council approved a resolution forgiving the remaining balance of interest and principal owed by the Oakland Redevelopment Agency under the 1966 Oak Center repayment contract.

**(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 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) Third Clause and have priority over certain other expenses of Port revenues. Special services totaled \$6,802,000 and are included in "Operating Expenses." At June 30, 2011, \$8,501,000 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, 2011, the Port accrued approximately \$4,792,000 of payments for General Services as a current liability and by the City as a receivable. Additionally, subject to certain conditions, the Port accrued approximately \$3,800,000 to reimburse the City for General Services for net City expenditures for Lake Merritt Tideland Trust properties in 2010. 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 services.



**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**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 164.90 acres 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. The golf course is leased to a third party and the minimum annual rental is \$269,760 payable in twelve installments of \$22,480 per month, which is then split 50/50 between the Port and the City.

**(6) NOTES AND LOANS RECEIVABLE**

The composition of the City's notes and loans receivable as of June 30, 2011, 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</b>
Pass-through Loans	\$ 8,546	\$ 3,532	\$ -	\$ 512	\$ 12,590
HUD Loans	-	127,589	-	-	127,589
Economic Development					
Loans and Other	53	4,981	237,124	33,352	275,510
Less: Allowance for Uncollectable Accounts	-	(1,807)	(47,018)	(1,637)	(50,462)
<b>Total Notes and Loans Receivable, Net</b>	<b>\$ 8,599</b>	<b>\$ 134,295</b>	<b>\$ 190,106</b>	<b>\$ 32,227</b>	<b>\$ 365,227</b>

As of June 30, 2011, the City has a total of \$365.2 million net notes and loans receivable, which is not expected to be received in the next twelve months. All of the City's notes and loans receivables are offset with deferred revenue in the governmental funds as the collection of those notes and loans are not expected within the near future.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**(7) CAPITAL ASSETS AND LEASES**

**Primary Government**

Capital assets activity of the primary government for the year ended June 30, 2011, is as follows (in thousands):

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 78,366	\$ 2,463	\$ -	\$ -	\$ 80,829
Intangibles (easements)	2,607	-	-	-	2,607
Museum collections	481	255	-	-	736
Construction in progress	58,458	70,954	-	(72,207)	57,205
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	<u>139,912</u>	<u>73,672</u>	<u>-</u>	<u>(72,207)</u>	<u>141,377</u>
Capital assets, being depreciated:					
Facilities and improvements	763,888	575	-	41,355	805,818
Furniture, machinery and equipment	177,706	6,947	4,154	847	181,346
Infrastructure	545,811	1,105	-	30,005	576,921
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	<u>1,487,405</u>	<u>8,627</u>	<u>4,154</u>	<u>72,207</u>	<u>1,564,085</u>
Less accumulated depreciation:					
Facilities and improvements	330,037	23,147	-	-	353,184
Furniture, machinery and equipment	146,103	8,818	4,154	-	150,767
Infrastructure	194,603	19,497	-	-	214,100
TOTAL ACCUMULATED DEPRECIATION	<u>670,743</u>	<u>51,462</u>	<u>4,154</u>	<u>-</u>	<u>718,051</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	<u>816,662</u>	<u>(42,835)</u>	<u>-</u>	<u>72,207</u>	<u>846,034</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 956,574</u>	<u>\$ 30,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,411</u>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
<b>BUSINESS-TYPE ACTIVITIES:</b>					
<b>Sewer Service Fund:</b>					
Capital assets, not being depreciated:					
Land	\$ 4	\$ -	\$ -	\$ -	\$ 4
Construction in progress	5,959	9,794	-	(3,277)	12,476
Total capital assets, not being depreciated	5,963	9,794	-	(3,277)	12,480
Capital assets, being depreciated:					
Facilities and improvements	306	-	-	-	306
Furniture, machinery and equipment	920	121	-	-	1,041
Sewer and storm drains	232,957	-	-	3,277	236,234
Total capital assets, being depreciated	234,183	121	-	3,277	237,581
Less accumulated depreciation:					
Facilities and improvements	153	21	-	-	174
Furniture, machinery and equipment	761	28	-	-	789
Sewer and storm drains	82,231	4,692	-	-	86,923
Total accumulated depreciation	83,145	4,741	-	-	87,886
Total capital assets, being depreciated, net	151,038	(4,620)	-	3,277	149,695
<b>SEWER SERVICE FUND</b>					
<b>CAPITAL ASSETS, NET</b>	<u>\$ 157,001</u>	<u>\$ 5,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,175</u>
<b>Parks and Recreation Fund:</b>					
Capital assets, not being depreciated:					
Land	\$ 218	\$ -	\$ -	\$ -	\$ 218
Construction in progress	-	73	-	(73)	-
Total capital assets, not being depreciated	218	73	-	(73)	218
Capital assets, being depreciated:					
Facilities and improvements	4,318	-	-	73	4,391
Furniture, machinery and equipment	369	-	-	-	369
Infrastructure	85	-	-	-	85
Total capital assets, being depreciated	4,772	-	-	73	4,845
Less accumulated depreciation:					
Facilities and improvements	1,254	276	-	-	1,530
Furniture, machinery and equipment	316	9	-	-	325
Infrastructure	14	6	-	-	20
Total accumulated depreciation	1,584	291	-	-	1,875
Total capital assets, being depreciated, net	3,188	(291)	-	73	2,970
<b>PARKS AND RECREATION FUND</b>					
<b>CAPITAL ASSETS, NET</b>	<u>\$ 3,406</u>	<u>\$ (218)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,188</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>CAPITAL ASSETS, NET</b>	<u>\$ 160,407</u>	<u>\$ 4,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,363</u>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

**Governmental Activities:**

General Government	\$ 2,853
Public Safety	4,862
Life Enrichment	12,047
Community and Economic Development	6,639
Public Works	21,634
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets	<u>3,427</u>
Total	<u><u>\$ 51,462</u></u>

**Business-Type Activities:**

Sewer	\$ 4,741
Parks and Recreation	<u>291</u>
Total	<u><u>\$ 5,032</u></u>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

Capital assets activity for the Port for the year ended June 30, 2011, is as follows (in thousands):

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Capital assets, not being depreciated:					
Land	\$ 520,182	\$ 336	\$ (388)	\$ -	\$ 520,130
Intangibles (noise easements and air rights)	12,555	87	-	-	12,642
Construction in progress	114,847	49,464	16	(41,799)	122,528
Total capital assets, not being depreciated	647,584	49,887	(372)	(41,799)	655,300
Capital assets, being depreciated:					
Building and improvements	845,335	4,372	-	1,677	851,384
Container cranes	153,775	-	-	-	153,775
Systems and structures	1,545,442	463	-	29,053	1,574,958
Intangibles (software)	-	-	-	11,069	11,069
Other equipment	75,660	296	(1,214)	-	74,742
Total capital assets, being depreciated	2,620,212	5,131	(1,214)	41,799	2,665,928
Less accumulated depreciation:					
Building and improvements	406,914	34,476	-	-	441,390
Container cranes	72,967	5,428	-	-	78,395
Systems and structures	485,834	52,880	-	-	538,714
Intangibles (software)	-	553	-	-	553
Other equipment	40,918	5,479	1,021	-	45,376
Total accumulated	1,006,633	98,816	1,021	-	1,104,428
Total capital assets, being depreciated, net	1,613,579	93,685	(193)	41,799	1,561,500
<b>CAPITAL ASSETS, NET</b>	<b>\$ 2,261,163</b>	<b>\$ (43,798)</b>	<b>\$ (565)</b>	<b>\$ -</b>	<b>\$ 2,216,800</b>

**Capital Leases**

The capital assets leased to others at June 30, 2011, consist of the following (in thousands):

Land	\$ 441,073
Container cranes	153,775
Building and other facilities	1,103,271
Subtotal	1,698,119
Less accumulated depreciation	(488,438)
Capital assets on lease, net	\$ 1,209,681

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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*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, 2011, is as follows (in thousands):

Minimum non-cancelable rentals, including preferential assignments	\$ 157,036
Contingent rentals in excess of minimums	22,290
Secondary use of facilities leased under preferential assignments	<u>295</u>
Total	<u><u>\$ 179,621</u></u>

The Port and Ports America Outer Harbor Terminal, LLC, a private company, entered into a long-term concession and lease agreement on January 1, 2010 for the operation of berths 20-24 for 50 years. A \$60 million upfront fee was paid to the Port with offsets of approximately \$7 million for contractual obligations. The unamortized net upfront fee of approximately \$52 million at June 30, 2011, is classified as short-term and long-term deferred revenues of \$1.0 million and \$51 million, respectively. One of the Port's goals for the concession and lease agreement for berths 20-24 was, among other things, to maintain the continuous use and occupancy of berths 20-24 by a rent-paying tenant and maximize the annual revenue guarantee over the life of the concession, while also transferring the risk and responsibility for the berths to the concessionaire to the greatest extent commercially reasonable to do so. In furtherance of these goals, the concession and lease agreement provides that the concessionaire is responsible for any redevelopment of the berths. Except for certain emissions reductions measures which the concessionaire is obligated to implement, the improvements to be made by the concessionaire are at the discretion of the concessionaire, subject to market conditions and the concessionaire's ability to compete for and handle cargo under the then existing condition of the facilities at Berths 20-24.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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
2012	\$ 169,100
2013	173,375
2014	162,044
2015	161,280
2016	159,797
2016 - 2021	394,797
2022 - 2026	294,262
2027 - 2031	274,973
2032 - 2036	235,581
2037 - 2041	243,774
2042 - 2046	263,975
Thereafter	869,097
Total	<u>\$ 3,402,055</u>

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 (in thousands):

Year	Rental Revenues
2012	\$ 367
2013	378
2014	390
2015	401
2016	413
2016 - 2021	2,260
2022 - 2026	2,620
2027 - 2031	3,037
2032 - 2036	3,521
2037 - 2041	4,082
2042 - 2046	4,732
Thereafter	8,971
Total	<u>\$ 31,172</u>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**(8) PROPERTY HELD FOR RESALE**

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

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Property held for resale	\$ 163,919	\$ 15,321	\$ -	\$ 179,240

The increases in Property Held for Resale represent the acquisition of the Fruitvale Bart Parking Lot from Bay Area Rapid Transit District for \$6.0 million, properties located at 66<sup>th</sup> avenue from Cruise America Inc. for a total of \$5.8 million and properties totaling \$2.5 million for the Coliseum Transit Village project within the Coliseum Project Area. The Agency also purchased properties located at Foothill Boulevard for \$1.0 million for its Central City East Project Area. The Agency purchased two properties from the City of Oakland at 615 High Street and 695 Hegenberger Road with a carrying value of a dollar each.

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

Accounts payable and accrued liabilities as of June 30, 2011, for the City's individual major funds, nonmajor governmental funds in the aggregate, business-type activities – enterprise fund and internal service funds, are as follows (in thousands):

	Accounts Payable	Accrued Payroll/ Employee Benefits	Total
<b>Governmental Activities:</b>			
General Fund	\$ 26,058	\$ 85,000	\$ 111,058
Federal/State Grant Fund	8,719	-	8,719
Oakland Redevelopment Agency	3,709	-	3,709
Municipal Capital Improvement Fund	2,156	-	2,156
Other governmental funds	5,531	-	5,531
Subtotal	46,173	85,000	131,173
Internal service funds	1,370	-	1,370
<b>TOTAL</b>	<b>\$ 47,543</b>	<b>\$ 85,000</b>	<b>\$ 132,543</b>
<b>Business-type Activities:</b>			
Sewer Service Fund	2,161	-	2,161
<b>TOTAL</b>	<b>\$ 2,161</b>	<b>\$ -</b>	<b>\$ 2,161</b>



**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

Accounts payable and accrued liabilities for the pension trust funds and private purpose trust funds at June 30, 2011, are as follows (in thousands):

**Pension Trust Funds:**

Accounts payable	\$ 37
Investments payable	10,823
Accrued investment management fees	396
Member benefits payable	<u>5,517</u>
Total	<u>16,773</u>

**Private Purpose Trust Fund**

Accounts payable and accrued liabilities	<u>824</u>
<b>TOTAL</b>	<u><u>\$ 17,597</u></u>

**(10) DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with 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, 2011, the various components of deferred revenue and unearned revenue reported were as follows (in thousands):

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General Fund	\$ 7,954	\$ 8,233	\$ 16,187
Federal/State Grant Fund	134,891	-	134,891
Oakland Redevelopment Agency	205,309	-	205,309
Other Governmental Funds	<u>39,682</u>	<u>-</u>	<u>39,682</u>
<b>TOTAL GOVERNMENTAL FUNDS</b>	<u><u>\$ 387,836</u></u>	<u><u>\$ 8,233</u></u>	<u><u>\$ 396,069</u></u>
<b>Business-type activities:</b>			
Sewer Service	<u>\$ -</u>	<u>\$ 263</u>	<u>\$ 263</u>

**(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 2.000%. Principal and interest were paid on June 30, 2011.

The short-term debt activity for the year ended June 30, 2011, is as follows (in thousands):

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
2010 - 2011 Tax & Revenue Anticipation Notes	\$ -	\$ 100,000	\$ (100,000)	\$ -

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**(12) LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligations as of June 30, 2011 (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)	2039	3.00 - 6.25%	\$ 349,431
Tax allocation, housing, and other bonds (B)	2042	2.50 - 9.25%	523,905
Certificates of participation (C)	2012	5.00%	3,895
Lease revenue bonds (C)	2027	2.55 - 5.50%	242,800
Pension obligation bonds (D)	2023	6.09 - 6.89%	195,637
Accreted interest (C) and (D)			172,121
City guaranteed special assessment district bonds (D)	2039	2.00 - 6.70%	7,963
Notes payable (C) and (E)	2017	1.70 - 8.27%	12,295
Capital leases (C) and (E)	2022	2.56 - 6.10%	17,068
Accrued vacation and sick leave (F)			38,542
Self-insurance liability - workers' compensation (C) compensation (C)			82,045
Self-insurance liability - general liability (C)			36,687
Estimated environmental cost (B) and (C)			5,706
Pledge obligation for Coliseum Authority debt (C)			72,450
Net OPEB obligation (C)			156,978
Interest rate swap agreement (C)			16,112
Total			<u>1,933,635</u>
Less Deferred Amounts:			
Bond issuance premiums			22,203
Bond refunding loss			(23,481)
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS, NET			<u>\$ 1,932,357</u>

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
- (F) Revenues recorded in the funds that are responsible for the payroll costs.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**Business-Type Activities**

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Sewer fund - Notes payable	2014	3.00 - 3.50%	\$ 848
Sewer fund - Bonds	2029	3.00 - 5.25%	52,580
Unamortized Bond Premium			2,121
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM OBLIGATIONS			<u>\$ 55,549</u>

**Component Unit - Port of Oakland**

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Senior and intermediate lien bonds	2033	3.13 - 5.88%	\$ 1,314,080
Notes and loans	2030	0.12 - 5.00%	93,030
Less Deferred Amounts:			
Unamortized bond discounts and premiums, net			12,684
Deferred loss on refunding			(16,938)
Total bonds, notes, and loans payable			<u>1,402,856</u>
Self-insurance liability - workers' compensation			6,900
Self-insurance liability - general liability			3,918
Accrued vacation, sick leave and compensatory time			6,595
Environmental remediation and other liabilities			22,560
Net OPEB obligation			<u>10,461</u>
Total other long-term obligation			<u>50,434</u>
TOTAL COMPONENT UNIT LONG-TERM OBLIGATIONS, NET			<u>\$ 1,453,290</u>

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

**Tax Allocation Bonds**

The Tax Allocation Bonds (TAB), which are comprised of Series 1992, Series 2003, Series 2005, Series 2006T, Series 2009T, Series 2006A TE/T, Series 2006B TE/T, Series 2006C TE/T, and Series 2010T are all secured primarily by a pledge of tax increment revenues, consisting of a portion of all taxes levied upon all taxable properties within each of the redevelopment project areas, and are equally and ratably secured on a parity with each TAB series. The total projected tax increment revenue through the period of the bonds is approximately \$3,041,759,743. These revenues have been pledged until the year 2040, the final maturity date of the bonds. Debt service payments for these TABs is payable semi-annually on March 1 and September 1. The total principal and interest remaining on these TABs is \$639,155,455 which is 21.0 percent of the total projected tax increment revenues. The pledged tax increment revenue recognized during the year ended June 30, 2011 was \$74,067,000, of which \$39,066,114 was used to pay debt service.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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**Housing Bonds**

The Housing Set-Aside TAB, which are comprised of Series 2006A, Series 2006A-T and Series 2011T, are equally and ratably secured by the pledge and lien of the 20% tax increment revenue set-aside and voluntary 5 percent for the low and moderate income housing fund. The total projected 20 percent set-aside and 5 percent voluntary revenue through the period of the bonds is approximately \$801,163,498 and \$200,290,875, respectively. These revenues have been pledged until the year 2042 the final maturity date of the bonds. Debt service payment for these TABs is payable semi-annually on February 1 and August 1. The total principal and interest remaining on these Housing TABs is \$263,256,251, which is 26.3 percent of the total projected set-aside and voluntary tax increment revenues. The pledged 20 percent set-aside and 5 percent voluntary tax increment revenue recognized for the year ended June 30, 2011, was \$35,606,000, of which \$7,501,417 was used to pay debt service.

**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, 2011, the City's debt limit (3.75% of valuation subject to taxation) was \$1,104,508,857. The total amount of debt applicable to the debt limit was \$349,430,620. The resulting legal debt margin was \$755,078,237.

**Interest Rate Swap**

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

*Objective of the Interest Rate Swap:* On January 9, 1997, the City entered into a forward-starting synthetic fixed rate swap agreement (the "Swap") with Goldman Sachs Mitsui Marine Derivatives Products, U.S., L.P. (the "Counterparty") in connection with the \$187,500,000 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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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"). \$143,093,669 was deposited with the trustee to defease the 1998 Lease Revenue Bonds. However, the Swap associated with the 1998 Lease Revenue Bonds still remains in effect. This is now a stand-alone swap with no association to any bond.

The amortization schedule is as follows as of June 30, 2011:

<b>Calculation period (July 31)</b>	<b>Notional Amount</b>	<b>Fixed Rate To Counterparty</b>	<b>65% of LIBOR<sup>1</sup></b>	<b>Net Rate</b>
2011	\$ 76,800,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
2012	68,900,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
2013	61,200,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
2014	53,700,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
2015	46,400,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
2016	39,300,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
2017	32,500,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
2018	25,800,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
2019	19,300,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
2020	12,800,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
2021	6,400,000	5.6775%	0.2266% <sup>2</sup>	5.4509%

<sup>1</sup> Rate is as of 1-month LIBOR on June 30, 2011

<sup>2</sup> Rates are projections, LIBOR rate fluctuates daily

*Terms:* The swap agreement terminates on July 31, 2021, and has a notional amount as of June 30, 2011 of \$76,800,000. 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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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*Fair Value:* Because interest rates have declined since the execution of the Swap, the Swap had a negative fair value of \$16,112,193 as of June 30, 2011. 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 Aa1 by Moody's Investors Service, and AAA by Standard and Poor's as of June 30, 2011. 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 the counterparty, the City, the bond insurer for the Bonds and a third party collateral agent to execute a collateral agreement within 30 days of such a downgrade.

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

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**Changes in Long-term Obligations**

The changes in long-term obligations for the year ended June 30, 2011, are as follows (in thousands):

**Governmental Activities**

	Balance at July 1, 2010	Additional obligations, interest accretion and net increases (decreases)	Current maturities, retirements and net decreases (increases)	Balance at June 30, 2011	Amounts due within one year
<b>Bonds Payable:</b>					
General obligation bonds	\$ 366,248	\$ -	\$ 16,817	\$ 349,431	\$ 17,678
Tax allocation, housing and other bonds	488,900	54,370	19,365	523,905	20,365
Certificates of participation	7,210	-	3,315	3,895	3,895
Lease revenue bonds	270,670	-	27,870	242,800	32,270
Pension obligation bonds	210,595	-	14,958	195,637	20,860
City guaranteed special assessment district bonds	8,298	-	335	7,963	298
Accreted interest on appreciation bonds	172,971	23,171	24,021	172,121	24,021
Less deferred amounts:					
Bond issuance premiums	26,846	(2,052)	2,591	22,203	2,504
Bond refunding loss	(26,396)	-	(2,915)	(23,481)	(1,725)
<b>TOTAL</b>	<b>1,525,342</b>	<b>75,489</b>	<b>106,357</b>	<b>1,494,474</b>	<b>120,166</b>
<b>Notes Payable and Capital Leases:</b>					
Notes payable	14,295	-	2,000	12,295	2,155
Capital Leases	18,483	2,500	3,915	17,068	3,570
<b>TOTAL</b>	<b>32,778</b>	<b>2,500</b>	<b>5,915</b>	<b>29,363</b>	<b>5,725</b>
<b>Other Long-Term Liabilities:</b>					
Accrued vacation and sick leave	39,460	51,618	52,536	38,542	27,818
Pledge obligation for Coliseum Authority debt	76,000	-	3,550	72,450	3,750
Estimated environmental cost	6,634	-	928	5,706	3,103
Self -insurance liability - workers' compensation	75,695	29,508	23,158	82,045	20,119
Self -insurance liability - general liability	40,067	20,575	23,955	36,687	14,775
Net OPEB obligation	126,237	46,451	15,710	156,978	-
Interest rate swap agreement	19,083	-	2,971	16,112	-
<b>TOTAL</b>	<b>383,176</b>	<b>148,152</b>	<b>122,808</b>	<b>408,520</b>	<b>69,565</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS</b>	<b>\$ 1,941,296</b>	<b>\$ 226,141</b>	<b>\$ 235,080</b>	<b>\$ 1,932,357</b>	<b>\$ 195,456</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

Internal service funds predominantly serve governmental funds and therefore, the long-term liabilities of these funds are included as part of the above totals for governmental activities. At June 30, 2011, \$3,692,413, of capital leases and notes payable related to the internal service funds are included in the above amounts. Compensated absences are financed by individual funds that are responsible for the charges.

**Business-Type Activities**

	<b>Balance at July 1, 2010</b>	<b>Current maturities, retirements and net decreases</b>	<b>Balance at June 30, 2011</b>	<b>Amounts due within one year</b>
Sewer fund - Notes payable	\$ 1,708	\$ 860	\$ 848	\$ 274
Sewer fund - Bonds	54,380	1,800	52,580	1,885
Unamortized bond premium	2,239	118	2,121	118
Total	<u>\$ 58,327</u>	<u>\$ 2,778</u>	<u>\$ 55,549</u>	<u>\$ 2,277</u>

**Component Unit - Port of Oakland**

	<b>Balance at July 1, 2010</b>	<b>Additional obligations, interest accretion and net increases</b>	<b>Current maturities, retirements and net decreases</b>	<b>Balance at June 30, 2011</b>	<b>Amounts due within one year</b>
Senior and intermediate lien bonds	\$ 1,350,390	\$ -	\$ 36,310	\$ 1,314,080	\$ 46,045
Notes and loans	95,392	63,398	65,760	93,030	211
Less deferred amounts:					
Unamortized bond discount and premium, net	16,341	(11)	3,646	12,684	3,587
Deferred loss on refunding	(19,253)	-	(2,315)	(16,938)	(2,319)
TOTAL	<u>1,442,870</u>	<u>63,387</u>	<u>103,401</u>	<u>1,402,856</u>	<u>47,524</u>
Self-insurance liability - workers' compensation	6,900	863	863	6,900	6,900
Self-insurance liability - general liability	3,079	4,983	4,144	3,918	-
Accrued vacation, sick leave, and compensatory time	5,610	1,136	151	6,595	3,973
Environmental remediation and other liabilities	22,141	6,255	5,836	22,560	5,215
Net OPEB obligation	10,389	11,193	11,121	10,461	-
TOTAL	<u>41,219</u>	<u>23,567</u>	<u>21,252</u>	<u>43,534</u>	<u>9,188</u>
TOTAL COMPONENT UNIT LONG-TERM OBLIGATIONS	<u>\$ 1,490,989</u>	<u>\$ 87,817</u>	<u>\$ 125,516</u>	<u>\$ 1,453,290</u>	<u>\$ 63,612</u>



**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**Repayment Schedule**

The annual repayment schedules for all long-term debt as of June 30, 2011, are as follows (in thousands):

Year Ending June 30	Governmental Activities <sup>1</sup>					
	General Obligation Bonds		Tax Allocation, Housing and Other Bonds		Certificate of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2012.....	\$ 17,678	\$ 17,459	\$ 20,365	\$ 30,363	\$ 3,895	\$ 195
2013.....	18,571	16,633	22,545	29,313	-	-
2014.....	19,534	15,758	24,870	28,053	-	-
2015.....	20,574	14,814	19,865	26,651	-	-
2016.....	19,520	13,838	27,140	25,334	-	-
2017-2021.....	109,145	54,101	163,300	99,311	-	-
2022-2026.....	54,889	30,941	77,825	59,811	-	-
2027-2031.....	44,660	19,922	54,080	43,688	-	-
2032-2036.....	32,590	8,479	69,505	26,672	-	-
2037-2041.....	12,270	1,565	39,035	9,126	-	-
2042.....	-	-	5,375	248	-	-
Total	\$ 349,431	\$ 193,510	\$ 523,905	\$ 378,570	\$ 3,895	\$ 195

Year Ending June 30	Lease Revenue Bonds		Pension Obligation Bonds		Special Assessment District Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2012.....	\$ 32,270	\$ 11,095	\$ 20,860	\$ 17,515	\$ 298	\$ 431
2013.....	33,680	9,728	19,923	19,632	315	416
2014.....	35,295	8,155	18,881	21,884	330	400
2015.....	31,600	6,465	18,079	23,931	355	383
2016.....	18,845	5,290	17,210	26,075	355	365
2017-2021.....	44,145	16,248	74,840	161,810	2,100	1,510
2022-2026.....	38,125	7,166	25,844	78,907	2,110	891
2027-2031.....	8,840	221	-	-	560	563
2032-2036.....	-	-	-	-	755	367
2037-2041.....	-	-	-	-	785	102
Total	\$ 242,800	\$ 64,368	\$ 195,637	\$ 349,754	\$ 7,963	\$ 5,428

Year Ending June 30	Notes Payable		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2012.....	\$ 2,155	\$ 333	\$ 3,570	\$ 733	\$ 101,091	\$ 78,124
2013.....	2,325	278	2,270	586	99,629	76,586
2014.....	2,485	216	2,372	483	103,767	74,949
2015.....	2,180	157	2,104	376	94,757	72,777
2016.....	1,090	121	1,824	286	85,984	71,309
2017-2021.....	2,060	53	4,463	555	400,053	333,588
2022-2026.....	-	-	465	12	199,258	177,728
2027-2031.....	-	-	-	-	108,140	64,394
2032-2036.....	-	-	-	-	102,850	35,518
2037-2041.....	-	-	-	-	52,090	10,793
2042.....	-	-	-	-	5,375	248
Total	\$ 12,295	\$ 1,158	\$ 17,068	\$ 3,031	\$ 1,352,994	\$ 996,014

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

<b>Business-Type Activities</b>						
<b>Year Ending</b>	<b>Sewer Revenue Bonds</b>		<b>Sewer Notes Payable</b>		<b>Total</b>	
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2012.....	\$ 1,885	\$ 2,595	\$ 274	\$ 25	\$ 2,159	\$ 2,620
2013.....	1,985	2,499	283	17	2,268	2,516
2014.....	2,090	2,395	291	9	2,381	2,404
2015.....	2,175	2,306	-	-	2,175	2,306
2016.....	2,285	2,197	-	-	2,285	2,197
2017-2021.....	13,180	9,232	-	-	13,180	9,232
2022-2026.....	16,770	5,650	-	-	16,770	5,650
2027-2029.....	12,210	1,241	-	-	12,210	1,241
Total	<u>\$ 52,580</u>	<u>\$ 28,115</u>	<u>\$ 848</u>	<u>\$ 51</u>	<u>\$ 53,428</u>	<u>\$ 28,166</u>

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

The Port's required annual debt service payment for the outstanding long-term debt, not including Commercial Paper Notes, as of June 30, 2011, are as follows (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 46,243 <sup>(1)</sup>	\$ 67,264	\$ 113,507
2013	73,437	64,895	138,332
2014	115,515	62,346	177,861
2015	52,921	59,734	112,655
2016	50,222	57,179	107,401
2017 - 2021	297,587	241,345	538,932
2022 - 2026	333,604	161,730	495,334
2027 - 2031	363,816	65,517	429,333
2032 - 2033	73,765	3,734	77,499
TOTAL	<u>\$ 1,407,110</u>	<u>\$ 783,744</u>	<u>\$ 2,190,854</u>

<sup>(1)</sup> Commercial Paper has been classified as long-term debt because the Port has the intent and ability to continue to refinance this debt. Although the Port intends to refinance the Commercial Paper debt in the future, for purposes of this schedule, Commercial Paper debt is amortized over the time period 2013-2017 pursuant to the terms of the Commercial Paper Reimbursement Agreements.

In January 2010, the Port defeased \$44,505,000 of Series L Bonds with maturity dates from 2020 to 2032 and \$3,950,000 of Series N Bonds with maturity dates of 2010 and 2022 with proceeds from monies received from the Concession and Lease Agreement with Ports America Outer Harbor Terminal LLC. Funds were deposited in escrow with the trustee, US Bank, and invested in United States Treasury Securities - State and Local Government Series (SLGS) in amounts sufficient to pay the principal and interest until November 1, 2012, on which date the outstanding defeased Series L Bonds and Series N Bonds are to be called for redemption. As of June 30, 2011, the trustee held \$46,415,000 in the escrow account (along with interest earned in the escrow) to pay the remaining principal and interest on the defeased Series L Bonds and Series N Bonds until the call date of November 1, 2012. The Port incurred a defeasance loss of \$4,158,000, of which \$3,965,000 for Series L and \$193,000 for Series N.

The Port did not capitalize any interest in fiscal year 2011.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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**Current Year Long-Term Debt Financings**

**Redevelopment Agency of the City of Oakland**  
**Broadway/MacArthur/San Pablo Redevelopment Project**  
**Second Lien Tax Allocation Bonds, Series 2010-T**  
**Federally Taxable Recovery Zone Economic**

On November 2, 2010, the Agency issued \$7,390,000 of Broadway/MacArthur/San Pablo Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010-T Federally Taxable Recovery Zone Economic Development Bonds (the “Series 2010-T Bonds”). The Bonds were issued to finance certain redevelopment activities within or to the benefit of the project area. The Bonds are taxable and treated as “recovery zone economic development bonds,” a category of “Build America Bonds,” under the American Recovery and Reinvestment Act of 2009 and the Agency receives direct payment from the United States Treasury Department equal to forty-five percent (45%) of the interest payable on each interest payment date. The final maturity date is September 1, 2040. The interest rates of these bonds range from 7.20% to 7.40%.

The Series 2010-T Bonds are limited obligations of the Agency payable solely from and secured solely by a pledge of second lien tax revenues, consisting primarily of tax increment derived from property, in the Broadway/MacArthur/San Pablo Redevelopment Project Area. The Agency expects to receive \$6.2 million or 45% interest subsidy from the federal government as part of the bond issue.

**Master Lease – Parking Access and Revenue Control System**

On December 23, 2010, the City of Oakland closed a lease transaction with Chase Equipment Finance, Inc. in the amount of \$2,500,000 for the purpose of financing the acquisition of the equipment, software, maintenance and services for the automation of City garages. The financing is done on a taxable basis with a final maturity of July 15, 2018. The interest rate on this lease transaction is 2.56%.

**Redevelopment Agency of the City of Oakland**  
**Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T**

On March 3, 2011, the Agency issued \$46,980,000 of Subordinated Housing Set Aside Revenue Bonds Series 2011A-T (the “Series 2011A-T Bonds”). The Bonds were issued to finance low and moderate income housing activities within the Agency’s project areas. The Series 2011A-T Bonds are federally taxable with interest rates ranging from 3.25% to 9.25% and a final maturity of September 1, 2041.

**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

# CITY OF OAKLAND

## Notes to the Basic Financial Statements (continued)

### Year Ended June 30, 2011

U.S. government securities that were placed in the escrow funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and is therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2011, the amount of defeased debt outstanding amounted to \$38.8 million.

### Authorized and Unissued Debt

The City has \$62.3 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.

### 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, 2011 (in thousands):

	<b>Authorized and Issued</b>	<b>Maturity</b>	<b>Outstanding at June 30, 2011</b>
Oakland JPFA Revenue Bond 2001 Series A Fruitvale Transit Village (Fruitvale Development Corporation)	\$ 19,800	07/01/33	\$ 15,805
Oakland JPFA Revenue Bond 2001 Series B Fruitvale Transit Village (La Clinica De La Raza Fruitvale Health Project, Inc)	5,800	07/01/33	5,200
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>	<b>\$ 185,600</b>		<b>\$ 181,005</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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**(13) GENERAL FUND BALANCE RESERVE POLICY**

The City Council approved the original City Reserve Policy on March 22, 1994. Creation of the policy was to help pay any unanticipated expenditures and pay for claims arising from the City's insurance program. In May 2010, the City adopted a revised reserve policy equal to seven and one-half percent (7.5%) for unassigned fund balance of the general purpose fund appropriation for each fiscal year.

The reserved policy established criteria for the use of general purpose fund reserve, the use of excess Real Estate Transfer Tax (RETT) revenue, and use of one-time revenues, and to minimize draw-downs from the general purpose fund reserve by previous approved projects and encumbrances.

The policy also established a baseline for the Real Estate Transfer Tax at \$40 million (an amount collected in a normal year), with any amount over the baseline used as follows:

- Replenishment of the General Purpose Fund (GPF) reserves until such reserves reach 10 percent of current year budgeted GPF appropriations; and the remainder.
- 50 percent to repay negative Internal Service Funds.
- 30 percent set aside the Police and Fire Retirement System (PFRS) liability until this obligation is met.
- 10 percent to establish an Other Postemployment Benefits (OPEB) trust; and
- 10 percent to replenish the Capital Improvement Reserve Fund until such baseline reaches \$10 million.

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

- 50 percent to repay negative Internal Service Fund balances and,
- 50 percent to repay negatives in all other funds, unless legally restricted to other purposes.

As of June 30, 2011, \$5.8 million of the reserves is in assigned fund balance and \$25.7 million is in unassigned fund balances.

**(14) SELF-INSURANCE**

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

The City is self-insured for its general liability, malpractice liability, public official's errors and omissions, products and completed operations, employment practices liability, and auto liability up to \$4,000,000 retention level and up to \$750,000 retention level for workers' compensation and has excess insurance with the California State Association of Counties – Excess Insurance Authority as described in the Insurance Coverage section.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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*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.

**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 \$82,044,864 in claims liabilities as of June 30, 2011, approximately \$20,118,617 is estimated to be due within one year.

Changes in workers' compensation claims liabilities for the years ended June 30, 2011 and 2010 are as follows (in thousands):

	<b>2011</b>	<b>2010</b>
Self -insurance liability -		
workers' compensation, beginning of year	\$ 75,695	\$ 77,973
Current year claims and changes in estimates	29,508	33,445
Claims payments	(23,158)	(35,723)
Self -insurance liability -		
workers' compensation, end of year	<u>\$ 82,045</u>	<u>\$ 75,695</u>

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

**General Liability**

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2011, the amount of liability determined to be probable of occurrence is approximately \$36,687,103. Of this amount, claims and litigation approximating \$14,775,498 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 and the City Attorney's Office for the City, none of these claims are expected to have a significant impact on the financial position or changes in financial position of the City and the Agency. The City has not accumulated or segregated assets or set aside fund balances for the payment of estimated claims and judgments.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

Changes in general claims liabilities for the years ended June 30, 2011 and 2010 are as follows (in thousands):

	<b>2011</b>	<b>2010</b>
Self -insurance liability - general liability, beginning of year	\$ 40,067	\$ 49,237
Current year claims and changes in estimates	20,575	8,323
Claims payments	(23,955)	(17,493)
Self -insurance liability - general liability, end of year	<u>\$ 36,687</u>	<u>\$ 40,067</u>

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

### **Insurance Coverage**

On July 15, 2002, the City entered into a contract with the California State Association of Counties Excess Insurance Authority (CSAC EIA), a joint powers authority, whose purpose is to develop and fund programs of excess insurance for its member counties and cities. Effective July 1, 2009, the 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 \$4,000,000	\$4,000,000 to \$29,000,000 per occurrence
Automobile Liability	up to \$4,000,000	\$4,000,000 to \$29,000,000 per occurrence
Public Officials Errors and Omissions	up to \$4,000,000	\$4,000,000 to \$29,000,000 per occurrence/annual aggregate
Products and Completed Operations	up to \$4,000,000	\$4,000,000 to \$29,000,000 per occurrence/annual aggregate
Employment Practices Liability	up to \$4,000,000	\$4,000,000 to \$29,000,000 per occurrence/annual aggregate
Workers' Compensation	up to \$750,000	\$750,000 to \$100,000,000 per occurrence/annual aggregate

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

#### **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. There were no workers' compensation claims paid in fiscal years 2011, 2010, and 2009 above the \$750,000 per accident limit.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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. The claims payments and liabilities include an estimate of allocated loss adjustment expenses and claims that have been incurred but not yet reported. These losses are based on an actuarial valuation performed as of June 30, 2011. Estimated reserves can be defined as “actuarial central estimates” which represent the expected range of reasonably possible outcomes. The probability level refers to the probability that actual future payments will not exceed the indicated reserve amount.

Total reserve is equal to case reserves plus incurred but not reported (IBNR) reserves. Case reserves are established by individual claims adjusters. The IBNR reserves are estimated by the actuary and include reserves for late reported claims as well as developments on known claims. The reserve amount is net of excess insurance on an expected value, undiscounted basis. The loss reserve amount represents an estimated reserve amount required to satisfy the Port’s retained liability without a contingency provision for unanticipated development. Changes in the reported liability resulted from the following (in thousands):

	<b>2011</b>	<b>2010</b>
Self -insurance liability -		
workers' compensation, beginning of year	\$ 6,900	\$ 6,137
Current year claims and changes in estimates	863	1,699
Claims payments	(863)	(936)
Self -insurance liability -		
workers' compensation, end of year	<u>\$ 6,900</u>	<u>\$ 6,900</u>

**General Liability**

The Port maintains general liability insurance in excess of specified deductibles. For the Airport, coverage is provided in excess of \$200,000 in the aggregate up to a maximum of \$200,000,000 per occurrence. 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 \$500,000 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, 2011, the Port was a defendant in various lawsuits arising in the normal course of business, including constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known. The Port’s insurance may cover a portion of any losses. For additional information, contact the Port of Oakland, 530 Water Street, Oakland, California 94607.



**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

Changes in the reported liabilities, which is included as part of long-term obligations is as follows:

	<b>2011</b>	<b>2010</b>
Self -insurance liability - general liability, beginning of year	\$ 3,079	\$ 2,571
Current year claims and changes in estimates	4,983	3,282
Claims payments	(4,144)	(2,774)
Self -insurance liability - general liability, end of year	<u>\$ 3,918</u>	<u>\$ 3,079</u>

**(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 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 Authority's revenues relating to football games consists primarily of a portion of club dues, concessions, 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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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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 (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 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 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 the Oakland Coliseum Joint Venture. The Operating Agreement between the 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. The Authority's Management Agreement with Oakland Coliseum Joint Venture expires in June 2012.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

For the Period Ending June 30,	Stadium Bonds		Arena Bonds	
	Principal	Interest <sup>(1)</sup>	Principal	Interest <sup>(2)</sup>
2012	\$ 7,500	\$ 94	\$ 4,050	\$ 3,650
2013	7,900	89	4,400	3,510
2014	8,300	84	4,750	3,355
2015	8,700	79	5,150	3,187
2016	9,000	73	5,400	3,005
2017-2021	52,000	272	33,200	11,900
2022-2026	51,500	86	43,245	5,060
Total	\$ 144,900	\$ 777	\$ 100,195	\$ 33,667

<sup>(1)</sup> The Stadium Bonds include Lease Revenue Bonds Series C1 and C2, which bear weekly interest rates of 0.08% and 0.05%, respectively, at June 30, 2011.

<sup>(2)</sup> The Arena Bonds include Lease Revenue Bonds Series A-1 with a variable rate that resets in separate Commercial Paper Segment (46 and 77 days as of June 30, 2011) and Series A-2 with a weekly interest rate of 0.2% and 6.8%, respectively, at June 30, 2011.

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, 2011, the City made contributions of \$10,034,000 to fund its share of operating deficits and debt service payments of the Authority.

The 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 appropriated in the General Fund as part of the above agreements, it is estimated that the City may have to contribute \$9,977,950 for the 2011-12 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's 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 \$72,450,000. 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.

## **(16) RETIREMENT PLANS**

The City has four defined benefit retirement plans: Oakland 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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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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 Retirement 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 Retirement Plans.

	<b>PFRS</b>	<b>OMERS</b>	<b>PERS</b>
Type of plan	Single employer	Single employer	Agent multiple employer
Reporting entity	City	City	State
Most recent actuarial study	July 1, 2010	July 1, 2010	June 30, 2010

**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 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, 2010 stand alone financial statements are available by contacting the City Administrator's Office, One Frank Ogawa Plaza, Oakland, CA 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, 2011, 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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

were contributed in fiscal year 1997 and, as a result, no employer contributions are contractually required through fiscal year 2011. In fiscal year 2005, the City made an advance contribution of \$17,709,888 to PFRS.

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 the fiscal year ended June 30, 2011, were as follows:

Annual Required Contribution (ARC)	\$ (41,400,000)
Interest on pension asset	16,000,218
Adjustment to the annual required contribution	<u>(18,501,677)</u>
Annual Pension Cost	(43,901,459)
Pension contribution	-
Pension assets, beginning of year	<u>200,002,721</u>
Pension assets, end of year	<u><u>\$ 156,101,262</u></u>

The following table shows the City's annual pension cost and the percentage contributed for the fiscal year 2011 and each of the two preceding years:

<b>Fiscal Year Ended June 30</b>	<b>Annual Pension Cost</b>	<b>Percentage (%) Contributed</b>	<b>Net Pension Asset</b>
2009	\$ 31,487,398	0%	\$ 243,793,694
2010	43,790,973	0%	200,002,721
2011	43,901,459	0%	156,101,262

**Actuarial Assumptions and Funded Status**

Information regarding the funded status of the plan as of the most recent valuation date is shown below (in millions).

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2010	\$ 792.2	\$ 297.8	\$ 494.4	37.6%	\$ 0.1	494400%

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

Multiyear trend actuarial information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time is presented in the Required Supplementary Information (RSI) immediately following the notes to the basic financial statements.

A summary of the actuarial methods and significant assumptions used to calculate the funded status of the valuation date and the annual required contribution for fiscal year ended June 30, 2011 are as follows:

<b>Description</b>	<b>Method/Assumption</b>	<b>Method/Assumption</b>
Valuation Date	July 1, 2010 <sup>1</sup>	July 1, 2009 <sup>2</sup>
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Investment Rate of Return	7.00%	7.50%
Inflation Rate, U.S.	3.25%	3.25%
Inflation Rate, Bay Area	3.50%	3.50%
Long-term General Pay Increases	4.50%	4.50%
Long-term Postretirement Benefit Increases	4.50%	4.50%
Amortization Method	Level Dollar	Level Dollar
Amortization Period	26 years closed as of July 1, 2010	27 years closed as of July 1, 2009
Actuarial Value of Assets	Expected actuarial value plus 20% of the difference from market value, with 110% and 90% market value corridor.	Expected actuarial value plus 20% of the difference from market value, with 110% and 90% market value corridor.

<sup>1</sup> The July 1, 2010 valuation was used to determine the funded status

<sup>2</sup> The July 1, 2009 valuation was used to determine the annual required contribution for fiscal year 2011

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

OMERS provides death, 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, 2011 standalone financial statements are available by contacting the City Administrator's Office, One Frank Ogawa Plaza, Oakland, CA 94612.

All active non-uniformed City employees hired prior to September 1970 have transferred to PERS as of July 1, 2004. Accordingly, OMERS did not receive any employee contributions during the year ended June 30, 2011, and will not receive any employee contributions in the future. Because of the OMERS' current funded status, the City is currently not required to make contributions to OMERS. 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.

**Actuarial Assumptions and Funded Status**

Information regarding the funded status of OMERS as of the most recent valuation date is shown below (in thousands).

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2010	\$ 5,471	\$ 4,728	\$ 743	86.4%	\$ -	n/a

Multiyear trend actuarial information about whether the actuarial value of Plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time is presented in the Required Supplementary Information (RSI) immediately following the notes to the financial statements.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

A summary of the actuarial methods and significant assumptions used to calculate the funded status as of the valuations date and the annual required contribution for fiscal year ended June 30, 2011 are as follows:

<b>Description</b>	<b>Method/Assumption</b>	<b>Method/Assumption</b>
Valuation Date	July 1, 2010 <sup>1</sup>	July 1, 2007 <sup>2</sup>
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Asset Valuation Method	Market Value	Market Value
Investment Rate of Return	6.50%	8.00%
Inflation Rate	3.25%	3.25%
Cost-of-living Adjustments	3.00%	3.00%
Amortization Method	Closed Level Dollar	N/A <sup>3</sup>
Amortization Period	6 Years	N/A <sup>3</sup>

<sup>1</sup> The July 1, 2010 valuation was used to determine the funded status

<sup>2</sup> The July 1, 2009 valuation was used to determine the annual required contribution for fiscal year 2011

<sup>3</sup> Not applicable because OMERS is in a surplus position

## **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 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.



**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**Funding Policy**

Participants are required to contribute 8% for non-safety employees, 9% for police, and 13% for fire 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 19.885% for non-safety employees and 28.092% 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 2010-11, the City's annual pension costs of \$51.1 million for the Safety Plan and \$33.1 million for the Miscellaneous Plan were equal to the City's required and actual contributions. The required contributions were determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial values of plan assets were 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). The plans' unfunded actuarial accrued liability is amortized as a level percentage of projected payroll over a closed 20-year period.

Three-year trend information for the Safety and Miscellaneous Plans are as follows (in million):

<b>Safety Plan</b>			
<b>Fiscal Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2009	\$ 52.7	100%	\$ -
2010	54.2	100%	-
2011	51.1	100%	-

<b>Miscellaneous Plan</b>			
<b>Fiscal Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2009	\$ 45.5	100%	\$ -
2010	40.1	100%	-
2011	33.1	100%	-

**Funded Status and Funding Progress for Retirement Plans**

**Safety Plan**

As of June 30, 2010, the most recent actuarial valuation date, the Public Safety plan was 75.3% funded. The actuarial accrued liability for benefits was \$1,262,845,446, and the actuarial value of Plan assets was \$951,508,815 resulting in an unfunded actuarial accrued liability (UAAL) of \$311,336,631. The annual covered payroll was \$145,619,032, and the ratio of the UAAL to the annual covered payroll was 213.8%.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

A summary of the actuarial methods and significant assumptions used to calculate the funded status of the plan and the annual required contribution for the fiscal year ended June 30, 2011 are as follows:

<b>Description</b>	<b>Method/Assumption</b>	<b>Method/Assumption</b>
Valuation Date	June 30, 2010 <sup>1</sup>	June 30, 2008 <sup>2</sup>
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	31 years closed as of the Valuation Date	32 years closed as of the Valuation Date
Asset Valuation Method	15 Years Smoothed Market	15 Years Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 13.15% depending on Age, service, and type of employment	3.25% to 13.15% depending on Age, service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

<sup>1</sup> The June 30, 2010 valuation was used to determine the funded status

<sup>2</sup> The June 30, 2008 valuation was used to determine contribution requirements for fiscal year 2011

### **Miscellaneous Plan**

As of June 30, 2010, the most recent actuarial valuation date, the Miscellaneous Plan was 81.8% funded. The actuarial accrued liability for benefits was \$1,914,725,522, and the actuarial value of plan assets was \$1,565,521,601, resulting in an unfunded actuarial accrued liability (UAAL) of \$349,203,921. The annual covered payroll was \$195,788,222, and the ratio of the UAAL to the annual covered payroll was 178.4%. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry in PERS. Subsequent plan amendments are amortized as a level of payroll over a closed 20-year period.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

A summary of the actuarial methods and significant assumptions used to calculate the funded status of the plan and the annual required contribution for the fiscal year ended June 30, 2011 are as follows:

<b>Description</b>	<b>Method/Assumption</b>	<b>Method/Assumption</b>
Valuation Date	June 30, 2010 <sup>1</sup>	June 30, 2008 <sup>2</sup>
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	18 years closed as of the Valuation Date	19 years closed as of the Valuation Date
Asset Valuation Method	15 Years Smoothed Market	15 Years Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on age, service, and type of employment	3.25% to 14.45% depending on age, service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

<sup>1</sup> The June 30, 2010 valuation was used to determine the funded status

<sup>2</sup> The June 30, 2008 valuation was used to determine contribution requirements for 2011

The schedules of funding progress for the Public Safety and Miscellaneous Plans are presented as RSI following the notes to the financial statements, and present multiyear trend information about whether the actuarial valuation of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

**Primary Government**

**Plan Description**

The City has three programs in place to partially pay health insurance premiums for certain classes of retirees from City employment. City retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. The retiree health benefits are described in the labor agreements between the City and Local Unions and in City resolutions. The demographic rates used for the California Public Employee Retirement System (PERS) were public safety employees retirements benefits under a 3% @ 50 formula and miscellaneous employees retirement benefits under a 2.7% @ 55 formula.

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

**Funding Policy**

The City pays part of the health insurance premiums for all retirees from City employment receiving a pension annuity earned through City service and participating in a City-sponsored PERS health benefit plan on a pay-as-you-go basis. The City paid \$15,709,758 for retirees under this program for the year ended June 30, 2011.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual postemployment benefit cost and net OPEB obligation for the Retiree Health Plan as of and for the fiscal year ended June 30, 2011 using a 4.00% interest rate scenario, were as follows (in thousands):

Annual Required Contribution (ARC)	\$ 46,657
Interest on net OPEB obligation	5,050
Adjustment to ARC	<u>(5,256)</u>
Annual OPEB cost	46,451
Employer Contribution	<u>(15,710)</u>
Increase in net OPEB obligation	30,741
Net OPEB obligation, beginning of year	<u>126,237</u>
Net OPEB obligation, end of year	<u><u>\$ 156,978</u></u>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

<b>Fiscal Year Ended June 30,</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2009	\$ 54,564	23%	\$ 85,758
2010	54,495	26%	126,237
2011	46,451	34%	156,978

**OPEB Funded Status and Funding Progress**

As summarized in the table below, as of July 1, 2010, the most recent actuarial valuation date, the City's Retiree Health Plan was zero percent funded on an actuarial basis for other postemployment benefits (OPEB). Changes to the UAAL for the OPEB Plan was primarily the result of the actuarial value of assets being zero and unfavorable investment returns during the last two years. The City is on a pay-as-you-go funding with no money set aside for future liabilities. The specific funded status for the OPEB plan is summarized in the table below, as of the July 1, 2010 (in thousands):

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL) (a)</b>	<b>Actuarial Value of Assets (b)</b>	<b>Unfunded AAL (UAAL) (a-b)</b>	<b>Funded Ratio (b/a)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((a-b)/c)</b>
7/1/2010	\$ 520,882	\$ -	\$ 520,882	0.0%	\$ 310,155	168%

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to the Basic Financial Statements, presents information about whether the actuarial value of plan assets increased or decreased in relation to the actuarial accrued liability for benefits. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

**Actuarial Methods and Assumptions for OPEB Plan**

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrual liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The more significant actuarial methods and assumptions used in the calculations of the annual OPEB cost and the annual required contribution for the fiscal year ended June 30, 2011 and the funded status as of July 1, 2010 are as follows:

<b>Description</b>	<b>Method/Assumption</b>	<b>Method/Assumption</b>
Valuation Date	July 1, 2010 <sup>1</sup>	July 1, 2008 <sup>2</sup>
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	30 years open as of the Valuation Date	30 years open as of the Valuation Date
Asset Valuation Method	5 Years Smoothed Market	5 Years Smoothed Market
Actuarial Assumptions:		
Discount Rate <sup>3</sup>	4.00%	4.00%
Projected Salary Increases	2.5% per year growth	2.5% per year growth
Inflation	3.00%	3.00%
Demographic Rate	Retirement benefit at 3% 50 formula for Safety employees and at 2.7% @ 55 formula for Miscellaneous employees.	Retirement benefit at 3% 50 formula for Safety employees and at 2.7% @ 55 formula for Miscellaneous employees.
Health Care Cost Trends Rate	7% for fiscal year 2011, graded down to 5.00% for fiscal year 2015 and beyond. The trend rate is determined by the Plan sponsor based on historical data and anticipated experience under the Plan.	8% for fiscal year 2009, graded down to 5.00% for fiscal year 2015 and beyond. The trend rate is determined by the Plan sponsor based on historical data and anticipated experience under the Plan.

<sup>1</sup> The July 1, 2010 valuation was used to determine the funded status.

<sup>2</sup> The July 1, 2008 valuation was used to determine contribution requirements for fiscal year 2011.

<sup>3</sup> The City does not pre-fund the ARC, and therefore the discount rate is based on the expected return on the City's general assets.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

**Plan Description**

The Port contributes to the California Employer's Retiree Benefit Trust (CERBT), a single-employer defined benefit postemployment healthcare plan administered by PERS. The CERBT is an Internal Revenue Code (IRC) Section 115 Trust and an investment vehicle that can be used by all California public employers to prefund future retiree health and Other Postemployment Benefit (OPEB) costs.

The Port's Retiree Health Plan allows eligible retirees and their dependents to receive employer paid medical insurance benefits through PERS. The medical insurance reimbursement is not to exceed the Kaiser-HMO family plan rate. The Retiree Health Plan also includes dental and vision benefits and reimbursement of Medicare part B monthly insurance premium. The Retiree Health plan does not issue a separate financial report.

**Funding Policy**

Benefit provisions are established and may be amended through negotiations between the Port and the various bargaining units during each bargaining period. The Port contributes on a pay-as-you-go basis.

As of June 30, 2011, there were approximately 544 employees who had retired from the Port and were in the Port's retiree benefit plan. During the fiscal year ended June 30, 2011, the Port made payments of \$5,947,000 on behalf of OPEB eligible retirees to third parties outside of CERBT. For fiscal year 2011, the CERBT had net investment earnings of \$2,800,000.

**Annual OPEB Cost and Net OPEB Obligation**

The Port's annual other postemployment benefit (OPEB) cost is equal to (a) the annual required contribution (ARC) plus (b) one year's interest on the beginning balance of the net OPEB obligation, and minus (c) an adjustment of the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over an open period of thirty years.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

The following table shows the components of the Port's annual OPEB cost for the year, the amount contributed to the Plan, and changes in the Port's net OPEB obligation to the Plan as of June 30, 2011 (in thousands):

Annual Required Contribution (ARC)	\$ 10,994
Interest on net OPEB obligation	791
Adjustment to ARC	(592)
Annual OPEB cost	11,193
Employer Contribution	(11,121)
Increase in net OPEB obligation	72
Net OPEB obligation, beginning of year	10,389
Net OPEB obligation, end of year	<u>\$ 10,461</u>

The Port's annual OPEB cost and net OPEB obligation are as follows (in thousands):

<b>Fiscal Year Ended June 30,</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2009	\$ 10,019	123%	\$ 5,443
2010	10,019	51%	10,389
2011	11,193	99%	10,461

**Funded Status and Funding Progress**

The unfunded actuarial accrued liability is being amortized as a level percentage of expected payroll over 30 years. The table below indicates the funded status of the Plan as of June 30, 2011, the most recent actuarial valuation date (in thousands):

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
6/30/2011	\$ 128,906	\$ 19,145	\$ 109,761	14.9%	\$ 44,627	246%

GASB Statement No. 45 requires that the interest rate used to discount future benefits payments back to the present be based on the expected rate of return on any investments set aside to pay for these benefits. As of the June 30, 2011 actuarial valuation, the Port intended to fully fund its OPEB liabilities by contributing the actuarially determined ARC amount to the CERBT trust. The ARC amount was calculated using a discount rate of 7.61 percent which was based upon PERS' expected return on assets held in the Port's OPEB Trust.



**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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For the year ended June 30, 2011, the Port funded its annual OPEB cost at 99.36 percent. In recognition that a lower discount rate should be considered, the Port's Actuarial Service provided a second alternative valuation as of June 30, 2011, which recommended a lower discount rate of 4.25 percent in the event that the Port chose not to make any future contributions to the OPEB Trust, but would instead adopt a pay-as-you-go funding policy, keeping all other assumptions constant. The Port's UAAL, as of the June 30, 2011 actuarial valuation would increase by approximately \$79.2 million and its ARC would increase by \$4.4 million

**Eligible Retirees Defined**

Employees must have attained the age of fifty or over at the time of retirement, have five or more years of PERS service, and must be eligible to receive PERS retirement benefits in order to be classified as an eligible retiree.

**Actuarial Methods and Assumptions**

The actuarial cost method used for determining the benefit obligations of the Port is the Entry Age Normal Cost Method and amortized over an open period of 30 years. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit.

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

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

The actuarial assumptions used included a discount rate of 7.61 percent, and an annual health cost trend rate of 4.5 percent in health premiums. Annual salary increases were assumed at 3.25 percent. The demographic assumptions regarding turnover and retirement are based on statistics from reports for PERS under a "2.7 percent at 55" benefit schedule.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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

**(18) COMMITMENTS AND CONTINGENT LIABILITIES**

**Construction Commitments**

The City has committed to funding in the amount of \$153.7 million to a number of capital improvement projects for fiscal year 2012 through fiscal year 2013. As of June 30, 2011, the City had construction commitments for the acquisition and construction of assets as follows (in thousands):

Building, facilities and infrastructure	\$ 20,371
Parks and open space	25,847
Sewers and storm drains	19,243
Streets and sidewalks	61,427
Technology enhancements	542
Traffic improvements	26,247
Total	<u>\$ 153,677</u>

**Other Commitments and Contingencies**

As of June 30, 2011, the Agency has entered into contractual commitments of approximately \$54.2 million 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, 2011, the Agency was committed to fund \$75.7 million in loans. These commitments were made to facilitate the construction of low and moderate income housing within the City.

**Wood Street Affordable Housing Project Environmental Remediation**

The Wood Street Affordable Housing Project analytical results show concentrations of arsenic, lead, total petroleum hydrocarbons as diesel and polycyclic aromatic hydrocarbons in site soils and or ground water sample. As of June 30, 2011, environmental remediation clean up activities has not been completed yet. The Agency has set-aside \$300 thousand in escrow to cover the remaining environmental obligations.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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**Oakland Army Base Environmental Remediation**

Land held by the Oakland Army Base project area may be subject to environmental remediation as required by the Comprehensive Environmental Response, Compensation and Liability Act. If and when such environmental remediation is required, the Agency and the Port are responsible for the first \$13.0 million of environmental remediation costs; including environmental remediation insurance. The Agency has received a federal grant of \$13 million to pay for the above-mentioned environmental remediation costs including a \$3.5 million insurance premium. As of June 30, 2011 the Agency has spent approximately \$13.0 million on this project. \$10.9 million has been reimbursed by the U.S. Department of the Army (Army). The Agency is working with the Army on the remaining balance of \$2.1 million.

The next \$11.0 million of environmental remediation costs are to be shared equally by the Agency and the Port. As a result, the Agency reports its share of \$5.5 million remediation obligation on the Oakland Army Base project. The next \$9.0 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.

Agency management believes that none of the estimated environmental remediation costs will cause the recorded amounts of any properties held for resale to exceed their estimated net realizable values.

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

The \$594.5 million 5-Year Capital Needs Assessment includes projects in the Aviation, Maritime, Commercial Real Estate and Support Divisions. The most significant Aviation projects are the Terminal 1 renovation and retrofit; BART – Oakland Airport Connector; perimeter dike improvement; pavement rehabilitation; and the runway safety area. The most significant Maritime projects are the Shore Power program; maritime security initiatives; Berths 60-63 wharf replacement; site preparation and redevelopment activities at the former Oakland Army Base; and dredging related activities. The most significant projects in the Commercial Real Estate and Support Divisions include Jack London Square improvements and capital equipment purchases.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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As of June 30, 2011, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

Aviation	\$ 26,642
Maritime	23,233
Commercial real estate	14
Total	<u>\$ 49,889</u>

The most significant projects for which the Port has contractual commitments for construction are airport terminal renovation projects of \$2.6 million, runways and east apron reconstruction of \$8.3 million, modernization of maritime wharves and terminals projects of \$6.9 million, yard and gate improvement projects of \$2.3 million and safety projects of \$5.9 million.

**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, 2011, the total purchase commitment was approximately \$5.5 million for 99,556 megawatt-hours.

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.

The Port anticipates spending approximately \$2.4 million annually for environmental compliance and remediation obligations. Environmental monitoring costs relating to legal mandates such as regulatory agency orders, court orders or other affirmative legal obligations are included in the anticipated spending.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

A summary of the environmental liability accounts, included within the financial statements at June 30, 2011, is as follows (in thousands):

<b>Obligating Event</b>	<b>Liability</b>	<b>Estimated Recovery</b>
Pollution poses an imminent danger to the public or environment	\$ 218	\$ -
Identified as responsible to clean up pollution	17,533	619
Named in a lawsuit to compel to clean up	39	-
Begins or legally obligates to clean up or post-clean up activities	2,920	60
Total by Obligating Event	<u>\$ 20,710</u>	<u>\$ 679</u>

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

**(19) TRANSACTIONS WITH THE FOX OAKLAND THEATER, INC. (“FOT”)  
DEVELOPMENT**

FOT is a Internal Revenue Code section 501(C)(3) organization set up by and for the benefit of the Agency and the City set up to renovate the Fox Theater. The Agency transferred the Fox Theater property to FOT in August 2006 through a long-term lease and a Disposition and Development Agreement (“DDA”) which included a \$25.5 million loan. The Fox Theater property was held by the Agency as property held for resale. During 2008, the property was transferred to FOT as a long-term capital lease which was valued at \$6.5 million in the lease and DDA. All FOT board members are City employees and FOT has no staff. FOT set up a for profit entity, Fox Theater Manager, Inc (“FT Manager”), and then two LLCs managed by FT Manager, Fox Theater Landlord LLC and Fox Theater Master Tenant LLC. These new entities were used to syndicate Historic and New Markets Tax Credits. The Fox Theater property was transferred to the LLCs in December 2006, but the loan remains with FOT and is secured by a pledge and assignment of borrowers ninety nine and nine-tenths percent (99.9%) interests in the Community Development Entities (CDEs) loans entered into between FOT and Fox Oakland Investment Fund (FOIF). In fiscal year 2009-10, the Agency loaned an additional of \$2.0 million to FOT and \$1.4 million to Fox Theater Master Tenant LLC to complete the project. The \$1.4 million Fox Theater Master Tenant LLC loan has a 15-year term.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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The outstanding principal balance of the FOT loan shall accrue interest at the rate of 2.5 percent, commencing on the date of disbursement and compounded annually, which will only be payable to the extent of borrower's net cash flow from operations. The loan terminates at the end of ten years unless the borrower defaults on the agreement in which case the lender declares an acceleration of the maturity.

**(20) DEFICIT FUND BALANCES/NET ASSETS AND EXPENDITURES OVER BUDGET**

As of June 30, 2011, the following funds reported deficits in fund balance/net assets (in thousands):

Special Revenue:	
Landscape and Lighting Assessment District.....	\$ (2,517)
Capital Projects Fund:	
Emergency Services.....	\$ (152)

The Landscape and Lighting Assessment District and Emergency Services funds deficit will be cleared by future revenues.

Internal Service Funds:	
Equipment.....	\$ (804)
Facilities.....	(25,678)
Reproduction.....	(426)
Central Stores.....	(4,290)
Purchasing.....	(711)

The City's facilities, equipment, central stores, and funds deficits are expected to be funded through increased user charges in future years. During the 2009-11 Budget, the City revised the repayment plan for the internal service funds to eliminate the funds net assets deficit by 2019. In addition, the City adopted a financial policy that requires half of one-time revenues to be used to eliminate negative internal service fund balances and half be used to pay off other negative funds balances.

As of June 30, 2011, the following funds reported expenditures in excess of budgets (in thousands):

Debt Service Fund:	
Other Assessment Bonds.....	\$ (91)
Capital Projects Fund:	
Parks and Recreation.....	\$ (66)

The excess of expenditures over budget in the Other Assessment Bonds Fund is primarily attributed to administrative and commission costs associated with property tax collection and levy and the excess of expenditures over budget for Parks and Recreation Fund is the unrealized loss in investments.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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**(21) SUBSEQUENT EVENTS**

**Tax and Revenue Anticipation Notes**

On July 8, 2011, the City closed the 2011-2012 Tax and Revenue Anticipation Notes (the "Notes") in the principal amount of \$81,200,000 with a maturity date of March 30, 2012 and June 29, 2012. The Notes are tax-exempt with an interest rate of 2.0% on both maturities to yield at 0.31% for March 30, 2012 and 0.38% for June 29, 2012 maturity. The Notes were issued to finance General Fund expenditures, including but not limited to, current expenses, capital expenditures and the discharge of other obligations of the City.

**Recent Changes in Legislation Affecting California Redevelopment Agencies**

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the City "may use any available funds not otherwise obligated for other uses" to make this payment. The City intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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In the event that Assembly Bill X1 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that “the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012.” A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule (“EOPS”) by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule (“ROPS”) by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

On July 26, 2011, City Ordinance No. 13084 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$39.4 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$10 million will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any “new debt” is incurred. Assembly Bill X1 27 allows a one-year reprieve on the Agency’s obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.



**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2011**

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Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the state. In the event that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

**City of Oakland v. Oakland Police and Fire Retirement System, et al.,  
Alameda County Superior Court case number RG 11580626**

In June 2011, the City filed a petition for writ of mandate and complaint for declaratory relief against Oakland PFRS seeking, in the alternative, (1) a writ of mandate to compel changes in benefit payments made by PFRS to retired police officers and police widows; (2) a judicial declaration that the City's position regarding the calculation of benefit payments made by PFRS to retired police officers and police widows is correct, that retired police officers and police widows are being overpaid for their retirement benefits, that these payments should be corrected prospectively and that such overpayments should be recovered from the retired police officers and widows. PFRS filed an answer to the City's action on August 1, 2011 that denied the City's allegations and raised certain affirmative defenses in response. A hearing on the merits of the City's action is presently scheduled for January 18, 2012.

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# REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF OAKLAND**  
**Required Supplementary Information (unaudited)**  
**Year Ended June 30, 2011**

**PERS ACTUARIAL VALUATIONS**  
**SCHEDULES OF FUNDING PROGRESS**

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

**Public Safety Retirement Plan (Police and Fire)**

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2008	\$ 1,084,370,034	\$ 829,712,579	\$ 254,657,455	76.5%	\$ 138,606,908	183.7%
7/1/2009	1,194,359,091	888,250,432	306,108,659	74.4%	150,306,150	203.7%
7/1/2010	1,262,845,446	951,508,815	311,336,631	75.3%	145,619,032	213.8%

**Miscellaneous Retirement Plan**

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2008	\$ 1,727,976,732	\$ 1,445,373,281	\$ 282,603,451	83.6%	\$ 237,455,347	119.0%
7/1/2009	1,876,286,272	1,505,314,108	370,972,164	80.2%	224,759,546	165.1%
7/1/2010	1,914,725,522	1,565,521,601	349,203,921	81.8%	195,788,222	178.4%

**City Other PostEmployment Benefits (OPEB)**

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2008	\$ 591,575,250	\$ -	\$ 591,575,250	0.0%	\$ 304,875,561	194.0%
7/1/2010	520,882,498	-	520,882,498	0.0%	310,154,816	167.9%

**Port of Oakland PostEmployment Benefits (OPEB)**

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
1/1/2009	\$ 100,412,000	\$ -	\$ 100,412,000	0.0%	\$ 48,400,000	207%
1/1/2011	131,327,000	13,373,000.00	117,954,000	10.2%	45,079,000	262%
6/30/2011	128,906,000	19,145,000.00	109,761,000	14.9%	44,627,000	246%

**CITY OF OAKLAND**  
**Required Supplementary Information (unaudited)**  
**Year Ended June 30, 2011**

**PFRS AND OMERS ACTUARIAL VALUATIONS**  
**SCHEDULES OF FUNDING PROGRESS**

**Oakland Police and Fire Retirement System - Pension**

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2007 *	\$ 888,100,000	\$ 566,000,000	\$ 322,100,000	63.7%	\$ 400,000	80525%
7/1/2009 *	782,500,000	347,200,000	435,300,000	44.4%	100,000	435300%
7/1/2010 *	792,200,000	297,800,000	494,400,000	37.6%	100,000	494400%

\* Factors influencing the decline in funded ratio in FY 2008-09 include investment performance, the contribution holiday associated with the Pension Obligation Bonds (POB) issuance, and the strengthening of discount rate and post-retirement mortality assumptions.

**Oakland Municipal Employees' Retirement System - Pension**

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2007 **	\$ 7,516,000	\$ 9,371,000	\$ (1,855,000)	124.7%	\$ -	N/A
7/1/2009 **	5,499,000	4,981,000	518,000	90.6%	-	N/A
7/1/2010 **	5,471,000	4,728,000	743,000	86.4%	-	N/A

\*\* The decline in the funded ratio was primarily due to explicit recognition of future administrative expenses in the Plan's actuarial accrued liability, investment performance in FY 2008-09, and strengthening of the interest and mortality assumptions. The entry age normal cost method was used for disclosure and annual required contribution rates starting with the July 1, 2009 valuation.

**CITY OF OAKLAND**  
**Budgetary Comparison Schedule - General Fund (unaudited)**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Taxes:				
Property	\$ 184,295	\$ 184,295	\$ 189,237	\$ 4,942
State taxes:				
Sales and use tax	36,142	36,143	41,235	5,092
Motor vehicle in-lieu tax	1,111	1,111	2,168	1,057
Local taxes:				
Business license	50,813	50,813	53,138	2,325
Utility consumption	50,800	50,800	53,440	2,640
Real estate transfer	33,490	33,490	31,608	(1,882)
Transient occupancy	8,786	8,786	9,634	848
Parking	7,519	7,519	8,513	994
Franchise	15,365	15,365	14,724	(641)
Licenses and permits	1,362	694	888	194
Fines and penalties	31,736	31,976	24,397	(7,579)
Interest and investment income	1,640	1,640	847	(793)
Charges for services	90,183	122,002	99,717	(22,285)
Federal and state grants and subventions	1,652	1,658	1,370	(288)
Annuity income	11,700	11,700	7,647	(4,053)
Other	14,575	15,064	10,661	(4,403)
<b>TOTAL REVENUES</b>	<b>541,169</b>	<b>573,056</b>	<b>549,224</b>	<b>(23,832)</b>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	1,766	1,806	1,977	(171)
Council	3,553	3,798	3,870	(72)
City Administrator	9,116	9,259	9,150	109
City Attorney	11,598	11,595	12,079	(484)
City Auditor	1,034	1,297	1,456	(159)
City Clerk	3,182	4,179	2,986	1,193
Agencies/Departments:				
Human Resource Management	3,887	3,917	4,231	(314)
Information Technology	8,017	8,028	8,219	(191)
Financial Services	23,394	23,797	24,007	(210)
Contracting and Purchasing	1,929	1,950	2,082	(132)
Police Services	175,175	176,521	188,384	(11,863)
Fire Services	102,426	99,078	96,871	2,207
Life Enrichment:				
Parks and Recreation	14,531	15,832	15,948	(116)
Library	9,202	9,407	8,912	495
Cultural Arts and Museum	5,775	5,775	6,008	(233)
Aging & Health and Human Services	8,229	6,692	5,968	724
Community and Economic Development	17,163	30,563	17,266	13,297
Public Works	32,923	39,564	35,312	4,252
Other	7,104	9,996	2,329	7,667
Capital outlay	736	50,617	5,899	44,718
Debt service:				
Principal repayment	1,698	1,984	1,860	124
Interest charges	689	719	633	86
<b>TOTAL EXPENDITURES</b>	<b>443,127</b>	<b>516,374</b>	<b>455,447</b>	<b>60,927</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>98,042</b>	<b>56,682</b>	<b>93,777</b>	<b>37,095</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sale proceeds	3,000	3,007	4,481	1,474
Insurance claims and settlements	-	65	538	473
Transfers in	34,498	35,444	2,278	(33,166)
Transfers out	(119,299)	(132,882)	(100,300)	32,582
<b>TOTAL OTHER FINANCING USES, NET</b>	<b>(81,801)</b>	<b>(94,366)</b>	<b>(93,003)</b>	<b>1,363</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>16,241</b>	<b>(37,684)</b>	<b>774</b>	<b>38,458</b>
Fund balances - beginning	238,067	238,067	238,067	-
Adoption of GASB Statement No. 54	-	-	(5,246)	(5,246)
Fund balance - beginning as restated	238,067	238,067	232,821	(5,246)
<b>FUND BALANCES - ENDING</b>	<b>\$ 254,308</b>	<b>\$ 200,383</b>	<b>\$ 233,595</b>	<b>\$ 33,212</b>

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

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information (unaudited) (continued)**  
**June 30, 2011**

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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 2009, the City Council approved the City's two-year budget for fiscal years 2010 and 2011. 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 2010-11 budget. Certain projects are appropriated on a multiyear rather than annual basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations are carried forward to the following year with the approval of the City Administrator.

Transfers of appropriations between funds and supplemental appropriations financed by unanticipated revenues must be approved by the City Council.

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



**CITY OF OAKLAND**  
**Notes to Required Supplementary Information (unaudited) (continued)**  
**June 30, 2011**

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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 for certain investment earnings.

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

**Major Funds**

Federal/State Grants  
Oakland Redevelopment Agency  
Municipal Capital Improvement

**Nonmajor Funds**

Special Revenue Funds  
ORA Projects  
Parks, 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 multiyear basis.

**(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.

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information (unaudited) (continued)**  
**June 30, 2011**

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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, 2011, was \$448,154.

On June 30, 2010, the City entered into a sublease agreement with the Oakland Redevelopment Agency (“Agency”) whereby the City received advance payment of \$4 million for a twelve year lease agreement. The advance to the City was recorded as revenue in fiscal year 2011 when received on a budgetary basis. On a GAAP basis, the revenue was deferred and being recognized over the 12-year life of the sublease agreement. Amortization for the year ended June 30, 2011, was \$335,478.

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

	<b>General Fund</b>
Net change in fund balance - GAAP basis	\$ (2,443)
Advance from Scotlan Convention Center sublease	4,000
Amortization of Scotlan sublease agreement	(335)
Amortization of debt service deposit agreement	(448)
Net change in fund balance - Budgetary basis	<u>\$ 774</u>

The General Fund’s fund balance on a GAAP Basis is reconciled to a Budgetary Basis as of June 30, 2011, which is as follows (in thousands):

	<b>General Fund</b>
Fund balance as of June 30, 2011 - GAAP basis	\$ 225,361
Advance from Scotlan Convention Center sublease	3,665
Unamortized debt service deposit agreement	4,569
Fund balance as of June 30, 2011 - Budgetary basis	<u>\$ 233,595</u>

# COMBINING NONMAJOR GOVERNMENTAL FUNDS

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**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**  
*(In Thousands)*

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 29,573	\$ 9,356	\$ -	\$ 38,929
Receivables, net:				
Accrued interest	35	12	-	47
Property taxes	6,817	1,816	-	8,633
Accounts receivable	13,712	-	-	13,712
Grants receivable	2,189	-	-	2,189
Due from other funds	818	-	-	818
Notes and loans receivable, net	32,227	-	-	32,227
Restricted cash and investments	-	113,345	526	113,871
<b>TOTAL ASSETS</b>	<u>\$ 85,371</u>	<u>\$ 124,529</u>	<u>\$ 526</u>	<u>\$ 210,426</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 5,394	\$ 9	\$ 128	\$ 5,531
Due to other funds	3,527	1,955	550	6,032
Due to other governments	62	-	-	62
Deferred revenue	38,535	1,147	-	39,682
Other	4,849	-	-	4,849
<b>TOTAL LIABILITIES</b>	<u>52,367</u>	<u>3,111</u>	<u>678</u>	<u>56,156</u>
<b>Fund Balances</b>				
Restricted	25,084	121,418	-	146,502
Committed	8,878	-	-	8,878
Assigned	1,559	-	-	1,559
Unassigned	(2,517)	-	(152)	(2,669)
<b>TOTAL FUND BALANCES</b>	<u>33,004</u>	<u>121,418</u>	<u>(152)</u>	<u>154,270</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 85,371</u>	<u>\$ 124,529</u>	<u>\$ 526</u>	<u>\$ 210,426</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,572	\$ 25,094	\$ -	\$ 27,666
State:				
Sales and use	10,675	-	-	10,675
Gas	10,990	-	-	10,990
Transient occupancy	2,850	-	-	2,850
Parking	4,947	-	-	4,947
Voter approved special tax	35,523	-	-	35,523
Licenses and permits	12,409	-	-	12,409
Fines and penalties	4,702	78	-	4,780
Interest and investment income	488	4,741	-	5,229
Charges for services	15,623	-	-	15,623
Federal and state grants and subventions	3,229	-	-	3,229
Other	6,958	49	-	7,007
<b>TOTAL REVENUES</b>	<u>110,966</u>	<u>29,962</u>	<u>-</u>	<u>140,928</u>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	79	-	-	79
City Administrator	1,142	-	-	1,142
City Attorney	411	-	-	411
City Auditor	41	-	-	41
Agencies/Departments:				
Financial Services	182	56	-	238
Police Services	7,953	-	-	7,953
Fire Services	11,044	-	-	11,044
Life Enrichment:				
Parks and Recreation	4,837	-	-	4,837
Library	12,457	-	-	12,457
Cultural Arts/Museum	586	-	-	586
Aging & Health and Human Services	18,226	-	-	18,226
Community and Economic Development	29,547	-	-	29,547
Public Works	29,608	-	121	29,729
Other	1,231	148	66	1,445
Capital outlay	7,080	-	237	7,317
Debt service:				
Principal repayment	-	63,295	-	63,295
Interest charges	-	61,206	-	61,206
<b>TOTAL EXPENDITURES</b>	<u>124,424</u>	<u>124,705</u>	<u>424</u>	<u>249,553</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(13,458)</u>	<u>(94,743)</u>	<u>(424)</u>	<u>(108,625)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance claims and settlements	10	-	-	10
Transfers in	12,875	88,633	-	101,508
Transfers out	(143)	-	(435)	(578)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>12,742</u>	<u>88,633</u>	<u>(435)</u>	<u>100,940</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(716)</u>	<u>(6,110)</u>	<u>(859)</u>	<u>(7,685)</u>
Fund balances - beginning	23,720	127,528	707	151,955
Adoption of GASB Statement No. 54	10,000	-	-	10,000
Fund balance - beginning as restated	33,720	127,528	707	161,955
<b>FUND BALANCES - ENDING</b>	<u>\$ 33,004</u>	<u>\$ 121,418</u>	<u>\$ (152)</u>	<u>\$ 154,270</u>

# NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

**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, 2011**  
*(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, Recreation, and Cultural</b>	<b>Total</b>
<b>ASSETS</b>								
Cash and Investments	\$ 10,325	\$ 3,464	\$ -	\$ 3,163	\$ 7,906	\$ -	\$ 4,715	\$ 29,573
Receivable, net:								
Accrued interest and dividends	12	3	-	3	12	-	5	35
Property taxes	-	-	2,803	168	3,438	-	408	6,817
Accounts receivable	2,957	1,243	579	26	8,907	-	-	13,712
Grants receivable	152	-	-	-	2,037	-	-	2,189
Due from other funds	-	-	-	-	818	-	-	818
Notes and loans receivable, net	-	-	-	-	32,227	-	-	32,227
<b>TOTAL ASSETS</b>	<b>\$ 13,446</b>	<b>\$ 4,710</b>	<b>\$ 3,382</b>	<b>\$ 3,360</b>	<b>\$ 55,345</b>	<b>\$ -</b>	<b>\$ 5,128</b>	<b>\$ 85,371</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 732	\$ 187	\$ 422	\$ 208	\$ 3,823	\$ -	\$ 22	\$ 5,394
Due to other funds	-	-	3,015	-	512	-	-	3,527
Due to other governments	-	-	-	-	62	-	-	62
Deferred revenues	-	-	2,462	140	35,544	-	389	38,535
Other	-	-	-	-	4,016	-	833	4,849
<b>TOTAL LIABILITIES</b>	<b>732</b>	<b>187</b>	<b>5,899</b>	<b>348</b>	<b>43,957</b>	<b>-</b>	<b>1,244</b>	<b>52,367</b>
<b>Fund Balances (deficit)</b>								
Restricted	12,714	4,523	-	3,012	4,835	-	-	25,084
Committed	-	-	-	-	6,553	-	2,325	8,878
Assigned	-	-	-	-	-	-	1,559	1,559
Unassigned	-	-	(2,517)	-	-	-	-	(2,517)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>12,714</b>	<b>4,523</b>	<b>(2,517)</b>	<b>3,012</b>	<b>11,388</b>	<b>-</b>	<b>3,884</b>	<b>33,004</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,446</b>	<b>\$ 4,710</b>	<b>\$ 3,382</b>	<b>\$ 3,360</b>	<b>\$ 55,345</b>	<b>\$ -</b>	<b>\$ 5,128</b>	<b>\$ 85,371</b>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds-Special Revenue Funds**  
**For the Year Ended June 30, 2011**  
*(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, Recreation, and Cultural</b>	<b>Total</b>
<b>REVENUES</b>								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 1,738	\$ 834	\$ -	\$ -	\$ 2,572
State:								
Sales and use	10,675	-	-	-	-	-	-	10,675
Gas	-	10,990	-	-	-	-	-	10,990
Licenses and permits	-	-	17	-	12,392	-	-	12,409
Transient occupancy	-	-	-	-	2,850	-	-	2,850
Parking	-	-	-	-	4,947	-	-	4,947
Voter approved special tax	-	-	19,065	-	16,458	-	-	35,523
Fines and penalties	2,782	-	-	-	1,920	-	-	4,702
Interest and investment income	31	6	-	9	425	-	17	488
Charges for services	247	26	208	-	15,142	-	-	15,623
Federal and state grants and subventions	75	138	8	-	2,912	-	96	3,229
Other	15	8	-	3	5,075	-	1,857	6,958
<b>TOTAL REVENUES</b>	<b>13,825</b>	<b>11,168</b>	<b>19,298</b>	<b>1,750</b>	<b>62,955</b>	<b>-</b>	<b>1,970</b>	<b>110,966</b>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials:								
Mayor	-	-	-	-	60	-	19	79
City Administrator	104	-	6	2	1,030	-	-	1,142
City Attorney	-	-	-	-	411	-	-	411
City Auditor	-	-	-	-	41	-	-	41
Agencies/Departments:								
Financial Services	-	3	156	-	23	-	-	182
Police Services	1,554	-	-	-	6,399	-	-	7,953
Fire Services	-	-	-	1,549	9,495	-	-	11,044
Life Enrichment:								
Parks and Recreation	-	-	4,340	-	461	-	36	4,837
Library	-	-	-	-	12,250	-	207	12,457
Cultural Arts and Museum	-	-	192	-	361	-	33	586
Aging & Health and Human Services	1,219	-	-	-	17,007	-	-	18,226
Community and Economic Development	26	-	-	-	29,520	-	1	29,547
Public Works	8,707	7,741	12,347	11	600	-	202	29,608
Other	-	-	11	2	1,218	-	-	1,231
Capital outlay	4,262	457	-	9	1,047	-	1,305	7,080
<b>TOTAL EXPENDITURES</b>	<b>15,872</b>	<b>8,201</b>	<b>17,052</b>	<b>1,573</b>	<b>79,923</b>	<b>-</b>	<b>1,803</b>	<b>124,424</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,047)	2,967	2,246	177	(16,968)	-	167	(13,458)
<b>OTHER FINANCING SOURCES (USES)</b>								
Insurance claims and settlements	-	-	-	-	-	-	10	10
Transfers in	-	1,208	-	151	11,516	-	-	12,875
Transfers out	-	-	(143)	-	-	-	-	(143)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>1,208</b>	<b>(143)</b>	<b>151</b>	<b>11,516</b>	<b>-</b>	<b>10</b>	<b>12,742</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,047)</b>	<b>4,175</b>	<b>2,103</b>	<b>328</b>	<b>(5,452)</b>	<b>-</b>	<b>177</b>	<b>(716)</b>
Fund balances (deficit) - beginning as originally reported	14,761	348	(4,620)	2,684	7,954	(1,114)	3,707	23,720
Adoption of GASB Statement No. 54	-	-	-	-	8,886	1,114	-	10,000
Fund balance - beginning as restated	14,761	348	(4,620)	2,684	16,840	-	3,707	33,720
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<b>\$ 12,714</b>	<b>\$ 4,523</b>	<b>\$ (2,517)</b>	<b>\$ 3,012</b>	<b>\$ 11,388</b>	<b>\$ -</b>	<b>\$ 3,884</b>	<b>\$ 33,004</b>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Special Revenue Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	Traffic Safety and Control				State Gas Tax				Landscape and Lighting Assessment District			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>												
State:												
Sales and use	\$ 9,625	\$ 9,650	\$ 10,675	\$ 1,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas	-	-	-	-	6,638	10,838	10,990	152	-	-	-	-
Voter approved special tax	-	-	-	-	-	-	-	-	18,208	18,208	19,065	857
Licenses and permits	-	-	-	-	-	-	-	-	13	13	17	4
Fines and penalties	2,551	2,551	2,782	231	-	-	-	-	-	-	-	-
Interest and investment income	250	100	31	(69)	-	-	6	6	-	-	-	-
Charges for services	80	80	247	167	20	20	26	6	172	172	208	36
Federal and state grants and subventions	-	-	75	75	141	141	138	(3)	-	-	8	8
Other	-	-	15	15	-	-	8	8	-	-	-	-
<b>TOTAL REVENUES</b>	<b>12,506</b>	<b>12,381</b>	<b>13,825</b>	<b>1,444</b>	<b>6,799</b>	<b>10,999</b>	<b>11,168</b>	<b>169</b>	<b>18,393</b>	<b>18,393</b>	<b>19,298</b>	<b>905</b>
<b>EXPENDITURES</b>												
Current:												
Elected and Appointed Officials:												
City Administrator	98	98	104	(6)	-	-	-	-	21	24	6	18
Agencies/Departments:												
Financial Services	-	-	-	-	-	-	3	(3)	23	23	156	(133)
Police Services	2,063	2,063	1,554	509	-	-	-	-	-	-	-	-
Life Enrichment:												
Parks and Recreation	-	-	-	-	-	-	-	-	4,205	4,205	4,340	(135)
Cultural Arts and Museum	-	-	-	-	-	-	-	-	213	213	192	21
Aging & Health and Human Services	914	1,550	1,219	331	-	-	-	-	-	-	-	-
Community and Economic Development	-	34	26	8	-	-	-	-	-	-	-	-
Public Works	5,878	9,070	8,707	363	6,815	9,104	7,741	1,363	13,658	13,696	12,347	1,349
Other	-	-	-	-	-	-	-	-	-	-	11	(11)
Capital outlay	5,750	21,214	4,262	16,952	-	4,699	457	4,242	-	34	-	34
<b>TOTAL EXPENDITURES</b>	<b>14,703</b>	<b>34,029</b>	<b>15,872</b>	<b>18,157</b>	<b>6,815</b>	<b>13,803</b>	<b>8,201</b>	<b>5,602</b>	<b>18,120</b>	<b>18,195</b>	<b>17,052</b>	<b>1,143</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<b>(2,197)</b>	<b>(21,648)</b>	<b>(2,047)</b>	<b>19,601</b>	<b>(16)</b>	<b>(2,804)</b>	<b>2,967</b>	<b>5,771</b>	<b>273</b>	<b>198</b>	<b>2,246</b>	<b>2,048</b>
<b>OVER (UNDER) EXPENDITURES</b>												
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	1,500	-	-	-	-	-	1,208	1,208	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(143)	(143)	(143)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,208</b>	<b>1,208</b>	<b>(143)</b>	<b>(143)</b>	<b>(143)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(697)</b>	<b>(21,648)</b>	<b>(2,047)</b>	<b>19,601</b>	<b>(16)</b>	<b>(2,804)</b>	<b>4,175</b>	<b>6,979</b>	<b>130</b>	<b>55</b>	<b>2,103</b>	<b>2,048</b>
Fund balances (deficit) -beginning	14,761	14,761	14,761	-	348	348	348	-	(4,620)	(4,620)	(4,620)	-
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<b>\$ 14,064</b>	<b>\$ (6,887)</b>	<b>\$ 12,714</b>	<b>\$ 19,601</b>	<b>\$ 332</b>	<b>\$ (2,456)</b>	<b>\$ 4,523</b>	<b>\$ 6,979</b>	<b>\$ (4,490)</b>	<b>\$ (4,565)</b>	<b>\$ (2,517)</b>	<b>\$ 2,048</b>

(Continued)

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Special Revenue Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	Assessment Districts				Other Special Revenue			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>								
Taxes:								
Property	\$ 1,820	\$ 1,821	\$ 1,738	\$ (83)	\$ 13,651	\$ -	\$ 834	\$ 834
Voter approved special tax	-	-	-	-	3,017	16,572	16,458	(114)
Parking	-	-	-	-	7,948	-	4,947	4,947
Transient occupancy	-	-	-	-	21	2,372	2,850	478
Licenses and permits	-	-	-	-	25,102	12,706	12,392	(314)
Fines and penalties	-	-	-	-	21	1,036	1,920	884
Interest and investment income	-	-	9	9	-	28	425	397
Charges for services	-	-	-	-	13,560	10,878	15,142	4,264
Federal and state grants and subventions	-	-	-	-	4,323	3,334	2,912	(422)
Other	3	3	3	-	85	310	5,075	4,765
<b>TOTAL REVENUES</b>	<u>1,823</u>	<u>1,824</u>	<u>1,750</u>	<u>(74)</u>	<u>67,728</u>	<u>47,236</u>	<u>62,955</u>	<u>15,719</u>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials:								
Mayor	-	-	-	-	-	135	60	75
City Administrator	3	3	2	1	450	1,241	1,030	211
City Attorney	-	-	-	-	458	458	411	47
City Auditor	-	-	-	-	-	91	41	50
Agencies/Departments:								
Information Technology	-	-	-	-	1	(22)	-	(22)
Financial Services	-	-	-	-	-	53	23	30
Police Services	-	-	-	-	462	7,520	6,399	1,121
Fire Services	1,857	2,242	1,549	693	3,619	11,149	9,495	1,654
Life Enrichment:								
Parks and Recreation	-	-	-	-	-	505	461	44
Library	-	-	-	-	17	14,605	12,250	2,355
Cultural Arts and Museum	-	-	-	-	294	411	361	50
Aging, Health and Human Services	-	-	-	-	16,041	21,657	17,007	4,650
Community and Economic Development	-	-	-	-	22,324	31,471	29,520	1,951
Public Works	-	30	11	19	206	3,068	600	2,468
Other	-	-	2	(2)	(293)	2,197	1,218	979
Capital outlay	-	376	9	367	140	13,863	1,047	12,816
<b>TOTAL EXPENDITURES</b>	<u>1,860</u>	<u>2,651</u>	<u>1,573</u>	<u>1,078</u>	<u>43,719</u>	<u>108,402</u>	<u>79,923</u>	<u>28,479</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<u>(37)</u>	<u>(827)</u>	<u>177</u>	<u>1,004</u>	<u>24,009</u>	<u>(61,166)</u>	<u>(16,968)</u>	<u>44,198</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	151	(151)	11,672	17,196	11,516	(5,680)
Transfers out	-	-	-	-	(2,284)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>151</u>	<u>(151)</u>	<u>9,388</u>	<u>17,196</u>	<u>11,516</u>	<u>(5,680)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(37)</u>	<u>(827)</u>	<u>328</u>	<u>853</u>	<u>33,397</u>	<u>(43,970)</u>	<u>(5,452)</u>	<u>38,518</u>
Fund balances - beginning, as originally reported	2,684	2,684	2,684	-	7,954	7,954	7,954	-
Adoption of GASB Statement No. 54	-	-	-	-	-	-	8,886	8,886
Fund balance - beginning as restated	2,684	2,684	2,684	-	41,351	7,954	16,840	8,886
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,647</u>	<u>\$ 1,857</u>	<u>\$ 3,012</u>	<u>\$ 853</u>	<u>\$ 50,739</u>	<u>\$ (36,016)</u>	<u>\$ 11,388</u>	<u>\$ 47,404</u>

(Concluded)

# 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 **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) 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, 2011**  
*(In Thousands)*

	<b>General Obligation Bonds</b>	<b>Lease Financing</b>	<b>JPFA Fund</b>	<b>Other Assessment Bonds</b>	<b>Special Revenue Bonds</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and investments	\$ 5,650	\$ 86	\$ 1,228	\$ 2,392	\$ -	\$ 9,356
Receivables, net:						
Accrued interest and dividends	8	-	1	3	-	12
Property taxes	1,738	-	-	78	-	1,816
Restricted cash and investments	-	-	97,171	1,011	15,163	113,345
<b>TOTAL ASSETS</b>	<b>\$ 7,396</b>	<b>\$ 86</b>	<b>\$ 98,400</b>	<b>\$ 3,484</b>	<b>\$ 15,163</b>	<b>\$ 124,529</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 2	\$ 4	\$ 1	\$ -	\$ 2	\$ 9
Deferred revenue	1,076	-	-	71	-	1,147
<b>TOTAL LIABILITIES</b>	<b>1,078</b>	<b>4</b>	<b>1</b>	<b>71</b>	<b>1,957</b>	<b>3,111</b>
<b>Fund Balances</b>						
Restricted	6,318	82	98,399	3,413	13,206	121,418
<b>TOTAL FUND BALANCES</b>	<b>6,318</b>	<b>82</b>	<b>98,399</b>	<b>3,413</b>	<b>13,206</b>	<b>121,418</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,396</b>	<b>\$ 86</b>	<b>\$ 98,400</b>	<b>\$ 3,484</b>	<b>\$ 15,163</b>	<b>\$ 124,529</b>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds-Debt Service Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	<b>General Obligation Bonds</b>	<b>Lease Financing</b>	<b>JPFA Fund</b>	<b>Other Assessment Bonds</b>	<b>Special Revenue Bonds</b>	<b>Total</b>
<b>REVENUES</b>						
Property taxes	\$ 25,094	\$ -	\$ -	\$ -	\$ -	\$ 25,094
Fines and penalties	78	-	-	-	-	78
Interest and investment income	17	-	4,630	47	47	4,741
Other	-	49	-	-	-	49
<b>TOTAL REVENUES</b>	<u>25,189</u>	<u>49</u>	<u>4,630</u>	<u>47</u>	<u>47</u>	<u>29,962</u>
<b>EXPENDITURES</b>						
Agencies/Departments:						
Financial services	-	-	-	56	-	56
Other	7	10	4	121	6	148
Debt Service:						
Principal repayment	10,397	14,415	10,875	335	27,273	63,295
Interest charges	<u>13,574</u>	<u>3,414</u>	<u>9,274</u>	<u>444</u>	<u>34,500</u>	<u>61,206</u>
<b>TOTAL EXPENDITURES</b>	<u>23,978</u>	<u>17,839</u>	<u>20,153</u>	<u>956</u>	<u>61,779</u>	<u>124,705</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,211</u>	<u>(17,790)</u>	<u>(15,523)</u>	<u>(909)</u>	<u>(61,732)</u>	<u>(94,743)</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	17,832	9,027	-	61,774	88,633
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>17,832</u>	<u>9,027</u>	<u>-</u>	<u>61,774</u>	<u>88,633</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,211	42	(6,496)	(909)	42	(6,110)
Fund balances - beginning	<u>5,107</u>	<u>40</u>	<u>104,895</u>	<u>4,322</u>	<u>13,164</u>	<u>127,528</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 6,318</u>	<u>\$ 82</u>	<u>\$ 98,399</u>	<u>\$ 3,413</u>	<u>\$ 13,206</u>	<u>\$ 121,418</u>



**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Debt Service Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	General Obligation Bonds				Lease Financing			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>								
Taxes:								
Property	\$ 19,399	\$ 23,994	\$ 25,094	\$ 1,100	\$ -	\$ -	\$ -	\$ -
Fines and penalties	-	-	78	78	-	-	-	-
Interest and investment income	-	-	17	17	7	7	-	(7)
Other	-	-	-	-	21,500	21,500	49	(21,451)
<b>TOTAL REVENUES</b>	<u>19,399</u>	<u>23,994</u>	<u>25,189</u>	<u>1,195</u>	<u>21,507</u>	<u>21,507</u>	<u>49</u>	<u>(21,458)</u>
<b>EXPENDITURES</b>								
Current:								
Other	33	39	7	32	12	12	10	2
Debt service:								
Principal repayment	9,342	10,397	10,397	-	35,915	35,915	14,415	21,500
Interest charges	10,024	13,578	13,574	4	3,418	3,418	3,414	4
<b>TOTAL EXPENDITURES</b>	<u>19,399</u>	<u>24,014</u>	<u>23,978</u>	<u>36</u>	<u>39,345</u>	<u>39,345</u>	<u>17,839</u>	<u>21,506</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(20)</u>	<u>1,211</u>	<u>1,231</u>	<u>(17,838)</u>	<u>(17,838)</u>	<u>(17,790)</u>	<u>48</u>
<b>OTHER FINANCING SOURCES</b>								
Transfers in	-	-	-	-	17,839	17,839	17,832	(7)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,839</u>	<u>17,839</u>	<u>17,832</u>	<u>(7)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>(20)</u>	<u>1,211</u>	<u>1,231</u>	<u>1</u>	<u>1</u>	<u>42</u>	<u>41</u>
Fund balances - beginning	5,107	5,107	5,107	-	40	40	40	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 5,107</u>	<u>\$ 5,087</u>	<u>\$ 6,318</u>	<u>\$ 1,231</u>	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ 82</u>	<u>\$ 41</u>

(Continued)

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Debt Service Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	JPFA Fund				Other Assessment Bonds				Special Revenue Bonds			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177	\$ -	\$ (177)	\$ -	\$ -	\$ -	\$ -
Interest and investment income	4,593	4,593	4,630	37	-	-	47	47	-	-	47	47
Other	-	-	-	-	640	640	-	(640)	-	-	-	-
<b>TOTAL REVENUES</b>	<u>4,593</u>	<u>4,593</u>	<u>4,630</u>	<u>37</u>	<u>640</u>	<u>817</u>	<u>47</u>	<u>(770)</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>47</u>
<b>EXPENDITURES</b>												
Current:												
Agencies/Departments:												
Financial Services	-	-	-	-	46	46	56	(10)	-	-	-	-
Other	16	16	4	12	23	28	121	(93)	24	24	6	18
Debt service:												
Principal repayment	10,875	10,875	10,875	-	275	335	335	-	27,273	27,273	27,273	-
Interest charges	9,274	9,274	9,274	-	286	456	444	12	32,042	34,892	34,500	392
<b>TOTAL EXPENDITURES</b>	<u>20,165</u>	<u>20,165</u>	<u>20,153</u>	<u>12</u>	<u>630</u>	<u>865</u>	<u>956</u>	<u>(91)</u>	<u>59,339</u>	<u>62,189</u>	<u>61,779</u>	<u>410</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(15,572)</u>	<u>(15,572)</u>	<u>(15,523)</u>	<u>49</u>	<u>10</u>	<u>(48)</u>	<u>(909)</u>	<u>(861)</u>	<u>(59,339)</u>	<u>(62,189)</u>	<u>(61,732)</u>	<u>457</u>
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	15,572	15,572	9,027	(6,545)	561	650	-	(650)	59,339	62,189	61,774	(415)
Transfers out	-	-	-	-	(561)	(650)	-	650	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>15,572</u>	<u>15,572</u>	<u>9,027</u>	<u>(6,545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,339</u>	<u>62,189</u>	<u>61,774</u>	<u>(415)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>(6,496)</u>	<u>(6,496)</u>	<u>10</u>	<u>(48)</u>	<u>(909)</u>	<u>(861)</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
Fund balances - beginning	104,895	104,895	104,895	-	4,322	4,322	4,322	-	13,164	13,164	13,164	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 104,895</u>	<u>\$ 104,895</u>	<u>\$ 98,399</u>	<u>\$ (6,496)</u>	<u>\$ 4,332</u>	<u>\$ 4,274</u>	<u>\$ 3,413</u>	<u>\$ (861)</u>	<u>\$ 13,164</u>	<u>\$ 13,164</u>	<u>\$ 13,206</u>	<u>\$ 42</u>

(Concluded)

# 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, 2011**  
*(In Thousands)*

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	<b>Parks and Recreation</b>	<b>Emergency Services</b>	<b>Total</b>
<b>ASSETS</b>			
Restricted cash and investments	\$ 526	\$ -	\$ 526
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 128	\$ -	\$ 128
Due to other funds	398	152	550
<b>TOTAL LIABILITIES</b>	526	152	678
<b>Fund balances</b>			
Unassigned:	-	(152)	(152)
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 526	\$ -	\$ 526

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds-Capital Projects Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	<b>Parks and Recreation</b>	<b>Emergency Services</b>	<b>Total</b>
<b>EXPENDITURES</b>			
Current:			
Public Works	121	-	121
Other	66	-	66
Capital outlay	146	91	237
<b>TOTAL EXPENDITURES</b>	<u>333</u>	<u>91</u>	<u>424</u>
<b>DEFICIENCY OF REVENUES</b>			
UNDER EXPENDITURES	<u>(333)</u>	<u>(91)</u>	<u>(424)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(426)</u>	<u>(9)</u>	<u>(435)</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>(426)</u>	<u>(9)</u>	<u>(435)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(759)	(100)	(859)
Fund balances (deficit) - beginning	<u>759</u>	<u>(52)</u>	<u>707</u>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ (152)</u></u>	<u><u>\$ (152)</u></u>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Capital Project Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	Parks and Recreation				Emergency Services			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>EXPENDITURES</b>								
Public Works	-	121	121	-	-	3	-	3
Other	-	-	66	(66)	-	-	-	-
Capital outlay	-	146	146	-	-	94	91	3
<b>TOTAL EXPENDITURES</b>	-	267	333	(66)	-	97	91	6
 <b>EXCESS (DEFICIENCY) OF REVENUES</b>								
<b>OVER (UNDER) EXPENDITURES</b>	-	(267)	(333)	(66)	-	(97)	(91)	6
<b>OTHER FINANCING (USES)</b>								
Transfers out	-	(426)	(426)	-	-	(9)	(9)	-
<b>TOTAL OTHER FINANCING (USES)</b>	-	(426)	(426)	-	-	(9)	(9)	-
<b>NET CHANGE IN FUND BALANCES</b>	-	(693)	(759)	(66)	-	(106)	(100)	6
Fund balances (deficit) -beginning	759	759	759	-	(52)	(52)	(52)	-
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 759</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ (66)</u>	<u>\$ (52)</u>	<u>\$ (158)</u>	<u>\$ (152)</u>	<u>\$ 6</u>

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# INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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



**CITY OF OAKLAND**  
**Combining Statement of Fund Net Assets**  
**Internal Service Funds**  
**June 30, 2011**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Purchasing</u>	<u>Total</u>
<b>ASSETS</b>							
Current assets:							
Cash and Investments	\$ -	\$ 2,354	\$ -	\$ -	\$ -	\$ -	\$ 2,354
Accounts receivable	27	14	46	-	-	-	87
Due from other funds	-	-	1	-	-	55	56
Inventories	227	-	-	-	383	-	610
Restricted cash and investments	419	141	-	-	-	-	560
Total Current assets	<u>673</u>	<u>2,509</u>	<u>47</u>	<u>-</u>	<u>383</u>	<u>55</u>	<u>3,667</u>
Non-current assets:							
Capital assets:							
Land and other assets not being depreciated	-	-	310	-	-	-	310
Facilities and equipment, net of depreciation	10,309	217	555	78	-	-	11,159
Total Non-current Assets	<u>10,309</u>	<u>217</u>	<u>865</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>11,469</u>
<b>TOTAL ASSETS</b>	<u>10,982</u>	<u>2,726</u>	<u>912</u>	<u>78</u>	<u>383</u>	<u>55</u>	<u>15,136</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	522	185	591	62	9	1	1,370
Accrued interest payable	2	4	42	-	-	-	48
Due to other funds	10,371	-	23,561	442	4,664	765	39,803
Other liabilities	-	-	7	-	-	-	7
Notes payable and capital leases	891	412	312	-	-	-	1,615
Total Current Liabilities	<u>11,786</u>	<u>601</u>	<u>24,513</u>	<u>504</u>	<u>4,673</u>	<u>766</u>	<u>42,843</u>
Non-current liabilities:							
Notes payable and capital leases	-	-	2,077	-	-	-	2,077
<b>TOTAL LIABILITIES</b>	<u>11,786</u>	<u>601</u>	<u>26,590</u>	<u>504</u>	<u>4,673</u>	<u>766</u>	<u>44,920</u>
<b>NET ASSETS (DEFICIT)</b>							
Invested in capital assets, net of related debt	9,837	-	(1,524)	78	-	-	8,391
Unrestricted (deficit)	(10,641)	2,125	(24,154)	(504)	(4,290)	(711)	(38,175)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ (804)</u>	<u>\$ 2,125</u>	<u>\$ (25,678)</u>	<u>\$ (426)</u>	<u>\$ (4,290)</u>	<u>\$ (711)</u>	<u>\$ (29,784)</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	<b>Equipment</b>	<b>Radio</b>	<b>Facilities</b>	<b>Reproduction</b>	<b>Central Stores</b>	<b>Purchasing</b>	<b>Total</b>
<b>OPERATING REVENUES</b>							
Charges for services	\$ 17,458	\$ 4,005	\$ 23,775	\$ 1,048	\$ 2,255	\$ 894	\$ 49,435
Other	33	-	29	-	-	1	63
<b>TOTAL OPERATING REVENUES</b>	<b>17,491</b>	<b>4,005</b>	<b>23,804</b>	<b>1,048</b>	<b>2,255</b>	<b>895</b>	<b>49,498</b>
<b>OPERATING EXPENSES</b>							
Personnel	5,495	1,373	9,443	429	897	598	18,235
Supplies	4,548	32	863	125	1	14	5,583
Depreciation and amortization	3,248	74	56	49	-	-	3,427
Contractual services and supplies	56	44	502	-	3	-	605
Repairs and maintenance	569	96	2,112	3	4	-	2,784
General and administrative	1,655	271	2,576	259	72	39	4,872
Rental	883	187	294	505	52	-	1,921
Other	287	343	5,171	4	977	4	6,786
<b>TOTAL OPERATING EXPENSES</b>	<b>16,741</b>	<b>2,420</b>	<b>21,017</b>	<b>1,374</b>	<b>2,006</b>	<b>655</b>	<b>44,213</b>
<b>OPERATING INCOME (LOSS)</b>	<b>750</b>	<b>1,585</b>	<b>2,787</b>	<b>(326)</b>	<b>249</b>	<b>240</b>	<b>5,285</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest and investment income (loss)	(27)	9	(69)	(2)	(15)	(3)	(107)
Interest expense	(64)	(27)	(110)	-	-	-	(201)
Rental	-	-	85	-	-	-	85
Federal and State grants	101	-	7	-	-	-	108
Insurance claims and settlements	332	5	284	-	-	-	621
Other, net	82	-	-	-	-	-	82
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>424</b>	<b>(13)</b>	<b>197</b>	<b>(2)</b>	<b>(15)</b>	<b>(3)</b>	<b>588</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>1,174</b>	<b>1,572</b>	<b>2,984</b>	<b>(328)</b>	<b>234</b>	<b>237</b>	<b>5,873</b>
Transfers out	(210)	-	(14)	-	-	-	(224)
Change in net assets (deficit)	964	1,572	2,970	(328)	234	237	5,649
Total net assets (deficit) - beginning	(1,768)	553	(28,648)	(98)	(4,524)	(948)	(35,433)
<b>TOTAL NET ASSETS (DEFICIT) - ENDING</b>	<b>\$ (804)</b>	<b>\$ 2,125</b>	<b>\$ (25,678)</b>	<b>\$ (426)</b>	<b>\$ (4,290)</b>	<b>\$ (711)</b>	<b>\$ (29,784)</b>

**CITY OF OAKLAND**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	<b>Equipment</b>	<b>Radio</b>	<b>Facilities</b>	<b>Reproduction</b>	<b>Central Stores</b>	<b>Purchasing</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash received from customers and users	\$ 17,426	\$ 4,007	\$ 23,728	\$ 1,048	\$ 2,576	\$ 903	\$ 49,688
Cash from other sources	33	-	29	-	-	1	63
Cash paid to employees	(5,495)	(1,373)	(9,443)	(429)	(897)	(598)	(18,235)
Cash paid to suppliers	(8,119)	(796)	(11,641)	(872)	(1,119)	(72)	(22,619)
<b>NET CASH PROVIDED BY (USED IN)</b>							
OPERATING ACTIVITIES	3,845	1,838	2,673	(253)	560	234	8,897
<b>CASH FLOWS FROM NONCAPITAL</b>							
<b>FINANCING ACTIVITIES</b>							
Proceeds of interfund loans	-	-	-	255	-	-	255
Repayment of interfund loans	(2,854)	-	(2,420)	-	(545)	(231)	(6,050)
Other (settlements, rental), net	515	5	376	-	-	-	896
Transfers out	(210)	-	(14)	-	-	-	(224)
<b>NET CASH PROVIDED BY (USED IN)</b>							
NONCAPITAL FINANCING ACTIVITIES	(2,549)	5	(2,058)	255	(545)	(231)	(5,123)
<b>CASH FLOWS FROM CAPITAL AND</b>							
<b>RELATING FINANCING ACTIVITIES</b>							
Acquisition of capital assets	(351)	-	(74)	-	-	-	(425)
Repayment of long-term debt	(854)	(394)	(362)	-	-	-	(1,610)
Interest paid on long-term debt	(64)	(27)	(110)	-	-	-	(201)
<b>NET CASH USED IN CAPITAL AND</b>							
<b>RELATED FINANCING ACTIVITIES</b>	(1,269)	(421)	(546)	-	-	-	(2,236)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest income (loss)	(27)	9	(69)	(2)	(15)	(3)	(107)
<b>NET INCREASE IN CASH AND</b>							
<b>CASH EQUIVALENTS</b>	-	1,431	-	-	-	-	1,431
<b>CASH AND CASH EQUIVALENTS</b>							
<b>AT BEGINNING OF YEAR</b>	419	1,064	-	-	-	-	1,483
<b>CASH AND CASH EQUIVALENTS</b>							
<b>AT END OF YEAR</b>	<u>\$ 419</u>	<u>\$ 2,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,914</u>
<b>RECONCILIATION OF OPERATING</b>							
<b>INCOME (LOSS) TO NET CASH PROVIDED</b>							
<b>BY (USED IN) OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ 750	\$ 1,585	\$ 2,787	\$ (326)	\$ 249	\$ 240	\$ 5,285
<b>ADJUSTMENTS TO RECONCILE OPERATING</b>							
<b>INCOME (LOSS) NET CASH PROVIDED BY</b>							
<b>(USED IN) OPERATING ACTIVITIES</b>							
Depreciation	3,248	74	56	49	-	-	3,427
Changes in assets and liabilities:							
Receivables	(3)	-	(46)	-	-	-	(49)
Due from other funds	-	2	(1)	-	-	9	10
Inventories	(29)	-	-	-	321	-	292
Accounts payable and accrued liabilities	(121)	177	(130)	24	(10)	(15)	(75)
Other liabilities	-	-	7	-	-	-	7
Total Adjustments	3,095	253	(114)	73	311	(6)	3,612
<b>NET CASH PROVIDED BY (USED IN)</b>							
OPERATING ACTIVITIES	<u>\$ 3,845</u>	<u>\$ 1,838</u>	<u>\$ 2,673</u>	<u>\$ (253)</u>	<u>\$ 560</u>	<u>\$ 234</u>	<u>\$ 8,897</u>
<b>RECONCILIATION OF CASH AND</b>							
<b>CASH EQUIVALENTS TO THE STATEMENT</b>							
<b>OF NET ASSETS</b>							
Cash and investments	\$ -	\$ 2,354	\$ -	\$ -	\$ -	\$ -	\$ 2,354
Restricted cash and investment	419	141	-	-	-	-	560
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 419</u>	<u>\$ 2,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,914</u>

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# 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.

## PRIVATE PURPOSE TRUST FUNDS

**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. The **Private Pension Trust Fund** accounts for employee deferred compensation fund.





**CITY OF OAKLAND**  
**Combining Statement of Fiduciary Net Assets**  
**Pension Trust Funds**  
**June 30, 2011**  
*(In Thousands)*

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and investments	\$ 135	\$ 3,418	\$ 3,553
Receivables:			
Accrued interest and dividends	-	959	959
Investments and other	6	3,558	3,564
Restricted:			
Short-term investments	47	16,863	16,910
Fixed income investments	-	81,523	81,523
Domestic equities and mutual funds	4,737	147,305	152,042
International equities and mutual funds	-	47,939	47,939
Real estate mortgage loans	-	38	38
Total restricted cash and investments	4,784	293,668	298,452
Securities lending collateral	-	11,536	11,536
<b>TOTAL ASSETS</b>	<u>4,925</u>	<u>313,139</u>	<u>318,064</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	52	16,721	16,773
Securities lending liabilities	-	11,536	11,536
<b>TOTAL LIABILITIES</b>	<u>52</u>	<u>28,257</u>	<u>28,309</u>
<b>NET ASSETS HELD IN TRUST</b>			
<b>FOR PENSION BENEFITS</b>	<u>\$ 4,873</u>	<u>\$ 284,882</u>	<u>\$ 289,755</u>

**CITY OF OAKLAND**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Members	\$ -	\$ 7	\$ 7
Investment Income:			
Net appreciation in fair value of investments	835	58,677	59,512
Interest	71	1,557	1,628
Dividends	38	4,791	4,829
Securities lending income	-	119	119
Total investment income, net	944	65,144	66,088
Less investment expense	(25)	(1,297)	(1,322)
Borrowers' rebates and other agent fees and securities lending transactions	-	(30)	(30)
Net investment income	919	63,817	64,736
Other income	6	63	69
TOTAL ADDITIONS	925	63,887	64,812
DEDUCTIONS:			
Disbursements to members and beneficiaries:			
Retirement	435	40,419	40,854
Disability	76	24,353	24,429
Death	3	2,075	2,078
TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES	514	66,847	67,361
Administrative expenses	266	845	1,111
TOTAL DEDUCTIONS	780	67,692	68,472
Change in net assets	145	(3,805)	(3,660)
Net assets - beginning	4,728	288,687	293,415
NET ASSETS - ENDING	<u>\$ 4,873</u>	<u>\$ 284,882</u>	<u>\$ 289,755</u>

**CITY OF OAKLAND**  
**Statement of Fiduciary Net Assets**  
**Private Purpose Trust Funds**  
**June 30, 2011**  
*(In Thousands)*

	<b>Private Purpose Trust Fund</b>	<b>Private Pension Trust Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 9,461	\$ 292	\$ 9,753
Receivables:			
Accrued interest and dividends	6	1	7
Accounts receivable	<u>2</u>	<u>-</u>	<u>2</u>
<b>TOTAL ASSETS</b>	<u>9,469</u>	<u>293</u>	<u>9,762</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	<u>824</u>	<u>-</u>	<u>824</u>
<b>NET ASSETS HELD IN TRUST</b>	<u><u>\$ 8,645</u></u>	<u><u>\$ 293</u></u>	<u><u>\$ 8,938</u></u>

**CITY OF OAKLAND**  
**Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Funds**  
**For the Year Ended June 30, 2011**  
*(In Thousands)*

	<b>Private Purpose Trust Fund</b>	<b>Private Pension Trust Fund</b>	<b>Total</b>
<b>ADDITIONS:</b>			
Trust receipts	\$ 813	\$ 213	\$ 1,026
Interest	23	1	24
Other income	3,816	-	3,816
<b>TOTAL ADDITIONS</b>	<u>4,652</u>	<u>214</u>	<u>4,866</u>
<b>DEDUCTIONS:</b>			
Administrative expenses	-	154	154
Public works	59	-	59
Police services	283	-	283
Other	196	-	196
Capital outlay	3,449	-	3,449
<b>TOTAL DEDUCTIONS</b>	<u>3,987</u>	<u>154</u>	<u>4,141</u>
Change in net assets	665	60	725
<b>NET ASSETS - BEGINNING</b>	<u>7,980</u>	<u>233</u>	<u>8,213</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ 8,645</u></u>	<u><u>\$ 293</u></u>	<u><u>\$ 8,938</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.

## **Pledged Revenue Coverage**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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

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

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 1**

**NET ASSETS BY COMPONENT**  
*(in thousands)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 395,311	\$ 385,354	\$ 389,345	\$ 310,633	\$ 319,932	\$ 353,715	\$ 401,881	\$ 442,793	\$ 478,689	\$ 538,815
Restricted	246,923	429,353	316,026	292,415	267,824	317,558	336,908	338,514	372,439	382,563
Unrestricted	(634,634)	(400,886)	(260,074)	(55,983)	(8,522)	37,704	(117,971)	(156,331)	(301,692)	(334,771)
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>	<u>\$ 620,818</u>	<u>\$ 624,976</u>	<u>\$ 549,436</u>	<u>\$ 586,607</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 103,197	\$ 109,682	\$ 113,610	\$ 107,396	\$ 110,279	\$ 109,886	\$ 111,881	\$ 113,961	\$ 113,718	\$ 114,297
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(4,287)	(3,643)	(6,185)	3,114	989	2,173	7,731	15,037	26,126	37,429
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>	<u>\$ 119,612</u>	<u>\$ 128,998</u>	<u>\$ 139,844</u>	<u>\$ 151,726</u>
Primary government										
Invested in capital assets, net of related debt	\$ 498,508	\$ 495,036	\$ 502,955	\$ 418,029	\$ 430,211	\$ 463,601	\$ 513,762	\$ 556,754	\$ 592,407	\$ 653,112
Restricted	246,923	429,353	316,026	292,415	267,824	317,558	336,908	338,514	372,439	382,563
Unrestricted	(638,921)	(404,529)	(266,259)	(52,869)	(7,533)	39,877	(110,240)	(141,294)	(275,566)	(297,342)
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>	<u>\$ 740,430</u>	<u>\$ 753,974</u>	<u>\$ 689,280</u>	<u>\$ 738,333</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	2008	2009	2010	2011
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 80,170	\$ 95,671	\$ 67,069	\$ 65,865	\$ 71,471	\$ 91,119	\$ 102,218	\$ 94,957	\$ 83,295	\$ 75,381
Public safety	250,503	302,273	297,869	319,908	335,171	348,436	412,050	424,435	411,333	372,587
Life enrichment	99,223	105,133	102,314	96,649	101,902	105,728	115,315	119,659	119,254	123,538
Community and economic development	108,101	110,400	121,160	117,689	140,351	183,968	203,406	182,327	222,226	158,209
Public works	72,639	83,548	70,369	107,457	100,448	101,075	79,348	74,081	70,757	88,321
Interest on long-term debt	72,924	56,072	58,820	62,238	73,224	79,864	74,545	71,552	73,735	93,618
Total governmental activities expenses	\$ 683,560	\$ 753,097	\$ 717,601	\$ 769,806	\$ 822,567	\$ 910,190	\$ 986,882	\$ 967,011	\$ 980,600	\$ 911,654
Business-type activities:										
Sewer	\$ 15,848	\$ 17,960	\$ 20,597	\$ 21,337	\$ 24,841	\$ 29,365	\$ 30,502	\$ 25,530	\$ 26,899	\$ 27,971
Parks and recreation	94	68	159	160	734	1,087	384	652	520	740
Total business-type activities	\$ 15,942	\$ 18,028	\$ 20,756	\$ 21,497	\$ 25,575	\$ 30,452	\$ 30,886	\$ 26,182	\$ 27,419	\$ 28,711
Total primary government expenses	\$ 699,502	\$ 771,125	\$ 738,357	\$ 791,303	\$ 848,142	\$ 940,642	\$ 1,017,768	\$ 993,193	\$ 1,008,019	\$ 940,365
<b>Program Revenues (see schedule 3)</b>										
Governmental activities:										
Charges for services:										
General government	\$ 25,131	\$ 27,946	\$ 14,913	\$ 25,641	\$ 16,266	\$ 13,741	\$ 22,276	\$ 21,128	\$ 24,382	\$ 20,360
Public safety	14,715	15,489	38,959	66,983	42,492	9,803	10,331	15,733	14,900	13,573
Life enrichment	5,123	4,355	73	125	79	3,992	5,110	11,084	8,128	8,483
Community and economic development	21,553	21,599	7,287	12,528	7,947	16,437	45,466	47,223	48,765	42,418
Public works	21,872	26,898	3,600	6,190	3,927	31,269	27,113	30,887	39,283	84,834
Operating grants and contributions	63,235	79,784	78,965	74,694	77,154	106,903	91,278	94,353	97,177	123,149
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	\$ 201,574	\$ 220,408	\$ 232,635	\$ 292,817
Business-type activities:										
Charges for services:										
Sewer	\$ 19,153	\$ 19,364	\$ 22,590	\$ 24,252	\$ 24,678	\$ 29,838	\$ 33,264	\$ 35,382	\$ 39,329	\$ 41,832
Parks and recreation	100	122	58	244	197	237	487	796	286	118
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	\$ 33,751	\$ 36,178	\$ 39,615	\$ 41,950
Total primary government program revenues	\$ 181,454	\$ 204,838	\$ 176,811	\$ 210,657	\$ 172,740	\$ 212,241	\$ 235,325	\$ 256,586	\$ 272,250	\$ 334,767
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (521,378)	\$ (567,764)	\$ (563,438)	\$ (583,645)	\$ (674,702)	\$ (735,868)	\$ (785,308)	\$ (746,603)	\$ (747,965)	\$ (618,837)
Business-type activities	3,330	1,477	1,892	2,999	(700)	(356)	2,865	9,996	12,196	13,239
Total primary government net expense	\$ (518,048)	\$ (566,287)	\$ (561,546)	\$ (580,646)	\$ (675,402)	\$ (736,224)	\$ (782,443)	\$ (736,607)	\$ (735,769)	\$ (605,598)
<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	\$ 358,338	\$ 359,851	\$ 346,859	\$ 324,516
State taxes	68,603	79,444	72,906	68,451	67,304	67,723	73,928	67,642	57,745	65,068
Local taxes	160,729	199,720	197,873	251,301	261,815	256,658	235,470	214,266	216,072	220,684
Other	66,883	64,414	117,238	84,850	30,406	108,048	50,153	81,885	58,374	35,672
Interest and investment income	36,463	40,043	5,566	46,063	78,053	48,073	47,852	25,917	10,894	8,592
Transfers	659	629	600	621	600	600	600	1,200	1,463	1,476
Special Items	-	-	-	-	-	59,020	-	-	-	-
Total governmental activities	\$ 505,366	\$ 586,547	\$ 594,914	\$ 685,413	\$ 706,871	\$ 857,788	\$ 766,341	\$ 750,761	\$ 691,407	\$ 656,008
Business-type activities:										
Interest and investment income	\$ 10	\$ 199	\$ 94	\$ 707	\$ 1,996	\$ 1,745	\$ 1,434	\$ 590	\$ 113	\$ 119
Other	1,891	6,082	-	-	62	2	-	-	-	-
Transfers	(659)	(629)	(600)	(621)	(600)	(600)	(600)	(1,200)	(1,463)	(1,476)
Total business-type activities	\$ 1,242	\$ 5,652	\$ (506)	\$ 86	\$ 1,458	\$ 1,147	\$ 834	\$ (610)	\$ (1,350)	\$ (1,357)
Total primary government	\$ 506,608	\$ 592,199	\$ 594,408	\$ 685,499	\$ 708,329	\$ 858,935	\$ 767,175	\$ 750,151	\$ 690,057	\$ 654,651
<b>Change in Net Assets</b>										
Governmental activities	\$ (16,012)	\$ 18,783	\$ 31,476	\$ 101,768	\$ 32,169	\$ 129,743	\$ (18,967)	\$ 4,158	\$ (56,558)	\$ 37,171
Business-type activities	4,572	7,129	1,386	3,085	758	791	3,699	9,386	10,846	11,882
Total primary government	\$ (11,440)	\$ 25,912	\$ 32,862	\$ 104,853	\$ 32,927	\$ 130,534	\$ (15,268)	\$ 13,544	\$ (45,712)	\$ 49,053

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>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:										
Charges for services:										
General government	\$ 25,131	\$ 27,946	\$ 14,913	\$ 25,641	\$ 16,266	\$ 13,741	\$ 22,276	\$ 21,128	\$ 24,382	\$ 20,360
Public safety	14,715	15,489	38,959	66,983	42,492	9,803	10,331	15,733	14,900	13,573
Life enrichment	5,123	4,355	73	125	79	3,992	5,110	11,084	8,128	8,483
Community and economic development	21,553	21,599	7,287	12,528	7,947	16,437	45,466	47,223	48,765	42,418
Public works	21,872	26,898	3,600	6,190	3,927	31,269	27,113	30,887	39,283	84,834
Operating grants and contributions	63,235	79,784	78,965	74,694	77,154	106,903	91,278	94,353	97,177	123,149
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>	<u>\$ 201,574</u>	<u>\$ 220,408</u>	<u>\$ 232,635</u>	<u>\$ 292,817</u>
Business-type activities:										
Charges for services:										
Sewer	\$ 19,153	\$ 19,364	\$ 22,590	\$ 24,252	\$ 24,678	\$ 29,838	\$ 33,264	\$ 35,382	\$ 39,329	\$ 41,832
Parks and recreation	100	122	58	244	197	237	487	796	286	118
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>	<u>\$ 33,751</u>	<u>\$ 36,178</u>	<u>\$ 39,615</u>	<u>\$ 41,950</u>
Total primary government	<u>\$ 181,454</u>	<u>\$ 204,838</u>	<u>\$ 176,811</u>	<u>\$ 210,657</u>	<u>\$ 172,740</u>	<u>\$ 212,241</u>	<u>\$ 235,325</u>	<u>\$ 256,586</u>	<u>\$ 272,250</u>	<u>\$ 334,767</u>

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

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 4**

**FUND BALANCES, GOVERNMENTAL FUNDS**  
(in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund <sup>(1)</sup>									
Reserved	\$ 196,067	\$ 214,317	\$ 10,779	\$ 151,494	\$ 134,151	\$ 138,891	\$ 126,575	\$ 116,543	\$ 103,372
Unreserved	29,666	38,801	222,529	140,343	152,368	143,016	121,109	120,406	129,678
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>	<u>\$ 247,684</u>	<u>\$ 236,949</u>	<u>\$ 233,050</u>

**2011**

General Fund <sup>(2)</sup>									
Restricted									\$ 106,692
Committed									3,890
Assigned									65,985
Unassigned									48,794
Total general fund									<u>\$ 225,361</u>

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
All Other Governmental Funds <sup>(1)</sup>									
Reserved	\$ 327,871	\$ 475,385	\$ 284,475	\$ 445,531	\$ 496,474	\$ 797,702	\$ 828,314	\$ 788,476	\$ 761,679
Unreserved, reported in:									
Special revenue funds	(11,809)	(108,238)	4,704	19,785	42,102	32,444	8,129	9,553	(16,486)
Capital projects funds	4,222	6,599	164,788	143,456	130,221	98,912	73,147	41,322	66,136
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>	<u>\$ 909,590</u>	<u>\$ 839,351</u>	<u>\$ 811,329</u>

**2011**

All Other Governmental Funds <sup>(2)</sup>									
Restricted									\$ 481,124
Committed									139,178
Assigned									188,722
Unassigned									(2,669)
Total general fund									<u>\$ 806,355</u>

Source: City of Oakland Balance Sheet, Governmental Funds

Note:

<sup>(1)</sup> The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

<sup>(2)</sup> The City implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 5**

**CHANGES IN FUND BALANCES,  
GOVERNMENTAL FUNDS  
(in thousands)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 402,435	\$ 439,159	\$ 457,949	\$ 535,706	\$ 578,474	\$ 616,754	\$ 648,153	\$ 641,086	\$ 622,901	\$ 612,328
Licenses and permits	11,758	13,098	13,476	15,676	19,006	20,390	19,319	14,467	12,124	13,297
Fines and penalties	17,806	20,645	28,189	26,325	25,467	26,859	23,497	29,348	31,220	29,440
Interest/investment net income	35,481	40,619	7,672	38,495	30,721	49,141	49,894	27,520	11,495	9,147
Charges for services	60,840	65,324	67,176	73,133	70,711	75,242	76,735	77,285	82,289	124,707
Other intergovernmental revenues	-	-	-	-	-	-	33,561	35,588	45,116	-
Federal and State grants and subventions	48,234	72,483	79,918	97,009	73,778	97,382	94,428	87,971	98,850	121,184
Other revenues	61,391	70,027	48,608	53,711	47,558	74,758	24,200	40,587	32,116	32,290
<b>Total revenues</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>\$ 969,787</b>	<b>\$ 953,852</b>	<b>\$ 936,111</b>	<b>\$ 942,393</b>
<b>Expenditures</b>										
General government	\$ 41,389	\$ 39,365	\$ 42,225	\$ 45,466	\$ 49,411	\$ 67,194	\$ 45,600	\$ 40,838	\$ 35,710	\$ 33,781
Financial and Personnel Services	16,637	17,025	22,339	22,197	24,181	26,018	35,761	34,863	30,943	28,756
Information Technology	-	-	-	-	-	-	13,666	12,975	9,137	8,276
Contracting and Purchasing	-	-	-	-	-	-	2,280	1,959	2,100	2,082
Police services	151,791	166,266	166,175	178,813	187,968	206,561	225,893	231,789	218,129	205,292
Fire services	84,239	88,154	91,542	98,029	111,162	112,699	118,429	119,711	111,583	111,339
Life enrichment										
Administration	561	660	1	7	-	-	-	-	-	-
Parks & Recreation	32,481	28,556	29,445	16,740	17,296	19,148	20,872	20,308	20,259	20,914
Library	16,540	17,096	18,460	20,547	22,942	24,631	23,833	21,824	20,927	21,633
Museum	7,278	7,561	8,327	7,383	267	6,976	6,883	6,584	6,146	6,749
Marketing	-	-	2,367	-	-	-	-	-	-	-
Aging, Health & Human Services	24,568	27,740	33,238	35,609	46,581	53,228	56,239	62,382	59,441	63,031
Cultural Arts	1,382	1,753	41	-	6,832	-	-	-	-	-
Community & Economic Development	118,234	122,715	92,788	101,031	135,561	169,233	206,908	197,285	227,505	175,750
Public Works	52,841	51,458	60,328	73,338	79,816	91,490	71,971	64,288	57,133	71,099
Other	41,471	36,652	30,372	38,327	23,048	10,641	10,597	20,099	8,328	27,062
Capital outlay	22,055	27,056	24,779	36,219	25,014	49,895	46,312	44,418	61,233	63,532
Debt service										
Bond issuance costs	3,711	4,212	12,874	4,478	2,496	4,467	4,210	864	1,558	828
Other refunding cost							5,674	-		
Principal	39,686	50,356	61,831	88,506	72,583	79,964	92,940	138,854	105,742	86,965
Interest	58,558	55,020	62,897	60,656	69,027	69,682	71,528	65,157	69,097	89,514
<b>Total expenditures</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>	<b>\$ 1,059,596</b>	<b>\$ 1,084,198</b>	<b>\$ 1,044,971</b>	<b>\$ 1,016,603</b>
Excess of revenues over(under) expenditures	\$ (75,477)	\$ (20,290)	\$ (57,041)	\$ 12,709	\$ (28,470)	\$ (31,301)	\$ (89,809)	\$ (130,346)	\$ (108,860)	\$ (74,210)
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	\$ -	\$ -	\$ 3,927	\$ 433,956	\$ 105,840	\$ 143,988	\$ -	\$ 40,228	\$ 67,693	\$ 56,870
Issuance of refunding bonds	213,655	202,765	188,650	-	-	102,590	241,410	-	-	-
Premiums/discounts on issuance of bonds	788	-	587	13,535	328	1,963	11,313	(779)	908	(2,052)
Payment to refunding bond escrow agent	(208,907)	(110,826)	(96,395)	(247,860)	(27,853)	(22,729)	(221,250)	-	-	-
Property sale proceeds	16,094	8,569	1,497	394	4,262	618	4,045	8,723	5,013	4,481
Insurance claims and settlements	-	-	-	-	-	-	-	-	1,641	548
Transfers in	142,816	79,144	95,404	109,911	101,643	97,397	98,691	130,095	106,409	103,786
Transfers out	(142,157)	(78,515)	(94,804)	(109,311)	(101,043)	(95,897)	(98,091)	(128,895)	(104,725)	(102,086)
<b>Total other financing sources (uses)</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>	<b>\$ 36,118</b>	<b>\$ 49,372</b>	<b>\$ 76,939</b>	<b>\$ 61,547</b>
Special item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,020	\$ -	\$ -	\$ -	\$ -
Change in fund balances										
Net change in fund balances	\$ (53,188)	\$ 80,847	\$ 41,825	\$ 213,334	\$ 54,707	\$ 255,649	\$ (53,691)	\$ (80,974)	\$ (31,921)	\$ (12,663)
Total fund balance - beginning	599,205	546,017	645,450	687,275	900,609	955,316	1,210,965	1,157,274	1,076,300	1,044,379
Total fund balance - ending	\$ 546,017	\$ 626,864	\$ 687,275	\$ 900,609	\$ 955,316	\$ 1,210,965	\$ 1,157,274	\$ 1,076,300	\$ 1,044,379	\$ 1,031,716
Debt service as a percentage of noncapital expenditures	14.21%	14.75%	16.96%	18.85%	16.68%	15.89%	17.00%	20.33%	18.13%	18.85%

Note: Debt ratio was calculated by dividing principal and interest by total government expenditures excluding capital outlay \$80,834 for fiscal year 2011.

General government include Mayor, Council, City Administrator, City Attorney, City Auditor and City Clerk

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

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 6**

**TAX REVENUES BY SOURCE,  
GOVERNMENTAL FUNDS**  
*(in thousands)*

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales &amp; Use</b>	<b>Motor Vehicle in- lieu</b>	<b>Gas</b>	<b>Business License</b>	<b>Utility Consumption</b>	<b>Real Estate Transfer</b>	<b>Transient Occupancy</b>	<b>Parking</b>	<b>Voter Approved</b>	<b>Franchise</b>	<b>Total</b>
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
2008	358,074	64,812	1,811	7,305	52,542	52,524	36,205	12,400	15,747	32,942	13,791	648,153
2009	359,699	56,090	1,282	9,749	54,291	52,701	34,267	10,599	14,196	33,772	14,440	641,086
2010	349,084	45,503	1,251	10,991	54,141	51,107	36,971	10,085	13,885	35,228	14,655	622,901
2011	326,576	51,910	2,168	10,990	53,138	53,440	31,608	12,484	13,460	41,700	14,854	612,328
Change 2002-2011	100.2%	13.5%	-90.5%	42.6%	26.2%	7.9%	-15.2%	18.6%	78.9%	720.1%	35.7%	52.2%

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  
VALUE OF TAXABLE PROPERTY**  
*(in thousands)*

<b>Fiscal Year</b>	<b>Land</b>	<b>Improvements</b>	<b>Personal Property</b>	<b>Total Assessed Value</b>	<b>Less: Tax-Exempt Property</b>	<b>Less: Redevelopment Tax Increments</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Taxable Assessed Value</b>	<b>Total Assessed Value as a Percentage of Estimated Taxable Value</b>
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%
2008	12,472,317	27,192,312	2,132,949	41,797,578	2,478,761	9,552,758	29,766,059	5.508	163,951,453	18.16%
2009	13,222,782	28,429,996	2,205,480	43,858,258	2,584,624	10,425,138	30,848,496	5.414	167,013,757	18.47%
2010	12,708,080	27,749,554	2,110,456	42,568,090	2,691,489	9,753,604	30,122,997	5.674	170,917,885	17.62%
2011	12,479,365	26,787,417	1,985,401	41,252,183	2,768,044	9,030,570	29,453,569	5.692	167,649,715	17.57%

Note: Total Direct Tax Rate is "per \$10,000 assessed value".

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 8**

**DIRECT AND OVERLAPPING  
PROPERTY TAX RATES**

Fiscal Year	City Direct Rates				Overlapping Rates								
	Basic Rate	Debt Service Fund	1981 Pension Liability	Total Direct Rate	Alameda County	Education	Education Debt	BART and AC Transit	BART Debt	Other	East Bay Municipal Utility Debt	East Bay Regional Parks District	East Bay Reg. Parks District Debt
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
2008	0.3485	0.0448	0.1575	0.5508	0.3086	0.2165	0.1030	0.0517	-	0.0505	0.0065	0.0242	0.0080
2009	0.3485	0.0354	0.1575	0.5414	0.3086	0.2165	0.1197	0.0517	-	0.0505	0.0064	0.0242	0.0100
2010	0.3485	0.0614	0.1575	0.5674	0.3086	0.2165	0.1689	0.0517	0.0057	0.0505	0.0065	0.0242	0.0108
2011	0.3485	0.0632	0.1575	0.5692	0.3086	0.2165	0.1697	0.0517	0.0031	0.0505	0.0067	0.0242	0.0084

Note: Rates per \$1,000 assessed value

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 9**

**PRINCIPAL PROPERTY TAX PAYERS**

<b>Taxpayer</b>	<b>2002 <sup>(1)</sup></b>			<b>2011 <sup>(2)</sup></b>		
	<b>Taxable Assessed Value</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Rank</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Rank</b>
SIC Lakeside Drive LLC				\$ 206,990,615	0.538%	1
Oakland City Center Venture LLC	\$ 204,141,387	0.890%	1	181,647,009	0.472%	2
CIM Oakland Center 21 LP				168,979,565	0.439%	3
Oakland Property LLC				165,154,080	0.429%	4
Kaiser Foundation Health Plan Inc				154,068,849	0.400%	5
Catholic Cathedral Corporation of the East Bay				144,403,733	0.375%	6
CIM Oakland 1 Kaiser Plaza LP				126,710,589	0.329%	7
1800 Harrison Foundation	104,206,152	0.455%	4	121,642,954	0.316%	8
Suncal Oak Knoll LLC				113,722,961	0.296%	9
Clorox Company	100,415,242	0.438%	5	98,818,392	0.257%	10
Prentiss Properties Acquisition Partners LP	117,787,784	0.514%	2	N/A		
Kaiser Foundation Hospitals	113,701,243	0.496%	3	N/A		
Kaiser Center, Inc.	123,860,033	0.540%	6	N/A		
Lake Merritt Plaza	95,900,011	0.418%	7	N/A		
Owens Illinois Glass Container, Inc.	71,754,700	0.313%	8	N/A		
Webster Street Partners, Ltd.	67,050,200	0.293%	9	N/A		
KSL Claremont Resort, Inc.	76,568,200	0.334%	10	N/A		
<b>Total</b>	<b>\$ 1,075,384,952</b>	<b>4.691%</b>		<b>\$ 1,482,138,747</b>	<b>3.851%</b>	

Note:

<sup>(1)</sup> 2002 based on total assessed value of \$22,929,990,869

<sup>(2)</sup> 2011 based on total assessed value of \$38,484,139,533

Source: County of Alameda



**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 10**

**PROPERTY TAX LEVIES  
AND COLLECTIONS**  
*(in thousands)*

**1% TAX ROLL**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	56,947	55,270	97.06%	0	55,270	97.06%
2003	61,164	59,276	96.91%	0	59,276	96.91%
2004	65,248	63,546	97.39%	0	63,546	97.39%
2005	68,095	66,301	97.37%	0	66,301	97.37%
2006	73,331	71,198	97.09%	0	71,198	97.09%
2007	79,357	75,654	95.33%	0	75,654	95.33%
2008	86,220	81,048	94.00%	0	81,048	94.00%
2009	89,482	84,063	93.94%	0	84,063	93.94%
2010	85,706	82,015	95.69%	0	82,015	95.69%
2011	83,960	81,013	96.49%	0	81,013	96.49%

**Voter-Approved Debt Tax Roll**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	49,024	46,849	95.56%	0	46,849	95.56%
2003	48,441	46,001	94.96%	0	46,001	94.96%
2004	61,760	59,602	96.51%	0	59,602	96.51%
2005	59,673	57,558	96.46%	0	57,558	96.46%
2006	63,369	60,887	96.08%	0	60,887	96.08%
2007	75,071	70,586	94.03%	0	70,586	94.03%
2008	76,453	70,621	92.37%	0	70,621	92.37%
2009	75,753	70,494	93.06%	0	70,494	93.06%
2010	83,581	79,172	94.72%	0	79,172	94.72%
2011	85,262	81,506	95.59%	0	81,506	95.59%

Note: Collections in subsequent year data not available

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 11**

**TAXABLE SALES BY CATEGORY**  
*(in thousands)*

	<b>Fiscal Year</b>									
	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Auto & Transportation	\$ 895,331	\$ 929,517	\$ 871,710	\$ 817,924	\$ 860,194	\$ 912,876	\$ 840,330	\$ 695,919	\$ 580,398	\$ 651,555
Business & Industry	588,871	715,740	700,079	622,816	667,630	613,457	691,322	574,628	490,566	512,453
General Consumer Goods	504,084	480,747	453,363	461,085	554,136	549,394	536,955	505,460	480,781	496,571
Restaurants and Hotels	442,948	430,058	406,565	441,158	496,814	483,765	527,276	515,602	525,068	566,973
Building & Construction	348,829	393,261	369,886	491,196	488,972	495,607	465,797	416,701	344,171	325,085
Food & Drugs	342,013	341,625	308,529	316,990	321,467	330,643	341,677	342,922	366,461	359,148
Fuel & Service Stations	317,736	342,098	593,926	869,866	1,058,122	1,186,535	1,236,876	638,147	433,207	620,279
Total	<u>\$ 3,439,812</u>	<u>\$ 3,633,046</u>	<u>\$ 3,704,058</u>	<u>\$ 4,021,035</u>	<u>\$ 4,447,335</u>	<u>\$ 4,572,277</u>	<u>\$ 4,640,233</u>	<u>\$ 3,689,379</u>	<u>\$ 3,220,652</u>	<u>\$ 3,532,064</u>
City direct sales tax rate					1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Source: HdL Companies

**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>
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%
2008	1.50%	7.25%
2009	1.50%	8.25%
2010	1.50%	8.25%
2011	1.50%	8.25%

Source: California State Board of Equalization

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 13**

**RATIOS OF OUTSTANDING DEBT BY TYPE**  
*(in thousands)*

Fiscal Year	Governmental Activities										Business-type Activities				
	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Lease Revenue Bonds	Pension Obligation Bonds	Accreted Interest	Special Assessment Bonds	Notes Payable	Capital Leases	Pledge Oblig. For Authority Debt	Sewer Fund Notes Payable	Sewer Fund Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita
2002	133,295	214,295	67,346	399,675	435,686	-	8,870	52,283	-	99,048	7,663	-	1,418,161	12.12%	4
2003	167,350	246,660	63,631	382,645	442,592	-	8,463	49,448	-	96,590	7,045	-	1,464,424	12.52%	4
2004	232,045	235,555	59,594	386,200	436,873	-	7,940	46,153	-	93,950	6,362	-	1,504,672	12.86%	4
2005	227,010	270,085	50,195	488,721	366,405	70,811	7,370	18,440	26,769	91,150	5,655	62,330	1,684,941	14.40%	4
2006	358,124	319,115	49,154	346,110	341,475	85,884	7,085	17,940	20,218	88,100	4,925	60,840	1,698,970	14.52%	4
2007	345,214	514,475	45,795	325,105	313,625	104,356	6,800	17,090	31,809	85,350	4,126	59,305	1,853,050	20.33%	4
2008	331,528	496,630	40,495	323,340	282,705	125,743	6,200	19,045	26,968	82,450	3,346	57,720	1,796,170	17.02%	4
2009	317,188	505,765	10,375	296,985	248,455	148,580	5,645	17,610	23,235	79,350	2,540	56,090	1,711,818	15.31%	4
2010	366,248	488,900	7,210	270,670	210,595	172,971	8,298	14,295	18,483	76,000	1,708	54,380	1,689,758	14.45%	4
2011	349,431	523,905	3,895	242,800	195,637	172,121	7,963	12,295	17,068	72,450	848	52,580	1,650,993	14.84%	4

Source: Notes to Basic Financial Statements, Note (12) - Long-term Obligations

(1) Per capita income \$28,311 multiplied by population 392,932 gives personal income \$11,124,297,852

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 14**

**RATIOS OF GENERAL BONDED  
DEBT OUTSTANDING**  
*(in thousands)*

**General Bonded Debt Outstanding**

<b>Fiscal Year</b>	<b>Net Bonded Debt <sup>(1)</sup></b>	<b>Assessed Value <sup>(2)</sup></b>	<b>Percentage of Actual Taxable Value of Property (%)</b>	<b>Per Capita <sup>(3)</sup> (in dollars)</b>
2002	133,295	22,930,000	0.5813	326.06
2003	167,350	24,802,000	0.6747	405.99
2004	232,045	27,046,000	0.8580	563.76
2005	227,010	29,277,000	0.7754	550.59
2006	358,124	32,244,000	1.1107	869.75
2007	345,214	35,820,000	0.9637	830.86
2008	331,528	39,319,000	0.8432	789.01
2009	317,188	41,274,000	0.7685	746.21
2010	366,248	39,877,000	0.9184	850.42
2011	349,431	38,484,140	0.9080	889.29

Note:

<sup>(1)</sup> Source: City of Oakland Annual Debt Service Roll Forward, General Obligation Debt Total as of June 30, 2011

<sup>(2)</sup> Source: County of Alameda.

<sup>(3)</sup> Population 392,932 as of 1/1/11 per State of California Demographic Information by City.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 15**

**DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT**

<u><b>Governmental Unit</b></u>	<u><b>Estimated Percentage Applicable</b></u>	<u><b>City Share of Debt</b></u>
<b>Direct Bonded Debt</b>		
City of Oakland <sup>(1)</sup>	100	\$ 349,430,620
City of Oakland and Coliseum Authority General Fund Obligations	100	371,145,000
City of Oakland 1915 Act Bond Obligations	100	7,978,483
City of Oakland Pension Obligations	100	195,636,499
<b>Total Direct Bonded Debt:</b>		<u>\$ 924,190,602</u>
<b>Overlapping Bonded Debt</b>		
Alameda-Contra Costa Transit District Certificates of Participation	21.499	\$ 8,054,600
Alameda County and Coliseum Authority General Fund Obligation	17.621	125,375,530
Alameda County Pension Obligations	17.621	27,239,377
Bay Area Rapid Transit District	6.831	28,271,118
East Bay Municipal Utility District, Special District #1	49.911	12,250,655
East Bay Regional Park District	10.584	16,298,302
Chabot-Las Positas Community College District	0.957	4,352,621
Chabot-Las Positas Community College District General Fund Obligations	0.957	43,017
Peralta Community College District	52.76	229,809,370
Peralta Community College District Pension Obligation	52.76	80,041,716
Berkeley & Castro Valley Unified School District	0.004 & 0.126	114,809
Oakland Unified School District	99.998	713,895,722
Oakland Unified School District Certificates of Participation	99.998	60,903,782
San Leandro Unified School District	9.715	16,280,046
Castro Valley Unified School District Certificates of Participation	0.126	391
City of Emeryville 1915 Act Bonds	4.183	340,705
City of Piedmont 1915 Act Bonds	4.792	159,094
<b>Total Overlapping Bonded Debt:</b>		<u>\$ 1,323,430,855</u>
<b>Total Direct and Overlapping Debt</b>		\$ 2,247,621,457
Less: East Bay M.U.D. Special District #1 (100% self-supporting)		<u>12,250,655</u>
<b>Total Net Direct and Overlapping Bonded Debt</b>		<u><u>\$ 2,235,370,802</u></u>

<sup>(1)</sup> Source: City of Oakland Annual Debt Service Roll Forward, General Obligation Debt Total as of June 30, 2011  
Source: City of Oakland Treasury Division

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 16**

**LEGAL DEBT MARGIN INFORMATION**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 745,230,478	\$ 798,115,131	\$ 860,823,608	\$ 903,392,821	\$ 918,508,985	\$ 985,017,038	\$ 1,116,227,253	\$ 1,156,818,628	\$ 1,129,612,382	\$ 1,104,508,857
Total net debt applicable to limit	133,295,000	167,350,000	232,045,000	227,010,000	358,124,189	345,214,363	331,528,315	317,188,697	366,247,851	349,430,620
Legal debt margin	\$ 611,935,478	\$ 630,765,131	\$ 628,778,608	\$ 676,382,821	\$ 560,384,796	\$ 639,802,675	\$ 784,698,938	\$ 839,629,931	\$ 763,364,531	\$ 755,078,237
Total net debt applicable to the limit as a percentage of debt limit (%)	17.89%	20.97%	26.96%	25.13%	38.99%	35.05%	29.70%	27.42%	32.42%	31.64%

Source: County of Alameda and City of Oakland Annual Debt Service Roll Forward (General Obligation Debt Total as of June 30, 2011).

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 17**

**PLEDGED-REVENUE COVERAGE,  
PORT OF OAKLAND AND  
REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND**  
*(thousands of dollars)*

<b>Fiscal Year</b>	<b>Net Revenue Available for Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
<b><u>PORT OF OAKLAND</u></b>					
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%
2008	144,931	19,800	70,474	90,274	160.55%
2009	130,173	19,724	75,578	95,302	136.59%
2010	147,860	35,593	78,018	113,611	130.15%
2011	155,502	36,500	69,378	105,878	146.87%
<b><u>REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND</u></b>					
2009	131,536	505,595	343,747	849,342	15.49%
2010	113,299	488,900	316,344	805,244	14.07%
2011	109,673	523,905	378,570	902,475	12.15%

Source: Port of Oakland and Redevelopment Agency of the City of Oakland

Note: FY2000 to FY2008 pledged-revenue coverage data for Redevelopment Agency is not available.



**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 18**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate (%)</b>
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
2008	420,183	10,554,157	25,118	36.1	39,705	9.6
2009	425,068	11,182,689	26,308	36.7	38,826	17.1
2010	390,757 <sup>(1)</sup>	10,607,099	27,145	37.1	38,450	17.2
2011	392,932	11,124,298	28,311	36.3	38,540	16.3

Note: In FY 2000 - 2004 median family income was used as per capital personal income

Source: Population - State of California Department of Finance, Per Capita Income and Median Age - DemographicsNow.com,  
School Enrollment - Oakland Unified School District, Unemployment Rate - State of California Employment Development Department

<sup>(1)</sup> 2010 is updated with newly available data from the California Department of Finance.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 19**

**PRINCIPAL EMPLOYERS**

<b>Employer</b>	<b>2006</b>			<b>2011</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>
County of Alameda	9,740	1	5.49%	9,611	1	5.42%
Oakland Unified School District	8,000	2	4.51%	5,570	2	3.14%
World Savings & Loan Assn	N/A			4,389	3	2.48%
Cost Plus Inc	N/A			4,148	4	2.34%
City of Oakland	4,290	5	2.42%	4,073	5	2.30%
Dreyer's Grand Ice Cream Inc	N/A			3,700	6	2.09%
Peralta Community College Dist	N/A			2,759	7	1.56%
Internal Revenue Service	N/A			2,500	8	1.41%
Children's Hospital & Research	N/A			2,070	9	1.17%
Itron	N/A			2,000	10	1.13%
Kaiser Permanente Medical Group	5,450	3	3.07%	N/A		
Kaiser Foundation Hospitals	4,340	4	2.45%	N/A		
Bay Area Rapid Transit	2,800	6	1.58%	N/A		
Federal Express	2,790	7	1.57%	N/A		
Alta-Bates Medical Center	2,620	8	1.48%	N/A		
Kaiser Foundation Health Plan	2,590	9	1.46%	N/A		
Summit Medical Center	2,230	10	1.26%	N/A		
Total	<u>44,850</u>			<u>40,820</u>		

Note: Data pertaining to principal employers for the past 10 years is not readily available. As such, we used 2006 data as our base year which is the earliest information available.

Source: Fiscal Year 2006 - Economic Development Alliance for Business, Alameda County Largest Employers.

Fiscal Year 2011 - Economic Development Alliance for Business, Alameda County Largest Employers.

Total employment of 177,258 (2010 estimate) from DemographicsNow.com is used to calculate the percentage of employment

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 20**

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

<b><u>Function/Program</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Aging, Health & Human Services	n/a	n/a	224	219	210	213	208	204	217	231
Community & Economic										
Development Agency	n/a	n/a	285	266	258	262	419	380	364	241
Fire										
Firefighters and officers	492	506	481	464	445	456	462	448	434	427
Civilians	74	81	78	72	77	81	82	77	78	69
General Government										
Management services	n/a	n/a	214	207	199	222	211	204	184	169
Finance	n/a	n/a	184	175	201	210	209	196	176	172
Retirement Services	n/a	n/a	8	6	7	7	5	5	5	5
Personnel Resource Mgmt	n/a	n/a	36	35	38	41	53	47	35	35
Contracts and Purchasing	n/a	n/a	n/a	n/a	n/a	n/a	22	22	22	23
Information Technology Division	n/a	n/a	73	72	76	76	92	88	67	62
Library	n/a	n/a	181	172	173	160	150	140	133	135
Marketing - CAM	n/a	n/a	22	22	22	22	21	20	12	12
Museum	n/a	n/a	67	61	56	58	55	51	42	38
Parks and Recreation	n/a	n/a	216	81	88	81	76	92	82	87
Police										
Officers	839	763	759	714	701	725	746	791	763	627
Civilians	443	443	385	370	354	335	432	303	305	279
Public Works	n/a	n/a	609	698	709	727	561	546	482	593
Total	<b>4,556</b>	<b>3,858</b>	<b>3,822</b>	<b>3,634</b>	<b>3,614</b>	<b>3,676</b>	<b>3,804</b>	<b>3,614</b>	<b>3,401</b>	<b>3,205</b>

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

Source: City of Oakland Personnel Resource Mgmt.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 21**

**OPERATING INDICATORS BY  
FUNCTION/PROGRAM**

<b><u>Function/Program</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
General Government							
Building permits issued	15,942	15,674	16,488	14,957	13,055	12,951	13,648
Building inspections conducted	N/A	78,306	89,388	95,064	77,845	71,931	70,016
Authorized new dwelling units	1,350	1,377	2,035	704	395	555	528
Commercial value (in thousands)	173,292	173,908	171,157	213,696	117,876	95,851	108,767
Residential value (in thousands)	356,256	646,214	611,036	258,617	196,362	168,872	179,374
Police							
Dispatched calls	N/A	317,323	299,283	289,032	315,522	265,277	236,517
Field Contacts	N/A	8,270	7,221	9,641	8,393	20,220	23,391
Physical arrests	N/A	10,958	14,908	16,866	18,183	15,056	15,029
Parking violations	539,115	512,376	470,008	459,459	496,655	450,656	386,494
Traffic violations	N/A	36,233	39,098	44,897	51,019	33,484	20,731
Fire							
Emergency responses	34,806	58,736	61,470	49,784	51,255	49,887	51,041
Fires extinguished	N/A	3,095	2,021	3,800	2,601	1,143	1,073
Inspections	2,310	2,515	2,631	3,062	3,258	2,087	2,211
Port of Oakland							
Imports (in tonnage)	12,434,675	15,223,082	16,081,289	16,203,404	14,664,473	13,014,470	14,868,310
Exports (in tonnage)	14,510,634	14,837,250	14,710,407	16,191,383	16,258,547	17,357,582	17,647,626
Total tonnage	26,945,309	30,060,332	30,791,696	32,394,787	30,923,020	30,372,052	32,515,936
Containers	1,160,270	1,292,277	1,369,123	1,363,367	1,273,805	1,161,082	1,316,473
Other public works							
Street resurfacing (miles)	N/A	2.44	14.58	13.83	18.63	18.50	11.50
Potholes repaired	N/A	5,020	12,574	11,758	8,515	10,062	8,262
Parks and recreation							
Athletic field permits issued	N/A	465	543	330	340	346	378
Community center admissions	N/A	909,303	1,436,682	1,423,577	1,342,657	1,454,124	1,653,451
Library							
Volumes in collection	1,357,589	1,300,023	1,956,249	1,242,415	1,316,849	1,452,930	1,535,451
Total volumes borrowed	2,062,891	2,316,772	2,270,755	2,328,712	2,436,806	2,469,588	2,585,613
Water							
New connections	N/A	890	389	474	297	192	111
Water main breaks	N/A	269	261	251	410	242	263
Average daily consumption (gallons/family)	203	203	203	N/A	N/A	N/A	N/A
Peak daily consumption (thousands of gallons)	385,000	385,000	385,000	N/A	N/A	N/A	N/A
Wastewater							
Average daily sewage treatment (thousands of gallons)	76,000	77,000	75,500	75,000	66,000	68,000	70,000

Source: City of Oakland, Port of Oakland, and East Bay Municipal Utility District  
Note: Port of Oakland data based on prior calendar year; fiscal year data unavailable.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 22**

**CAPITAL ASSET STATISTICS  
BY FUNCTION/PROGRAM**

<b><u>Function/Program</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Aviation facilities							
Airports operated	1	1	1	1	1	1	1
Paved airport runways	4	4	4	4	4	4	4
Total length of runways (in feet)	24,520	25,038	25,038	25,038	25,038	25,038	25,038
Area of airport (in acres)	2,500	2,600	2,600	2,600	2,600	2,600	2,600
Police							
Stations	n/a	2	7	8	8	7	7
Patrol units	n/a	611	630	622	633	602	592
Fire stations	25	25	25	25	25	25	25
Harbor facilities							
Miles at waterfront	n/a	19	19	19	19	19	19
Berthing length at wharves (in feet)	n/a	23,063	23,063	23,063	23,233	23,233	23,233
Harbor area (in acres)	n/a	786	786	786	786	786	779
Hospitals	n/a	2	2	4	4	4	4
Library branches	16	16	16	15	15	15	16
Museums	2	2	2	1	1	1	1
Other public works							
Streets (in lane miles)	n/a	2,294	2,287	2,288	2,323	1,963	1,965
Streetlights	n/a	36,219	33,952	36,219	36,219	36,219	37,000
Traffic signals	n/a	671	680	671	688	688	688
Parks and recreation							
Acreage	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Swimming pools	7	7	5	7	5	5	4
Tennis courts	44	44	36	44	44	44	44
Playgrounds	13	13	89	106	106	106	106
Baseball/softball diamonds	64	46	46	40	40	40	40
Soccer/football fields	13	13	15	15	15	15	15
Community centers	29	29	29	34	34	34	33
Water							
Water mains (miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fire hydrants	n/a	6,700	6,705	6,719	6,733	6,738	6,759
Storage capacity (thousands of gallons)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wastewater							
Sanitary sewers (miles)	n/a	29	29	29	29	29	29
Treatment capacity (million gallons per day)	n/a	120	120	320	320	320	320

Source: City of Oakland, Port of Oakland, and East Bay Municipal Utility District

Note: Harbor Facilities data based on prior calendar year; fiscal year data unavailable.

Data prior to fiscal year 2005 is not available.

# 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 392,932, 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.

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 OF OAKLAND STATISTICS

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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 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 392,932 residents per capita income in 2010 averaged \$28,311. Portions of Oakland are among the wealthiest consumer markets in California; more than half of the City's households report household income in excess of \$75,000. Estimated annual taxable sales were \$3.5 billion in 2011. 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:

- "...uniquely positioned as an excellent point for international business." (Mickey Kanter, former U.S. Secretary of Commerce);
- "...ranked 8th 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*);
- "...ranked 4<sup>th</sup> best potential retail market in the nation." (Marcus & Millichap, 2007);
- "...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);
- "...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*);
- "...among the top ten in 2008 US Cities Sustainability Ranking." (Sustainlane.com 2008);
- "...ranked 5<sup>th</sup> greenest economic cities." (Communitywalk.com 2008);
- "...ranked 2<sup>nd</sup> in top 10 large cities recycling program." (Natural Resources Defense Council);
- "...ranked nation's 5<sup>th</sup> coolest city according to Forbes Magazine 2010";
- "...ranked in top 10 for U.S. office, industrial and multi-housing markets." (Grubb & Ellis Company, 2011);
- "...ranked 2<sup>nd</sup> in the Top "Can-do" Cities in America." (Newsweek, 2011);
- "...one of the 20 towns of the future." (Sunset Magazine, 2011)



# 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.

Since taking office in January 2011, Mayor Quan regularly meets with neighborhood retailers, participates in meetings with regional business leaders, and co-hosted a Mega-Region Conference with the Chamber of Commerce and the Port of Oakland to encourage regional investment in the Port of Oakland. Her recent Trade Mission to China also focused on promoting the Port of Oakland as a West Coast hub for trade with China. Creating jobs in Oakland will help the City and its residents thrive as the economy rebounds.

### **Mayor Quan Talks with Chinese Investors**

They spent six days in China leading a trade mission with the Port of Oakland to Beijing, Shenzhen and Hong Kong to encourage increased trade through the Port and investment in Oakland. President Obama has set a goal of doubling the trade with Asia at the Port of Oakland that translates to 5,000 new jobs. This trip helped promote opportunities to make that goal a reality in Oakland.

### **Get Connected Oakland!**

The Mayor's Office has joined a city-wide initiative to make Oakland one of the most "connected" cities in the nation. Eliminating the Digital Divide plays a pivotal role in the education and career success of young people and helps seniors stay connected and avoid isolation. The Mayor has joined a coalition of public and private organizations that is working together to expand broadband connection throughout the city. Working with recreation centers, senior programs, schools, senior centers, Oakland Housing Authority, the County and others, the goal is to provide easy access to the internet for Oakland residents no matter where they live or what their economic status.

### **Community & Economic Development**

Oakland can flourish with more local business incentives, and jobs, equitable opportunities, smart planning for thriving local districts, affordable housing, access to services and resourced parks, libraries and arts. They can start if every Oakland resident committed to spending just 25% more right here in Oakland. If they all fulfilled that commitment, they could pour between \$9 and \$12 million additional dollars into the Oakland economy each year.

# CITY OF OAKLAND STATISTICS

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## 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 Spaniards called Encinal, "grove of evergreen oaks." European diseases and settler hostility obliterated the Ohlones and most of their culture within a few years.

Development as a commercial and transportation center began with the California Gold Rush of 1849, when Oakland became the mainland staging point for passengers and cargo traveling between the Bay and the Sierra foothills.

Oakland was incorporated as a city in 1852, and construction of shipping wharfs began immediately. Ferry service between Oakland and San Francisco had existed for years, but by building large wharfs and dredging a shipping channel, Oakland became an independent destination. Oakland grew steadily through the 19th century. After the devastating earthquake in 1906, many people and businesses chose to relocate from San Francisco to Oakland. Oakland's population more than doubled between 1900 and 1910.

Oakland benefited from the general prosperity of the area through the 1920s. California farms expanded their markets, contributing to canning, processing and shipping companies based in Oakland. Automakers and steel companies led the industrial expansion throughout the East Bay. Construction businesses had plenty of work as homes went up south and east of the inner city and new high-rise office buildings were built in downtown Oakland.

World War II brought tremendous changes to Oakland. Huge numbers of workers moved to the Bay Area to work in local shipyards and many of these people, as well as large numbers of military personnel who mustered out at Treasure Island and the Oakland Army Base, chose to remain in the Bay Area. The population grew by almost one third between 1940 and 1950.

Oakland has a rich literary and cultural heritage. Such historical notables as writers Bret Harte, Jack London, Joaquin Miller, Ina Donna Coolbrith, Jessica Mitford, Narman Jayo, Ishmael Reed, and Gertrude Stein; architect Julia Morgan; and dancer Isadora Duncan are just a few who have left their cultural mark on the City. It is also the birthplace of the West Coast Blues.

# CITY OF OAKLAND STATISTICS

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## **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.

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

### **Oakland International Airport**

Oakland International is San Francisco Bay Area's most convenient airport and was ranked #1 for on-time arrivals in North America as measured by FlightStats.com in 2009. Strategically located at the center of the region, Oakland International handled 9.5 million passengers in 2010 and almost 1,000,000 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, the airport offers more than 150 commercial passenger non-stop flights daily to 26 domestic and international destinations and 51 all-cargo flights as of February 2009. The passenger terminal complex consists of two terminals with 29 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. There are approximately 8,000 Port and tenant employees working at the Airport.

## CITY OF OAKLAND STATISTICS

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

Oakland International handles nearly 1,000,000 metric tons of cargo annually and it is among the top 30 airports 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 293 people in its airport sort facility and operates a regional distribution center at the nearby Oakland Airport Business Park.

### **Mass Transit**

Local bus service is provided by AC Transit, the public bus system serving 13 cities (and adjacent unincorporated communities) in 364 square miles along the east shore of San Francisco Bay. Serving approximately 230,000 daily riders, AC Transit operates a network of 105 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 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 104-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 43 stations. Travel time between downtown Oakland and downtown San Francisco averages only 11 minutes on BART.

Other modes of transportation include the Alameda/Oakland Ferry Service that 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.

Car-sharing is offered by City CarShare, Flexcar and Zipcar. There are over 90 miles of bike lanes, routes and paths for the public. Oakland was one of the first cities to pilot the “sharrow” lane – shared-lane pavement markings to indicate road lanes shared by cyclists and motorists.

### **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 65 elementary, 20 middle, and 24 high schools. They also operate 36 child development centers and 6 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 six 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

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offered in Oakland by nine other Bay Area colleges, including U.C. Berkeley. A wide array of non-profit, county and City-sponsored skills enhancement training programs are provided to Oakland residents, and career development is successfully encouraged at area high school academies.

### **HEALTH CARE**

Oakland's medical facilities are among the best in the nation. The medical community provides the latest and most sophisticated medical technology for the diagnosis and treatment of disease. Over 1,500 physicians, 250 dentists, and four major hospitals are located within the City. Overall, the health care industry in Oakland employs approximately 14,000 people.

### **PUBLIC SAFETY**

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 by developing and implementing a "Total Community Policing" model in Oakland. The Mission of the Oakland Police Department is to provide the people of Oakland an environment where they can live, work, play and thrive free from crime and the fear of crime.

### **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. Four public pools offer seasonal lap and recreational swimming, instruction and showers. The Parks and Recreation Department operates more than 40 tennis courts. Oakland's Feather River Camp, a family camp located in the Plumas National Forest, is operated by the nonprofit group Camps in Common and offers both tent and cabin sites for overnight camping. Families and groups enjoy the rustic amenities, swimming, a variety of activities, and theme weeks offered at the camp throughout the summer months. Instruction in sailing, wind surfing and kayaking are available at Lake Merritt. Boats are available for rent, including paddleboats, kayaks, rowboats, canoes, and sailboats. The City provides public boat launches at its seven-acre, waterfront park on the estuary and at Lake Merritt. The Port of Oakland owns and operates three marinas with berths.

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.

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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, Community and Economic Development Agency, is the City’s local arts agency which provides services to the arts community and sponsors culturally enriching programs, exhibitions, and events to celebrate Oakland’s creative and cultural diversity. Through its three program areas, the Cultural Funding Program, Public Art Program, and Special Projects, the Cultural Arts & Marketing Division seeks to broaden and strengthen community participation in the development, support, and promotion of Oakland’s rich artistic and cultural heritage at the local, regional, and national level.

**Cultural Funding Program**—The City of Oakland, through a competitive application process, awards over \$1.1 million in contracts over the years to Oakland-based nonprofit organizations and individual artists that collectively provide more than 5,000 arts and cultural activities to Oakland residents and visitors.

**Public Art Program**—The City of Oakland Public Art Program serves Oakland residents and visitors of all ages by commissioning permanent and temporary works of art to help create a positive vision and identity for the City and its neighborhoods. The Public Art Program supports downtown and neighborhood revitalization by engaging a diverse range of artists in contributing to the quality of the visual environment while communicating Oakland’s historical, social and cultural significance. Public Art Program Staff administers a variety of programs, including site-specific public art connected to City capital improvements.

**Special Projects**—The City collaborates with other community organizations, businesses, public institutions, and City agencies to produce programs, events, festivals, and celebrations that promote Oakland’s art and culture. Current projects include: Oakland Artisan Marketplace, Art & Soul Oakland Festival, and support for 20 major festivals citywide.

**Galleries**—Three new exhibition spaces downtown showcase high quality art by Oakland Bay Area visual artists in a variety of expressive mediums. They include the Craft and Cultural Arts City of Oakland/State of California Gallery, established through a ‘partnership in the arts’ collaboration, the Oakland Art Gallery, and the Galleries of Oakland space in City Hall. The Third Thursday Oakland Art Night, through which art patrons can tour downtown galleries until 8pm on the third Thursdays, is a newly created program.

**Oakland Museum of California**—It brings together collections of art, history and natural science under one roof to tell the extraordinary stories of California and its people. Oakland Museum of California connects collections and programs across disciplines, advancing an integrated, multilayered understanding of this ever-evolving state. With more than 1.8 million objects, the Museum is a leading cultural institution of the Bay Area and a resource for the research and understanding of California’s dynamic cultural and environmental heritage.

**Paramount Theater**—This 1931 movie place, authentically restored in 1973, is Oakland’s premiere live performance facility. The 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 Graham Lustig.

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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** — The beautifully restored turn-of-the-century Arts Center, formerly known as the Alice Arts Center, is one of the area's busiest performing arts facilities. Patrons can participate in a variety of arts programs or rent spaces for arts events and activities. This restored 1920s building is a popular multicultural, multidisciplinary performing arts complex sponsored by the city. The 350-seat theater and five performance spaces showcase drama, ballet, and African and contemporary dance.

**The Oakland School for the Arts**—It is a California Distinguished School and has been recognized by the national Arts Schools Network as an Exemplary School. Oakland School for the Arts (OSA) is part of the revitalization of uptown Oakland. Located in the recently restored historic Fox Theater, OSA anchors the uptown arts movement with its shows, productions and performances.

### SPORTS

Oakland is a magnet for sports fans of all types. Whatever the season, Oakland pro and amateur games frequently garner large crowds and broad national media coverage. In the last three decades, Oakland's professional sports teams have won six world championships in three major sports.

- Golden State Warriors – The Warriors were one of the most exciting teams in basketball to watch in the 2008-2009 season. Golden State ranked second in the league in scoring with 108.6 points per game, and seven different players had at least one game with 30-plus points.
- Oakland Athletics – The Oakland Athletics have won six American League Championships and four baseball World Series titles.
- Oakland Raiders – From dominance in three Super Bowl victories to improbable come-from-behind victories, the Raiders have been involved in some of professional football's most incredible moments.

### 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.

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