



# CITY OF OAKLAND, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE YEAR ENDED JUNE 30, 2010

# CITY OF OAKLAND

## CALIFORNIA

### COMPREHENSIVE ANNUAL FINANCIAL REPORT

#### FISCAL YEAR ENDED JUNE 30, 2010

PREPARED BY THE FINANCE AND MANAGEMENT AGENCY

JOSEPH T. YEW, JR • DIRECTOR  
OSBORN K. SOLITEI • CONTROLLER

PRINTED ON RECYCLED PAPER

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

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# INTRODUCTORY SECTION

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**FINANCE AND MANAGEMENT AGENCY  
ACCOUNTING DIVISION**

150 FRANK H. OGAWA PLAZA, SUITE 6353  
OAKLAND, CALIFORNIA 94612  
(510) 238-3916

December 8, 2010

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Oakland, California (City). The Finance and Management Agency has prepared this report to present the financial position and the changes in net assets for the fiscal year ended June 30, 2010, and the cash flows of its proprietary fund types for the year then ended. The basic financial statements and supporting schedules have been prepared in compliance with Section 809 of the City Charter, with California Government Code Sections 25250 and 25253, and in accordance with generally accepted accounting principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of the City. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP, and to comply with laws and regulations. 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, 2010 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, Accounting Division.

This Comprehensive Annual Financial Report is organized into three sections as required by GASB Statement No. 34:

- The Introductory Section is intended to familiarize the reader with the organizational structure of the City, the nature and scope of City services and specifics of the City's legal operating environment.
- The Financial Section contains the City's audited financial statements including the government-wide financial statements that presents an overview of the City's entire financial operations and the fund financial statements that present financial information for each of the City's major funds, as well as nonmajor governmental funds, proprietary funds, and fiduciary funds.
- The Statistical Section contains comprehensive statistical data on the City's financial, physical, economic, social and political condition.

### ***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 presents information on the activities of the City and its component units.

GAAP require that the component units be separated into blended or discretely presented units for reporting purposes. Although legally separate entities, blended component units are, in substance, part of the City's operations. Therefore, they are reported as part of the Primary Government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City'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) is presented discretely. The Oakland-Alameda County Coliseum Authority (Authority) is a Joint Venture owned and operated by the City and the County of Alameda.

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

## *Profile of the Government*

The City of Oakland was chartered as a city in 1854. It is situated on the eastern side of the Oakland/San Francisco Bay in the County of Alameda. Its western border offers nineteen miles of coastline, while the rolling hills to the east present views of the Bay and the Pacific Ocean. In between are traditional, well-kept neighborhoods, a progressive downtown that is experiencing a tremendous surge in growth, and superior cultural and recreational amenities. It is the administrative site for the County of Alameda, the regional seat for the federal government, the district location of primary state offices, and the transportation hub of commerce for the Bay Area.

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

The Mayor and City Council is the governing body of the City and 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 enforcement, recreational and cultural activities, public improvements, planning, zoning and general administrative services.

The City’s budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes: (1) the programs, projects, services and activities to be carried out during the fiscal year; (2) the estimated revenue available to finance the operating plan; and (3) the estimated spending requirements for the operating plan. The budget represents a process wherein policy decisions by the Mayor and the City Council are adopted, implemented and controlled. The notes to the required supplementary information summarizes the budgetary roles of various City officials and the timetable for their budgetary actions according to the City Charter. In April 2010, the City Council, during its mid-cycle review, approved the City’s revised budget for fiscal year 2009-10.

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

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

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

Fiscal year 2009-10 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 polices 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 the Police and Fire Retirement System (PFRS) liability until this obligation is met; d) 10 percent to establish an Other Post-Employment 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 the 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 (net of any reservations, designations and obligations) by the City Administrator and b) limit project carryforwards in the GPF.

As the City continues through the effects of the national economic recessions, growth projections are projected in the fiscal year 2010-11 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 2010 continues to be negative, although the rate of job loss is declining. The City's average unemployment rate for June 2010 is 17.2 percent, which is higher than July 2009 at 17.1 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\AA- 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 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 16 and 17 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:

1. To put the City's two-year budget-making process into a five-year planning horizon and to facilitate prudent financial management.
2. To set revenue and expenditure targets, and evaluate budget priorities in light of fiscal conditions projected over the long-term.
3. To present a picture of the long-term strategic financial issues facing the City, while highlighting funding priorities for budget planning.
4. To identify potential structural budget surpluses or shortfalls.
5. To demonstrate to policy-makers the likely impact of short-term capital investment and financing decisions on the City's long-term financial capacity.
6. 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.

### ***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, 2009. 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.

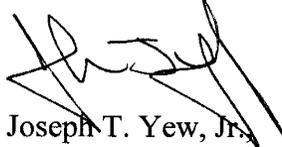
The Certificate of Achievement is valid for a period of one year only. The City of Oakland has received a Certificate of Achievement the last 20 years. The single missing year was due to the

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 2009-10 CAFR will be submitted to GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting.

***Acknowledgements***

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

Respectfully submitted,



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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oakland  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

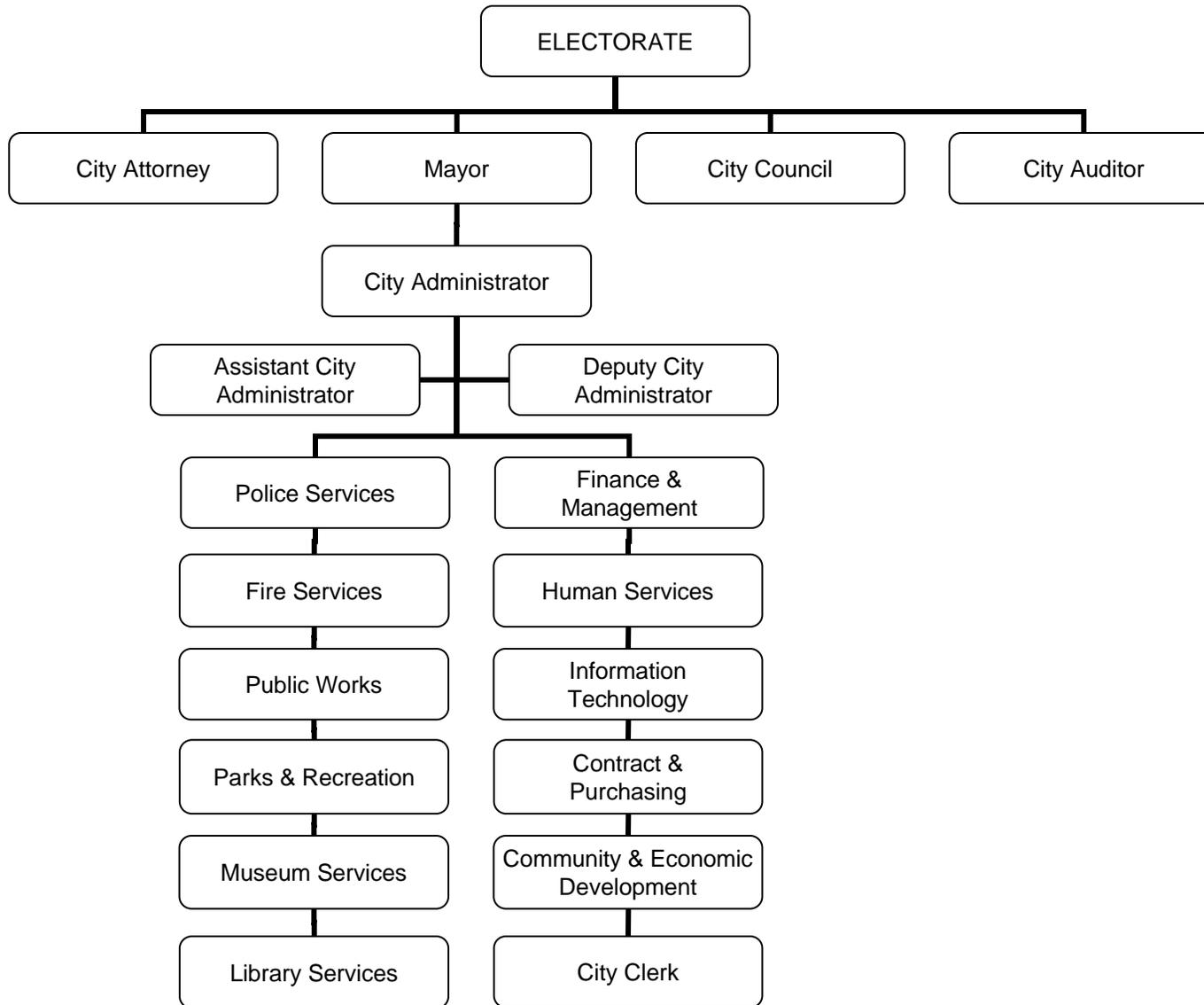
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Oakland Organization Chart



**DIRECTORY OF CITY OFFICIALS  
MAYOR/COUNCIL FORM OF GOVERNMENT  
JUNE 30, 2010**

**MAYOR**



Ronald V. Dellums

**MEMBERS OF THE CITY COUNCIL**

Ignacio De La Fuente



*Vice Mayor (District 5)*

Jean Quan



*District 4*

Rebecca Kaplan



*At Large*

Jane Brunner



*President (District 1)*

Patricia Kernighan



*District 2*

Nancy Nadel



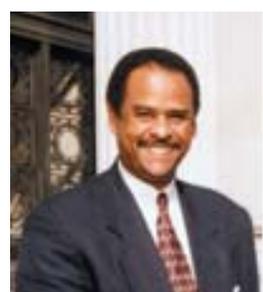
*District 3*

Desley Brooks



*District 6*

Larry Reid



*District 7*

**COUNCIL OR MAYOR APPOINTED OFFICERS**

Dan Lindheim



*City Administrator*

Marianna Marysheva-Martinez, *Assistant City Administrator*

La Tonda Simmons, *City Clerk*

**ELECTED OFFICERS**

John Russo



*City Attorney*

Courtney Ruby



*City Auditor*

**AGENCY & DEPARTMENT DIRECTORS**

Vitaly B. Troyan (Interim)  
*Public Works*

Audree Jones- Taylor  
*Parks & Recreation*

Gerald A. Simon  
*Fire Services*

Joseph T. Yew, Jr.  
*Finance & Management*

Anthony W. Batts  
*Police Services*

Lori Fogarty  
*Museum Services*

Kenneth Gordon (Acting)  
*Information Technology*

Deborah Barnes  
*Contracting & Purchasing*

Walter Cohen  
*Community & Economic Development*

Andrea Gourdine  
*Human Resources*

Andrea Youngdahl  
*Human Services*

Carmen Martinez  
*Library Services*

**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

**ADMINISTRATIVE SUPPORT**

Deborah Griffin, *Administrative Assistant*

**SPECIAL ASSISTANCE**

Donna Treglown  
Dawn Hort

Gregoria Torres

Katano Kasaine  
Sharon Holman

**SPECIAL ASSISTANCE – DEPARTMENTS & OFFICES**

City Administrator's Office

City Attorney's Office

FMA-Treasury Division

Community & Economic Development Agency

Risk Management

# FINANCIAL SECTION

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

### Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2010, 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%, 69% and 16%, 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, 2010. The OMERS and PFRS financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we 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 the 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, 2010, 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, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
Certified Public Accountants

Oakland, California  
December 8, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Oakland's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. 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 \$689.3 million as of June 30, 2010, compared to \$735.0 million at June 30, 2009. This represents a net decrease of \$64.7 million or 8.6 percent compared to the previous year. Assets decreased by 0.9 percent or net of \$27.4 million, the net decrease is primarily attributed to a decrease of net pension assets in the amount of \$43.8 million to reflect annual pension cost, an increase in capital assets by \$32.6 million and an offset of a combined decrease of \$60.9 million in pooled and restricted cash and investments attributable to spending bond proceeds for capital improvement. Conversely, liabilities increased by 1.7 percent or \$37.3 million compared to the prior fiscal year primarily as a result of debt issuance for a total of \$67.7 million and interest rate swap agreement negative fair value of \$19.1 million.
- The City's governmental cumulative fund balances decreased by 3.0 percent or \$31.9 million to \$1,044.4 million compared to \$1,076.3 million for the prior fiscal year. This decrease is primarily attributed to a \$39.2 million or 3.6 percent increase in overall governmental expenditures for its operations and a \$17.7 million or 1.9 percent the decrease in overall governmental revenue.
- As of June 30, 2010, the City had total long-term obligations outstanding of \$2.0 billion compared to \$1.99 billion outstanding for the prior fiscal year for an increase of 0.6 percent or \$11.4 million. Of this amount, \$366.2 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.63 billion is comprised of various long-term debt instruments including accruals of year-end estimates for other long-term liabilities.
- The City's General Fund unreserved/undesignated fund balance at June 30, 2010 was \$41.4 million compared to \$40.7 million for the previous year, an increase of 1.7 percent or \$0.7 million. The unreserved/undesignated fund balance met the requirements of the City Council's 7.5% reserve policy based on the total General Fund expenditures for fiscal year 2010.

## 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 contain 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.

### **Fund Financial Statements**

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-

related legal requirements. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City maintains several individual governmental funds organized according to their type (special revenue, capital projects, debt service and general fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, federal and state grant special revenue fund, Oakland Redevelopment Agency (Agency) as a blended component unit of the City, and municipal capital improvement fund, all of which are considered to be major funds. Data from the remaining funds are combined in a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund in the required supplementary information to demonstrate compliance with this budget.

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

***Enterprise funds*** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Sewer Service System and the Parks and Recreation operations. The Sewer Service Fund is considered to be a major fund of the City.

*Internal service funds* are used to report activities that provide services and supplies for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, radio and communication equipment, facilities management, printing and reproduction, 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.

## 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, 2010 by \$689.3 million compared to \$735.0 million as of June 30, 2009, decrease of \$64.7 million. The largest portion of the City's net assets, 85.9 percent, reflects its investment in capital assets of \$592.4 million for governmental and business-type activities net of related debt. Of the remaining balance, 54.0 percent reflects \$372.4 million in resources that are subject to external restrictions on how they may be used. The unrestricted net asset deficit of \$275.6 million is primarily attributed to a decrease of annual pension cost of \$43.8 million as of June 30, 2010 offset by a slight increase of 1.4 percent in ongoing project expenditures related to governmental activities and a 4.9 percent decrease in revenues.

### City of Oakland's Net Assets June 30, 2010 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009 (1)	2010	2009	2010	2009
<b>Assets:</b>						
Current and other assets	\$ 1,721,741	\$ 1,783,821	\$ 39,826	\$ 37,789	\$ 1,761,567	\$ 1,821,610
Capital assets	956,574	930,838	160,407	153,513	1,116,981	1,084,351
<b>TOTAL ASSETS</b>	<b>2,678,315</b>	<b>2,714,659</b>	<b>200,233</b>	<b>191,302</b>	<b>2,878,548</b>	<b>2,905,961</b>
<b>Liabilities:</b>						
Long-term liabilities	1,941,296	1,908,258	58,327	60,987	1,999,623	1,969,245
Other liabilities	187,583	181,425	2,062	1,317	189,645	182,742
<b>TOTAL LIABILITIES</b>	<b>2,128,879</b>	<b>2,089,683</b>	<b>60,389</b>	<b>62,304</b>	<b>2,189,268</b>	<b>2,151,987</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	478,689	442,793	113,718	113,961	592,407	556,754
Restricted	372,439	338,514	-	-	372,439	338,514
Unrestricted (deficit)	(301,692)	(175,313)	26,126	15,037	(275,566)	(160,276)
<b>Total net assets</b>	<b>\$ 549,436</b>	<b>\$ 605,994</b>	<b>\$ 139,844</b>	<b>\$ 128,998</b>	<b>\$ 689,280</b>	<b>\$ 734,992</b>

(1) The June 30, 2009 balances were restated to reflect the impact of prior years interest rate swap agreement per GASB No. 53 and outstanding check balance of \$8.2 million.

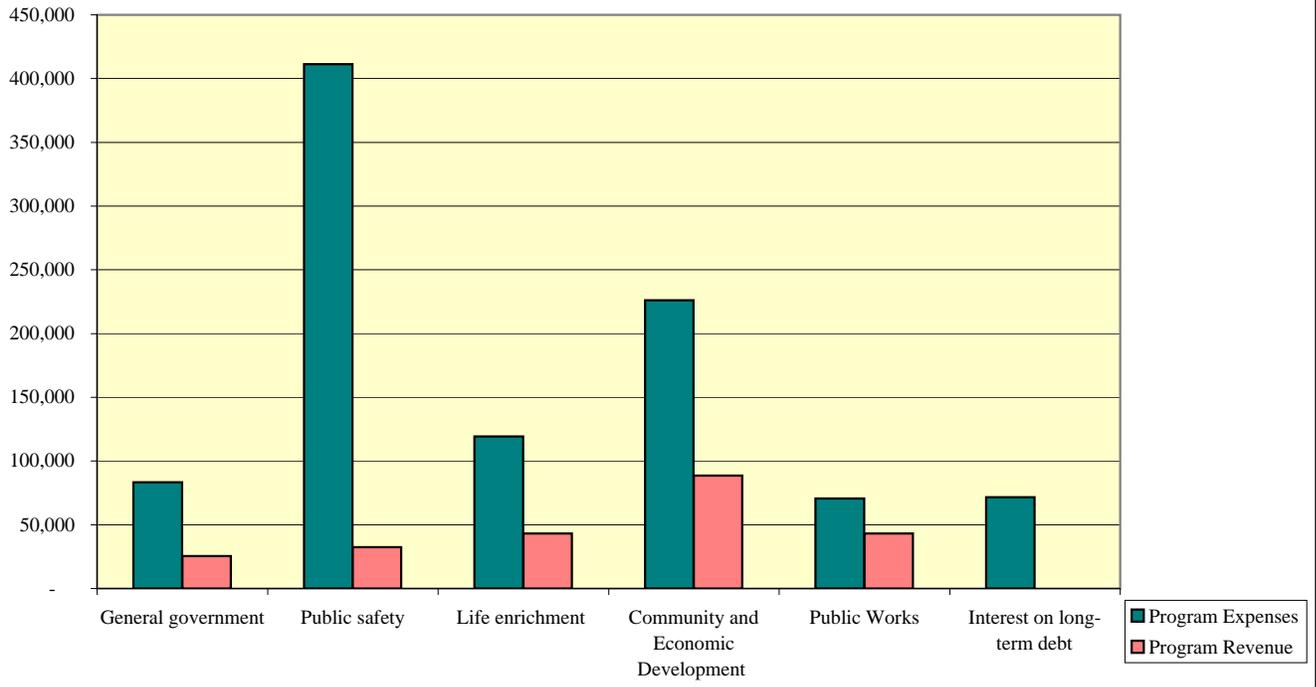
**Governmental activities.** The City's change in net assets is deficit of \$56.5 million for the year ended June 30, 2010 compared to a positive \$4.2 million for the previous fiscal year represents a net decrease of \$60.7 million. The key elements of this increase are listed below.

**Changes in Net Assets**  
**For the Year Ended June 30, 2010**  
*(In Thousands)*

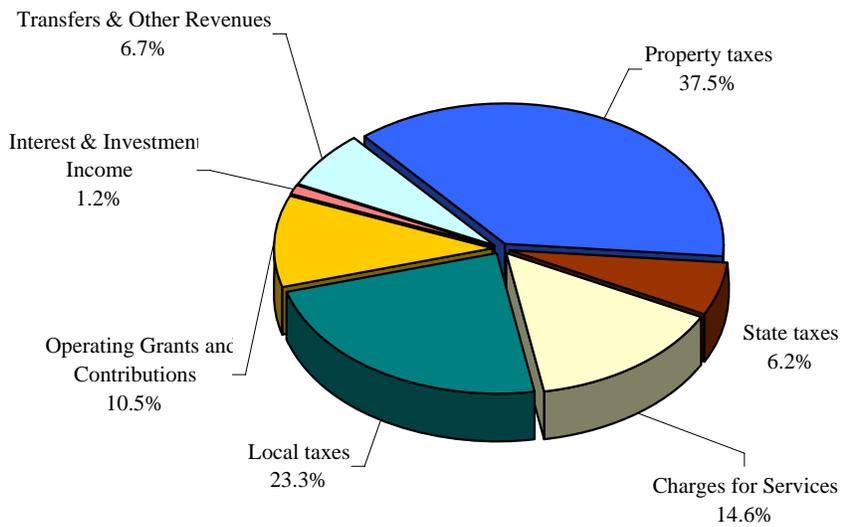
	Governmental Activities		Business-Type Activities		Totals	
	2010	2009 (1)	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 135,458	\$ 126,055	\$ 39,615	\$ 36,178	\$ 175,073	\$ 162,233
Operating grants and contributions	97,177	94,353	-	-	97,177	94,353
General revenues:						
Property taxes	346,859	359,851	-	-	346,859	359,851
State taxes:						
Sales and use taxes	45,503	56,090	-	-	45,503	56,090
Motor vehicles in-lieu tax	1,251	1,282	-	-	1,251	1,282
Gas tax	10,991	10,270	-	-	10,991	10,270
Local taxes:						
Business license	54,141	54,291	-	-	54,141	54,291
Utility consumption	51,107	52,701	-	-	51,107	52,701
Real estate transfer	36,971	34,267	-	-	36,971	34,267
Transient occupancy	10,085	10,599	-	-	10,085	10,599
Parking	13,885	14,196	-	-	13,885	14,196
Voter approved special tax	35,228	33,772	-	-	35,228	33,772
Franchise	14,655	14,440	-	-	14,655	14,440
Interest and investment income	10,894	25,917	113	590	11,007	26,507
Other	58,374	81,885	-	-	58,374	81,885
Total revenues	922,579	969,969	39,728	36,768	962,307	1,006,737
<b>Expenses:</b>						
General government	83,295	94,957	-	-	83,295	94,957
Public safety	411,333	424,435	-	-	411,333	424,435
Life enrichment	119,254	119,659	-	-	119,254	119,659
Community & economic development	222,226	182,327	-	-	222,226	182,327
Public works	70,757	74,081	-	-	70,757	74,081
Interest on long-term debt	73,735	71,552	-	-	73,735	71,552
Sewer	-	-	26,899	25,530	26,899	25,530
Parks and recreation	-	-	520	652	520	652
Total expenses	980,600	967,011	27,419	26,182	1,008,019	993,193
Change in net assets before transfers	(58,021)	2,958	12,309	10,586	(45,712)	13,544
Transfers	1,463	1,200	(1,463)	(1,200)	-	-
Change in net assets	(56,558)	4,158	10,846	9,386	(45,712)	13,544
Net assets - Beginning as previously reported	605,994	620,818	128,998	119,612	734,992	740,430
Restatement	-	(18,982)	-	-	-	-
Net assets - Beginning as restated	605,994	601,836	128,998	119,612	734,992	740,430
Net assets at end of year	\$ 549,436	\$ 605,994	\$ 139,844	\$ 128,998	\$ 689,280	\$ 753,974

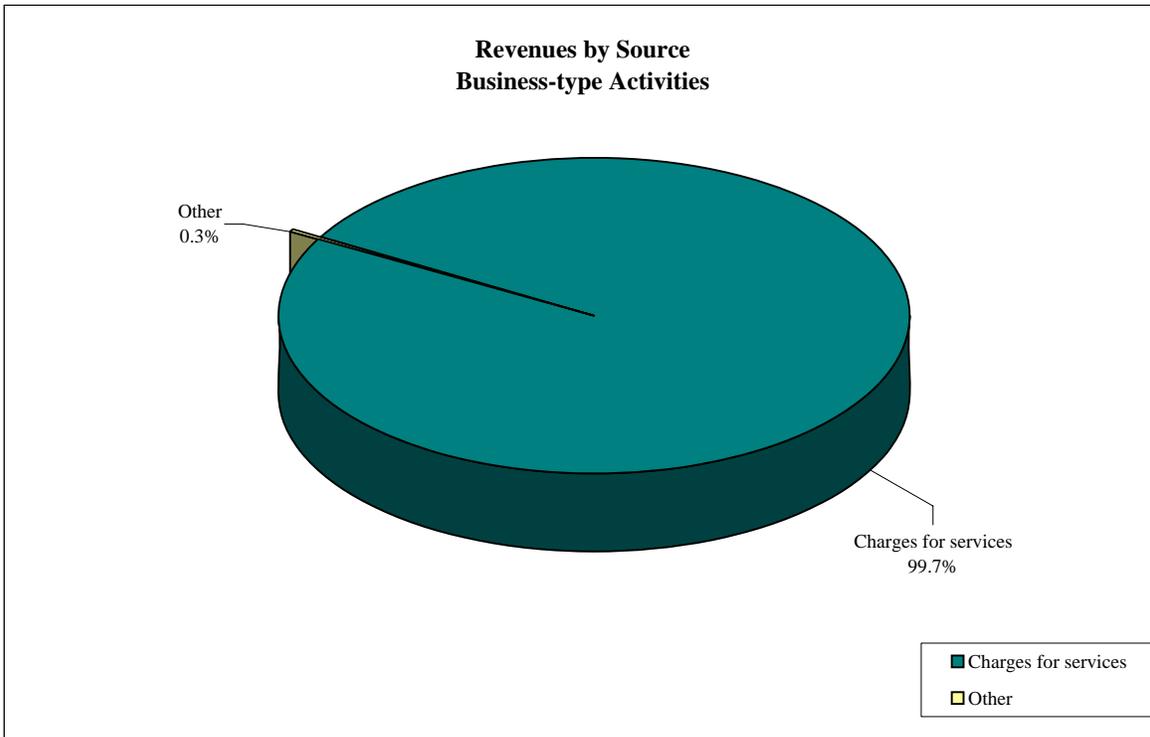
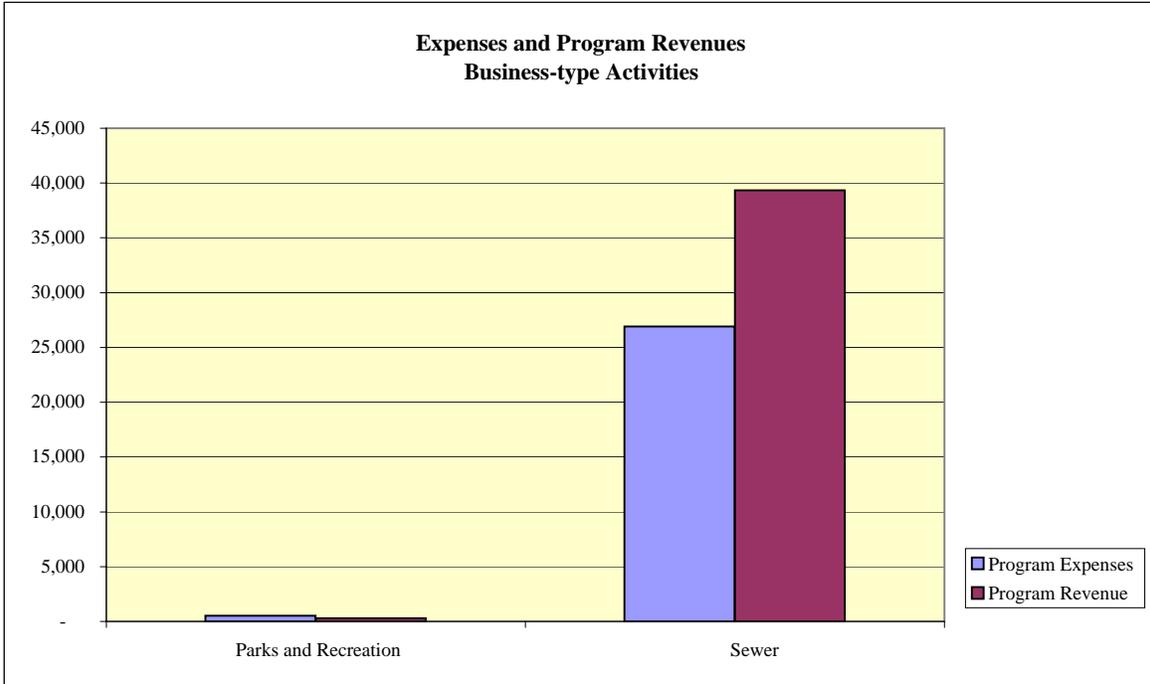
(1) The June 30, 2009 balances were restated to reflect the impact of prior years interest rate swap agreement per GASB No. 53.

### Expenses and Program Revenues Governmental Activities



### Revenues by Sources Governmental Activities





**Governmental activities:** Net assets for governmental activities decreased by \$56.5 million or 9.3 percent during 2009-10 from \$606 million to \$549.5 million. Total revenue decreased at rate of 4.7 percent compared to expenses decreased at a rate of 1.6 percent. During 2008-09, revenues increased at a rate of 0.3 percent and expenses decreased at rates of 2.0 percent, respectively.

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

- Contributing to the decrease in total revenue; property taxes experience an decrease of \$13.0 million or 3.6 percent, this is mainly due to aggressive property revaluations by the County; state taxes also decreased by \$9.9 million or 14.6 percent, this is mainly due to sluggish economy and a negative true-up of overpayment made by the State in their FY 2008-09 “Triple Flip” allocation to the City. Investment income also decreased by \$15.0 million or 58.0 percent due to earned interest yield reflects a lower interest rate environment experienced during the year. The decreases are offset by a slight increase in charges for services by \$9.4 million, local taxes by \$1.8 million, and operating grants and contributions by \$2.8 million.
- General government expenses decreased by \$11.7 million or 12.3 percent when compared to previous year primarily due to budgets cuts, layoffs and furlough days.
- Public safety expenses decreased by \$13.0 million or 3.1 percent when compared to the previous year due primarily to budget cuts, move from 84-hour to 80-hour schedule, and union contract concessions that include 4 percent cost-of-living increase deferred to FY 2013.
- Community and economic development expenses increased by \$39.9 million or 21.9 percent is primarily attributed to Supplemental Education Revenue Augmentation Fund (SERAF) revenue shift. The State total SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The City’s share of the SERAF revenue shift or payment was \$41.1 million in FY 2009-10.
- Public work expenses decreased by \$3.3 million or 4.5 percent is attributed to the reduction of expenditures in the Lighting & Landscape Assessment District (LLAD) and on-going construction improvement projects due to a slowdown in construction projects, budget cuts and furlough days.

**Business-type activities:** Business-type activities ended the fiscal year with a positive change in its net assets of \$10.8 million compared to \$9.4 million the previous fiscal year. The increase of \$1.4 million in net assets is attributable to \$3.9 million or 11.2 percent increase in sewer revenues offset by \$1.4 million or 5.4 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**General Fund:** The General Fund is the chief operating fund of the City. At June 30, 2010, its unreserved fund balance is \$129.7 million or 55.6 percent of the \$233.3 million total General Fund balance.

In 2009-10, General Fund revenues of \$519.2 million were \$13.8 million or 2.6 percent lower than 2008-09 revenues of \$533.1 million. Due to a slowing economy and sluggish housing market and the revenues have decreased modestly from last year. The current year decrease is due primarily to the decreases in sales and use tax revenue of \$10.2 million, investment income of \$3.1 million, and property tax revenue of \$4.3 million, offset by a modest increase in annuity income of \$7.9 million, \$2.7 million in real estate transfer tax and \$3.1 million in charges for services.

In 2009-10, General Fund expenditures of \$437.1 million were \$35.9 million or 7.6 percent lower than 2008-09 expenditures of \$473.0 million. The decrease in expenditures was mainly due to \$26.4 million decrease in public safety, \$2.9 million decrease in information technology expenditures, and most other City Agencies reporting decreases in expenditures mainly due to budget cuts, layoffs, CalPERS Retirement Incentive Program ("Golden Handshake"), and furlough days.

**Federal and State Grant Fund:** The Federal and State Grant Fund had a fund balance of \$20.9 million as of June 30, 2010 that represents an increase of \$2.3 million or 12.5 percent over the prior fiscal year. The increase was primarily attributed to an increase of the federal and state grants by \$7.8 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 officer's positions.

**Oakland Redevelopment Agency:** The Oakland Redevelopment Agency had a fund balance of \$551.7 million as of June 30, 2010 that represents a decrease of \$64.4 million or 10.5 percent from the prior fiscal year. The decrease is primarily attributed to \$41.1 million Supplemental Educational Revenue Augmentation Funds (SERAF) revenue shift from the Agency to the State in accordance with State Legislative passed Assembly Bill (AB) 26 4x. The payments SERAF payment was offset by a \$5.6 million reduction in urban redevelopment and housing spending and a \$29.3 million reduction in principal repayment of bonds and advances. The decrease in principal repayment represents a \$16.5 million repayment toward the Central District advance and a \$12.4 million repayment of the tax allocation bond, series 2005, in FY 2009. The revenue decrease

mainly attributed to a \$17.1 million decrease in tax increment; a \$12.7 million decrease in other revenue, and an \$8.2 million decrease in interest and investment income by a \$1.7 million increase in rents and reimbursements.

**Municipal Capital Improvement Fund:** The Municipal Capital Improvement Fund had a fund balance of \$86.8 million as of June 30, 2010 that represents an increase of \$44.7 million or 106.4 percent over the prior fiscal year. The net increase of \$44.7 million is attributed to two issuance of debt: a) \$64.5 million of *General Obligation Bond (Series 2009B, Measure DD)* 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 b) \$3.1 million of *Piedmont Pines Phase I 2010 Limited Obligation Improvement Bonds* 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 \$113.7 million as of June 30, 2010, compared to \$114.0 million for the previous fiscal year. The \$0.2 million or 0.2 percent decrease is related to proceeds spent from debt issued to finance sewer projects. During the fiscal year, the City capitalized \$6.9 million in sewer system completed projects, net of depreciation.

### **General Fund Budgetary Highlights**

During the fiscal year ended June 30, 2010, General Fund had a \$16.4 million decrease in budgeted revenues between the original and final amended operating budget. The decrease is due to a slow economy and the City budget was revised April 29, 2010 to reflect shortfalls in revenues from various funding sources. Actual budgetary basis revenues of \$518.8 million were \$17.5 million more than the final amended budget. The increase is due primarily to increased property tax, real estate transfer tax and sales and use tax revenues.

In addition, there was a \$24.5 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 multi-year 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 \$438.8 million were \$2.0 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 \$1.12 billion as of June 30, 2010 compared to \$1.08 billion as of June 30, 2009, an increase of \$32.6 million or 3.0 percent. Governmental activities additions of \$80.8 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 \$31.3 million in additions against capital assets for governmental activities. Business activities, primarily the sewer fund, increased its capital assets by \$6.9 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 \$192.4 million to a number of capital improvement projects for fiscal year 2011 through fiscal year 2012. 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 \$1,129.6 million. The total amount of debt applicable to the debt limit was \$366.2 million. The resulting legal debt margin was \$763.4 million.

Beginning April 2010, Moody's Investors Services, Inc recalibrated its long-term U.S. Municipal ratings to its global rating scale and also Fitch Rating recalibrated its U.S. Public Finance rating to its global portfolio credit rating. The City of Oakland's underlying ratings after the recalibration for its general obligation bonds improved from last year; as of June 30, 2010, the rating were as follows:

Standard and Poor's Corporation	AA-
Moody's Investors Services, Inc	Aa2
Fitch, JBCA, Inc	AA-

Agency bond ratings as of June 30, 2010 were as follows:

	Moody's	Standard & Poors	Fitch, JBCA
Tax allocation bonds	A2	A+/A-	N/A
Housing set-aside revenue bonds	A2	A+	A+

As of June 30, 2010, the City had total long-term obligations outstanding of \$2.0 billion compared to \$1.99 billion outstanding for the prior fiscal year, an increase of 0.6 percent. Of this amount, \$366.2 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.63 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, 2010**  
*(In Thousands)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2010</b>	<b>2009 (1)</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
General obligation bonds	\$ 366,248	\$ 317,188	\$ -	\$ -	\$ 366,248	\$ 317,188
Tax allocation, Housing and Other bonds	488,900	505,765	-	-	488,900	505,765
Certificate of participation	7,210	10,375	-	-	7,210	10,375
Lease revenue bonds	270,670	296,985	-	-	270,670	296,985
Pension obligation bonds	210,595	248,455	-	-	210,595	248,455
Special assessment debt with government commitments	8,298	5,645	-	-	8,298	5,645
Accreted interest on appreciation bonds	172,971	148,580	-	-	172,971	148,580
Sewer-bonds & notes payable	-	-	56,088	58,630	56,088	58,630
Less: deferred amounts						
Bond issuance premiums	26,846	28,691	2,239	2,357	29,085	31,048
Bond refunding loss	(26,396)	(30,858)	-	-	(26,396)	(30,858)
Total Bonds Payable	<u>1,525,342</u>	<u>1,530,826</u>	<u>58,327</u>	<u>60,987</u>	<u>1,583,669</u>	<u>1,591,813</u>
Notes & Leases payable	32,778	40,845	-	-	32,778	40,845
Other long-term liabilities	383,176	355,569	-	-	383,176	355,569
Total Outstanding Debt	<u>\$ 1,941,296</u>	<u>\$ 1,927,240</u>	<u>\$ 58,327</u>	<u>\$ 60,987</u>	<u>\$ 1,999,623</u>	<u>\$ 1,988,227</u>

(1) The June 30, 2009 balances were restated to reflect the impact of prior years interest rate swap agreement per GASB No. 53.

The City's overall total long-term obligations increased by \$11.4 million compared to fiscal year 2009. The net increase is primarily attributable to \$67.6 million issuance of new debt and the City debt principal payments.

## **Summary of New Debt:**

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

*Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I, 2010 Limited Obligation Improvement Bonds:* On February 23, 2010, the City of Oakland (the “City”) issued \$3,148,483 of the above mentioned bond issue to finance the costs of the under grounding of street lighting, electric power, telephone and other communication lines of special benefit to the property with the Piedmont Pines District. The Bonds are payable from ad valorem taxes, which is from the unpaid assessments levied upon real property within the District.

*General Obligation Bonds, Series 2009B, Measure DD:* On July 22, 2009, the City of Oakland issued \$64,545,000 of the above mentioned bond issue to provide funds to improve water quality, provide educational and recreational facilities for children, clean up Lake Merritt, restore Oakland’s creeks, waterfront and Estuary, preserve and acquire open space, renovate parks, and provide safe public spaces.

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 2011-12.

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 \$91 – 97 million annual General Purpose Fund shortfall in FY 2009-11 (18 – 19 percent of the baseline budget) This was on top of the \$42 million budget gap balanced just in November 2008 and further adjustments made in May 2009 to avoid and \$8 million shortfall. 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, hiring freeze or position eliminations, furlough days and 2009 CalPERS two-year additional service credit retirement incentive program (“Golden Handshake”).

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.

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county Supplemental Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The Agency's share of the revenue shift was \$41,074,866 in fiscal year 2009-2010. As of June 30, 2010, the Agency remaining share of the SERAF payments is \$8,497,000 and its due on May 10, 2011. Further information regarding the City's response and SERAF impact is contained in the subsequent events footnote (18) to the basic financial statements.

The City of Oakland's unemployment rate increased to 17.2% in June 2010 compared to an average unemployment rate of 17.1% for July 2009.

The Bay Area's consumer price index for all urban consumers in June 2010 was 228.110 compared to the U.S. city average consumer price index (CPI-U) for all urban consumers at 217.965 (Base period: 1982 - 84 = 100).

Estimated population for January 1, 2010 is 430,666 with an estimated total number of households of 149,443, an average household size of 2.88 persons, and a per capita personal income of \$27,145.

CalPERS pension rates, and health care costs have been factored into the City's Fiscal Years 2011-12 budget and amending the municipal code to provide for a three (3) percent surcharge on the City's transient occupancy tax.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Oakland's finances for all those with an interest in the City's fiscal and economic affairs. Requests for additional financial information should be addressed to the Finance and Management Agency, Accounting Division, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353; Oakland, California 94612-2093.

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# BASIC FINANCIAL STATEMENTS

**City of Oakland**  
**Statement of Net Assets**  
**June 30, 2010**  
*(In Thousands)*

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Port of Oakland
<b>ASSETS</b>				
Cash and investments	\$ 378,007	\$ 18,472	\$ 396,479	\$ 139,085
Receivables (net of allowance for uncollectibles of \$5,520 for City and \$3,220 for Port):				
Accrued interest	875	-	875	153
Property taxes	19,559	-	19,559	-
Accounts receivable	58,959	8,635	67,594	27,689
Grants receivable	21,208	-	21,208	-
Due from Port	15,766	-	15,766	-
Due from other governments	36	-	36	-
Inventories	902	-	902	-
Restricted assets:				
Cash and investments	535,752	12,152	547,904	84,418
Receivables	-	-	-	2,557
Property held for resale	163,919	-	163,919	-
Notes and loans receivable (net of allowance for uncollectibles of \$51,229 for the City)	311,616	-	311,616	-
Other	92	-	92	56,150
Unamortized bond issuance costs	15,047	567	15,614	-
Net pension asset	200,003	-	200,003	-
Capital assets:				
Land and other assets not being depreciated Facilities, infrastructures, and equipment, net of depreciation	139,912	6,181	146,093	647,584
	<u>816,662</u>	<u>154,226</u>	<u>970,888</u>	<u>1,613,579</u>
<b>TOTAL ASSETS</b>	<u>2,678,315</u>	<u>200,233</u>	<u>2,878,548</u>	<u>2,571,215</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	141,697	1,630	143,327	31,749
Accrued interest payable	18,895	145	19,040	12,259
Due to other governments	12,086	-	12,086	-
Due to primary government	-	-	-	15,766
Unearned revenue	5,017	282	5,299	119,149
Matured bonds and interest payable	520	-	520	-
Other	9,368	5	9,373	10,317
Non-current liabilities:				
Due within one year	177,652	2,778	180,430	65,205
Due in more than one year	<u>1,763,644</u>	<u>55,549</u>	<u>1,819,193</u>	<u>1,425,784</u>
<b>TOTAL LIABILITIES</b>	<u>2,128,879</u>	<u>60,389</u>	<u>2,189,268</u>	<u>1,680,229</u>
<b>NET ASSETS (deficit)</b>				
Invested in capital assets, net of related debt	478,689	113,718	592,407	879,258
Restricted net assets:				
Debt service	17,983	-	17,983	-
Pension	121,559	-	121,559	-
Urban redevelopment and housing	224,775	-	224,775	-
Other purposes	8,122	-	8,122	11,677
Unrestricted net assets (deficit)	<u>(301,692)</u>	<u>26,126</u>	<u>(275,566)</u>	<u>51</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 549,436</u>	<u>\$ 139,844</u>	<u>\$ 689,280</u>	<u>\$ 890,986</u>

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, 2010**  
*(In Thousands)*

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Unit Port of Oakland
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 83,295	\$ 24,382	\$ 972	\$ -	\$ (57,941)	\$ -	\$ (57,941)	
Public safety	411,333	14,900	17,491	-	(378,942)	-	(378,942)	
Life enrichment	119,254	8,128	34,984	-	(76,142)	-	(76,142)	
Community and economic development	222,226	48,765	39,843	-	(133,618)	-	(133,618)	
Public works	70,757	39,283	3,887	-	(27,587)	-	(27,587)	
Interest on long-term debt	73,735	-	-	-	(73,735)	-	(73,735)	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>980,600</b>	<b>135,458</b>	<b>97,177</b>	<b>-</b>	<b>(747,965)</b>	<b>-</b>	<b>(747,965)</b>	
Business-type activities:								
Sewer	26,899	39,329	-	-	-	12,430	12,430	
Parks and recreation	520	286	-	-	-	(234)	(234)	
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>27,419</b>	<b>39,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,196</b>	<b>12,196</b>	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,008,019</b>	<b>\$ 175,073</b>	<b>\$ 97,177</b>	<b>\$ -</b>	<b>(747,965)</b>	<b>12,196</b>	<b>(735,769)</b>	
<b>Component unit:</b>								
Port of Oakland	\$ 337,947	\$ 285,225	\$ -	\$ 21,343				\$ (31,379)
General revenues:								
Property taxes					346,859	-	346,859	-
State taxes:								
Sales and use taxes					45,503	-	45,503	-
Motor vehicle in-lieu tax					1,251	-	1,251	-
Gas tax					10,991	-	10,991	-
Local taxes:								
Business license					54,141	-	54,141	-
Utility consumption					51,107	-	51,107	-
Real estate transfer					36,971	-	36,971	-
Transient occupancy					10,085	-	10,085	-
Parking					13,885	-	13,885	-
Voter approved special tax					35,228	-	35,228	-
Franchise					14,655	-	14,655	-
Interest and investment income					10,894	113	11,007	8,635
Other					58,374	-	58,374	24,524
Transfers					1,463	(1,463)	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>691,407</b>	<b>(1,350)</b>	<b>690,057</b>	<b>33,159</b>
Changes in net assets					(56,558)	10,846	(45,712)	1,780
Net Assets - Beginning, as originally reported					624,976	128,998	753,974	889,206
Adoption of Governmental Accounting Standards Board Statement No. 53					(18,982)	-	(18,982)	-
Net Assets - Beginning, as restated					605,994	128,998	734,992	889,206
<b>NET ASSETS - ENDING</b>					<b>\$ 549,436</b>	<b>\$ 139,844</b>	<b>\$ 689,280</b>	<b>\$ 890,986</b>

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

**CITY OF OAKLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**  
*(In Thousands)*

	General	Federal/State Grant Fund	Oakland Redevelopment Agency	Municipal Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$114,060	\$ 7,033	\$ 220,898	\$ -	\$ 35,350	\$ 377,341
Receivables (net of allowance for uncollectibles of \$3,580):						
Accrued interest	165	12	653	-	45	875
Property taxes	10,241	1,744	-	-	7,574	19,559
Accounts receivable	43,016	1,394	2,440	2	12,069	58,921
Grants receivable	-	15,597	-	-	5,611	21,208
Due from component unit	15,766	-	-	-	-	15,766
Due from other funds	66,048	158	13,842	383	1,316	81,747
Due from other government	-	-	36	-	-	36
Notes and loans receivable (net of allowance for uncollectibles of \$51,229)	8,399	116,510	156,038	-	30,669	311,616
Restricted cash and investments	121,565	8,116	192,471	94,159	118,624	534,935
Property held for resale	-	-	163,919	-	-	163,919
Other	35	-	32	-	25	92
<b>TOTAL ASSETS</b>	<b><u>\$379,295</u></b>	<b><u>\$150,564</u></b>	<b><u>\$ 750,329</u></b>	<b><u>\$ 94,544</u></b>	<b><u>\$ 211,283</u></b>	<b><u>\$1,586,015</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$119,206	\$ 9,163	\$ 3,211	\$ 1,024	\$ 7,660	\$ 140,264
Due to other funds	8,784	3,441	11,126	5,044	7,820	36,215
Due to other governments	290	257	11,475	-	64	12,086
Deferred revenue	17,411	115,812	172,212	-	37,748	343,183
Matured bonds and interest payable	-	-	-	520	-	520
Other	554	993	598	1,187	6,036	9,368
<b>TOTAL LIABILITIES</b>	<b><u>146,245</u></b>	<b><u>129,666</u></b>	<b><u>198,622</u></b>	<b><u>7,775</u></b>	<b><u>59,328</u></b>	<b><u>541,636</u></b>
<b>Fund balances</b>						
Reserved:						
Encumbrances	1,195	47,705	20,105	20,718	13,576	103,299
Debt service	2,177	-	4,467	445	127,528	134,617
Property held for resale	-	-	163,919	-	-	163,919
Capital projects	-	-	363,216	-	-	363,216
Pension obligations	100,000	-	-	-	-	100,000
Unreserved reported in:						
General fund	129,678	-	-	-	-	129,678
Special revenue funds	-	(26,807)	-	-	10,321	(16,486)
Capital projects funds	-	-	-	65,606	530	66,136
<b>TOTAL FUND BALANCES</b>	<b><u>233,050</u></b>	<b><u>20,898</u></b>	<b><u>551,707</u></b>	<b><u>86,769</u></b>	<b><u>151,955</u></b>	<b><u>1,044,379</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$379,295</u></b>	<b><u>\$150,564</u></b>	<b><u>\$ 750,329</u></b>	<b><u>\$ 94,544</u></b>	<b><u>\$ 211,283</u></b>	<b><u>\$1,586,015</u></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, 2010**  
*(In Thousands)*

Fund balances - total governmental funds \$ 1,044,379

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; therefore, are not reported in the funds.

Primary government capital assets, net of depreciation	\$ 956,574	
Less: internal service funds' capital assets, net of depreciation	(14,471)	942,103

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. 15,047

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. 200,003

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	\$ (18,895)	
Add: Interest payable on long-term debt for internal service fund	60	(18,835)

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. 338,166

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

Long-term liabilities	\$ (1,941,296)	
Less: long-term liabilities for internal service funds	5,302	(1,935,994)

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. (35,433)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 549,436**

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, 2010**  
*(In Thousands)*

	General	Federal/State Grant Fund	Oakland Redevelopment Agency	Municipal Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 194,591	\$ -	\$114,411	\$ -	\$ 40,082	\$ 349,084
State taxes:						
Sales and use tax	35,877	-	-	-	9,626	45,503
Motor vehicle in-lieu tax	1,251	-	-	-	-	1,251
Gas tax	-	3,867	-	-	7,124	10,991
Local taxes:						
Business license	54,138	-	-	-	3	54,141
Utility consumption	51,107	-	-	-	-	51,107
Real estate transfer	36,971	-	-	-	-	36,971
Transient occupancy	8,578	-	-	-	1,507	10,085
Parking	7,523	-	-	-	6,362	13,885
Voter approved special tax	-	13,118	-	-	22,110	35,228
Franchise	14,419	236	-	-	-	14,655
Licenses and permits	724	-	-	-	11,400	12,124
Fines and penalties	27,218	802	-	-	3,200	31,220
Interest and investment income	2,197	498	3,074	495	5,231	11,495
Charges for services	60,578	61	8,385	-	13,265	82,289
Other intergovernmental revenues	-	-	-	-	45,116	45,116
Federal and state grants and subventions	1,927	88,644	-	-	8,279	98,850
Annuity income	13,232	-	-	-	-	13,232
Other	8,912	1,415	3,268	507	4,782	18,884
<b>TOTAL REVENUES</b>	<u>519,243</u>	<u>108,641</u>	<u>129,138</u>	<u>1,002</u>	<u>178,087</u>	<u>936,111</u>
<b>EXPENDITURES</b>						
Current:						
Elected and Appointed Officials:						
Mayor	1,755	-	-	-	716	2,471
Council	3,000	-	-	-	1,574	4,574
City Administrator	7,044	250	-	-	3,741	11,035
City Attorney	8,002	63	-	-	5,447	13,512
City Auditor	1,344	14	-	-	73	1,431
City Clerk	2,444	-	-	-	243	2,687
Agencies/Departments:						
Human Resource Management	4,229	-	-	-	140	4,369
Information Technology	8,134	5	-	1	997	9,137
Financial Services	25,283	296	-	-	995	26,574
Contracting and Purchasing	2,100	-	-	-	-	2,100
Police Services	191,058	10,131	-	2	16,938	218,129
Fire Services	99,329	2,344	-	-	9,910	111,583
Life Enrichment:						
Parks and Recreation	15,108	247	-	47	4,857	20,259
Library	9,005	11,595	-	-	327	20,927
Cultural Arts and Museum	5,829	-	-	-	317	6,146
Aging & Health and Human Services	5,269	33,582	-	-	20,590	59,441
Community and Economic Development	4,847	23,564	147,796	2,513	48,785	227,505
Public Works	32,144	2,738	-	211	22,040	57,133
Other	5,785	-	656	598	1,289	8,328
Capital outlay	890	17,472	-	16,258	26,613	61,233
Debt service:						
Principal repayment	1,499	3,315	16,865	426	83,637	105,742
Bond issuance costs	511	-	-	1,047	-	1,558
Interest charges	2,507	699	28,252	19	37,620	69,097
<b>TOTAL EXPENDITURES</b>	<u>437,116</u>	<u>106,315</u>	<u>193,569</u>	<u>21,122</u>	<u>286,849</u>	<u>1,044,971</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>82,127</u>	<u>2,326</u>	<u>(64,431)</u>	<u>(20,120)</u>	<u>(108,762)</u>	<u>(108,860)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	-	67,693	-	67,693
Premiums on issuance of bonds	-	-	-	908	-	908
Property sale proceeds	5,013	-	-	-	-	5,013
Insurance claims and settlements	1,641	-	-	-	-	1,641
Transfers in	6,602	-	-	-	99,807	106,409
Transfers out	(99,282)	-	-	(3,745)	(1,698)	(104,725)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(86,026)</u>	<u>-</u>	<u>-</u>	<u>64,856</u>	<u>98,109</u>	<u>76,939</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(3,899)</u>	<u>2,326</u>	<u>(64,431)</u>	<u>44,736</u>	<u>(10,653)</u>	<u>(31,921)</u>
Fund balances - beginning	236,949	18,572	616,138	42,033	162,608	1,076,300
<b>FUND BALANCES - ENDING</b>	<u>\$ 233,050</u>	<u>\$ 20,898</u>	<u>\$551,707</u>	<u>\$ 86,769</u>	<u>\$151,955</u>	<u>\$ 1,044,379</u>

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, 2010**  
*(In Thousands)*

Net change in fund balances - total governmental funds		\$ (31,921)												
<p>Amounts reported for governmental activities in the statement of activities are different due to the following:</p> <p>Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and other capital transactions exceeds depreciation in the current period.</p>														
<p>Primary government:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Capital asset acquisition</td> <td style="width: 10%; text-align: right;">\$ 80,834</td> <td style="width: 10%;"></td> </tr> <tr> <td>Retirement of capital assets</td> <td style="text-align: right;">(5,537)</td> <td></td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(49,561)</td> <td></td> </tr> <tr> <td>Less: net changes of capital assets within internal service funds</td> <td style="text-align: right; border-top: 1px solid black;">3,379</td> <td style="text-align: right; vertical-align: bottom;">29,115</td> </tr> </table>			Capital asset acquisition	\$ 80,834		Retirement of capital assets	(5,537)		Depreciation	(49,561)		Less: net changes of capital assets within internal service funds	3,379	29,115
Capital asset acquisition	\$ 80,834													
Retirement of capital assets	(5,537)													
Depreciation	(49,561)													
Less: net changes of capital assets within internal service funds	3,379	29,115												
<p>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.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Change in deferred revenue</td> <td style="width: 10%; text-align: right;">\$ (20,196)</td> <td style="width: 10%;"></td> </tr> <tr> <td>New notes and loans</td> <td style="text-align: right; border-top: 1px solid black;">23,641</td> <td style="text-align: right; vertical-align: bottom;">3,445</td> </tr> </table>			Change in deferred revenue	\$ (20,196)		New notes and loans	23,641	3,445						
Change in deferred revenue	\$ (20,196)													
New notes and loans	23,641	3,445												
<p>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; therefore are not reported as an expenditure in the governmental funds.</p> <p style="text-align: right;">8,248</p>														
<p>Changes to the net pension assets, as reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p> <p style="text-align: right;">(43,791)</p>														
<p>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.</p> <p style="text-align: right;">(1,023)</p>														
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and the advance refunding of debt consume the current financing sources of the governmental funds. These transactions, however have no effect on net assets. This is the amount by which principal retirement and payment to escrow agent exceeded bond proceeds in the current period.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Debt and capital lease principal payments</td> <td style="width: 10%; text-align: right;">\$ 105,742</td> <td style="width: 10%;"></td> </tr> <tr> <td>Issuance of bonds and notes</td> <td style="text-align: right;">(67,693)</td> <td></td> </tr> <tr> <td>Premium and discounts on bonds</td> <td style="text-align: right; border-top: 1px solid black;">(908)</td> <td style="text-align: right; vertical-align: bottom;">37,141</td> </tr> </table>			Debt and capital lease principal payments	\$ 105,742		Issuance of bonds and notes	(67,693)		Premium and discounts on bonds	(908)	37,141			
Debt and capital lease principal payments	\$ 105,742													
Issuance of bonds and notes	(67,693)													
Premium and discounts on bonds	(908)	37,141												
<p>Amortization of bond premiums and discounts</p> <p style="text-align: right;">2,753</p>														
<p>Amortization of refunding loss</p> <p style="text-align: right;">(4,462)</p>														
<p>Additional accrued and accreted interest calculated on bonds and notes payable</p> <p style="text-align: right;">(24,443)</p>														
<p>Principal payments of Coliseum Authority pledge obligation</p> <p style="text-align: right;">3,350</p>														
<p>Net changes in mandated environmental remediation obligation</p> <p style="text-align: right;">1,375</p>														
<p>Net changes on post employment benefits other than pension benefits (OPEB)</p> <p style="text-align: right;">(40,479)</p>														
<p>Net changes on fair market value of interest swap agreements</p> <p style="text-align: right;">(101)</p>														
<p>The net income of activities of internal service funds is reported with governmental activities</p> <p style="text-align: right;">4,235</p>														
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$ (56,558)												

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, 2010**  
*(In Thousands)*

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Sewer</u>	<u>Nonmajor Fund</u>	<u>Total</u>	<u>Internal</u>
	<u>Service</u>	<u>Parks and</u>		<u>Service</u>
		<u>Recreation</u>		<u>Funds</u>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 16,780	\$ 1,692	\$ 18,472	\$ 666
Accounts receivables (net of uncollectibles of \$1,608 and \$332) for the enterprise funds and internal service funds, respectively)	8,633	2	8,635	38
Due from other funds	-	-	-	66
Inventories	-	-	-	902
Restricted cash and investments	11,638	514	12,152	817
Total Current Assets	<u>37,051</u>	<u>2,208</u>	<u>39,259</u>	<u>2,489</u>
Non-current Assets:				
Capital assets:				
Land and other assets not being depreciated	5,963	218	6,181	310
Facilities, equipment and infrastructure, net of depreciation	151,038	3,188	154,226	14,161
Total capital assets	157,001	3,406	160,407	14,471
Unamortized bond issuance costs	567	-	567	-
Total Non-current Assets	<u>157,568</u>	<u>3,406</u>	<u>160,974</u>	<u>14,471</u>
<b>TOTAL ASSETS</b>	<u>194,619</u>	<u>5,614</u>	<u>200,233</u>	<u>16,960</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	1,629	1	1,630	1,433
Accrued interest payable	145	-	145	60
Due to other funds	-	-	-	45,598
Unearned revenue	282	-	282	-
Other liabilities	5	-	5	-
Bonds, notes payable, and capital leases	2,778	-	2,778	1,610
Total Current Liabilities	<u>4,839</u>	<u>1</u>	<u>4,840</u>	<u>48,701</u>
Non-current Liabilities:				
Bonds, notes payable, and capital leases	55,549	-	55,549	3,692
Total Non-current Liabilities	<u>55,549</u>	<u>-</u>	<u>55,549</u>	<u>3,692</u>
<b>TOTAL LIABILITIES</b>	<u>60,388</u>	<u>1</u>	<u>60,389</u>	<u>52,393</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	110,312	3,406	113,718	10,103
Unrestricted (deficit)	23,919	2,207	26,126	(45,536)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ 134,231</u>	<u>\$ 5,613</u>	<u>\$ 139,844</u>	<u>\$ (35,433)</u>

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

**CITY OF OAKLAND**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**  
*(In Thousands)*

	<u>Business-type Activities Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer Service</u>	<u>Nonmajor Fund Parks and Recreation</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>OPERATING REVENUES</b>				
Rental	\$ -	\$ 286	\$ 286	\$ -
Sewer services	39,329	-	39,329	-
Charges for services	-	-	-	49,527
Other	-	-	-	156
<b>TOTAL OPERATING REVENUES</b>	<u>39,329</u>	<u>286</u>	<u>39,615</u>	<u>49,683</u>
<b>OPERATING EXPENSES</b>				
Personnel	10,199	93	10,292	18,644
Supplies	526	-	526	5,729
Depreciation and amortization	4,535	292	4,827	3,922
Contractual services and supplies	1,368	100	1,468	702
Repairs and maintenance	49	-	49	2,660
General and administrative	4,347	12	4,359	5,298
Rental	872	23	895	1,888
Other	2,254	-	2,254	6,098
<b>TOTAL OPERATING EXPENSES</b>	<u>24,150</u>	<u>520</u>	<u>24,670</u>	<u>44,941</u>
<b>OPERATING INCOME (LOSS)</b>	<u>15,179</u>	<u>(234)</u>	<u>14,945</u>	<u>4,742</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment income (loss)	108	5	113	(146)
Interest expense	(2,749)	-	(2,749)	(296)
Other, net	-	-	-	156
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(2,641)</u>	<u>5</u>	<u>(2,636)</u>	<u>(286)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	12,538	(229)	12,309	4,456
Transfers out	(1,463)	-	(1,463)	(221)
<b>TOTAL TRANSFERS</b>	<u>(1,463)</u>	<u>-</u>	<u>(1,463)</u>	<u>(221)</u>
Change in net assets (deficit)	11,075	(229)	10,846	4,235
Net Assets (deficit) - Beginning	123,156	5,842	128,998	(39,668)
<b>NET ASSETS (DEFICIT) - ENDING</b>	<u>\$ 134,231</u>	<u>\$ 5,613</u>	<u>\$ 139,844</u>	<u>\$ (35,433)</u>

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, 2010**  
*(In Thousands)*

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 39,151	\$ 3	\$ 39,154	\$ 49,656
Cash received from tenants for rents	-	286	286	-
Cash from other sources	-	-	-	156
Cash paid to employees	(10,199)	(93)	(10,292)	(18,644)
Cash paid to suppliers	(8,672)	(134)	(8,806)	(22,070)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>20,280</u>	<u>62</u>	<u>20,342</u>	<u>9,098</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from interfund loans	-	-	-	63
Repayment of interfund loans	-	-	-	(5,250)
Other, net (settlements, sales of property, rental)	-	-	-	156
Transfers out	(1,463)	-	(1,463)	(221)
<b>NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES</b>	<u>(1,463)</u>	<u>-</u>	<u>(1,463)</u>	<u>(5,252)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(11,247)	(474)	(11,721)	(553)
Long-term debt:				
Repayment of long-term debt	(2,542)	-	(2,542)	(2,510)
Interest paid on long-term debt	(2,837)	-	(2,837)	(296)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(16,626)</u>	<u>(474)</u>	<u>(17,100)</u>	<u>(3,359)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	108	5	113	(146)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>108</u>	<u>5</u>	<u>113</u>	<u>(146)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,299	(407)	1,892	341
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	26,119	2,613	28,732	1,142
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 28,418</u>	<u>\$ 2,206</u>	<u>\$ 30,624</u>	<u>\$ 1,483</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 15,179	\$ (234)	\$ 14,945	\$ 4,742
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Depreciation and amortization	4,535	292	4,827	3,922
Retirement of capital assets	-	-	-	10
Changes in assets and liabilities:				
Receivables	(178)	3	(175)	102
Inventories	-	-	-	29
Due from other funds	-	-	-	(2)
Accounts payable and accrued liabilities	744	1	745	295
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 20,280</u>	<u>\$ 62</u>	<u>\$ 20,342</u>	<u>\$ 9,098</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>				
Cash and investments	\$ 16,780	\$ 1,692	\$ 18,472	\$ 666
Restricted cash and investments	11,638	514	12,152	817
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 28,418</u>	<u>\$ 2,206</u>	<u>\$ 30,624</u>	<u>\$ 1,483</u>
<b>NON CASH ITEMS:</b>				
Amortization of bond premiums	\$ (118)	\$ -	\$ (118)	\$ -
Amortization of bond cost of issuance	30	-	30	-
	<u>\$ (88)</u>	<u>\$ -</u>	<u>\$ (88)</u>	<u>\$ -</u>

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, 2010  
(In Thousands)

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
<b>ASSETS</b>		
Cash and investments	\$ 2,846	\$ 8,569
Receivables:		
Accrued interest and dividends	698	6
Accounts receivable	-	3
Investments	5,624	-
Restricted:		
Cash and investments:		
Short-term investments	7,360	-
U.S. government bonds	21,072	-
U.S. Corporate bonds and mutual funds	71,034	-
Domestic equities and mutual funds	148,688	-
International equities and mutual funds	42,890	-
Real estate mortgage loans	42	-
Total restricted cash and investments	291,086	-
Securities lending collateral	16,715	-
<b>TOTAL ASSETS</b>	<b>316,969</b>	<b>8,578</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	6,839	365
Securities lending collateral	16,715	-
<b>TOTAL LIABILITIES</b>	<b>23,554</b>	<b>365</b>
<b>NET ASSETS</b>		
Net assets held in trust	<u>\$ 293,415</u>	<u>\$ 8,213</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, 2010**  
*(In Thousands)*

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS:</b>		
Contributions:		
Member contributions	\$ 7	\$ -
Total contributions	<u>7</u>	<u>-</u>
Trust receipts	<u>-</u>	<u>478</u>
Investment income:		
Net appreciation in fair value of investments	36,766	-
Interest	3,840	25
Dividends	4,923	-
Securities lending	<u>169</u>	<u>-</u>
TOTAL INVESTMENT INCOME (LOSS)	45,698	25
Less investment expenses:		
Investment expenses	(1,373)	-
Borrowers rebates and other agent fees on securities lending transactions	<u>(63)</u>	<u>-</u>
Total investment expenses	<u>(1,436)</u>	<u>-</u>
NET INVESTMENT INCOME (LOSS)	<u>44,262</u>	<u>25</u>
Other income	<u>93</u>	<u>2,653</u>
TOTAL ADDITIONS (DEDUCTIONS)	<u>44,362</u>	<u>3,156</u>
<b>DEDUCTIONS:</b>		
Benefits to members and beneficiaries:		
Retirement	42,546	-
Disability	25,506	-
Death	<u>2,287</u>	<u>-</u>
TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES	70,339	-
Administrative expenses	1,209	137
CEDA	-	134
Other	-	2,631
Police services	<u>-</u>	<u>142</u>
TOTAL DEDUCTIONS	<u>71,548</u>	<u>3,044</u>
Change in net assets	(27,186)	112
NET ASSETS - BEGINNING	<u>320,601</u>	<u>8,101</u>
NET ASSETS - ENDING	<u>\$ 293,415</u>	<u>\$ 8,213</u>

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

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# NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2010**

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

The City of Oakland, California, (the City or Primary Government) was incorporated on May 25, 1854, by the State of California and is organized and exists under and pursuant to the provisions of State law. The Mayor/Council form of government was established in November 1998 through Charter amendment. The legislative authority is vested in the City Council and the executive authority is vested in the Mayor with administrative authority resting with the City Administrator.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are combined with the data of the Primary Government within the governmental activities column in the government-wide financial statements and governmental funds in the fund financial statements. The Port of Oakland (Port) is the City's discretely presented component unit and is reported in a separate column in the government-wide financial statements to emphasize it possesses characteristics that it is legally separate from the City. Although the Port has a significant relationship with the City, it is fiscally independent and does not provide services solely to the City and, therefore, is presented discretely.

**Blended Component Units**

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

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

The Oakland Joint Powers Financing Authority (JPFA) was formed to assist in the financing of public capital improvements. JPFA is a joint exercise agency organized under the laws of the State of California and is composed of the City and the Agency. 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 government-wide statement of net assets.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Discretely Presented Component Unit**

The Port is a legally separate component unit established in 1927 by the City. Operations include the Oakland International Airport and the Port of Oakland Marine Terminal Facilities. All interfund transactions have been eliminated. The Port is governed by a seven-member Board of Port Commissioners (the Board) that is appointed by the City Council, upon nomination by the Mayor. The Board appoints an Executive Director to administer operations. The Port prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations. The Port is required by City charter to deposit its operating revenues in the City Treasury. The City is responsible for investing and managing such funds. The Port is presented in a separate column in the government-wide financial statements.

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

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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

**Government-wide and Fund Financial Statements**

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

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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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, 2010.

**Proposition 1A Borrowing by the State of California:** Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$11,217,005.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result no gain or loss was recorded.

The City reports the following major governmental funds:

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

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

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

The **Municipal Capital Improvement Fund** accounts primarily for monies pertaining to the Museum 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 program.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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Additionally, the City reports the following fund types:

The **Internal Service Funds** account for the purchase of automotive and rolling equipment; radio and other communication equipment; the repair and maintenance of City facilities; acquisition, maintenance and provision of reproduction equipment and services; 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.

**Private Purpose Trust Funds:** (a) Private Purpose Trust Fund accounts for the operations of the Youth Opportunity Program and certain gifts that are not related to Agency projects or parks, recreation and cultural activities and (b) The Private Pension Trust Fund accounts for employee deferred compensation fund.

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.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's 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 nonoperating revenues and expenses.

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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## **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.

## **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 inter-fund 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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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### **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.

### **Inter-fund Transfers**

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

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

Reimbursements for expenditures, initially made by one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as 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.

### **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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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## Capital Assets

### Primary Government

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

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

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

The City 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 City implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The City reclassified these intangible assets from land as of July 1, 2009 in the amount of \$2,607,000. See Note 7 for additional information

**Discretely Presented Component Unit**

The Port 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

**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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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### **Compensated Absences - Accrued Vacation, Sick Leave, and Compensatory Time**

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

### **Other Post Employment Benefits (OPEB)**

The OPEB obligation covers Police, Fire and Miscellaneous employees. The 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. At June 30, 2010, the City reported a net OPEB obligation of \$126,237,306. See Note 17 for additional information.

### **Pollution Remediation Obligations (GASB 49)**

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 refundings are deferred and amortized into expense for both business-type activities and proprietary funds. For governmental activities reported

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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in the government-wide financial statements, they are deferred and amortized into expense if they occurred subsequent to June 30, 2001.

## **Fund Balances**

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

1. **Reserve for Encumbrances** – Encumbrances outstanding at fiscal year end are reported as reservations of fund balances and the related appropriation is automatically carried forward into the next fiscal year. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.
2. **Reserve for Debt Service** – This fund balance is reserved for the payment of debt service requirements in subsequent years.
3. **Reserve for Property Held for Resale** – This fund balance is reserved for the cost of developing and administering residential and commercial properties intended for resale.
4. **Reserve for Capital Projects** – This fund balance is reserved for ongoing projects in specific areas excluding the General Fund. This reservation includes \$91,251,000 reserved for low and moderate housing projects.
5. **Reserve for Pension Obligations** – This fund balance is reserved for the City's pension obligations and is restricted with New York Life Annuity Company.

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

## **Restricted Net Assets**

Restricted net assets are those assets, net of their related liabilities that have constraints placed on their use by laws 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, 2010, the government-wide statement of net assets

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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reported restricted net assets of \$372.4 million in governmental activities, none of which was restricted by enabling legislation.

### **Adoption of New Pronouncement**

Beginning Net Assets as of June 30, 2009 have been restated by \$18,981,573 to account for the Interest Rate Swap Agreement fair value, as required by implementing the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. See Note 12 for further information.

### **Effects of New Pronouncements**

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. It establishes a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used. Specifically, GASB Statement No. 54 distinguishes fund balances between amounts that are considered nonspendable and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Fund balance amounts will be reported in the following classifications:

- Restricted – amounts constrained by external parties, constitutional provision or enabling legislation;
- Committed – amounts constrained by a government using its highest level of decision-making authority;
- Assigned – amounts a government intends to use for a particular purpose; and
- Unassigned – amounts that are not constrained at all will be reported in the general fund.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The Statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2010, with earlier application encouraged.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Use of Estimates**

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

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

**Primary Government**

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

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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On August 31, 2010, the City Operating Fund or Investment Pool is rated ‘AAA/V1+’ by Fitch Ratings. Investment pools rated AAA reflect the high credit quality of the portfolio assets, a conservative investment policy, and appropriate management oversight and operational capabilities. The fund’s V1+ volatility rating reflects low market risk and a capacity to return stable principal value meeting anticipated cash needs of the City and the Port of Oakland, even in adverse interest rate environments.

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

The retirement systems’ investment policies authorize investment in the domestic stocks and bonds, U.S. equities, international equities, U.S. fixed income, mortgage loans and real estate. The systems’ investment portfolios are managed by external investment managers. During the year ended June 30, 2010, the number of external investment managers was nine for the PFRS and one for the OMERS.

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

	<u>Primary Government</u>			<u>Total</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>		<u>Port</u>
Cash and investments	\$ 378,007	\$ 18,472	\$ 11,415	\$ 407,894	\$ 139,085
Restricted cash and investments	535,752	12,152	291,086	838,990	84,418
Restricted securities lending collateral	-	-	16,715	16,715	-
<b>TOTAL</b>	<u>\$ 913,759</u>	<u>\$ 30,624</u>	<u>\$ 319,216</u>	<u>\$ 1,263,599</u>	<u>\$ 223,503</u>
Deposits				\$ 31,989	\$ 1,557
Investments				1,231,610	221,946
<b>TOTAL</b>				<u>\$ 1,263,599</u>	<u>\$ 223,503</u>

\*\$913,759 consists of all governmental funds and the internal service funds.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Investments - Primary Government**

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

At June 30, 2010, the carrying amount of the City's deposits and bank balance was \$32.0 million. Deposits include checking accounts, interest earning savings accounts, money market accounts, and nonnegotiable certificates of deposit. Of the bank balance, \$1.9 million was FDIC insured and \$30.1 million was collateralized with securities held by the pledging financial institution in the City's name, in accordance with Section 53652 of the California Government Code.

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

**Credit Risk:** 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. The City invests only in securities from highly rated entities. As of June 30, 2010, approximately 70% of the pooled investments was invested in "AAA" quality securities.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

The following tables show the City's credit risk for the Pool and Restricted portfolios as of June 30, 2010 (in thousands):

**Pooled Investments**

	<b>Fair Value</b>	<b>Rating as of 06-30-10</b>		
		<b>AAA/Aaa</b>	<b>A1/P1/F1</b>	<b>Not Rated</b>
U.S. Govt. Agency Securities	\$ 87,841	\$ 87,841	\$ -	\$ -
U.S. Govt. Agency Securities (Disc)	188,937	188,937	-	-
Money Market Funds	90,310	90,310	-	-
Local Agency Investment Fund (LAIF)	98,727	-	-	98,727
Negotiable Certificates of Deposit	21,992	-	21,992	-
Commercial Paper (Disc)	36,957	-	36,957	-
<b>Total Investment Pool</b>	<b>\$ 524,764</b>	<b>\$ 367,088</b>	<b>\$ 58,949</b>	<b>\$ 98,727</b>

**Restricted Investments**

	<b>Fair Value</b>	<b>Rating as of 06-30-10</b>			
		<b>AAA/Aaa</b>	<b>A1/P1/F1</b>	<b>Ba1</b>	<b>Not Rated</b>
U.S. Govt. Agency Securities	\$ 13,042	\$ 13,042	\$ -	\$ -	\$ -
U.S. Govt. Agency Securities (Disc)	159,952	159,952	-	-	-
U.S. Treasury Securities	1,507	1,507	-	-	-
U.S. Treasury Securities (Disc)	1,499	1,499	-	-	-
Money Market Funds	170,715	170,597	-	-	118
Local Agency Investment Fund (LAIF)	3,413	-	-	-	3,413
Commercial Paper	576	-	576	-	-
Corporate Bonds	2,145	-	-	2,145	-
Local Government Bond	94,503	-	-	-	94,503
Annuity	100,000	-	-	-	100,000
<b>Total</b>	<b>\$ 547,352</b>	<b>\$ 346,597</b>	<b>\$ 576</b>	<b>\$ 2,145</b>	<b>\$ 198,034</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Concentration of Credit Risk:** The City has an investment policy related to 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 revenue anticipation notes. Per the policy, the investments conform to Sections 53600 et seq. of the California Government Code and the applicable limitations contained within the policy.

Certain other investments are governed by bond covenants which do not restrict the amount of investment in any one issuer. Investments in one issuer that exceed 5% of the City's investment portfolio at June 30, 2010 are as follows (in thousands):

<b>Issuer</b>	<b>Investment Type</b>	<b>Amount</b>	<b>Percent of City's Investment Portfolio</b>
Federal National Mortgage Association	U.S. Government Securities	\$ 196,163	18.30%
Federal Home Loan Bank	U.S. Government Securities	212,432	19.81%
Oakland Joint Powers Financing Authority	Local Government Bond	94,503	8.81%
New York Life Insurance Company	Annuity	100,000	9.33%

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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

**Pooled Investments**

	<b>Rating as of 06-30-10</b>	
	<b>Fair Value</b>	<b>Percent (%) of Portfolio</b>
U.S. Govt. Agency Securities	\$ 87,841	16.74%
U.S. Govt. Agency Securities (Disc)	188,937	36.00%
Money Market Funds	90,310	17.21%
Local Agency Investment Fund (LAIF)	98,727	18.82%
Negotiable Certificates of Deposit	21,992	4.19%
Commercial Paper (Disc)	36,957	7.04%
<b>Total Investment Pool</b>	<b>\$ 524,764</b>	<b>100%</b>

**Restricted Investments**

	<b>Rating as of 06-30-10</b>	
	<b>Fair Value</b>	<b>Percent (%) of Portfolio</b>
U.S. Govt. Agency Securities	\$ 13,042	2.38%
U.S. Govt. Agency Securities (Disc)	159,952	29.22%
U.S. Treasury Securities	1,507	0.28%
U.S. Treasury Securities (Disc)	1,499	0.27%
Money Market Funds	170,715	31.19%
Local Agency Investment Fund (LAIF)	3,413	0.62%
Commercial Paper	576	0.11%
Corporate Bonds	2,145	0.39%
Local Government Bond	94,503	17.27%
Annuity	100,000	18.27%
<b>Total</b>	<b>\$ 547,352</b>	<b>100.00%</b>

**Interest Rate Risk:** This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. The longer the maturity of an investment, the greater the sensitivity of its fair value 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 limits certain investments to short 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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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, 2010, the City's pooled portfolio had a weighted average days to maturity of 145 days and had the following investments and original maturities (in thousands):

**Pooled Investments**

	Fair Value	Interest Rates (%)	Maturity		
			12 Months or Less	1 - 3 Years	3 - 5 Years
U.S. Govt. Agency Securities	\$ 87,841	0.343 - 2.68	\$ 24,354	\$ 42,068	\$ 21,419
U.S. Govt. Agency Securities (Disc)	188,937	0.00 - 0.225	188,937	-	-
Money Market Funds*	90,310	0.14 - 0.210	90,310	-	-
Local Agency Investment Fund (LAIF)*	98,727	0.53	98,727	-	-
Negotiable Certificates of Deposit	21,992	0.36 - 0.573	21,992	-	-
Commercial Paper (Disc)	36,957	0.12 - 0.265	36,957	-	-
<b>Total Investment Pool</b>	<b>\$ 524,764</b>		<b>\$ 461,277</b>	<b>\$ 42,068</b>	<b>\$ 21,419</b>

\* weighted average maturity used.

**Restricted Investments**

	Fair Value	Interest Rates (%)	Maturity			
			12 Months or Less	1 - 3 Years	3 - 5 Years	5 Years +
U.S. Gov't Agency Securities	\$ 13,042	0.300 - 0.659	\$ 10,019	\$ 3,023	\$ -	\$ -
U.S. Gov't Agency Securities (Disc)	159,952	0.00 - 0.437	159,952	-	-	-
U.S. Treasuries	1,507	0.359	1,507	-	-	-
U.S. Treasuries (Disc)	1,499	0.152 - 0.172	1,499	-	-	-
Money Market Funds*	170,715	0.00 - 0.96	170,715	-	-	-
Local Agency Investment Fund*	3,413	0.53 - 4.85	3,413	-	-	-
Commercial Paper	576	0.889 - 1.985	576	-	-	-
Corporate Bonds	2,145	11.365	-	-	-	2,145
Local Government Bond	94,503	4.86	6,492	14,054	15,617	58,340
Annuity	100,000	3.60	-	-	-	100,000
<b>Total</b>	<b>\$ 547,352</b>		<b>\$ 354,173</b>	<b>\$ 17,077</b>	<b>\$ 15,617</b>	<b>\$ 160,485</b>

\* weighted average maturity used.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Foreign Currency Risk:** This is the risk that changes in exchange rates between the U.S. dollar and foreign currencies which 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, 2010, the City's investment in LAIF is \$102.1 million (\$98.7 million in pooled investments and \$3.4 million in restricted investments). The total amount invested by all public agencies in LAIF at that date is approximately \$23.3 billion. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately \$69.4 billion, 94.58% is invested in non-derivative financial products and 5.42% in structured notes and asset-backed securities. As of June 30, 2010, LAIF has a average life-month end of 203 days. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different than the fair value of the City's position in the pool.

## **Pensions Cash and Investments**

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

#### **City's Investment Pool and Deposits**

Cash and cash 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, 2010, OMERS share of the City's investment pool totaled \$45,086.

#### **Investments**

OMERS investment policy authorizes investments in domestic common stocks and bonds. During the year ended June 30, 2010, OMERS investment portfolio was managed by one external investment manager.

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, 2010, 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 Fund Commingled Fund. Specific guidelines for the Funds are detailed in the prospectus or declaration of Trust, for each individual fund.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

The following summarizes OMERS investment portfolio as well as the interest rate and the weighted average maturities of the funds as of June 30, 2010 (in thousands):

<b>Investments</b>	<b>Fair Value</b>	<b>Yield</b>	<b>Weighted Average Maturity (Years)</b>
<b>Short-Term Investment</b>	\$ 47	-	-
<b>Equity Investments</b>			
American Century Equity Mutual Fund	2,992	-	-
<b>Fixed Income Investments</b>			
HighMark Employee Benefit Flexible Bond Fund*	1,702	2.9%	5.4
<b>Total Equity &amp; Fixed Investment</b>	4,694		
<b>Total Investment</b>	\$ 4,741		

\* The Plan became invested in the HighMark Employee Benefit Flexible Bond Fund in FY 2010.

**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 the fair market value. During the year ended June 30, 2010, OMERS replaced its fixed income portfolio with shares of the HighMark Employee Benefit Flexible Bond which has a credit quality rating of AA.

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

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

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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Derivatives:** OMERS has adopted GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*, effective July 1, 2009. The statement addresses hedge accounting requirements and improves disclosures, providing a summary of the government's derivative instrument activity, its objectives for entering into derivative instruments, and their significant terms and risks. OMERS has no derivatives as of June 30, 2010.

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

**Cash and Cash Deposits**

As of June 30, 2010, 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, 2010, PFRS share of the City's investment pool totaled \$1,693,428.

PFRS has a money market account with Alta Alliance Bank in the amount of \$1,089,286 and a cash balance of \$18,002 in their international custodian accounts. Of the total cash and cash deposits not held in the City's investment pool, \$286,002 was FDIC insured and \$839,286 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, 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, 2010, the number of external investment managers was nine.

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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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 an account's market 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 4.54 years as of June 30, 2010.

As of June 30, 2010, 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	\$ 2,749	0.23
Short-Term Investment Funds	4,564	N/A
Total Short-Term Investments	<u>\$ 7,313</u>	

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Long-Term Investment Duration:**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (Year)</u>
Government Bonds:		
U.S. Treasuries	\$ 13,710	4.59
U.S. Government Agencies	7,362	2.54
Total Government Bonds	21,072	
U.S. Corporate Bonds	17,372	3.94
Bond iShares:		
TIPS Bond Fund	10,288	7.85
Aggregate Bond Fund	41,672	4.30
Total Bond iShares	51,960	4.54
Total Fixed Income Investments	<u>\$ 90,404</u>	
Securities Lending Collateral	<u>\$ 16,715</u>	0.01

**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, 2010 concerning credit risk of fixed income securities (in thousands):

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>
U.S. Treasuries	AAA/Aaa	\$ 2,749
Short-Term Investment Funds	Not Rated	4,564
Total Short-Term Investments		<u>\$ 7,313</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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The following tables provide information as of June 30, 2010 concerning credit risk of fixed income and long-term investment rating (in thousands):

<b>S &amp; P/Moody's Rating</b>	<b>Fair Value</b>	<b>Percent of Total Fair Value</b>
AAA/Aaa	\$ 37,061	41.00%
AA /Aa	42,928	47.49%
A/A	6,215	6.87%
BBB/Baa	1,803	1.99%
BB/Ba	1,833	2.03%
B/B	564	0.62%
Total Fixed Income Investments	\$ 90,404	100.0%

The following tables provide information as of June 30, 2010 concerning credit risk of securities lending collateral ratings (in thousands):

<b>S &amp; P/Moody's Rating</b>	<b>Fair Value</b>
AAA/Aaa	\$ 3,985
Not Rated	12,730
Total Security Lending	\$ 16,715

**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, 2010, 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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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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 adopted GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*, effective July 1, 2009. The statement addresses hedge accounting requirements and improves disclosures, providing a summary of the government's derivative instrument activity, its objectives for entering into derivative instruments, and their significant terms and risks. PFRS has no derivatives as of June 30, 2010.

**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 the PFRS investments denominated in foreign currencies as of June 30, 2010 (in thousands):

<u>Foreign Currency</u>	<u>Total</u>
Australian Dollar	\$ 947
Danish Krone	410
Euro	2,382
Hong Kong Dollar	1,757
Japanese Yen	2,014
South African Rand	179
Swedish Krona	227
Swiss Franc	962
United Kingdom Pound	2,636
<b>Total Foreign Currency</b>	<b><u><u>\$ 11,514</u></u></b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Securities Lending Transactions**

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

Metropolitan West Securities, Inc. (MetWest) administers the securities lending program. MetWest is responsible for maintaining an adequate level of collateral in an amount equal to at least 102% 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.

As of June 30, 2010, management believes that PFRS has minimized its credit risk exposure to borrowers because the amounts held by PFRS as collateral exceeded the securities loaned by PFRS. PFRS' contract with MetWest requires it to indemnify PFRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities 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, 2010 (in thousands):

<b>Securities Lending</b>	
<b>Investments and Collateral Received (At Fair Value)</b>	
Securities on loan:	Amount
U.S. Corporate bonds	\$ 1,217
U.S. Equity	13,288
Non - U.S. Equity	1,736
Total securities on loan	\$ 16,241
Invested cash collateral received:	
Money market	\$ 12,731
Asset backed securities	3,984
Total Invested cash collateral received	\$ 16,715

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**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, 2010 (in thousands):

<u>Securities Name</u>	<u>Weighted Average Coupon Rate</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>	<u>Percent of Total Investment Fair Value</u>
Commercial Mortgage Pass-Through	4.64%	4/28/2032	\$ 1,435	0.50%

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Discretely Presented Component Unit**

**Port of Oakland**

The Port's cash, cash equivalents, investments and deposits consisted of the following at June 30, 2010 (in thousands):

Cash on hand	\$ 146
Deposits in Escrow	1,411
Investments	221,946
<b>Total Cash and Investments</b>	<b><u>\$ 223,503</u></b>

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, 2010 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>5 Years +</b>
U.S Treasury Notes	\$ 71,499	N/A	\$ 71,499	\$ -
Government Securities Money				
Market Mutual Funds	2,309	AAA	2,309	-
City Investment Pool	148,138	AAA	148,138	-
<b>Total Investment</b>	<b><u>\$ 221,946</u></b>		<b><u>\$ 221,946</u></b>	<b><u>\$ -</u></b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S Government Securities	None
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/Banker's 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 investment contracts or U.S. Treasury securities and structured so that the entire amount of the investment is available if the need should arise, regardless of changes in interest rates.

**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. Those that exceed 5% of the total investment are as follows.

<u>Issuer</u>	<u>Issuer Type</u>	<u>Percent of Investment</u>
U.S. Government	U.S. Treasury Notes	32.19%

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Custodial Credit Risk**

For investments, custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the ability to recover the value of the investments or collateral securities in the possession of an outside party may be doubtful. Custodial risks also can include, but not limited to, fluctuation in the investment market and the Port, or its representatives to monitor the investments purchased are within the investment policy. To protect against fraud and potential losses from the financial collapse of securities dealers, all securities owned by the Port shall be held in the name of the Port for safekeeping by a third party bank trust department, acting as an agent for the Port under the terms of the Restated Indenture. The carrying amount of Port deposits in escrow was \$1,411,000 at June 30, 2010. Bank balances and escrow deposits of \$250,000 at June 30, 2010 are insured or collateralized with securities held by the pledging financial institution's trust department in the Port's name. The remaining balance of \$1,161,000 as of June 30, 2010, was exposed to custodial credit risk by not being insured or collateralized.

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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

“Due to” and “due from” balances have primarily been recorded when funds overdraw their share of pooled cash and interfund loans. The amounts due from the Oakland Redevelopment Agency are related to advances and interfund loans made by the City for projects, loans and services. The receivable amounts in the Agency relate to project advances made by the Agency for the City. The 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, 2010, 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	\$ 9,203
	Other Governmental Funds	6,203
	Municipal Capital Improvement	5,044
	Internal Service Funds	<u>45,598</u>
<b>TOTAL</b>		<u><u>66,048</u></u>
Federal/State Grant Fund	Oakland Redevelopment Agency	<u>158</u>
Oakland Redevelopment Agency	General Fund	8,784
	Federal/State Grant Fund	3,441
	Other Governmental Funds	<u>1,617</u>
<b>TOTAL</b>		<u><u>13,842</u></u>
Municipal Capital Improvement	Oakland Redevelopment Agency	<u>383</u>
Other Governmental Funds	Oakland Redevelopment Agency	<u>1,316</u>
<b>TOTAL GOVERNMENTAL</b>		<u>81,747</u>
Internal Service Funds	Oakland Redevelopment Agency	<u>66</u>
<b>TOTAL</b>		<u><u>\$ 81,813</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

**INTERFUND TRANSFERS:**

<u>TRANSFERS OUT</u>	<u>TRANSFERS IN</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
General Fund	\$ -	\$ 99,282	\$ 99,282
Municipal Capital Improvement	3,220	525	3,745
Other Governmental Funds	1,698	-	1,698
Sewer Service Fund	1,463	-	1,463
Internal Service Funds	221	-	221
<b>Total</b>	<b><u>\$ 6,602</u></b>	<b><u>\$ 99,807</u></b>	<b><u>\$ 106,409</u></b>

The \$99.3 million transferred from the General Fund consists of transfers made to provide funding for the following:

- \$11.4 million for the Kids' First Children's Program
- \$87.7 million for debt service payments
- \$0.2 million for City-owned parcels of land in the Wildfire Prevention Assessment District

The \$3.2 million transferred from Municipal Capital Improvement to the General Fund consists of unspent insurance proceeds from the 1989 Loma Prieta earthquake damage to City Hall.

The \$1.7 million transfer from Other Governmental Funds to General Fund is to provide funding for the following:

- \$0.4 million for City's claims and liability payments
- \$0.9 million excess from 1985 Certificate of Participation debt payoff
- \$0.4 million for Motorola IPSS support and maintenance cost

The \$1.5 million transfer from the Sewer Service Fund to the General Fund 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 \$0.5 million transfer from Municipal Capital Improvement Fund to Other Governmental Funds is for deposit to the debt reserve and redemption accounts.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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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 loan due as of June 30, 2010 (in thousands).

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Oakland Center Project	\$ 13,853	\$ -	\$ 583	\$ 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. The total amount of the interfund loan due as of June 30, 2010 is \$13,270,000.

**(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 expenditures of Port revenues. Special Services totaled \$6,566,000 and are included in "Operating Expenses." At June 30, 2010, \$9,284,000 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, 2010, the Port accrued approximately \$3,617,000 of payments for General

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

Services as a current liability and by the City as a receivable. Additionally, subject to certain conditions, the Port accrued approximately \$2,865,000 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 purpose costs.

**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, 2010, is as follows (in thousands):

<u>Type of Loan</u>	<u>General Fund</u>	<u>Federal/State Grant Fund</u>	<u>Oakland Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds/ Governmental Activities</u>
Pass-through loans	\$ 8,344	\$ 3,440	\$ -	\$ 512	\$ 12,296
HUD Loans	-	112,235	-	-	112,235
Economic Development Loans and Other	142	4,326	203,056	30,790	238,314
Less: Allowance for uncollectable accounts	(87)	(3,491)	(47,018)	(633)	(51,229)
<b>TOTAL LOANS, NET</b>	<b>\$ 8,399</b>	<b>\$ 116,510</b>	<b>\$ 156,038</b>	<b>\$ 30,669</b>	<b>\$ 311,616</b>

As of June 30, 2010, the City has a total of \$311.6 million notes and loans receivable. 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 Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

**(7) CAPITAL ASSETS AND LEASES**

**Primary Government**

Capital assets activity of the primary government for the year ended June 30, 2010, is as follows (in thousands):

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 78,473	\$ 17	\$ 1,401	\$ 1,277	\$ 78,366
Intangibles (easements)	2,607	-	-	-	2,607
Museum collections	447	34	-	-	481
Construction in progress	64,373	76,632	4,071	(78,476)	58,458
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<u>145,900</u>	<u>76,683</u>	<u>5,472</u>	<u>(77,199)</u>	<u>139,912</u>
Capital assets, being depreciated:					
Facilities and improvements	730,193	91	1,514	35,118	763,888
Furniture, machinery and equipment	174,933	4,040	5,202	3,935	177,706
Infrastructure	506,193	20	(1,452)	38,146	545,811
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<u>1,411,319</u>	<u>4,151</u>	<u>5,264</u>	<u>77,199</u>	<u>1,487,405</u>
Less accumulated depreciation:					
Facilities and improvements	309,560	21,991	1,514	-	330,037
Furniture, machinery and equipment	141,611	9,677	5,185	-	146,103
Infrastructure	175,210	17,893	(1,500)	-	194,603
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>626,381</u>	<u>49,561</u>	<u>5,199</u>	<u>-</u>	<u>670,743</u>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<u>784,938</u>	<u>(45,410)</u>	<u>65</u>	<u>77,199</u>	<u>816,662</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 930,838</u>	<u>\$ 31,273</u>	<u>\$ 5,537</u>	<u>\$ -</u>	<u>\$ 956,574</u>

With the adoption of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, the City reviewed its capital assets and identified intangible assets (easements) previously recorded as land. The City reclassified these intangible assets from land as of July 1, 2009 in the amount of \$2,607,000.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Business-type activities:</b>					
<b>Sewer fund:</b>					
Capital assets, not being depreciated:					
Land	\$ 4	\$ -	\$ -	\$ -	\$ 4
Construction in progress	11,550	11,170	-	(16,761)	5,959
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<b>11,554</b>	<b>11,170</b>	<b>-</b>	<b>(16,761)</b>	<b>5,963</b>
Capital assets, being depreciated:					
Facilities and improvements	306	-	-	-	306
Furniture, machinery and equipment	877	43	-	-	920
Sewer and storm drains	216,162	34	-	16,761	232,957
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>217,345</b>	<b>77</b>	<b>-</b>	<b>16,761</b>	<b>234,183</b>
Less accumulated depreciation:					
Facilities and improvements	132	21	-	-	153
Furniture, machinery and equipment	738	23	-	-	761
Sewer and storm drains	77,740	4,491	-	-	82,231
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>78,610</b>	<b>4,535</b>	<b>-</b>	<b>-</b>	<b>83,145</b>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<b>138,735</b>	<b>(4,458)</b>	<b>-</b>	<b>16,761</b>	<b>151,038</b>
<b>SEWER FUND CAPITAL ASSETS, NET</b>	<b>150,289</b>	<b>6,712</b>	<b>-</b>	<b>-</b>	<b>157,001</b>
<b>Other Proprietary Funds:</b>					
Capital assets, not being depreciated:					
Land	218	-	-	-	218
Construction in progress	-	474	-	(474)	-
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<b>218</b>	<b>474</b>	<b>-</b>	<b>(474)</b>	<b>218</b>
Capital assets, not being depreciated:					
Facilities and improvements	3,844	-	-	474	4,318
Furniture, machinery & equipment	369	-	-	-	369
Infrastructure	85	-	-	-	85
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>4,298</b>	<b>-</b>	<b>-</b>	<b>474</b>	<b>4,772</b>
Less accumulated depreciation:					
Facilities and improvements	987	267	-	-	1,254
Furniture, machinery & equipment	296	20	-	-	316
Infrastructure	9	5	-	-	14
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>1,292</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>1,584</b>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>3,006</b>	<b>(292)</b>	<b>-</b>	<b>474</b>	<b>3,188</b>
<b>OTHER PROPRIETARY FUNDS CAPITAL ASSETS, NET</b>	<b>3,224</b>	<b>182</b>	<b>-</b>	<b>-</b>	<b>3,406</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 153,513</b>	<b>\$ 6,894</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 160,407</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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

<b>Governmental Activities:</b>	
General Government	\$ 3,427
Public Safety	4,027
Life Enrichment	11,521
Community and Economic Development	7,737
Public Works	18,927
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets	<u>3,922</u>
<b>TOTAL</b>	<b><u><u>\$ 49,561</u></u></b>
 <b>Business-Type Activities:</b>	
Sewer	\$ 4,535
Parks and Recreation	<u>292</u>
	<b><u><u>\$ 4,827</u></u></b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

**Discretely Presented Component Units**

**Port of Oakland**

Capital assets activity for the Port for the year ended June 30, 2010, is as follows (in thousands):

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Adjustments</u> <u>&amp; Retirements</u>	<u>Transfers of</u> <u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets, not being depreciated:					
Land	\$ 499,284	\$ 20,898	\$ -	\$ -	\$ 520,182
Intangibles (noise easements and air rights)	7,628	4,927	-	-	12,555
Construction in progress	127,714	35,769	-	(48,636)	114,847
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<u>634,626</u>	<u>61,594</u>	<u>-</u>	<u>(48,636)</u>	<u>647,584</u>
Capital assets, being depreciated:					
Building and improvements	809,563	-	(465)	36,237	845,335
Container cranes	177,980	-	(24,205)	-	153,775
Systems and structures	1,535,415	4	460	9,563	1,545,442
Other equipment	73,079	455	(710)	2,836	75,660
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<u>2,596,037</u>	<u>459</u>	<u>(24,920)</u>	<u>48,636</u>	<u>2,620,212</u>
Less accumulated depreciation:					
Building and improvements	372,784	34,130	-	-	406,914
Container cranes	84,567	6,401	18,001	-	72,967
Systems and structures	433,131	52,703	-	-	485,834
Other equipment	36,106	5,576	764	-	40,918
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>926,588</u>	<u>98,810</u>	<u>18,765</u>	<u>-</u>	<u>1,006,633</u>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<u>1,669,449</u>	<u>98,351</u>	<u>(6,155)</u>	<u>48,636</u>	<u>1,613,579</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 2,304,075</u>	<u>\$ (36,757)</u>	<u>\$ (6,155)</u>	<u>\$ -</u>	<u>\$ 2,261,163</u>

During fiscal year 2010, the Port's Maritime Division disposed of three container cranes for a loss of \$6,204,000. With the adoption of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, the Port reviewed its capital assets and identified intangible assets (easements and air rights) previously recorded as land. The Port reclassified these intangible assets from land as of July 1, 2008 in the amount of \$7,628,000.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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### Capital Leases

The capital assets leased to others at June 30, 2010, consist of the following (in thousands):

Land	\$ 364,707
Container cranes	153,775
Building and other facilities	<u>1,188,380</u>
Total	1,706,862
Less accumulated depreciation	<u>(478,275)</u>
Capital assets, net, on lease	<u><u>\$ 1,228,587</u></u>

### Operating Leases

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

Certain maritime facilities are leased under agreements, which provide the tenants with preferential, but nonexclusive, use of the facilities. Certain leases provide for rentals based on gross revenues of the leased premises or, in the case of marine terminal facilities, on annual usage of the facilities. Such leases generally provide for minimum rentals and certain preferential assignments provide for both minimum and maximum rentals.

A summary of revenues from long-term leases for the year ended June 30, 2010, is as follows (in thousands):

Minimum non-cancelable rentals, including preferential assignments	\$ 159,646
Contingent rentals in excess of minimums	14,537
Secondary use of facilities leased under preferential assignments	<u>317</u>
Total	<u><u>\$ 174,500</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 net upfront fee of approximately \$53 million at June 30, 2010, is classified as short-term and long-term deferred revenue of \$1.0 million and \$52 million, respectively. The Port's goals for the concession and lease agreement for Berths 20-24 was, among other things, to maintain the continuous use and

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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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.

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
2011	\$ 170,149
2012	165,298
2013	155,034
2014	154,882
2015	143,153
2016 - 2020	452,351
2021 - 2025	298,210
2026 - 2030	266,169
2031 - 2035	232,989
2036 - 2040	235,810
2041 - 2045	257,476
2046 - 2050	281,725
Thereafter	631,920
Total	<u>\$ 3,445,166</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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

Year	Lease Revenues
2011	\$ 357
2012	367
2013	378
2014	390
2015	401
2016 - 2020	2,194
2021 - 2025	2,544
2026 - 2030	2,949
2031 - 2035	3,419
2036 - 2040	3,963
2041 - 2045	4,594
2046 - 2050	5,326
Thereafter	4,648
Total	<u>\$ 31,530</u>

**(8) PROPERTY HELD FOR RESALE**

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

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Property held for resale	<u>\$ 129,870</u>	<u>\$ 34,049</u>	<u>\$ -</u>	<u>\$ 163,919</u>

The increase in Property Held for Resale represents \$4.1 million purchases of property in the Central District project area, \$27.0 million in the Coliseum project area and \$3.0 million in Central City East project area for the development purposes.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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

Accounts payable and accrued liabilities payable as of June 30, 2010, for the City's individual major funds, non-major governmental funds in the aggregate, business-type activities – enterprise fund and internal service funds, are as follows (in thousands):

	<b>Accounts Payable</b>	<b>Accrued Payroll/Employee Benefits</b>	<b>Total</b>
<b>Governmental funds:</b>			
General	\$ 16,079	\$ 103,127	\$ 119,206
Federal/State grant fund	8,242	921	9,163
Oakland Redevelopment Agency	3,211	-	3,211
Municipal Capital Improvement Fund	937	87	1,024
Other governmental funds	7,660	-	7,660
<b>TOTAL</b>	<u>36,129</u>	<u>104,135</u>	<u>140,264</u>
Governmental activities -			
Internal service funds	1,433	-	1,433
<b>TOTAL</b>	<u>\$ 37,562</u>	<u>\$ 104,135</u>	<u>\$ 141,697</u>
<b>Business-type activities - Enterprise Funds:</b>			
Non-Major Parks & Recreation Fund	1	-	1
Sewer Service Fund	1,054	575	1,629
<b>TOTAL</b>	<u>\$ 1,055</u>	<u>\$ 575</u>	<u>\$ 1,630</u>

Accounts payable and accrued liabilities for the pension trust funds and private purpose trust funds at June 30, 2010, are as follows (in thousands):

Accounts payable	\$ 51
Investments payable	741
Accrued investment management fees	309
Member benefits payable	<u>5,738</u>
Total Pension Trust Funds Accounts Payable and Accrued Liabilities	6,839
Private Purpose Trust Fund Accounts Payable	<u>365</u>
Total Accounts Payable and Accrued Liabilities	<u>\$ 7,204</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

**(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, 2010, 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 Funds:</b>			
General Fund	\$ 12,394	\$ 5,017	\$ 17,411
Federal and State Grants Fund	115,812	-	115,812
Oakland Redevelopment Agency	172,212	-	172,212
Other Governmental Funds	37,748	-	37,748
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 338,166</u></u>	<u><u>\$ 5,017</u></u>	<u><u>\$ 343,183</u></u>
<b>Business-type activities - Enterprise Funds:</b>			
Sewer Service	<u><u>\$ -</u></u>	<u><u>\$ 282</u></u>	<u><u>\$ 282</u></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 2.500% for series A notes and 2.250% for series B notes (federally taxable). Principal and interest were paid on June 30, 2010.

The short-term debt activity for the year ended June 30, 2010, is as follows (in thousands):

<u>2009 - 2010 Tax &amp; Revenue</u> <u>Anticipation Notes</u>	<u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending</u> <u>Balance</u>
Series A	\$ -	\$ 115,410	\$ (115,410)	\$ -
Series B (Federally Taxable)	-	46,965	(46,965)	-
<b>TOTAL</b>	<u><u>\$ -</u></u>	<u><u>\$ 162,375</u></u>	<u><u>\$ (162,375)</u></u>	<u><u>\$ -</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

**(12) LONG-TERM OBLIGATIONS**

**Long-term Obligations**

The following is a summary of long-term obligations as of June 30, 2010 (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	2.50 - 6.25%	\$ 366,248
Tax allocation, Housing and Other Bonds (B)	2037	2.50 - 8.50%	488,900
Certificate of participation (C)	2012	4.00 - 5.0%	7,210
Lease revenue bonds (C)	2027	3.0 - 5.50%	270,670
Pension obligation bonds (D)	2023	6.09 - 7.31%	210,595
Accreted interest (C) and (D)			172,971
City guaranteed special assessment district bonds (D)	2039	2.0 - 6.70%	8,298
Notes payable (C) and (E)	2016	1.70 - 8.27%	14,295
Capital leases (C) and (E)	2022	3.54 - 5.52%	18,483
Accrued vacation and sick leave (C)			39,460
Self-insurance liability - workers compensation (C)			75,695
Self-insurance liability - general liability (C)			40,067
Estimated environmental cost (B) and (C)			6,634
Pledge obligation for Coliseum Authority debt (C)			76,000
Net OPEB obligation (C)			126,237
Interest rate swap agreement (C)			19,083
<b>GOVERNMENTAL ACTIVITIES TOTAL LONG-TERM OBLIGATIONS</b>			<b><u>1,940,846</u></b>
<b>DEFERRED AMOUNTS:</b>			
Bond issuance premiums			26,846
Bond refunding loss			(26,396)
<b>GOVERNMENTAL ACTIVITIES TOTAL LONG-TERM OBLIGATIONS, NET</b>			<b><u><u>\$1,941,296</u></u></b>

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

**Business-Type Activities**

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Sewer fund - Notes payable	2014	3.00 - 3.50%	\$ 1,708
Sewer fund - Bonds	2029	3.00 - 5.25%	54,380
Unamortized Bond Premium			2,239
BUSINESS-TYPE ACTIVITIES - TOTAL LONG-TERM OBLIGATIONS			<u>\$ 58,327</u>

**Component Unit - Port of Oakland**

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Parity bonds	2033	3.00 - 5.875%	\$ 1,350,390
Notes and loans	2030	0.1 - 5.00%	95,392
Total			1,445,782
Self - Insurance liability for workers' compensation			6,900
General liability			3,079
Accrued vacation, sick leave and compensatory time			5,610
Environmental remediation and other liabilities			22,141
Other post employment benefits			10,389
Total			1,493,901
Unamortized bond discounts and premiums, net			16,341
Deferred loss on refunding			(19,253)
COMPONENT UNIT TOTAL LONG-TERM OBLIGATIONS			<u>\$ 1,490,989</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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## **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, and Series 2006C TE/T, 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 \$3,100,961,349. These revenues have been pledged until the year 2037, 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 \$657,153,936 which is 21.2 percent of the total projected tax increment revenues. The pledged tax increment revenue recognized during the year ended June 30, 2010 was \$84,974,716 of which \$36,725,380 was used to pay debt service.

### **Housing Bonds**

The Housing Set-Aside TAB, which comprised of Series 2000T, Series 2006A, and Series 2006A-T are equally and ratably secured by the pledge and lien of the 20% tax increment revenue set-aside and voluntary 5% for the low and moderate income housing fund. The total projected 20% set-aside and 5% voluntary revenue through the period of the bonds is approximately \$812,044,115 and \$203,011,029, respectively. These revenues have been pledged until the year 2037, 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 \$147,965,903, which is 14.6 percent of the total projected set-aside and voluntary tax increment revenues. The pledged 20% set-aside and 5% voluntary tax increment revenue recognized during the year ended June 30, 2010 was \$28,324,000, of which \$7,506,111 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, 2010, the City's debt limit (3.75% of valuation subject to taxation) was \$1,129,612,382. The total amount of debt applicable to the debt limit was \$366,247,851. The resulting legal debt margin was \$763,364,531.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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## 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.

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:

<b>Calculation period (Jul 31)</b>	<b>Notional Amount</b>	<b>Fixed Rate To Counterparty</b>	<b>65% of LIBOR (1)</b>	<b>Net Rate</b>
2010	\$ 84,900,000	5.6775%	0.2266% <sup>2</sup>	5.4509%
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, 2010

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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*Terms.* The swap agreement terminates on July 31, 2021, and has a notional amount as of June 30, 2010 of \$84,900,000. The notional amount of the swap declines through 2021. Under the Swap, the City pays the counterparty a fixed payment of 5.6775% and receives a variable payment computed at 65% of LIBOR rate (total rate not to exceed 12%). The City's payments to the counterparty under the Swap agreement are insured by the third party bond insurer.

*Fair Value.* Because interest rates have declined since the execution of the Swap, the Swap had a negative fair value of \$19,082,908 as of June 30, 2010. 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, 2010. 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 falls 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 Authority would be liable to the counterparty for a payment equal to the Swap's fair value.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

## Changes in Long-term Obligations

The changes in long-term obligations for the year ended June 30, 2010, are as follows (in thousands):

<b>Governmental Activities</b>					
	<b>Balance at July 1, 2009</b>	<b>Additional obligations, interest accretion and net increases (decreases)</b>	<b>Current maturities, retirements and net decreases (increases)</b>	<b>Balance at June 30, 2010</b>	<b>Amounts due within one year</b>
<b>Bonds Payable:</b>					
General obligation bonds	\$ 317,188	\$ 64,545	\$ 15,485	\$ 366,248	\$ 16,817
Tax allocation, Housing and Other bonds	505,765	-	16,865	488,900	19,365
Certificate of participation	10,375	-	3,165	7,210	3,315
Lease revenue bonds	296,985	-	26,315	270,670	27,870
Pension obligation bonds	248,455	-	37,860	210,595	14,959
City guaranteed special assessment district bonds	5,645	3,148	495	8,298	330
Accreted interest on appreciation bonds	148,580	24,391	-	172,971	24,021
Less deferred amounts:					
Bond issuance premiums	28,691	908	2,753	26,846	2,777
Bond refunding loss	(30,858)	-	(4,462)	(26,396)	(3,806)
<b>TOTAL BONDS PAYABLE</b>	<b>1,530,826</b>	<b>92,992</b>	<b>98,476</b>	<b>1,525,342</b>	<b>105,648</b>
Notes payable	17,610	-	3,315	14,295	2,000
Capital Leases	23,235	-	4,752	18,483	3,915
<b>TOTAL NOTES &amp; LEASES</b>	<b>40,845</b>	<b>-</b>	<b>8,067</b>	<b>32,778</b>	<b>5,915</b>
<b>Other Long-Term Liabilities</b>					
Accrued vacation and sick leave	36,260	55,134	51,934	39,460	28,523
Pledge obligation for					
Coliseum Authority debt	79,350	-	3,350	76,000	3,550
Estimated environmental cost	8,009	186	1,561	6,634	3,103
Self -insurance liability - workers compensation	77,973	33,445	35,723	75,695	18,909
Self -insurance liability - general liability	49,237	8,323	17,493	40,067	12,004
Net OPEB obligation	85,758	54,495	14,016	126,237	-
Interest rate swap agreement (1)	18,982	101	-	19,083	-
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>	<b>355,569</b>	<b>151,684</b>	<b>124,077</b>	<b>383,176</b>	<b>66,089</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES - LONG-TERM OBLIGATIONS</b>	<b>\$ 1,927,240</b>	<b>\$ 244,676</b>	<b>\$ 230,620</b>	<b>\$ 1,941,296</b>	<b>\$ 177,652</b>

(1) The July 1, 2009 balance were restated to reflect the impact of prior years interest rate swap agreement per GASB No. 53

Internal service funds predominantly serve the governmental funds and therefore, the long-term liabilities of these funds are included as part of the above totals for governmental activities. At June 30, 2010, \$5,301,867 of capital leases and notes payable related to the internal service funds are included in the above amounts.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

**Business-Type Activities**

	<b>Balance at July 1, 2009</b>	<b>Current maturities, retirements and net decreases</b>	<b>Balance at June 30, 2010</b>	<b>Amounts due within one year</b>
Sewer fund - Notes payable	\$ 2,540	\$ 832	\$ 1,708	\$ 860
Sewer fund - Bonds	56,090	1,710	54,380	1,800
Unamortized bond premium	2,357	118	2,239	118
<b>Total</b>	<b>\$ 60,987</b>	<b>\$ 2,660</b>	<b>\$ 58,327</b>	<b>\$ 2,778</b>

**Component Unit - Port of Oakland**

	<b>Balance at July 1, 2009</b>	<b>Additional obligations, interest accretion and net increases</b>	<b>Current maturities, retirements and net decreases</b>	<b>Balance at June 30, 2010</b>	<b>Amounts due within one year</b>
Senior & Intermediate bonds	\$ 1,434,257	\$ -	\$ 83,867	\$ 1,350,390	\$ 36,310
Notes and loans	87,573	22,959	15,140	95,392	196
<b>Total</b>	<b>1,521,830</b>	<b>22,959</b>	<b>99,007</b>	<b>1,445,782</b>	<b>36,506</b>
Self - insurance workers'					
compensation	6,137	1,699	936	6,900	6,900
General liability	2,571	3,282	2,774	3,079	-
Accrued vacation, sick leave and					
compensatory time	6,725	466	1,581	5,610	4,215
Environmental remediation and others	22,227	7,646	7,732	22,141	5,862
Other post employment benefits	5,443	10,019	5,073	10,389	10,389
Unamortized bond discount/ premium, net	19,212	86	2,957	16,341	3,646
Deferred loss on refunding	(19,192)	-	61	(19,253)	(2,313)
<b>TOTAL DEBT</b>	<b>\$ 1,564,953</b>	<b>\$ 46,157</b>	<b>\$ 120,121</b>	<b>\$ 1,490,989</b>	<b>\$ 65,205</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

## Repayment Schedule

The annual repayment schedules for all long-term debt as of June 30, 2010, are as follows (in thousands):

	2011	2012	2013	2014	2015	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040	Total
<b>Governmental-type Activities:</b>											
General obligation bonds:											
Principal	\$ 16,817	\$ 17,677	\$ 18,571	\$ 19,533	\$ 20,574	\$ 106,002	\$ 69,873	\$ 42,485	\$ 37,560	\$ 17,155	\$ 366,247
Interest	18,242	17,459	16,633	15,758	14,814	59,247	34,400	22,089	10,495	2,615	211,752
Certificate of participation:											
Principal	3,315	3,895	-	-	-	-	-	-	-	-	7,210
Interest	361	195	-	-	-	-	-	-	-	-	556
Lease revenue bonds:											
Principal	27,870	32,270	33,680	35,295	31,600	56,445	36,265	17,245	-	-	270,670
Interest	12,354	11,095	9,728	8,155	6,465	19,026	9,025	873	-	-	76,721
Pension obligation bonds:											
Principal	14,959	20,860	19,923	18,881	18,079	78,358	39,536	-	-	-	210,596
Interest and accretion	25,346	17,515	19,632	21,884	23,931	151,437	115,354	-	-	-	375,099
Special assessments bonds:											
Principal	330	298	315	330	355	1,995	2,480	530	710	955	8,298
Interest	444	431	416	400	383	1,619	1,016	595	412	156	5,872
Tax allocation, Housing and Other bonds:											
Principal	19,365	20,365	21,645	23,580	18,165	145,040	94,120	49,855	65,325	31,440	488,900
Interest	27,099	26,039	24,929	23,712	22,382	89,111	50,085	33,615	17,702	1,670	316,344
Notes payable:											
Principal	2,000	2,155	2,325	2,485	2,180	3,150	-	-	-	-	14,295
Interest	779	722	659	410	337	218	-	-	-	-	3,125
Capital leases											
Principal	3,915	3,267	1,956	2,049	1,773	4,618	905	-	-	-	18,483
Interest	845	667	531	437	338	740	49	-	-	-	3,607
Total principal	<u>\$ 88,571</u>	<u>\$ 100,787</u>	<u>\$ 98,415</u>	<u>\$ 102,153</u>	<u>\$ 92,726</u>	<u>\$ 395,608</u>	<u>\$ 243,179</u>	<u>\$ 110,115</u>	<u>\$ 103,595</u>	<u>\$ 49,550</u>	<u>\$ 1,384,699</u>
Total interest & accretion	<u>\$ 85,470</u>	<u>\$ 74,123</u>	<u>\$ 72,528</u>	<u>\$ 70,756</u>	<u>\$ 68,650</u>	<u>\$ 321,398</u>	<u>\$ 209,929</u>	<u>\$ 57,172</u>	<u>\$ 28,609</u>	<u>\$ 4,441</u>	<u>\$ 993,076</u>

For governmental activities the specific year for payment of the pledge obligation, environmental costs, estimated accrued vacation, sick leave, estimated liability for self-insurance, estimated claims, and the net OPEB obligation are not practicable to determine.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

	2011	2012	2013	2014	2015	2016-2020	2021-2025	2026-2030	Total
<b>Business-type Activities:</b>									
Sewer revenue bonds:									
Principal	\$ 1,800	\$ 1,885	\$ 1,985	\$ 2,090	\$ 2,175	\$ 12,575	\$ 15,970	\$ 15,900	\$ 54,380
Interest	2,685	2,595	2,499	2,395	2,306	9,836	6,449	2,036	30,801
Sewer notes payable:									
Principal	860	274	282	291	-	-	-	-	1,707
Interest	54	25	17	9	-	-	-	-	105
Total principal	<u>\$ 2,660</u>	<u>\$ 2,159</u>	<u>\$ 2,267</u>	<u>\$ 2,381</u>	<u>\$ 2,175</u>	<u>\$ 12,575</u>	<u>\$ 15,970</u>	<u>\$ 15,900</u>	<u>\$ 56,087</u>
Total interest	<u>\$ 2,739</u>	<u>\$ 2,620</u>	<u>\$ 2,516</u>	<u>\$ 2,404</u>	<u>\$ 2,306</u>	<u>\$ 9,836</u>	<u>\$ 6,449</u>	<u>\$ 2,036</u>	<u>\$ 30,906</u>

### Component Unit - Port of Oakland

The Port's required annual debt service payment for the outstanding long-term debt, not including Commercial Paper Notes, for fiscal year ending June 30, 2010, are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2011	\$ 36,500	\$ 69,145	\$ 105,645
2012	46,243	67,266	113,509
2013	49,567	64,897	114,464
2014	52,117	62,348	114,465
2015	52,921	59,735	112,656
2016 - 2020	293,373	256,444	549,817
2021 - 2025	315,097	178,785	493,882
2026 - 2030	373,984	85,169	459,153
2031 - 2035	136,540	9,117	145,657
SUB TOTAL	<u>1,356,342</u>	<u>852,906</u>	<u>2,209,248</u>
Unamortized bond (discount) premium, net	16,341	-	16,341
Self-insurance workers' compensation	6,900	-	6,900
General liability	3,079	-	3,079
Accrued vacation, sick leave and compensatory time	5,610	-	5,610
Other post employment benefits	10,389	-	10,389
Environmental remediation and others	22,141	-	22,141
Deferred loss on refunding	(19,253)	-	(19,253)
TOTAL	<u>\$ 1,401,549</u>	<u>\$ 852,906</u>	<u>\$ 2,254,455</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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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 an 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, 2010, the trustee held \$48,455,000 in the escrow (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, \$3,965,000 for Series L and \$193,000 for Series N.

Net interest costs of \$40,000 were capitalized in fiscal 2010. These amounts represented capitalized interest expense of \$40,000, net of interest revenue of zero for fiscal 2010.

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

#### **Utility Underground Assessment District No. 2007-232 Piedmont Pines Phase I, 2010 Limited Obligation Improvement Bonds**

On February 23, 2010, the City of Oakland (the "City") issued \$3,148,483 of Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I, 2010 Limited Obligation Improvement Bonds (the "Bonds"). The Bonds were issued to finance the costs of the under grounding of street lighting, electric power, telephone and other communication lines of special benefit to the property with the City's Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I (the "District"). The Bonds are tax-exempt bonds with a final maturity of September 2, 2035; the interest rates of these bonds range from 2.00% to 6.25%. The Bonds are payable from ad valorem taxes, which is from the unpaid assessments levied upon real property within the District.

#### **General Obligation Bonds, Series 2009B, Measure DD**

On July 22, 2009, the City of Oakland issued \$64,545,000 of General Obligation Bonds, Series 2009B, Measure DD (the "2009B Bonds"). The 2009B Bonds have interest rates ranging from 3.00% to 6.25% with a final maturity in January 15, 2039. The proceeds of the 2009B Bonds will fund existing projects as well as execute new projects

The City of Oakland Trust for Clean Water and Safe Parks (Measure DD) program was implemented by the City in November 2002 upon receiving voter approval authorizing the City to issue \$198,250,000 in general obligation bonds 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. In August 2003, the City

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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issued the first series of Measure DD general obligation bonds in the amount of \$71,450,000.

**Prior Year's Debt Defeasance**

In prior years, the City has defeased various bond issues by creating separate irrevocable escrow funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased; therefore, removed as a liability from the City's government-wide financial statements. As of June 30, 2010, the amount of defeased debt outstanding but removed from the City's government-wide financial statements amounted to \$49.0 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, 2010 (in thousands):

	<b>Authorized and Issued</b>	<b>Maturity</b>	<b>Outstanding at June 30, 2010</b>
Oakland JPFA Revenue Bond 2001 Series A Fruitvale Transit Village (Fruitvale Development Corporation)	\$ 19,800	07/01/33	\$ 16,565
Oakland JPFA Revenue Bond 2001 Series B Fruitvale Transit Village (La Clinica De La Raza Fruitvale Health Project, Inc)	5,800	07/01/33	5,300
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>\$ 181,865</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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

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

Designations:

Pension obligations - PFRS	\$ 79,804
Carryforward for continuing projects	8,513
	88,317
Total designations	88,317
Unreserved/undesignated fund balance	41,361
Total General Fund unreserved fund balance	\$ 129,678

**(14) SELF-INSURANCE**

Changes in the balances of claims liabilities for all self-insured claims for the years ended June 30, 2010 and 2009 are as follows (in thousands):

**Workers' Compensation**

	<b>2010</b>	<b>2009</b>
Unpaid claims, beginning of fiscal year	\$ 77,973	\$ 80,382
Current year claims and changes in estimates	33,445	22,044
Claims payments	(35,723)	(24,453)
Unpaid claims, end of fiscal year (Note 12)	\$ 75,695	\$ 77,973

**General Liability**

	<b>2010</b>	<b>2009</b>
Unpaid claims, beginning of fiscal year	\$ 49,237	\$ 50,242
Current year claims and changes in estimates	8,323	12,551
Claims payments	(17,493)	(13,556)
Unpaid claims, end of fiscal year (Note 12)	\$ 40,067	\$ 49,237

The above estimated undiscounted liability for claims and contingencies is based on the results of actuarial studies and includes amounts for claims incurred but not reported and

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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allocated loss adjustment expenses. The estimated liability is calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

### **Primary Government**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; employee's injuries; natural disasters; unemployment coverage; and providing health benefits to employees, retirees and their dependents. 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's self-insured retention level have been increased by \$2 million except for workers' compensation effective July 1, 2009.

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

### **Property Damage**

Property damage risks are covered on an occurrence basis by commercial insurance purchased from independent third parties. All properties are insured at full replacement values after a \$25,000 deductible to be paid by the City.

### **General Liability**

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2010, the amount of liability determined to be probable of occurrence is approximately \$40,067,000. Of this amount, claims and litigation approximating \$12,004,000 are estimated to be due within one year. The recorded liability is the City's best estimate based on available information and may be revised as further information is obtained and as pending cases are litigated. The City and the Agency are involved in various claims and litigation arising in the ordinary course of its activities. In the opinion of the Agency's in-house counsel, the City Attorney's Office for the City, none of these claims are expected to have a significant impact on the financial condition or changes in financial position of the City and the Agency.

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Workers' Compensation**

The City is self-insured for workers' compensation. Payment of claims is provided through annual appropriations, which are based on claim payment experience and supplemental appropriations. Of the \$75,695,000 in claims liabilities as of June 30, 2010, approximately \$18,909,000 is estimated to be due within one year.

**Insurance Coverage**

On July 15, 2002, the City entered into a contract with the California State Association of Counties - Excess Insurance Authority (CSAC EIA), a joint powers authority, whose purpose is to develop and fund programs of excess insurance for its member counties and cities. Effective July 1, 2009, the self-insured retention levels and purchased insurance per occurrence are as follows:

<b>Type of Coverage</b>	<b><u>Self-Insurance Retention</u></b>	<b><u>Insurance Authority/Purchase Insurance</u></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
Worker's Compensation	up to \$750,000	\$750,000 to \$100,000,000 per occurrence/annual aggregate

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Discretely Presented Component Unit**

**Workers' Compensation**

The Port is exposed to risk of loss related to injuries of employees. The Port is self-insured and self-administered for workers' compensation up to a maximum of \$750,000 per accident. The Port carries commercial insurance for claims in excess of \$750,000 per accident. There were no workers' compensation claims paid in fiscal years 2010, 2009, and 2008 above the \$750,000 per accident limit

Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses are based on an actuarial valuation performed as of June 30, 2010 and include an estimate of claims that have been incurred but not reported. 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.

The June 30, 2010 Worker's Compensation Loss Reserve amount of \$6,900,000 has been based upon an actuarial study. 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):

	<u>2010</u>	<u>2009</u>
Workers' compensation liability at beginning of fiscal year	\$ 6,137	\$ 6,000
Current year claims and changes in estimates	1,699	962
Claims payments	(936)	(825)
Workers' compensation liability at end of fiscal year	<u>\$ 6,900</u>	<u>\$ 6,137</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**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. 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, 2010, the Port was a defendant in various lawsuits arising in the normal course of constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known. The Port's insurance may cover a portion of any losses. For additional information, contact the Port of Oakland, 530 Water Street, Oakland, California 94607. Changes in the reported liabilities, which is included as part of long-term obligations is as follows:

	<u>2010</u>	<u>2009</u>
General liability at beginning of fiscal year	\$ 2,571	\$ 3,925
Current year claims and changes in estimates	3,282	1,131
Vendor payments	<u>(2,774)</u>	<u>(2,485)</u>
General liability at end of fiscal year	<u>\$ 3,079</u>	<u>\$ 2,571</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**(15) JOINT VENTURE**

**Oakland-Alameda County Coliseum**

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

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

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

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

On August 2, 1996, the Authority issued \$70,000,000 Series A-1 and \$70,000,000 Series A-2 Variable Rate Lease Revenue Bonds (Arena Bonds) to finance the costs of remodeling the Coliseum Arena (Arena) and to satisfy certain obligations of the Authority, the City, the County and Coliseum Inc. in connection with the retention of the Golden State Warriors

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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(the Warriors) to play professional basketball at the Arena for at least 20 basketball seasons, beginning with the 1997-98 season. These obligations are evidenced in a series of agreements (the Warriors Agreements) between the Warriors, the City, the County, Coliseum Inc. and the Authority.

Under the Warriors Agreements, the Arena Bonds were limited obligations of the Authority, payable solely from base rental revenues of the Authority received by the Authority on behalf of the City and the County. These revenues consist of base rental payments from the City and County and certain payments from the Warriors of up to \$7,428,000 annually from premium seating revenues, and other payments from Arena operations. If the revenues received from the Warriors and from Arena operations are not sufficient to cover the debt service requirements in any fiscal year, the City and County are obligated to make up the shortfall in the base rental payment from their respective General Funds. The City and the County each have covenanted to appropriate up to \$9,500,000 annually to cover such revenue shortfalls; however, the City and the County are jointly and severally liable to cover such shortfalls, which means that the City could have to pay up to \$19,000,000 annually in the event of default by the County.

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its agreement with Oakland Coliseum Joint Venture and reinstated its Operating Agreement with Oakland-Alameda County Coliseum, Inc. Oakland-Alameda County Coliseum, Inc. subcontracted all of the operations of the Coliseum Complex to the Oakland Coliseum Joint Venture. The Operating Agreement between the Coliseum Authority and Coliseum Inc. expired, by its terms, on July 31, 2006. The Authority entered into a Termination Agreement whereby, in return for certain consideration, the Authority agreed to perform the duties of Coliseum, Inc. on and after August 1, 2006. The Authority's Management Agreement with Oakland Coliseum Joint Venture expires in June, 2012.

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

<b>For the Period Ending June 30,</b>	<b>Stadium Debt</b>		<b>Arena Debt</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2011	\$ 7,100	\$ 5,212	\$ 3,950	\$ 6,720
2012	7,500	4,951	4,050	6,474
2013	7,900	4,669	4,400	6,221
2014	8,300	4,399	4,750	5,948
2015	8,700	4,106	5,150	5,652
2016-2020	49,600	15,674	31,000	23,050
2021-2025	62,900	6,031	43,850	11,916
2026	-	-	8,605	520
<b>Total</b>	<b>\$ 152,000</b>	<b>\$ 45,042</b>	<b>\$ 105,755</b>	<b>\$ 66,501</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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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, 2010, the City made contributions of \$10,063,000 to fund its share of operating deficits and debt service payments of the Authority.

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium bonds, such that the City and County may have to contribute to base rental payments. Of the \$20,500,000 appropriated in the General Fund as part of the above agreements, it is estimated that the City may have to contribute \$10,034,000 for the 2010-11 fiscal year. There are many uncertainties in the estimation of revenues for the Authority beyond one year into the future; therefore, the City has established a liability to fund the Authority deficit in the statement of net assets in an amount equal to its contingent share (50%) of the outstanding Stadium bonds in the amount of \$76,000,000. The City has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to cover the debt payments.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**(16) PENSION PLANS**

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

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

	<u>PFRS</u>	<u>OMERS</u>	<u>PERS</u>
Type of plan	Single employer	Single employer	Agent multi-employer
Reporting entity	City	City	State
Last complete actuarial study	July 01, 2010	July 01, 2010	June 30, 2009

**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, California 94612.

In accordance with the Charter, active members of PFRS contribute a percentage of earned salaries based upon entry age as determined by the City's consulting actuary. During the year ended June 30, 2010, 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,

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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2026. In order to do so, the City makes contributions at rates established by consulting actuaries based upon plan valuations using various assumptions as to salary progression, inflation, and rate of return on investments. The City's contributions are based on a level percentage of all uniformed employees' compensation. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the pension benefits. The City issued pension obligation bonds in February 1997 to fund PFRS through 2011. Bond proceeds in the amount of \$417,173,300 were contributed in fiscal year 1997 and, as a result, no employer contributions are 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 actuaries do not make an allocation of the contribution amount between normal cost and the unfunded actuarial liability because the plan is closed. The actuarial calculations are based on the aggregate cost method and the asset valuation method is on the market value basis. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities.

The City's annual pension cost and prepaid asset, computed in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, for fiscal year ended June 30, 2010, were as follows:

Annual Required Contribution (ARC)	\$ (41,000,000)
Interest on pension asset	19,503,496
Adjustment to the annual required contribution	<u>(22,294,469)</u>
Annual Pension Cost	(43,790,973)
Pension contribution	-
Pension assets, beginning of year	<u>243,793,694</u>
Pension assets, end of year	<u><u>\$ 200,002,721</u></u>

The following table shows the City's annual pension cost and the percentage contributed for the fiscal year 2010 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>
2008	\$ 31,551,278	-	\$ 275,281,092
2009	31,487,398	-	243,793,694
2010	43,790,973	-	200,002,721

Subsequent to receipt of pension obligation bond proceeds, the City was not contractually required to pay the actuarial annual required contribution through the year 2011.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

**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%

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 plan and the annual required contribution for fiscal year ended June 30, 2010 are as follows:

Valuation date	7/1/2010 *	7/1/2007 **
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Investment Rate of Return	7.00%	8.00%
Inflation Rate, U.S.	3.25%	3.25%
Inflation Rate, Bay Area	3.50%	3.50%
Long-term General Pay Increases	4.50%	4.75%
Long-term Post-retirement benefit increases	4.50%	4.75%
Amortization Method	Level Dollar	Level Dollar
Amortization Period	Closed level dollar over a 40 year period from the GASB 25 transition date (26 years remaining as of 7/01/2010)	29 years Closed as of July 1, 2007
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.

\* The July 1, 2010 valuation was used to determine the funded status

\*\* The July 1, 2007 valuation was used to determine the annual required contribution for 2010

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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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, 2010 stand alone financial statements are available by contacting by the City Administrator's Office, One Frank Ogawa Plaza, Oakland, California 94612.

All active non-uniformed City employees hired prior to September 1970 have transferred to CalPERS as of July 1, 2004. Accordingly, OMERS did not receive any employee contributions during the year ended June 30, 2010, and will not receive any employee contributions in the future. Because of the Retirement System current funding status, the City is currently not required to make contributions to OMERS. The actuarial calculations are computed using the "aggregate cost method" and the asset valuation is on a market value basis. Under this method, the normal cost is the actuarial present value of a member's benefit divided by the member's expected future working lifetime. The funding of the unfunded actuarial accrued liability is based on a level percentage of payroll over a period ending July 1, 2020, as required by the City Charter.

**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 Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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A summary of the actuarial methods and significant assumptions used to calculate the funded status of the plan and the annual required contribution for fiscal year ended June 30, 2010 are as follows:

Valuation date	7/1/2010 *	7/1/2007 **
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***
Amortization Period	6 Years	N/A***

\* The July 1, 2010 valuation was used to determine the funded status

\*\* The July 1, 2007 valuation was used to determine the annual required contribution for 2010

\*\*\* Note 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.

### **Funding Policy**

Participants are required to contribute 8% (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 19.588% for non-safety employees and 27.877% 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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Annual Pension Cost**

For 2009-10, the City's annual pension cost of \$94,316,018 was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service (3.25% to 14.45%), and (c) payroll growth of 3.25%. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a closed 20 year period.

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

<b>Fiscal Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2008	\$ 97.9	100%	\$ -
2009	98.2	100	-
2010	94.3	100	-

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

**Safety Plan**

As of June 30, 2009, the most recent actuarial valuation date, the Public Safety plan was 74.4% funded. The actuarial accrued liability for benefits was \$1,194,359,091, and the actuarial value assets was \$888,250,432, resulting in an unfunded actuarial accrued liability (UAAL) of \$306,108,659. The annual covered payroll was \$150,306,150, and the ratio of the UAAL to the annual covered payroll was 203.7%.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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A summary of the actuarial methods and significant assumptions used to calculate the funded status of the plan and the annual required contribution for fiscal year ended June 30, 2010 are as follows:

Valuation date	6/30/2009 *	6/30/2007 **
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 as of the Valuation Date	32 Years 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	3.25% 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%

\* The June 30, 2009 valuation was used to determine the funded status

\*\* The June 30, 2007 valuation was used to determine contribution requirements for 2010

### **Miscellaneous Plan**

As of June 30, 2009, the most recent actuarial valuation date, the Miscellaneous Plan was 80.2% funded. The actuarial accrued liability for benefits was \$1,876,286,272, and the actuarial value assets was \$1,505,314,108, resulting in an unfunded actuarial accrued liability (UAAL) of \$370,972,164. The annual covered payroll was \$224,759,546, and the ratio of the UAAL to the annual covered payroll was 165.1%.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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A summary of the actuarial methods and significant assumptions used to calculate the funded status of the plan and the annual required contribution for fiscal year ended June 30, 2010 are as follows:

Valuation date	6/30/2009 *	6/30/2007 **
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	20 Years as of the Valuation Date	20 Years 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	3.25% 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%

\* The June 30, 2009 valuation was used to determine the funded status

\*\* The June 30, 2007 valuation was used to determine contribution requirements for 2010

The schedule of funding progress for Public Safety and Miscellaneous Plans are presented as RSI following the notes to the financial statements, and presents multi-year 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 Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**(17) POST EMPLOYMENT 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. The 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 allows eligible retirees and their dependents to receive employer paid medical insurance benefits through CALPERS. The medical insurance reimbursement is not to exceed the Kaiser-HMO family plan rate. The Retiree Health Plan also includes dental, and vision benefits and reimbursement of Medicare part B monthly insurance premium. The Retiree Health plan does not issue a separate financial report.

**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 \$14,016,359 for retirees under this program for the year ended June 30, 2010.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Annual OPEB Cost and Net OPEB Obligation**

The City's annual post employment benefit cost and net OPEB obligation for the plan as of and for the fiscal year ended June 30, 2010 using a 4.00% interest rate scenario, were as follows (in thousands):

Annual Required Contribution (ARC)	\$ 54,635
Interest on net OPEB obligation	3,430
Adjustment to ARC	<u>(3,570)</u>
Annual OPEB cost	54,495
Employer Contribution	<u>(14,016)</u>
Increase in net OPEB obligation	40,479
Net OPEB obligation - beginning of year	<u>85,758</u>
Net OPEB obligation - end of year	<u><u>\$ 126,237</u></u>

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 healthcare plan were as follows (in thousands).

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/08	\$ 54,635	20.07%	\$ 43,668
06/30/09	54,564	22.86%	85,758
06/30/10	54,495	25.72%	126,237

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Funded Status and Funding Progress**

As summarized in the table below, as of July 1, 2008, the most recent actuarial valuation date, 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 actuarial value of assets is 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 which are already incurred. The specific funding status for the OPEB plan is summarized in the table below, as of the June 30, 2010 (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)
7/1/2008	\$ 591,575	\$ -	\$ 591,575	0.0%	\$ 304,876	194.0%

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to Basic Financial Statements, presents information about whether the actuarial value of plan assets increased or decreased in fiscal year 2010 over the transition year 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 Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**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, the annual required contribution, and the funded status and funding progress for the fiscal year ended June 30, 2010 are as follows:

Valuation Date	July 1, 2008
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	30 Years as of the Valuation Date
Asset Valuation Method	5 Years Smoothed Market
Discount rate	4.00%
Salary Increases	2.50% per year growth
Inflation	3.00%
Demographic rate	Retirement benefit @ 3% 50 formula for Safety employees and @ 2.7% 55 formula for Miscellaneous employees
Health Care cost trends rate	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.

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

**Plan Description**

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**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, 2010, there were approximately 500 employees who had retired from the Port and were in the Port's retiree benefit plan. During the fiscal year ended June 30, 2010, the Port made payments of \$5,073,000 on behalf of OPEB eligible retirees to third parties outside of CERBT. For fiscal year 2010, the CERBT had net investment earning of \$1,500,000.

**Eligible Retirees Defined**

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

**Annual OPEB Cost and Net OPEB Obligation**

The Port's annual other post employment 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 a period of thirty years.

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 (in thousands):

Annual required contribution	\$ 10,019
Interest on prior year net OPEB obligation	422
Adjustment to annual required contribution	<u>(422)</u>
Annual OPEB cost	10,019
Contribution made	<u>(5,073)</u>
Decrease in net OPEB obligation	4,946
Net OPEB obligation - beginning of year	<u>5,443</u>
Net OPEB obligation - end of year	<u><u>\$ 10,389</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/08	\$ 11,683	34%	\$ 7,754
06/30/09	10,019	123%	5,443
06/30/10	10,019	51%	10,389

**Funding Status and Funding Progress**

The unfunded actuarial accrued liability is being amortized as level percentage of expected payroll over 30 years. The table below indicated the funded status of the Plan as of January 1, 2009, the most recent actuarial valuation date (in thousands):

Actuarial accrued liability (AAL)	\$ 100,412
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 100,412</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Annual covered payroll (active plan members)	\$ 48,400
UAAL as a percentage of annual covered payroll	207%

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 January 1, 2009 actuarial valuation, the Port intended to fully fund its OPEB liabilities by contributing the annual OPEB cost to the CERBT trust and used a discount rate of 7.75 percent for this valuation based on CalPERS' expected return on assets held in the Port's OPEB Trust.

For the year ended June 30, 2010, the Port funded its annual OPEB cost at 51 percent. However, if the Port used a lower discount rate of 4 percent to reflect a pay-as-you-go funding policy, the Port's UAAL, as of January 1, 2009 actuarial valuation, would increase by approximately \$68.4 million to \$168.8 million and its annual OPEB cost would increase by \$4.0 million to \$14.0 million. The Port is currently evaluating its funding policy and its other economic actuarial assumptions in preparation for its January 1, 2011 actuarial valuation.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**Actuarial Methods and Assumptions**

The actuarial cost method used for determining the benefit obligations of the Port is the Entry Age Normal Cost Method. 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 assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions used included a discount rate of 7.75%, and an annual health cost trend rate of 5% to 6.5% in health premiums. Annual salary increases were assumed at 3.25%. The demographic assumptions regarding turnover and retirement are based on statistics from reports for California PERS under a “2.7% @ 55” benefit schedule.

The schedules presented as required supplementary information following the notes to the financial statements, present multiyear trend information. The Schedule of Funding Progress - Other 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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**(18) COMMITMENTS AND CONTINGENT LIABILITIES**

**Construction Commitments**

**Primary Government**

City has committed to funding in the amount of \$192.4 million to a number of capital improvement projects for fiscal year 2011 through fiscal year 2012. As of June 30, 2010, the City had construction commitments for the acquisition and construction of assets as follows (in thousands):

Building, facilities and infrastructure	\$ 31,514
Parks and open space	20,153
Sewers and storm drains	25,679
Streets and sidewalks	83,417
Technology Enhancements	763
Traffic Improvements	30,848
Total	<u>\$ 192,374</u>

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

The \$532 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; reconstruction of aprons and taxiways; runway safety areas; perimeter dike improvements; passenger boarding bridge replacement program; and storm water and utility infrastructure rehabilitation. The most significant Maritime projects are the shore power program; security initiatives; site preparation and redevelopment of the former Oakland Army Base; and Berth 30-32 terminal development.

As of June 30, 2010, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

Maritime	\$ 46,524
Aviation	37,646
Commercial real estate	609
Total	<u>\$ 84,779</u>

The most significant projects for which the Port has contractual commitments are airport terminal renovation projects of \$7.6 million, runways and east apron reconstruction of \$14.9 million, modernization of maritime wharves and terminals projects of \$9.9 million, yard and gate improvement projects of \$2.4 million and safety projects of \$6.0 million.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**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, 2010, the total purchase commitment was approximately \$7.7 million for 125,045 megawatt-hours.

**Other Commitments and Contingencies**

**Primary Government**

As of June 30, 2010, the Agency has entered into contractual commitments of approximately \$55.3 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, 2010, the Agency was committed to fund \$90.7 million in loans. These commitments were made to facilitate the construction of low and moderate income housing within the City.

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

**Supplemental Educational Revenue Augmentation Funds (SERAF)**

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this SERAF revenue shift was \$41.1 million in fiscal year 2009-2010 and is \$8.5 million in fiscal year 2010-2011, which is due May 10, 2011.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**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, 2010, 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.

**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, 2010 the Agency has spent approximately \$13.0 million on this project. \$10.9 million has been reimbursed by the and the Agency is working with the U.S. Department of 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.

The 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 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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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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.

A summary of the environmental liability accounts, included within the financial statements at June 30, 2010, 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	\$ -	\$ -
Violated a pollution prevention-related permit or license	-	-
Identified as responsible to clean up pollution	17,542	619
Named in a lawsuit to compel to clean up	51	-
Begins or legally obligates to clean up or post-clean up activities	2,846	31
Total by Obligating Event	<u>\$ 20,439</u>	<u>\$ 650</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. Examples of obligating events includes 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).

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**(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).

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.

In FY 2009-10 the Agency loaned an additional \$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. The Agency also provided an additional loan of \$2.0 million to Fox Oakland Theater Inc.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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

As of June 30, 2010, the following funds reported deficits in fund balance/net assets (in thousands):

Special Revenue:	
ORA Projects	\$ (1,114)
Landscape & Lighting Assessment District	(4,620)
Capital Project Fund :	
Emergency Services	(52)

The ORA projects fund deficit is expected to be cured by reimbursements from the Agency. The State Gas Tax, the Landscape & Lighting Assessment District and Emergency Services will be cleared by future revenues.

Internal Service:	
Facilities	\$ (28,648)
Equipment	(1,768)
Central Stores	(4,524)
Purchasing	(948)
Reproduction	(98)

The City's facilities, equipment, central stores and radio funds deficits are expected to be funded through increased user charges for 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, 2010, the following fund reported expenditures in excess of budgets (in thousands):

Debt Service Fund:	
Other Assessment Bonds	\$ (26)

The excess of expenditures over budget in Other Assessment Bonds is primarily attributed to administrative and commission costs associated with property tax collection and levy.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2010**

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**(21) SUBSEQUENT EVENTS**

**Tax and Revenue Anticipation Notes**

On July 8, 2010, the City closed the 2010-2011 Tax and Revenue Anticipation Notes (the “Notes”) in the principal amount of \$100,000,000 with maturity date of March 30, 2011 and June 15, 2011. The Notes are tax-exempt with interest rate of 2.0% on both maturities. 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. The notes will mature on July 8, 2011.

**Broadway/MacArthur/San Pablo Redevelopment Project  
Second Lien Tax Allocation Bonds, Series 2010-T  
(Federally Taxable Recovery Zone Economic Development Bonds)**

On November 12, 2010, the Redevelopment Agency of the City of Oakland (the “Agency”) closed the Broadway/MacArthur/San Pablo Development Project Second Lien Tax Allocation Bonds, Series 2010-T (Federally Taxable Recovery Zone Economic Development Bonds-Direct Payment) (the “Bonds”) in the principal amount of \$7,390,000 with a maturity dates of September 1, 2030 and September 1, 2040. The Bonds are taxable with an interest rates of 7.20% and 7.40% respectively. The Bonds were issued through the American Recovery and Reinvestment Act of 2009, to finance certain redevelopment activities within or to the benefit of the Agency’s 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.

# REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF OAKLAND**  
**Required Supplementary Information**  
**June 30, 2010**

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

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

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

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
			(Overfunded) AAL (UAAL) (a-b)			
7/1/2007	\$ 989,095,209	\$ 757,340,889	\$ 231,754,320	76.6%	\$ 127,434,797	181.9%
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%

**Miscellaneous Retirement Plan**

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
			(Overfunded) AAL (UAAL) (a-b)			
7/1/2007	\$ 1,617,214,275	\$ 1,353,435,664	\$ 263,778,611	83.7%	\$ 225,726,055	116.9%
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%

**City Other Post Employment Benefits (OPEB)**

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

**Port of Oakland Post Employment Benefits (OPEB)**

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
			(Overfunded) AAL (UAAL) (a-b)			
1/1/2007	\$ 143,594,000	\$ -	\$ 143,594,000	0.0%	\$ 49,400,000	291%
1/1/2009	100,412,000	-	100,412,000	0.0%	48,400,000	207%

**CITY OF OAKLAND**  
**Required Supplementary Information**  
**June 30, 2010**

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

**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. The entry age normal cost method was used for disclosure and annual required contribution rates starting with July 1, 2009 valuation.

**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%

\*\* The decline in the funded ratio was primarily due to implementation of a smoothed market value asset valuation method and strengthening of mortality and cost of living increase assumptions.

**CITY OF OAKLAND**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2010**  
*(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	\$ 188,780	\$ 187,824	\$ 194,591	\$ 6,767
State taxes:				
Sales and use tax	41,730	33,440	35,877	2,437
Motor vehicle in-lieu tax	1,090	1,090	1,251	161
Local taxes:				
Business license	52,000	52,100	54,138	2,038
Utility consumption	54,451	50,497	51,107	610
Real estate transfer	27,387	28,490	36,971	8,481
Transient occupancy	10,224	8,562	8,578	16
Parking	8,113	7,157	7,523	366
Franchise	14,653	14,653	14,419	(234)
Licenses and permits	1,364	635	724	89
Fines and penalties	29,522	28,179	27,218	(961)
Interest and investment income	2,000	1,640	1,743	103
Charges for services	63,564	61,504	60,578	(926)
Federal and state grants and subventions	1,500	2,367	1,927	(440)
Annuity income	12,000	12,000	13,232	1,232
Other	9,328	11,146	8,912	(2,234)
<b>TOTAL REVENUES</b>	<b>517,706</b>	<b>501,284</b>	<b>518,789</b>	<b>17,505</b>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials-				
Mayor	1,805	1,760	1,755	5
Council	3,407	3,412	3,000	412
City Administrator	7,990	7,704	7,044	660
City Attorney	7,261	7,659	8,002	(343)
City Auditor	1,485	1,621	1,344	277
City Clerk	2,631	3,507	2,444	1,063
Agencies/Departments:				
Human Resource Management	3,922	3,798	4,229	(431)
Information Technology	8,070	8,028	8,134	(106)
Financial Services	23,494	25,399	25,283	116
Contracting and Purchasing	1,990	1,996	2,100	(104)
Police Services	170,989	185,807	191,058	(5,251)
Fire Services	98,455	98,431	99,329	(898)
Life Enrichment:				
Parks and Recreation	15,565	16,945	15,108	1,837
Library	11,234	9,181	9,005	176
Cultural Arts and Museum	5,925	5,826	5,829	(3)
Aging & Health and Human Services	5,841	6,472	5,269	1,203
Community and Economic Development	6,454	6,668	4,847	1,821
Public Works	32,139	33,566	32,144	1,422
Other	4,548	8,628	5,785	2,843
Capital outlay	634	1,885	890	995
Debt service:				
Principal repayment	1,583	1,654	1,499	155
Bond issuance costs	-	-	511	(511)
Interest charges	762	762	2,507	(1,745)
<b>TOTAL EXPENDITURES</b>	<b>416,184</b>	<b>440,709</b>	<b>437,116</b>	<b>3,593</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>101,522</b>	<b>60,575</b>	<b>81,673</b>	<b>21,098</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sale proceeds	125	6,909	5,013	(1,896)
Premiums/discounts on issuance of bonds	-	-	-	-
Insurance claims and settlements	-	45	1,641	1,596
Transfers in	33,113	47,398	6,602	(40,796)
Transfers out	(112,533)	(127,945)	(99,282)	28,663
<b>TOTAL OTHER FINANCING USES, NET</b>	<b>(79,295)</b>	<b>(73,593)</b>	<b>(86,026)</b>	<b>(12,433)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>22,227</b>	<b>(13,018)</b>	<b>(4,353)</b>	<b>8,665</b>
Fund balances - beginning	242,420	242,420	242,420	-
<b>FUND BALANCES - ENDING</b>	<b>\$264,647</b>	<b>\$ 229,402</b>	<b>\$ 238,067</b>	<b>\$ 8,665</b>

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

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2010**

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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 2009-10 budget. Certain projects are appropriated on a multi-year rather than annual basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations are carried forward to the following year with the approval of the City Administrator.

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

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

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2010**

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

### **Major Funds**

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

### **Nonmajor Funds**

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

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

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2010**

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

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

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

The main difference between Budgetary Basis “actual” and GAAP basis is a timing difference:

In October 2001, the City entered into a debt service deposit agreement with a third party whereby the City received approximately \$9.6 million in exchange for forgoing its right to receive investment earnings on the amounts deposited with the trustee in advance of the date that the related debt was due to the bondholders. The compensation to the City was recorded as revenue in fiscal year 2002 when received on a budgetary basis. On a GAAP basis, the revenue was deferred and is being recognized over the 21-year life of the agreement. Amortization for the year ended June 30, 2010, was \$454,769.

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	<u>\$ (3,899)</u>
Amortization of debt service deposit agreement	<u>(454)</u>
Net change in fund balance - Budgetary basis	<u><u>\$ (4,353)</u></u>

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2010**

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The General Fund's fund balance on a GAAP Basis is reconciled to a Budgetary Basis as of June 30, 2010, which is as follows (in thousands):

	<b>General Fund</b>
Fund balance as of June 30, 2010 - GAAP basis	\$ 233,050
Unamortized debt service deposit agreement	5,017
Fund balance as of June 30, 2010 - Budgetary basis	<u>\$ 238,067</u>

# COMBINING NONMAJOR GOVERNMENTAL FUNDS

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**  
*(In Thousands)*

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 26,200	\$ 9,150	\$ -	\$ 35,350
Receivables, net:				
Accrued interest and dividends	33	12	-	45
Property taxes	5,714	1,860	-	7,574
Accounts receivable	12,069	-	-	12,069
Grants receivable	5,611	-	-	5,611
Due from other funds	1,316	-	-	1,316
Notes and loans receivable, net	30,669	-	-	30,669
Restricted cash and investments	-	117,795	829	118,624
Other Assets	25	-	-	25
<b>TOTAL ASSETS</b>	<u>\$ 81,637</u>	<u>\$ 128,817</u>	<u>\$ 829</u>	<u>\$ 211,283</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 7,621	\$ 2	\$ 37	\$ 7,660
Due to other funds	7,735	-	85	7,820
Due to other governments	64	-	-	64
Deferred revenue	36,461	1,287	-	37,748
Other	6,036	-	-	6,036
<b>TOTAL LIABILITIES</b>	<u>57,917</u>	<u>1,289</u>	<u>122</u>	<u>59,328</u>
<b>Fund Balances</b>				
Reserved:				
Encumbrances	13,399	-	177	13,576
Debt service	-	127,528	-	127,528
Unreserved/designated:				
Special revenue funds	10,321	-	-	10,321
Capital project funds	-	-	530	530
<b>TOTAL FUND BALANCES</b>	<u>23,720</u>	<u>127,528</u>	<u>707</u>	<u>151,955</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 81,637</u>	<u>\$ 128,817</u>	<u>\$ 829</u>	<u>\$ 211,283</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2010**  
*(In Thousands)*

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Nonmajor Governmental Total
<b>REVENUES</b>				
Taxes:				
Property	\$ 15,665	\$ 24,417	\$ -	\$ 40,082
State:				
Sales and use	9,626	-	-	9,626
Gas	7,124	-	-	7,124
Licenses and permits	11,400	-	-	11,400
Business license	3	-	-	3
Transient occupancy	1,507	-	-	1,507
Parking	6,362	-	-	6,362
Voter approved special tax	22,110	-	-	22,110
Fines and penalties	3,098	102	-	3,200
Interest and investment income	154	4,990	87	5,231
Charges for services	13,265	-	-	13,265
Other intergovernmental revenues	45,116	-	-	45,116
Federal and state grants and subventions	8,279	-	-	8,279
Other	4,051	731	-	4,782
<b>TOTAL REVENUES</b>	<u>147,760</u>	<u>30,240</u>	<u>87</u>	<u>178,087</u>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	716	-	-	716
Council	1,574	-	-	1,574
City Administrator	3,741	-	-	3,741
City Attorney	5,447	-	-	5,447
City Auditor	73	-	-	73
City Clerk	243	-	-	243
Agencies/Departments:				
Human Resource Management	140	-	-	140
Information Technology	997	-	-	997
Financial Services	950	45	-	995
Police Services	16,938	-	-	16,938
Fire Services	9,910	-	-	9,910
Life Enrichment:				
Parks and Recreation	4,857	-	-	4,857
Library	327	-	-	327
Cultural Arts/Museum	317	-	-	317
Aging & Health and Human Services	20,590	-	-	20,590
Community and Economic Development	48,344	-	441	48,785
Public Works	22,040	-	-	22,040
Other	1,219	70	-	1,289
Capital outlay	22,772	-	3,841	26,613
Debt service:				
Principal repayment	316	83,321	-	83,637
Interest charges	-	37,620	-	37,620
<b>TOTAL EXPENDITURES</b>	<u>161,511</u>	<u>121,056</u>	<u>4,282</u>	<u>286,849</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(13,751)</u>	<u>(90,816)</u>	<u>(4,195)</u>	<u>(108,762)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	11,600	88,207	-	99,807
Transfers out	(394)	(938)	(366)	(1,698)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>11,206</u>	<u>87,269</u>	<u>(366)</u>	<u>98,109</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>(2,545)</u>	<u>(3,547)</u>	<u>(4,561)</u>	<u>(10,653)</u>
Fund balances - beginning	26,265	131,075	5,268	162,608
<b>FUND BALANCES - ENDING</b>	<u>\$ 23,720</u>	<u>\$ 127,528</u>	<u>\$ 707</u>	<u>\$ 151,955</u>

# NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds-Special Revenue Funds**  
**June 30, 2010**  
*(In Thousands)*

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessment District	Assessment Districts	Other Special Revenue	ORA Projects	Parks, Recreation, and Cultural	Total
<b>ASSETS</b>								
Cash and Investments	\$ 13,277	\$ 98	\$ -	\$ 2,747	\$ 5,592	\$ -	\$ 4,486	\$ 26,200
Receivable, net:								
Accrued interest and dividends	15	-	-	3	8	2	5	33
Property taxes	-	-	2,796	168	2,397	-	353	5,714
Accounts receivable	1,801	622	465	31	9,145	5	-	12,069
Grants receivable	44	-	-	-	5,567	-	-	5,611
Due from other funds	-	-	-	-	227	1,089	-	1,316
Notes and loans receivable, net	-	-	-	-	30,669	-	-	30,669
Other Assets	25	-	-	-	-	-	-	25
<b>TOTAL ASSETS</b>	<u>\$ 15,162</u>	<u>\$ 720</u>	<u>\$ 3,261</u>	<u>\$ 2,949</u>	<u>\$ 53,605</u>	<u>\$ 1,096</u>	<u>\$ 4,844</u>	<u>\$ 81,637</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 401	\$ 53	\$ 207	\$ 123	\$ 5,298	\$ 1,253	\$ 286	\$ 7,621
Due to other funds	-	-	5,161	-	1,617	957	-	7,735
Due to other governments	-	-	-	-	64	-	-	64
Deferred revenues	-	319	2,513	142	33,163	-	324	36,461
Other	-	-	-	-	5,509	-	527	6,036
<b>TOTAL LIABILITIES</b>	<u>401</u>	<u>372</u>	<u>7,881</u>	<u>265</u>	<u>45,651</u>	<u>2,210</u>	<u>1,137</u>	<u>57,917</u>
<b>Fund Balances (deficit)</b>								
Reserved:								
Encumbrance	3,217	221	75	13	5,582	3,911	380	13,399
Unreserved/designated:								
Unreserved (deficit)	11,544	127	(4,695)	2,671	2,372	(5,025)	3,327	10,321
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>14,761</u>	<u>348</u>	<u>(4,620)</u>	<u>2,684</u>	<u>7,954</u>	<u>(1,114)</u>	<u>3,707</u>	<u>23,720</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 15,162</u>	<u>\$ 720</u>	<u>\$ 3,261</u>	<u>\$ 2,949</u>	<u>\$ 53,605</u>	<u>\$ 1,096</u>	<u>\$ 4,844</u>	<u>\$ 81,637</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds-Special Revenue Funds**  
**For the Year Ended June 30, 2010**  
*(In Thousands)*

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessment District	Assessment Districts	Other Special Revenue	ORA Projects	Parks, Recreation, and Cultural	Total
<b>REVENUES</b>								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 1,799	\$ 13,866	\$ -	\$ -	\$ 15,665
State:								
Sales and use	9,626	-	-	-	-	-	-	9,626
Gas	-	7,124	-	-	-	-	-	7,124
Licenses and permits	-	-	28	-	11,372	-	-	11,400
Business license	-	-	-	-	3	-	-	3
Transient occupancy	-	-	-	-	1,507	-	-	1,507
Parking	-	-	-	-	6,362	-	-	6,362
Voter approved special tax	-	-	18,906	-	3,204	-	-	22,110
Fines and penalties	1,994	-	-	-	1,104	-	-	3,098
Interest and investment income	41	2	4	8	77	7	15	154
Charges for services	142	-	126	1	12,981	-	15	13,265
Other intergovernmental revenues	-	-	-	-	-	45,116	-	45,116
Federal and state grants and subventions	55	138	2	-	8,063	-	21	8,279
Other	167	6	3	3	3,335	-	537	4,051
<b>TOTAL REVENUES</b>	<u>12,025</u>	<u>7,270</u>	<u>19,069</u>	<u>1,811</u>	<u>61,874</u>	<u>45,123</u>	<u>588</u>	<u>147,760</u>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials:								
Mayor	-	-	-	-	120	525	71	716
Council	-	-	-	-	-	1,574	-	1,574
City Administrator	122	-	71	4	1,580	1,964	-	3,741
City Attorney	-	-	171	-	1,369	3,907	-	5,447
City Auditor	-	-	-	-	-	73	-	73
City Clerk	-	-	-	-	-	243	-	243
Agencies/Departments:								
Human Resource Management	-	-	-	-	-	140	-	140
Information Technology	-	-	2	-	344	651	-	997
Financial Services	-	163	156	-	20	611	-	950
Police Services	1,573	-	-	-	11,821	3,544	-	16,938
Fire Services	-	-	-	1,339	8,571	-	-	9,910
Life Enrichment:								
Parks and Recreation	-	-	4,177	-	658	22	-	4,857
Library	-	-	-	2	24	-	301	327
Cultural Arts and Museum	-	-	236	-	57	-	24	317
Aging & Health and Human Services	1,035	-	-	-	19,001	554	-	20,590
Community and Economic Development	4,282	553	-	11	26,940	16,554	4	48,344
Public Works	4,512	5,139	12,717	-	256	(584)	-	22,040
Other	-	-	15	-	1,203	1	-	1,219
Capital outlay	3,173	105	21	44	6,052	13,124	253	22,772
Debt Service:								
Principal repayment	-	-	-	-	-	316	-	316
<b>TOTAL EXPENDITURES</b>	<u>14,697</u>	<u>5,960</u>	<u>17,566</u>	<u>1,400</u>	<u>78,016</u>	<u>43,219</u>	<u>653</u>	<u>161,511</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,672)</u>	<u>1,310</u>	<u>1,503</u>	<u>411</u>	<u>(16,142)</u>	<u>1,904</u>	<u>(65)</u>	<u>(13,751)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	148	11,452	-	-	11,600
Transfers out	-	-	(142)	-	-	(252)	-	(394)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(142)</u>	<u>148</u>	<u>11,452</u>	<u>(252)</u>	<u>-</u>	<u>11,206</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>(2,672)</u>	<u>1,310</u>	<u>1,361</u>	<u>559</u>	<u>(4,690)</u>	<u>1,652</u>	<u>(65)</u>	<u>(2,545)</u>
Fund balances (deficit) - beginning	17,433	(962)	(5,981)	2,125	12,644	(2,766)	3,772	26,265
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 14,761</u>	<u>\$ 348</u>	<u>\$ (4,620)</u>	<u>\$ 2,684</u>	<u>\$ 7,954</u>	<u>\$ (1,114)</u>	<u>\$ 3,707</u>	<u>\$ 23,720</u>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Special Revenue Funds**  
**For the Year Ended June 30, 2010**  
*(In Thousands)*

	Traffic Safety and Control				State Gas Tax				Landscape and Lighting District			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State:												
Sales and use	10,853	9,278	9,626	348	-	-	-	-	-	-	-	-
Gas	-	-	-	-	7,026	7,026	7,124	98	-	-	-	-
Voter approved special tax	-	-	-	-	-	-	-	-	18,209	18,209	18,906	697
Licenses and permits	-	-	-	-	-	-	-	-	13	13	28	15
Fines and penalties	2,551	2,551	1,994	(557)	-	-	-	-	-	-	-	-
Interest and investment income	250	100	41	(59)	-	-	2	2	-	-	4	4
Charges for services	125	125	142	17	20	20	-	(20)	172	172	126	(46)
Federal and state grants and subventions	-	574	55	(519)	141	141	138	(3)	-	-	2	2
Other	-	-	167	167	-	-	6	6	-	-	3	3
<b>TOTAL REVENUES</b>	<b>13,779</b>	<b>12,628</b>	<b>12,025</b>	<b>(603)</b>	<b>7,187</b>	<b>7,187</b>	<b>7,270</b>	<b>83</b>	<b>18,394</b>	<b>18,394</b>	<b>19,069</b>	<b>675</b>
<b>EXPENDITURES</b>												
Current:												
Elected and Appointed Officials-												
City Administrator	98	98	122	(24)	-	-	-	-	103	118	71	47
City Attorney	-	-	-	-	-	-	-	-	166	166	171	(5)
Agencies/Departments:												
Information Technology	-	-	-	-	-	-	-	-	-	-	2	(2)
Financial Services	-	-	-	-	116	116	163	(47)	23	23	156	(133)
Police Services	2,061	2,057	1,573	484	-	-	-	-	-	-	-	-
Life Enrichment:												
Parks and Recreation	-	-	-	-	-	-	-	-	4,172	4,172	4,177	(5)
Cultural Arts and Museum	-	-	-	-	-	-	-	-	213	214	236	(22)
Aging & Health and Human Services	1,166	1,545	1,035	510	-	-	-	-	-	-	-	-
Community and Economic Development	2,211	5,710	4,282	1,428	828	1,047	553	494	-	-	-	-
Public Works	3,973	5,497	4,512	985	6,244	6,332	5,139	1,193	13,568	13,726	12,717	1,009
Other	-	-	-	-	-	-	-	-	-	-	15	(15)
Capital outlay	6,775	20,739	3,173	17,566	-	1,326	105	1,221	-	29	21	8
<b>TOTAL EXPENDITURES</b>	<b>16,284</b>	<b>35,646</b>	<b>14,697</b>	<b>20,949</b>	<b>7,188</b>	<b>8,821</b>	<b>5,960</b>	<b>2,861</b>	<b>18,245</b>	<b>18,448</b>	<b>17,566</b>	<b>882</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,505)</b>	<b>(23,018)</b>	<b>(2,672)</b>	<b>20,346</b>	<b>(1)</b>	<b>(1,634)</b>	<b>1,310</b>	<b>2,944</b>	<b>149</b>	<b>(54)</b>	<b>1,503</b>	<b>1,557</b>
<b>OTHER FINANCING SOURCES</b>												
Transfers in	1,500	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(141)	(141)	(142)	(1)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(141)</b>	<b>(141)</b>	<b>(142)</b>	<b>(1)</b>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<b>(1,005)</b>	<b>(23,018)</b>	<b>(2,672)</b>	<b>20,346</b>	<b>(1)</b>	<b>(1,634)</b>	<b>1,310</b>	<b>2,944</b>	<b>8</b>	<b>(195)</b>	<b>1,361</b>	<b>1,556</b>
Fund balances -beginning	17,433	17,433	17,433	-	(962)	(962)	(962)	-	(5,981)	(5,981)	(5,981)	-
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<b>\$ 16,428</b>	<b>\$ (5,585)</b>	<b>\$ 14,761</b>	<b>\$ 20,346</b>	<b>\$ (963)</b>	<b>\$ (2,596)</b>	<b>\$ 348</b>	<b>\$ 2,944</b>	<b>\$ (5,973)</b>	<b>\$ (6,176)</b>	<b>\$ (4,620)</b>	<b>\$ 1,556</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, 2010**  
*(In Thousands)*

(Continued)	Assessment Districts				Other Special Revenue			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>								
Taxes:								
Property	\$ 1,820	\$ 1,672	\$ 1,799	\$ 127	\$ 13,651	\$ 13,618	\$ 13,866	\$ 248
State:								
Voter approved special tax	-	-	-	-	3,017	3,183	3,204	21
Parking	-	-	-	-	7,948	6,069	6,362	293
Transient occupancy	-	-	-	-	21	1,836	1,507	(329)
Licenses and permits	-	-	-	-	25,102	14,965	11,375	(3,590)
Fines and penalties	-	-	-	-	21	21	1,104	1,083
Interest and investment income	-	-	8	8	-	209	77	(132)
Charges for services	-	-	1	1	13,560	9,412	12,981	3,569
Federal and state grants and subventions	-	-	-	-	4,323	28,742	8,063	(20,679)
Other	3	3	3	-	85	406	3,335	2,929
<b>TOTAL REVENUES</b>	<u>1,823</u>	<u>1,675</u>	<u>1,811</u>	<u>136</u>	<u>67,728</u>	<u>78,461</u>	<u>61,874</u>	<u>(16,587)</u>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials-								
Mayor	-	-	-	-	119	181	120	61
City Administrator	3	4	4	-	1,108	1,758	1,580	178
City Attorney	-	-	-	-	1,344	1,344	1,369	(25)
City Auditor	-	-	-	-	35	69	-	69
Agencies/Departments:								
Human Resource Management	-	-	-	-	-	(7)	-	(7)
Information Technology	-	-	-	-	313	309	344	(35)
Financial Services	-	-	-	-	30	61	20	41
Police Services	-	-	-	-	9,381	12,561	11,821	740
Fire Services	1,960	1,960	1,339	621	7,631	12,550	8,571	3,979
Life Enrichment:								
Parks and Recreation	-	-	-	-	-	700	658	42
Library	-	-	2	(2)	17	78	24	54
Cultural Arts and Museum	-	-	-	-	-	229	57	172
Aging, Health and Human Services	-	-	-	-	21,651	23,203	19,001	4,202
Community and Economic Development	-	15	11	4	28,159	37,338	26,940	10,398
Public Works	-	-	-	-	-	1,898	256	1,642
Other	-	-	-	-	-	1,390	1,203	187
Capital outlay	-	446	44	402	19,344	20,211	6,052	14,159
<b>TOTAL EXPENDITURES</b>	<u>1,963</u>	<u>2,425</u>	<u>1,400</u>	<u>1,025</u>	<u>89,132</u>	<u>113,873</u>	<u>78,016</u>	<u>35,857</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<u>(140)</u>	<u>(750)</u>	<u>411</u>	<u>1,161</u>	<u>(21,404)</u>	<u>(35,412)</u>	<u>(16,142)</u>	<u>19,270</u>
<b>OVER (UNDER) EXPENDITURES</b>								
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	148	148	-	11,672	15,364	11,452	(3,912)
Transfers out	-	-	-	-	(2,284)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>148</u>	<u>148</u>	<u>-</u>	<u>9,388</u>	<u>15,364</u>	<u>11,452</u>	<u>(3,912)</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>(140)</u>	<u>(602)</u>	<u>559</u>	<u>1,161</u>	<u>(12,016)</u>	<u>(20,048)</u>	<u>(4,690)</u>	<u>15,358</u>
Fund balances - beginning	2,125	2,125	2,125	-	12,644	12,644	12,644	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,985</u>	<u>\$ 1,523</u>	<u>\$ 2,684</u>	<u>\$ 1,161</u>	<u>\$ 628</u>	<u>\$ (7,404)</u>	<u>\$ 7,954</u>	<u>\$ 15,358</u>

# NONMAJOR DEBT SERVICE FUNDS

Debt service funds account for the accumulation of resources to be used for the payment of general long-term debt principal and interest.

The **General Obligation Bonds Fund** accounts for monies received in connection with the General Obligation Bonds and the related payments on such debt. Proceeds from the General Obligation Bonds are to be used by the City to expand and develop park and recreation facilities, and to enhance the City's emergency response capabilities and for seismic reinforcement of essential public facilities and infrastructure.

The **Lease Financing Fund** accounts for monies received in connection with leases between the City and the Agency, and the City and the California Statewide Communities Development Authority. It also accounts for payments on bonds and other debt issued for the Oakland Museum, for capital improvements to certain City properties, and for the Scotlan and Kaiser Convention Centers.

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

The **JPFA Fund** accounts for monies received in connection with leases between the City and the JPFA.

The **Other Assessment Bonds Fund** accounts for special assessment monies received from property owners within the various special assessment districts to liquidate the improvement bonds. These districts include Rockridge Area Water Improvement, and the Fire Area Utility Underground.

The **Special Revenue Bonds Fund** accounts for monies received in connection with the Special Refunding Revenue Bonds (Pension Financing) 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, 2010**  
*(In Thousands)*

	<u>General Obligation Bonds</u>	<u>Lease Financing</u>	<u>Civic Improvement</u>	<u>JPFA Fund</u>	<u>Other Assessment Bonds</u>	<u>Special Revenue Bonds</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and investments	\$ 4,536	\$ 40	\$ -	\$ 1,228	\$ 3,218	\$ 128	\$ 9,150
Receivables, net:							
Accrued interest and dividends	7	-	-	1	4	-	12
Property taxes	1,796	-	-	-	64	-	1,860
Restricted cash and investments	-	-	-	103,666	1,093	13,036	117,795
<b>TOTAL ASSETS</b>	<u>\$ 6,339</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 104,895</u>	<u>\$ 4,379</u>	<u>\$ 13,164</u>	<u>\$ 128,817</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2
Deferred revenue	1,230	-	-	-	57	-	1,287
<b>TOTAL LIABILITIES</b>	<u>1,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57</u>	<u>-</u>	<u>1,289</u>
<b>Fund Balances (Deficit)</b>							
Reserved:							
Reserved for debt service	5,107	40	-	104,895	4,322	13,164	127,528
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>5,107</u>	<u>40</u>	<u>-</u>	<u>104,895</u>	<u>4,322</u>	<u>13,164</u>	<u>127,528</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 6,339</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 104,895</u>	<u>\$ 4,379</u>	<u>\$ 13,164</u>	<u>\$ 128,817</u>

**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, 2010**  
*(In Thousands)*

	<u>General Obligation Bonds</u>	<u>Lease Financing</u>	<u>Civic Improvement</u>	<u>JPFA Fund</u>	<u>Other Assessment Bonds</u>	<u>Special Revenue Bonds</u>	<u>Total</u>
<b>REVENUES</b>							
Property taxes	\$ 24,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,417
Fines and penalties	102	-	-	-	-	-	102
Interest and investment income	14	-	-	4,910	47	19	4,990
Other	-	-	-	-	731	-	731
<b>TOTAL REVENUES</b>	<u>24,533</u>	<u>-</u>	<u>-</u>	<u>4,910</u>	<u>778</u>	<u>19</u>	<u>30,240</u>
<b>EXPENDITURES</b>							
Agencies/Departments:							
Financial services	-	-	-	-	45	-	45
Other	7	-	1	1	56	5	70
Debt Service:							
Principal repayment	9,396	13,470	-	10,405	495	49,555	83,321
Interest charges	12,061	4,123	-	9,715	301	11,420	37,620
<b>TOTAL EXPENDITURES</b>	<u>21,464</u>	<u>17,593</u>	<u>1</u>	<u>20,121</u>	<u>897</u>	<u>60,980</u>	<u>121,056</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,069</u>	<u>(17,593)</u>	<u>(1)</u>	<u>(15,211)</u>	<u>(119)</u>	<u>(60,961)</u>	<u>(90,816)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	211	17,596	-	9,159	314	60,927	88,207
Transfers out	-	-	(938)	-	-	-	(938)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>211</u>	<u>17,596</u>	<u>(938)</u>	<u>9,159</u>	<u>314</u>	<u>60,927</u>	<u>87,269</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	3,280	3	(939)	(6,052)	195	(34)	(3,547)
Fund balances (deficit) - beginning	1,827	37	939	110,947	4,127	13,198	131,075
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 5,107</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$104,895</u>	<u>\$ 4,322</u>	<u>\$ 13,164</u>	<u>\$ 127,528</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, 2010**  
*(In Thousands)*

	General Obligation Bonds				Lease Financing				Civic Improvement			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>												
Taxes:												
Property	\$ 19,374	\$ 21,495	\$ 24,417	\$ 2,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and penalties	-	-	102	102	-	-	-	-	-	-	-	-
Interest and investment income	-	-	14	14	7	7	-	(7)	3,763	-	-	-
Other	-	-	-	-	21,500	21,500	-	(21,500)	-	-	-	-
<b>TOTAL REVENUES</b>	<u>19,374</u>	<u>21,495</u>	<u>24,533</u>	<u>3,038</u>	<u>21,507</u>	<u>21,507</u>	<u>-</u>	<u>(21,507)</u>	<u>3,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>												
Current:												
Other	33	38	7	31	12	12	-	12	12	-	1	(1)
Debt service:												
Principal repayment	8,916	9,396	9,396	-	34,970	34,970	13,470	21,500	2,800	-	-	-
Interest charges	10,425	12,061	12,061	-	4,123	4,123	4,123	-	951	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>19,374</u>	<u>21,495</u>	<u>21,464</u>	<u>31</u>	<u>39,105</u>	<u>39,105</u>	<u>17,593</u>	<u>21,512</u>	<u>3,763</u>	<u>-</u>	<u>1</u>	<u>(1)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>3,069</u>	<u>3,069</u>	<u>(17,598)</u>	<u>(17,598)</u>	<u>(17,593)</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	-	211	211	17,599	17,599	17,596	(3)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(938)	(938)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>211</u>	<u>211</u>	<u>17,599</u>	<u>17,599</u>	<u>17,596</u>	<u>(3)</u>	<u>-</u>	<u>(938)</u>	<u>(938)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>-</u>	<u>-</u>	<u>3,280</u>	<u>3,280</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>2</u>	<u>-</u>	<u>(938)</u>	<u>(939)</u>	<u>(1)</u>
Fund balances (deficit) - beginning	1,827	1,827	1,827	-	37	37	37	-	939	939	939	-
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 1,827</u>	<u>\$ 1,827</u>	<u>\$ 5,107</u>	<u>\$ 3,280</u>	<u>\$ 38</u>	<u>\$ 38</u>	<u>\$ 40</u>	<u>\$ 2</u>	<u>\$ 939</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</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, 2010**  
*(In Thousands)*

(Continued)

	JPFA Fund				Other Assessment Bonds				Special Revenue Bonds			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment income	4,893	4,893	4,910	17	-	-	47	47	-	-	19	19
Other	-	-	-	-	683	683	731	48	-	-	-	-
<b>TOTAL REVENUES</b>	<u>4,893</u>	<u>4,893</u>	<u>4,910</u>	<u>17</u>	<u>683</u>	<u>683</u>	<u>778</u>	<u>95</u>	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>
<b>EXPENDITURES</b>												
Current:												
Agencies/Departments:												
Financial Services	-	-	-	-	46	46	45	1	-	-	-	-
Other	16	16	1	15	23	25	56	(31)	24	24	5	19
Debt service:												
Principal repayment	10,405	10,405	10,405	-	300	495	495	-	49,555	49,555	49,555	-
Interest charges	9,919	9,919	9,715	204	305	305	301	4	8,566	11,666	11,420	246
<b>TOTAL EXPENDITURES</b>	<u>20,340</u>	<u>20,340</u>	<u>20,121</u>	<u>219</u>	<u>674</u>	<u>871</u>	<u>897</u>	<u>(26)</u>	<u>58,145</u>	<u>61,245</u>	<u>60,980</u>	<u>265</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<u>(15,447)</u>	<u>(15,447)</u>	<u>(15,211)</u>	<u>236</u>	<u>9</u>	<u>(188)</u>	<u>(119)</u>	<u>69</u>	<u>(58,145)</u>	<u>(61,245)</u>	<u>(60,961)</u>	<u>284</u>
<b>OVER (UNDER) EXPENDITURES</b>												
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	15,447	15,447	9,159	(6,288)	605	1,121	314	(807)	58,146	61,246	60,927	(319)
Transfers out	-	-	-	-	(605)	(807)	-	807	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>15,447</u>	<u>15,447</u>	<u>9,159</u>	<u>(6,288)</u>	<u>-</u>	<u>314</u>	<u>314</u>	<u>-</u>	<u>58,146</u>	<u>61,246</u>	<u>60,927</u>	<u>(319)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(6,052)	(6,052)	9	126	195	69	1	1	(34)	(35)
Fund balances - beginning	110,947	110,947	110,947	-	4,127	4,127	4,127	-	13,198	13,198	13,198	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 110,947</u>	<u>\$ 110,947</u>	<u>\$ 104,895</u>	<u>\$ (6,052)</u>	<u>\$ 4,136</u>	<u>\$ 4,253</u>	<u>\$ 4,322</u>	<u>\$ 69</u>	<u>\$ 13,199</u>	<u>\$ 13,199</u>	<u>\$ 13,164</u>	<u>\$ (35)</u>

# NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds-Capital Projects Funds**  
**June 30, 2010**  
*(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	\$ 821	\$ 8	\$ 829
<b>TOTAL ASSETS</b>	<b>\$ 821</b>	<b>\$ 8</b>	<b>\$ 829</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 36	\$ 1	\$ 37
Due to other funds	26	59	85
<b>TOTAL LIABILITIES</b>	<b>62</b>	<b>60</b>	<b>122</b>
<b>Fund balances</b>			
Reserved:			
Encumbrances	83	94	177
Unreserved/designated:			
Projects	676	(146)	530
<b>TOTAL FUND BALANCES</b>	<b>759</b>	<b>(52)</b>	<b>707</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 821</b>	<b>\$ 8</b>	<b>\$ 829</b>

**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, 2010**  
*(In Thousands)*

	<u>Parks and Recreation</u>	<u>Emergency Services</u>	<u>Total</u>
<b>REVENUES</b>			
Interest and investment income	\$ 85	\$ 2	\$ 87
<b>TOTAL REVENUES</b>	<u>85</u>	<u>2</u>	<u>87</u>
<b>EXPENDITURES</b>			
Current:			
Agencies/departments:			
Community and Economic Development	412	29	441
Capital outlay	1,175	2,666	3,841
<b>TOTAL EXPENDITURES</b>	<u>1,587</u>	<u>2,695</u>	<u>4,282</u>
<b>DEFICIENCY OF REVENUES</b>			
<b>UNDER EXPENDITURES</b>	<u>(1,502)</u>	<u>(2,693)</u>	<u>(4,195)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	-	(366)	(366)
<b>TOTAL OTHER FINANCING USES</b>	<u>-</u>	<u>(366)</u>	<u>(366)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,502)	(3,059)	(4,561)
Fund balances - beginning	2,261	3,007	5,268
<b>FUND BALANCES - ENDING</b>	<u>\$ 759</u>	<u>\$ (52)</u>	<u>\$ 707</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, 2010**  
*(In Thousands)*

	Parks and Recreation				Emergency Services			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>								
Interest and investment income	\$ -	\$ -	\$ 85	\$ 85	\$ -	\$ -	\$ 2	\$ 2
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>85</u>	<u>85</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<b>EXPENDITURES</b>								
Community and Economic Development	-	500	412	88	-	14	29	(15)
Capital outlay	-	1,354	1,175	179	-	3,273	2,666	607
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>1,854</u>	<u>1,587</u>	<u>267</u>	<u>-</u>	<u>3,287</u>	<u>2,695</u>	<u>592</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(1,854)	(1,502)	352	-	(3,287)	(2,693)	594
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	-	-	-	-	-	(366)	(366)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(366)</u>	<u>(366)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	-	(1,854)	(1,502)	352	-	(3,653)	(3,059)	594
Fund balances - beginning	2,261	2,261	2,261	-	3,007	3,007	3,007	-
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 2,261</u>	<u>\$ 407</u>	<u>\$ 759</u>	<u>\$ 352</u>	<u>\$ 3,007</u>	<u>\$ (646)</u>	<u>\$ (52)</u>	<u>\$ 594</u>

# 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, 2010**  
*(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	\$ -	\$ 666	\$ -	\$ -	\$ -	\$ -	\$ 666
Accounts receivable	24	14	-	-	-	-	38
Due from other funds	-	2	-	-	-	64	66
Inventories	198	-	-	-	704	-	902
Restricted cash and investments	419	398	-	-	-	-	817
<b>Total Current assets</b>	<u>641</u>	<u>1,080</u>	<u>-</u>	<u>-</u>	<u>704</u>	<u>64</u>	<u>2,489</u>
Non-current assets:							
Capital assets:							
Land and other assets not being depreciated	-	-	310	-	-	-	310
Facilities and equipment, net of depreciation	13,206	291	537	127	-	-	14,161
<b>Total Non-current Assets</b>	<u>13,206</u>	<u>291</u>	<u>847</u>	<u>127</u>	<u>-</u>	<u>-</u>	<u>14,471</u>
<b>TOTAL ASSETS</b>	<u>13,847</u>	<u>1,371</u>	<u>847</u>	<u>127</u>	<u>704</u>	<u>64</u>	<u>16,960</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	640	3	717	38	19	16	1,433
Accrued interest payable	5	9	46	-	-	-	60
Due to other funds	13,225	-	25,981	187	5,209	996	45,598
Notes payable and capital leases	854	394	362	-	-	-	1,610
<b>Total Current Liabilities</b>	<u>14,724</u>	<u>406</u>	<u>27,106</u>	<u>225</u>	<u>5,228</u>	<u>1,012</u>	<u>48,701</u>
Non-current liabilities:							
Notes payable and capital leases	891	412	2,389	-	-	-	3,692
<b>Total Non-current Liabilities</b>	<u>891</u>	<u>412</u>	<u>2,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,692</u>
<b>TOTAL LIABILITIES</b>	<u>15,615</u>	<u>818</u>	<u>29,495</u>	<u>225</u>	<u>5,228</u>	<u>1,012</u>	<u>52,393</u>
<b>NET ASSETS (DEFICIT)</b>							
Invested in capital assets, net of related debt	11,880	-	(1,904)	127	-	-	10,103
Unrestricted (deficit)	(13,648)	553	(26,744)	(225)	(4,524)	(948)	(45,536)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ (1,768)</u>	<u>\$ 553</u>	<u>\$ (28,648)</u>	<u>\$ (98)</u>	<u>\$ (4,524)</u>	<u>\$ (948)</u>	<u>\$ (35,433)</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2010**  
*(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>OPERATING REVENUES</b>							
Charges for services	\$ 17,841	\$ 3,771	\$ 23,524	\$ 1,168	\$ 2,206	\$ 1,017	\$ 49,527
Other	87	-	68	1	-	-	156
<b>TOTAL OPERATING REVENUES</b>	<u>17,928</u>	<u>3,771</u>	<u>23,592</u>	<u>1,169</u>	<u>2,206</u>	<u>1,017</u>	<u>49,683</u>
<b>OPERATING EXPENSES</b>							
Personnel	5,687	1,837	9,385	425	808	502	18,644
Supplies	4,733	188	683	85	7	33	5,729
Depreciation and amortization	3,699	126	48	49	-	-	3,922
Contractual services and supplies	116	-	584	-	2	-	702
Repairs and maintenance	431	106	2,120	-	3	-	2,660
General and administrative	1,810	282	2,770	329	71	36	5,298
Rental	919	169	320	421	59	-	1,888
Other	83	86	4,932	1	991	5	6,098
<b>TOTAL OPERATING EXPENSES</b>	<u>17,478</u>	<u>2,794</u>	<u>20,842</u>	<u>1,310</u>	<u>1,941</u>	<u>576</u>	<u>44,941</u>
<b>OPERATING INCOME (LOSS)</b>	450	977	2,750	(141)	265	441	4,742
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest and investment income (loss)	(42)	3	(86)	(2)	(16)	(3)	(146)
Interest expense	(125)	(45)	(126)	-	-	-	(296)
Insurance claims and settlements	2	-	10	-	-	-	12
Other, net	46	-	98	-	-	-	144
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(119)</u>	<u>(42)</u>	<u>(104)</u>	<u>(2)</u>	<u>(16)</u>	<u>(3)</u>	<u>(286)</u>
Changes in net assets (deficit)	331	935	2,646	(143)	249	438	4,456
Transfers out	(207)	-	(14)	-	-	-	(221)
<b>TOTAL TRANSFERS</b>	<u>(207)</u>	<u>-</u>	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(221)</u>
Changes in net assets (deficit)	124	935	2,632	(143)	249	438	4,235
Total net assets (deficit) - beginning	(1,892)	(382)	(31,280)	45	(4,773)	(1,386)	(39,668)
<b>TOTAL NET ASSETS (DEFICIT) - ENDING</b>	<u>\$ (1,768)</u>	<u>\$ 553</u>	<u>\$ (28,648)</u>	<u>\$ (98)</u>	<u>\$ (4,524)</u>	<u>\$ (948)</u>	<u>\$ (35,433)</u>

**CITY OF OAKLAND**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2010**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Stores</u>	<u>Purchasing</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash received from customers and users	\$ 17,839	\$ 3,777	\$ 23,576	\$ 1,170	\$ 2,274	\$ 1,020	\$ 49,656
Cash from other sources	87	-	68	1	-	-	156
Cash paid to employees	(5,687)	(1,837)	(9,385)	(425)	(808)	(502)	(18,644)
Cash paid to suppliers	(7,792)	(858)	(11,441)	(807)	(1,114)	(58)	(22,070)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>4,447</u>	<u>1,082</u>	<u>2,818</u>	<u>(61)</u>	<u>352</u>	<u>460</u>	<u>9,098</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Proceeds of interfund loans	-	-	-	63	-	-	63
Repayment of interfund loans	(2,344)	(1)	(2,112)	-	(336)	(457)	(5,250)
Other, net (settlements, sales of property, rental)	48	-	108	-	-	-	156
Transfers out	(207)	-	(14)	-	-	-	(221)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<u>(2,503)</u>	<u>(1)</u>	<u>(2,018)</u>	<u>63</u>	<u>(336)</u>	<u>(457)</u>	<u>(5,252)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES</b>							
Acquisition of capital assets	(311)	-	(242)	-	-	-	(553)
Repayment of long-term debt	(1,787)	(377)	(346)	-	-	-	(2,510)
Interest paid on long-term debt	(125)	(45)	(126)	-	-	-	(296)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(2,223)</u>	<u>(422)</u>	<u>(714)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,359)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest income (loss)	(42)	3	(86)	(2)	(16)	(3)	(146)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(42)</u>	<u>3</u>	<u>(86)</u>	<u>(2)</u>	<u>(16)</u>	<u>(3)</u>	<u>(146)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(321)	662	-	-	-	-	341
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	740	402	-	-	-	-	1,142
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 419</u>	<u>\$ 1,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,483</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ 450	\$ 977	\$ 2,750	\$ (141)	\$ 265	\$ 441	\$ 4,742
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS):</b>							
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>							
Depreciation	3,699	126	48	49	-	-	3,922
Retirement of capital assets	10	-	-	-	-	-	10
Changes in assets and liabilities:							
Receivables	(23)	8	52	2	60	3	102
Due from other funds	-	(2)	-	-	-	-	(2)
Inventories	21	-	-	-	8	-	29
Accounts payable and accrued liabilities	290	(27)	(32)	29	19	16	295
Total Adjustments	3,997	105	68	80	87	19	4,356
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 4,447</u>	<u>\$ 1,082</u>	<u>\$ 2,818</u>	<u>\$ (61)</u>	<u>\$ 352</u>	<u>\$ 460</u>	<u>\$ 9,098</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>							
Cash and investments	\$ -	\$ 666	\$ -	\$ -	\$ -	\$ -	\$ 666
Restricted cash and investment	419	398	-	-	-	-	817
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 419</u>	<u>\$ 1,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,483</u>

# FIDUCIARY FUNDS

Fiduciary funds, including pension and private purpose trusts, account for resources held by the City which must be spent as provided in legal trust agreements and related state laws. Agency funds account for assets held for other funds, governments, private organizations or individuals. Agency funds do not measure the results of operations and generally serve as clearing accounts.

## PENSION TRUST FUNDS

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

The **Police and Fire Retirement System (PFRS) Fund** is a closed benefit plan administered by a Board of Trustees which covers uniformed police and fire employees. Membership in the plan is limited to uniformed employees hired prior to July 1, 1976. All subsequent hires are covered under the California Public Employees Retirement System.

## OTHER TRUST 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, 2010**  
*(In Thousands)*

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and investments	\$ 45	\$ 2,801	\$ 2,846
Receivables:			
Interest and dividends	-	698	698
Investments	-	5,624	5,624
Restricted cash and investments:			
Short-term investments	47	7,313	7,360
U.S. government bonds	-	21,072	21,072
U.S. corporate bonds and mutual funds	1,702	69,332	71,034
Domestic equities and mutual funds	2,992	145,696	148,688
International equities and mutual funds	-	42,890	42,890
Real estate mortgage loans	-	42	42
	<u>4,741</u>	<u>286,345</u>	<u>291,086</u>
Securities lending collateral	-	16,715	16,715
<b>TOTAL ASSETS</b>	<u>4,786</u>	<u>312,183</u>	<u>316,969</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	58	6,781	6,839
Securities lending liability	-	16,715	16,715
<b>TOTAL LIABILITIES</b>	<u>58</u>	<u>23,496</u>	<u>23,554</u>
<b>NET ASSETS</b>			
<b>HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 4,728</u>	<u>\$ 288,687</u>	<u>\$ 293,415</u>

**CITY OF OAKLAND**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
**For the Year Ended June 30, 2010**  
*(In Thousands)*

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
<b>ADDITIONS:</b>			
Contributions:			
Members	\$ -	\$ 7	\$ 7
Investment Income:			
Net appreciation in fair value of investments	618	36,148	36,766
Interest	35	3,805	3,840
Dividends	75	4,848	4,923
Securities lending income	<u>-</u>	<u>169</u>	<u>169</u>
Total investment income, net	728	44,970	45,698
Less investment expense	(22)	(1,351)	(1,373)
Borrowers' rebates and other agent fees and securities lending transactions	<u>-</u>	<u>(63)</u>	<u>(63)</u>
Net investment income	<u>706</u>	<u>43,556</u>	<u>44,262</u>
Other income	<u>-</u>	<u>93</u>	<u>93</u>
<b>TOTAL ADDITIONS</b>	<u>706</u>	<u>43,656</u>	<u>44,362</u>
<b>DEDUCTIONS:</b>			
Disbursements to members and beneficiaries:			
Retirement	491	42,055	42,546
Disability	87	25,419	25,506
Death	<u>4</u>	<u>2,283</u>	<u>2,287</u>
<b>TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES</b>	582	69,757	70,339
Administrative expenses	<u>377</u>	<u>832</u>	<u>1,209</u>
<b>TOTAL DEDUCTIONS</b>	<u>959</u>	<u>70,589</u>	<u>71,548</u>
Change in net assets	(253)	(26,933)	(27,186)
Net assets - beginning	<u>4,981</u>	<u>315,620</u>	<u>320,601</u>
Net assets - ending	<u>\$ 4,728</u>	<u>\$ 288,687</u>	<u>\$ 293,415</u>

**CITY OF OAKLAND**  
**Statement of Fiduciary Net Assets**  
**Private Purpose Trust Funds**  
**June 30, 2010**  
*(In Thousands)*

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	Private Purpose Trust Fund	Private Pension Trust Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 8,336	\$ 233	\$ 8,569
Receivables:			
Accrued interest and dividends	6	-	6
Accounts receivable	3	-	3
<b>TOTAL ASSETS</b>	<b>8,345</b>	<b>233</b>	<b>8,578</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	365	-	365
<b>TOTAL LIABILITIES</b>	<b>365</b>	<b>-</b>	<b>365</b>
<b>NET ASSETS</b>			
Net assets held in trust	<b>\$ 7,980</b>	<b>\$ 233</b>	<b>\$ 8,213</b>

**CITY OF OAKLAND**  
**Statement of Changes in Fiduciary Net Assets**  
**Private Purpose Trust Funds**  
**For the Year Ended June 30, 2010**  
*(In Thousands)*

	<u>Private Purpose Trust Fund</u>	<u>Private Pension Trust Fund</u>	<u>Total</u>
<b>ADDITIONS:</b>			
Trust receipts	\$ 447	\$ 31	\$ 478
Investment income	24	1	25
Other income	<u>2,653</u>	<u>-</u>	<u>2,653</u>
<b>TOTAL ADDITIONS</b>	<u>3,124</u>	<u>32</u>	<u>3,156</u>
<b>DEDUCTIONS:</b>			
Administrative expenses	-	137	137
CEDA	134	-	134
Other	2,631	-	2,631
Police services	<u>141</u>	<u>1</u>	<u>142</u>
<b>TOTAL DEDUCTIONS</b>	<u>2,906</u>	<u>138</u>	<u>3,044</u>
Change in net assets	218	(106)	112
<b>NET ASSETS - BEGINNING</b>	<u>7,762</u>	<u>339</u>	<u>8,101</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 7,980</u>	<u>\$ 233</u>	<u>\$ 8,213</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. The City implemented GASB 34 in fiscal year ended June 30, 2002.

**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>
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
Restricted	246,923	429,353	316,026	292,415	267,824	317,558	336,908	338,514	372,439
Unrestricted	(634,634)	(400,886)	(260,074)	(55,983)	(8,522)	37,704	(117,971)	(156,331)	(301,692)
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>
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
Unrestricted	(4,287)	(3,643)	(6,185)	3,114	989	2,173	7,731	15,037	26,126
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>
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
Restricted	246,923	429,353	316,026	292,415	267,824	317,558	336,908	338,514	372,439
Unrestricted	(638,921)	(404,529)	(266,259)	(52,869)	(7,533)	39,877	(110,240)	(141,294)	(275,566)
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>

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
<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
Public safety	250,503	302,273	297,869	319,908	335,171	348,436	412,050	424,435	411,333
Life enrichment	99,223	105,133	102,314	96,649	101,902	105,728	115,315	119,659	119,254
Community and economic development	108,101	110,400	121,160	117,689	140,351	183,968	203,406	182,327	222,226
Public works	72,639	83,548	70,369	107,457	100,448	101,075	79,348	74,081	70,757
Interest on long-term debt	72,924	56,072	58,820	62,238	73,224	79,864	74,545	71,552	73,735
Total governmental activities expenses	\$ 683,560	\$ 753,097	\$ 717,601	\$ 769,806	\$ 822,567	\$ 910,190	\$ 986,882	\$ 967,011	\$ 980,600
Business-type activities:									
Sewer	\$ 15,848	\$ 17,960	\$ 20,597	\$ 21,337	\$ 24,841	\$ 29,365	\$ 30,502	\$ 25,530	\$ 26,899
Parks and recreation	94	68	159	160	734	1,087	384	652	520
Total business-type activities	\$ 15,942	\$ 18,028	\$ 20,756	\$ 21,497	\$ 25,575	\$ 30,452	\$ 30,886	\$ 26,182	\$ 27,419
Total primary government expenses	\$ 699,502	\$ 771,125	\$ 738,357	\$ 791,303	\$ 848,142	\$ 940,642	\$ 1,017,768	\$ 993,193	\$ 1,008,019
<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
Public safety	14,715	15,489	38,959	66,983	42,492	9,803	10,331	15,733	14,900
Life enrichment	5,123	4,355	73	125	79	3,992	5,110	11,084	8,128
Community and economic development	21,553	21,599	7,287	12,528	7,947	16,437	45,466	47,223	48,765
Public works	21,872	26,898	3,600	6,190	3,927	31,269	27,113	30,887	39,283
Operating grants and contributions	63,235	79,784	78,965	74,694	77,154	106,903	91,278	94,353	97,177
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
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
Parks and recreation	100	122	58	244	197	237	487	796	286
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
Total primary government program revenues	\$ 181,454	\$ 204,838	\$ 176,811	\$ 210,657	\$ 172,740	\$ 212,241	\$ 235,325	\$ 256,586	\$ 272,250
<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)
Business-type activities	3,330	1,477	1,892	2,999	(700)	(356)	2,865	9,996	12,196
Total primary government net expense	\$ (518,048)	\$ (566,287)	\$ (561,546)	\$ (580,646)	\$ (675,402)	\$ (736,224)	\$ (782,443)	\$ (736,607)	\$ (735,769)
<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
State taxes	68,603	79,444	72,906	68,451	67,304	67,723	73,928	67,642	57,745
Local taxes	160,729	199,720	197,873	251,301	261,815	256,658	235,470	214,266	216,072
Other	66,883	64,414	117,238	84,850	30,406	108,048	50,153	81,885	58,374
Interest and investment income	36,463	40,043	5,566	46,063	78,053	48,073	47,852	25,917	10,894
Transfers	659	629	600	621	600	600	600	1,200	1,463
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
Business-type activities:									
Interest and investment income	\$ 10	\$ 199	\$ 94	\$ 707	\$ 1,996	\$ 1,745	\$ 1,434	\$ 590	\$ 113
Other	1,891	6,082	-	-	62	2	-	-	-
Transfers	(659)	(629)	(600)	(621)	(600)	(600)	(600)	(1,200)	(1,463)
Total business-type activities	\$ 1,242	\$ 5,652	\$ (506)	\$ 86	\$ 1,458	\$ 1,147	\$ 834	\$ (610)	\$ (1,350)
Total primary government	\$ 506,608	\$ 592,199	\$ 594,408	\$ 685,499	\$ 708,329	\$ 858,935	\$ 767,175	\$ 750,151	\$ 690,057
<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)
Business-type activities	4,572	7,129	1,386	3,085	758	791	3,699	9,386	10,846
Total primary government	\$ (11,440)	\$ 25,912	\$ 32,862	\$ 104,853	\$ 32,927	\$ 130,534	\$ (15,268)	\$ 13,544	\$ (45,712)

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)*

<b>Function/Program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Governmental activities:</b>									
Charges for services:									
General government	\$ 25,131	\$ 27,946	\$ 14,913	\$ 25,641	\$ 16,266	\$ 13,741	\$ 22,276	\$ 21,128	\$ 24,382
Public safety	14,715	15,489	38,959	66,983	42,492	9,803	10,331	15,733	14,900
Life enrichment	5,123	4,355	73	125	79	3,992	5,110	11,084	8,128
Community and economic development	21,553	21,599	7,287	12,528	7,947	16,437	45,466	47,223	48,765
Public works	21,872	26,898	3,600	6,190	3,927	31,269	27,113	30,887	39,283
Operating grants and contributions	63,235	79,784	78,965	74,694	77,154	106,903	91,278	94,353	97,177
Capital grants and contributions	10,553	9,262	10,366	-	-	-	-	-	-
<b>Subtotal governmental activities</b>	<b>\$ 162,182</b>	<b>\$ 185,333</b>	<b>\$ 154,163</b>	<b>\$ 186,161</b>	<b>\$ 147,865</b>	<b>\$ 182,145</b>	<b>\$ 201,574</b>	<b>\$ 220,408</b>	<b>\$ 232,635</b>
<b>Business-type activities:</b>									
Charges for services:									
Sewer	\$ 19,153	\$ 19,364	\$ 22,590	\$ 24,252	\$ 24,678	\$ 29,838	\$ 33,264	\$ 35,382	\$ 39,329
Parks and recreation	100	122	58	244	197	237	487	796	286
Operating grants and contributions	19	19	-	-	-	21	-	-	-
<b>Subtotal business-type activities</b>	<b>\$ 19,272</b>	<b>\$ 19,505</b>	<b>\$ 22,648</b>	<b>\$ 24,496</b>	<b>\$ 24,875</b>	<b>\$ 30,096</b>	<b>\$ 33,751</b>	<b>\$ 36,178</b>	<b>\$ 39,615</b>
<b>Total primary government</b>	<b>\$ 181,454</b>	<b>\$ 204,838</b>	<b>\$ 176,811</b>	<b>\$ 210,657</b>	<b>\$ 172,740</b>	<b>\$ 212,241</b>	<b>\$ 235,325</b>	<b>\$ 256,586</b>	<b>\$ 272,250</b>

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									
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>
All Other Governmental Funds									
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>

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

Source: City of Oakland Balance Sheet, Governmental Funds

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 5**

**CHANGES IN FUND BALANCES,  
GOVERNMENTAL FUNDS**

*(in thousands)*

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 403,226	\$ 402,435	\$ 439,159	\$ 457,949	\$ 535,706	\$ 578,474	\$ 616,754	\$ 648,153	\$ 641,086	\$ 622,901
Licenses and permits	11,442	11,758	13,098	13,476	15,676	19,006	20,390	19,319	14,467	12,124
Fines and penalties	17,111	17,806	20,645	28,189	26,325	25,467	26,859	23,497	29,348	31,220
Interest/investment net income	37,116	35,481	40,619	7,672	38,495	30,721	49,141	49,894	27,520	11,495
Charges for services	50,310	60,840	65,324	67,176	73,133	70,711	75,242	76,735	77,285	82,289
Other intergovernmental revenues	-	-	-	-	-	-	-	33,561	35,588	45,116
Federal and State grants and subventions	75,701	48,234	72,483	79,918	97,009	73,778	97,382	94,428	87,971	98,850
Other revenues	22,001	61,391	70,027	48,608	53,711	47,558	74,758	24,200	40,587	32,116
<b>Total revenues</b>	<b>\$ 616,907</b>	<b>\$ 637,945</b>	<b>\$ 721,355</b>	<b>\$ 702,988</b>	<b>\$ 840,055</b>	<b>\$ 845,715</b>	<b>\$ 960,526</b>	<b>\$ 969,787</b>	<b>\$ 953,852</b>	<b>\$ 936,111</b>
<b>Expenditures</b>										
General government	\$ 35,338	\$ 41,389	\$ 39,365	\$ 42,225	\$ 45,466	\$ 49,411	\$ 67,194	\$ 45,600	\$ 40,838	\$ 35,710
Financial and Personnel Services	15,327	16,637	17,025	22,339	22,197	24,181	26,018	35,761	34,863	30,943
Information Technology	-	-	-	-	-	-	-	13,666	12,975	9,137
Contracting and Purchasing	-	-	-	-	-	-	-	2,280	1,959	2,100
Police services	145,521	151,791	166,266	166,175	178,813	187,968	206,561	225,893	231,789	218,129
Fire services	77,129	84,239	88,154	91,542	98,029	111,162	112,699	118,429	119,711	111,583
Life enrichment										
Administration	1,693	561	660	1	7	-	-	-	-	-
Parks & Recreation	38,180	32,481	28,556	29,445	16,740	17,296	19,148	20,872	20,308	20,259
Library	15,178	16,540	17,096	18,460	20,547	22,942	24,631	23,833	21,824	20,927
Museum	5,707	7,278	7,561	8,327	7,383	267	6,976	6,883	6,584	6,146
Marketing	-	-	-	2,367	-	-	-	-	-	-
Aging, Health & Human Services	21,347	24,568	27,740	33,238	35,609	46,581	53,228	56,239	62,382	59,441
Cultural Arts	1,972	1,382	1,753	41	-	6,832	-	-	-	-
Community & Economic Development	73,745	118,234	122,715	92,788	101,031	135,561	169,233	206,908	197,285	227,505
Public Works	60,835	52,841	51,458	60,328	73,338	79,816	91,490	71,971	64,288	57,133
Other	46,773	41,471	36,652	30,372	38,327	23,048	10,641	10,597	20,099	8,328
Capital outlay	14,397	22,055	27,056	24,779	36,219	25,014	49,895	46,312	44,418	61,233
Debt service										
Bond issuance costs	-	3,711	4,212	12,874	4,478	2,496	4,467	4,210	864	1,558
Other refunding cost	-	-	-	-	-	-	-	5,674	-	-
Principal	50,351	39,686	50,356	61,831	88,506	72,583	79,964	92,940	138,854	105,742
Interest	75,649	58,558	55,020	62,897	60,656	69,027	69,682	71,528	65,157	69,097
<b>Total expenditures</b>	<b>\$ 679,142</b>	<b>\$ 713,422</b>	<b>\$ 741,645</b>	<b>\$ 760,029</b>	<b>\$ 827,346</b>	<b>\$ 874,185</b>	<b>\$ 991,827</b>	<b>\$ 1,059,596</b>	<b>\$ 1,084,198</b>	<b>\$ 1,044,971</b>
Excess of revenues over(under) expenditures	\$ (62,235)	\$ (75,477)	\$ (20,290)	\$ (57,041)	\$ 12,709	\$ (28,470)	\$ (31,301)	\$ (89,809)	\$ (130,346)	\$ (108,860)
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	\$ 1,573	\$ -	\$ -	\$ 3,927	\$ 433,956	\$ 105,840	\$ 143,988	\$ -	\$ 40,228	\$ 67,693
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
Payment to refunding bond escrow agent	-	(208,907)	(110,826)	(96,395)	(247,860)	(27,853)	(22,729)	(221,250)	-	-
Property sale proceeds	104	16,094	8,569	1,497	394	4,262	618	4,045	8,723	5,013
Insurance claims and settlements	-	-	-	-	-	-	-	-	-	1,641
Transfers in	8,514	142,816	79,144	95,404	109,911	101,643	97,397	98,691	130,095	106,409
Transfers out	(59,261)	(142,157)	(78,515)	(94,804)	(109,311)	(101,043)	(95,897)	(98,091)	(128,895)	(104,725)
<b>Total other financing sources (uses)</b>	<b>\$ (49,070)</b>	<b>\$ 22,289</b>	<b>\$ 101,137</b>	<b>\$ 98,866</b>	<b>\$ 200,625</b>	<b>\$ 83,177</b>	<b>\$ 227,930</b>	<b>\$ 36,118</b>	<b>\$ 49,372</b>	<b>\$ 76,939</b>
Special item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,020	\$ -	\$ -	\$ -
Change in fund balances										
Net change in fund balances	\$ (9,438)	\$ (53,188)	\$ 80,847	\$ 41,825	\$ 213,334	\$ 54,707	\$ 255,649	\$ (53,691)	\$ (80,974)	\$ (31,921)
Total fund balance - beginning	32,234	599,205	546,017	645,450	687,275	900,609	955,316	1,210,965	1,157,274	1,076,300
Total fund balance - ending	\$ 22,796	\$ 546,017	\$ 626,864	\$ 687,275	\$ 900,609	\$ 955,316	\$ 1,210,965	\$ 1,157,274	\$ 1,076,300	\$ 1,044,379
Debt service as a percentage of noncapital expenditures	18.95%	14.21%	14.75%	16.96%	18.85%	16.68%	15.89%	17.00%	20.33%	18.13%

Note: Debt ratio was calculated by dividing principal and interest by total government expenditures excluding capital outlay \$80,834 for fiscal year 2010.

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>
2001	162,895	52,877	21,361	10,419	38,738	48,703	38,309	12,766	6,762	-	10,396	403,226
2002	163,130	45,749	22,854	7,705	42,094	49,547	37,272	10,530	7,525	5,085	10,944	402,435
2003	193,738	48,798	24,259	6,387	42,020	46,581	42,088	10,863	8,242	5,359	10,824	439,159
2004	200,646	47,760	18,178	6,968	44,223	48,056	55,665	9,857	9,799	5,205	11,592	457,949
2005	232,061	51,148	9,656	7,647	43,902	49,781	77,722	10,926	11,580	30,155	11,128	535,706
2006	268,361	56,844	2,984	7,476	43,790	48,770	79,483	11,690	15,196	31,728	12,152	578,474
2007	314,468	58,006	2,268	7,449	50,339	51,426	61,505	12,303	16,202	29,778	13,010	616,754
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
Change 2001-2010	114.3%	-13.9%	-94.1%	5.5%	39.8%	4.9%	-3.5%	-21.0%	105.3%	n/a	41.0%	54.5%

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)*

<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Less: Redevelopment Tax Increments</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Taxable Assessed Value</u>	<u>Taxable Assessed Value as a Percentage of Estimated Taxable Value</u>
2001	6,645,913	13,862,254	2,004,626	22,512,793	1,791,760	2,452,166	18,268,867	5.451	99,583,594	18.35%
2002	7,200,754	15,231,115	2,165,091	24,596,960	1,666,969	3,057,178	19,872,813	5.613	111,546,099	17.82%
2003	7,725,624	16,906,517	1,997,630	26,629,771	1,828,260	3,524,500	21,277,011	5.392	114,725,643	18.55%
2004	8,374,188	18,571,148	1,964,460	28,909,796	1,863,890	4,090,609	22,955,297	5.811	133,393,231	17.21%
2005	9,157,808	20,308,258	1,878,079	31,344,145	2,067,228	5,186,441	24,090,476	5.534	133,316,694	18.07%
2006	10,206,973	22,383,882	1,962,917	34,553,772	2,310,189	7,750,010	24,493,573	5.519	135,180,029	18.12%
2007	11,410,672	24,862,440	1,894,048	38,167,160	2,347,281	9,552,758	26,267,121	5.667	148,855,775	17.65%
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%

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

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 8**

**DIRECT AND OVERLAPPING  
PROPERTY TAX RATES**

Fiscal Year	<u>City Direct Rates</u>				<u>Overlapping Rates</u>								
	Basic Rate	Debt Service Fund	1981 Pension Liability	Total Direct Rate	Alameda County	Education	Education Debt	BART and AC Transit	BART Debt	Other	East Bay Municipal Utility Debt	East Bay Regional Parks District	East Bay Reg. Parks District Debt
2001	0.3485	0.0391	0.1575	0.5451	0.3086	0.2165	0.0923	0.0517	-	0.0505	0.0085	0.0242	0.0065
2002	0.3485	0.0553	0.1575	0.5613	0.3086	0.2165	0.0959	0.0517	-	0.0505	0.0084	0.0242	0.0072
2003	0.3485	0.0332	0.1575	0.5392	0.3086	0.2165	0.0994	0.0517	-	0.0505	0.0084	0.0242	0.0065
2004	0.3485	0.0751	0.1575	0.5811	0.3086	0.2165	0.0923	0.0517	-	0.0505	0.0079	0.0242	0.0057
2005	0.3485	0.0474	0.1575	0.5534	0.3086	0.2165	0.0875	0.0517	-	0.0505	0.0076	0.0242	0.0057
2006	0.3485	0.0459	0.1575	0.5519	0.3086	0.2165	0.1018	0.0517	-	0.0505	0.0072	0.0242	0.0057
2007	0.3485	0.0607	0.1575	0.5667	0.3086	0.2165	0.1074	0.0517	-	0.0505	0.0068	0.0242	0.0085
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

Note: Rates per \$1,000 assessed value

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 9**

**PRINCIPAL PROPERTY TAX PAYERS**

<u>Taxpayer</u>	<u>2001</u>			<u>2010</u>		
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Rank</u>
SIC Lakeside Drive LLC				\$ 207,483,244	0.520%	1
Oakland City Center Venture LLC	189,277,179	0.914%	1	194,049,126	0.487%	2
CIM Oakland Center 21 LP				167,500,000	0.420%	3
Oakland Property LLC				165,547,200	0.415%	4
Kaiser Foundation Health Plan Inc				154,867,206	0.388%	5
Catholic Cathedral Corporation of the East Bay				144,746,890	0.363%	6
CIM Oakland 1 Kaiser Plaza LP				127,003,431	0.318%	7
1800 Harrison Foundation	102,162,894	0.493%	4	121,932,415	0.306%	8
Uptown Housing Partners LP				121,578,200	0.305%	9
Suncal Oak Knoll LLC				114,207,598	0.286%	10
Prentiss Properties Acquisition Partners LP	115,478,070	0.557%	2	N/A		
Kaiser Foundation Hospitals	113,678,377	0.549%	3	N/A		
Clorox Company	90,236,918	0.436%	6	N/A		
Kaiser Center, Inc.	99,064,709	0.478%	5	N/A		
Lake Merritt Plaza	82,113,550	0.395%	7	N/A		
Owens Illinois Glass Container, Inc.	62,894,332	0.304%	8	N/A		
Webster Street Partners, Ltd.	61,675,200	0.298%	9	N/A		
KSL Claremont Resort, Inc.	58,658,060	0.283%	10	N/A		
<b>Total</b>	<b>\$ 975,239,289</b>	<b>4.708%</b>		<b>\$ 1,518,915,310</b>	<b>3.809%</b>	

(1) 2010 based on total assessed value of \$39,876,600,884

(2) 2001 based on total assessed value of \$20,721,033,407

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 10**

**PROPERTY TAX LEVIES  
AND COLLECTIONS**

*(in thousands)*

<b>1% TAX ROLL</b>							
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date		
		Amount	Percent of Levy		Amount	Percent of Levy	
2001	\$ 53,376	\$ 51,120	95.77%	0	\$ 51,120	95.77%	
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%	

<b>Voter-Approved Debt Tax Roll</b>							
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date		
		Amount	Percent of Levy		Amount	Percent of Levy	
2001	\$ 42,225	\$ 40,748	96.50%	0	\$ 40,748	96.50%	
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%	

Note: Collections in subsequent year data not available

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 11**

**TAXABLE SALES BY CATEGORY**

*(in thousands)*

	Fiscal Year									
	<u>2001</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>
Auto & Transportation	\$ 922,018	\$ 895,331	\$ 929,517	\$ 871,710	\$ 817,924	\$ 860,194	\$ 912,876	\$ 840,330	\$ 695,919	\$ 580,398
Business & Industry	688,074	588,871	715,740	700,079	622,816	667,630	613,457	691,322	574,628	490,566
General Consumer Goods	501,218	504,084	480,747	453,363	461,085	554,136	549,394	536,955	505,460	480,781
Restaurants and Hotels	439,638	442,948	430,058	406,565	441,158	496,814	483,765	527,276	515,602	525,068
Building & Construction	319,187	348,829	393,261	369,886	491,196	488,972	495,607	465,797	416,701	344,171
Food & Drugs	372,774	342,013	341,625	308,529	316,990	321,467	330,643	341,677	342,922	366,461
Fuel & Service Stations	290,612	317,736	342,098	593,926	869,866	1,058,122	1,186,535	1,236,876	638,147	433,207
<b>Total</b>	<b>\$ 3,533,521</b>	<b>\$ 3,439,812</b>	<b>\$ 3,633,046</b>	<b>\$ 3,704,058</b>	<b>\$ 4,021,035</b>	<b>\$ 4,447,335</b>	<b>\$ 4,572,277</b>	<b>\$ 4,640,233</b>	<b>\$ 3,689,379</b>	<b>\$ 3,220,652</b>
City direct sales tax rate						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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>State of California</u>
2001	n/a	n/a
2002	n/a	n/a
2003	n/a	n/a
2004	n/a	n/a
2005	n/a	n/a
2006	1.50%	7.25%
2007	1.50%	7.25%
2008	1.50%	7.25%
2009	1.50%	8.25%
2010	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	<u>Governmental Activities</u>										<u>Business-type Activities</u>				
	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Lease Revenue Bonds	Pension Obligation Bonds	Accreted Interest	Special Assessment Bonds	Notes 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
2001	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
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

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

(1) Per capita income \$27,145 multiplied by population 430,666 gives personal income \$11,690,428,570

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 14**

**RATIOS OF GENERAL BONDED  
DEBT OUTSTANDING**

*(in thousands)*

General Bonded Debt Outstanding

<u>Fiscal Year</u>	<u>Net Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Percentage of Actual Taxable Value of Property (%)</u>	<u>Per Capita (3) <i>(in dollars)</i></u>
2001	137,080	20,721,000	0.6616	336.81
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

(1) Source: City of Oakland Annual Debt Service Roll Forward, General Obligation Debt Total as of June 30, 2010

(2) Source: County of Alameda.

(3) Population 430,666 as of 1/1/10 per State of California Demographic Information by City.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 15**

**DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable</u>	<u>City Share of Debt</u>
<b>Direct Bonded Debt</b>		
City of Oakland (1)	100	\$ 366,247,851
City of Oakland and Coliseum Authority General Fund Obligations	100	407,830,000
City of Oakland 1915 Act Bond Obligations	100	8,398,483
City of Oakland Pension Obligations	100	210,594,842
<b>Total Direct Bonded Debt:</b>		<b>\$ 993,071,176</b>
<b>Overlapping Bonded Debt</b>		
Alameda-Contra Costa Transit District Certificates of Participation	21.601	\$ 8,712,763
Alameda County and Coliseum Authority General Fund Obligation	17.809	74,620,779
Alameda County Pension Obligations	17.809	31,768,909
Bay Area Rapid Transit District	6.956	29,215,200
East Bay Municipal Utility District, Special District #1	50.521	13,769,499
East Bay Regional Park District	10.600	20,858,150
Chabot-Las Positas Community College District	1.093	5,059,520
Chabot-Las Positas Community College District General Fund Obligations	1.093	50,988
Peralta Community College District	53.225	237,194,551
Peralta Community College District Pension Obligation	53.225	82,695,198
Berkeley & Castro Valley Unified School District	0.003 & 0.132	119,979
Oakland Unified School District	99.998	726,145,477
Oakland Unified School District Certificates of Participation	99.998	64,428,711
San Leandro Unified School District	11.042	13,418,133
San Leandro Unified School District Certificates of Participation	11.042	138,577
Castro Valley Unified School District Certificates of Participation	0.132	640
City of Emeryville 1915 Act Bonds	4.183	371,869
City of Piedmont 1915 Act Bonds	4.792	163,168
<b>Total Overlapping Bonded Debt:</b>		<b>\$ 1,308,732,111</b>
<b>Total Direct and Overlapping Debt</b>		<b>\$ 2,301,803,287</b>
Less: East Bay M.U.D. Special District #1 (100% self-supporting)		13,769,499
<b>Total Net Direct and Overlapping Bonded Debt</b>		<b>\$ 2,288,033,788</b>

(1) Source: City of Oakland Annual Debt Service Roll Forward, General Obligation Debt Total as of June 30, 2010

Source: City of Oakland Treasury Division

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 16**

**LEGAL DEBT MARGIN INFORMATION**

	<u>2001</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>
Debt limit	\$685,082,511	\$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
Total net debt applicable to limit	137,080,000	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
Legal debt margin	\$548,002,511	\$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
Total net debt applicable to the limit as a percentage of debt limit (%)	20.01%	17.89%	20.97%	26.96%	25.13%	38.99%	35.05%	29.70%	27.42%	32.42%

Source: County of Alameda and City of Oakland Annual Debt Service Roll Forward (General Obligation Debt Total as of June 30, 2010).

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 17**

**PLEGGED-REVENUE COVERAGE,  
PORT OF OAKLAND AND  
REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND**

*(thousands of dollars)*

Fiscal Year	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
<b><u>PORT OF OAKLAND</u></b>					
2001	98,605	18,920	18,757	37,677	261.71%
2002	85,485	13,810	39,380	53,190	160.72%
2003	94,610	10,638	46,323	56,961	166.10%
2004	110,797	9,241	50,124	59,365	186.64%
2005	126,636	8,155	53,633	61,788	204.95%
2006	136,566	14,968	56,806	71,774	190.27%
2007	138,458	19,892	62,756	82,648	167.53%
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%
<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%

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**

Calendar Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (%)
2001	407,000	13,730,552	33,736	33.3	55,525	2.9
2002	408,800	16,192,977	39,611	33.3	53,108	6.7
2003	412,200	17,979,340	43,618	33.3	52,629	6.8
2004	411,600	18,163,496	44,129	33.3	49,334	6.1
2005	412,300	9,044,213	21,936	33.3	49,334	5.3
2006	411,755	11,697,548	28,409	33.3	41,467	7.1
2007	415,492	9,114,233	21,936	33.3	39,802	7.4
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	430,666	11,690,429	27,145	37.1	38,450	17.2

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

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 19**

**PRINCIPAL EMPLOYERS**

<u>Employer</u>	<u>2010</u>			<u>2006</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total Employment</u>
County of Alameda	10,374	1	6.06%	9,740	1	5.69%
Wells Fargo & Co	5,862	2	3.42%	N/A		
Oakland Unified School District	5,704	3	3.33%	8,000	2	4.67%
City of Oakland	4,478	4	2.61%	4,290	5	2.50%
Cost Plus Inc	4,125	5	2.41%	N/A		
Kaiser Foundation Hospitals	3,105	6	1.81%	4,340	4	2.53%
Peralta Community College Dist	2,759	7	1.61%	N/A		
Safeway Inc	2,692	8	1.57%	N/A		
Internal Revenue Service	2,500	9	1.46%	N/A		
Albertson's LLC	2,209	10	1.29%	N/A		
Kaiser Permanente Medical Group	N/A			5,450	3	3.18%
Bay Area Rapid Transit	N/A			2,800	6	1.63%
Federal Express	N/A			2,790	7	1.63%
Alta-Bates Medical Center	N/A			2,620	8	1.53%
Kaiser Foundation Health Plan	N/A			2,590	9	1.51%
Summit Medical Center	N/A			2,230	10	1.30%
<b>Total</b>	<b>43,808</b>			<b>44,850</b>		

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 2010 - Economic Development Alliance for Business, Alameda County Largest Employers.  
 Total employment of 171,319 (2009 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>Function/Program</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Aging, Health & Human Services	N/A	N/A	N/A	224	219	210	213	208	204	217
Community & Economic										
Development Agency	N/A	N/A	N/A	285	266	258	262	419	380	364
Fire										
Firefighters and officers	492	492	506	481	464	445	456	462	448	434
Civilians	66	74	81	78	72	77	81	82	77	78
General Government										
Management services	N/A	N/A	N/A	214	207	199	222	211	204	184
Finance	N/A	N/A	N/A	184	175	201	210	209	196	176
Retirement Services	N/A	N/A	N/A	8	6	7	7	5	5	5
Personnel Resource Mgmt	N/A	N/A	N/A	36	35	38	41	53	47	35
Contracts and Purchasing	N/A	22	22	22						
Information Technology Division	N/A	N/A	N/A	73	72	76	76	92	88	67
Library	N/A	N/A	N/A	181	172	173	160	150	140	133
Marketing - CAM	N/A	N/A	N/A	22	22	22	22	21	20	12
Museum	N/A	N/A	N/A	67	61	56	58	55	51	42
Parks and Recreation	N/A	N/A	N/A	216	81	88	81	76	92	82
Police										
Officers	747	839	763	759	714	701	725	746	791	763
Civilians	494	443	443	385	370	354	335	432	303	305
Public Works	N/A	N/A	N/A	609	698	709	727	561	546	482
<b>Total</b>	<b>4,218</b>	<b>4,556</b>	<b>3,858</b>	<b>3,822</b>	<b>3,634</b>	<b>3,614</b>	<b>3,676</b>	<b>3,804</b>	<b>3,614</b>	<b>3,401</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**

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government							
Building permits issued	16,424	15,942	15,674	16,488	14,957	13,055	12,951
Building inspections conducted	N/A	N/A	78,306	89,388	95,064	77,845	71,931
Authorized new dwelling units	857	1,350	1,377	2,035	704	395	555
Commercial value (in thousands)	156,669	173,292	173,908	171,157	213,696	117,876	95,851
Residential value (in thousands)	268,600	356,256	646,214	611,036	258,617	196,362	168,872
Police							
Dispatched calls	N/A	N/A	317,323	299,283	289,032	315,522	265,277
Field Contacts	N/A	N/A	8,270	7,221	9,641	8,393	20,220
Physical arrests	N/A	N/A	10,958	14,908	16,866	18,183	15,056
Parking violations	548,922	539,115	512,376	470,008	459,459	496,655	450,656
Traffic violations	N/A	N/A	36,233	39,098	44,897	51,019	33,484
Fire							
Emergency responses	41,999	34,806	58,736	61,470	49,784	51,255	49,887
Fires extinguished	N/A	N/A	3,095	2,021	3,800	2,601	1,143
Inspections	1,070	2,310	2,515	2,631	3,062	3,258	2,087
Port of Oakland							
Imports (in tonnage)	10,759,090	12,434,675	15,223,082	16,081,289	16,203,404	14,664,473	13,014,470
Exports (in tonnage)	14,170,929	14,510,634	14,837,250	14,710,407	16,191,383	16,258,547	17,357,582
Total tonnage	24,930,019	26,945,309	30,060,332	30,791,696	32,394,787	30,923,020	30,372,052
Containers	N/A	1,160,270	1,292,277	1,369,123	1,363,367	1,273,805	1,161,082
Other public works							
Street resurfacing (miles)	N/A	N/A	2.44	14.58	13.83	18.63	18.50
Potholes repaired	N/A	N/A	5,020	12,574	11,758	8,515	10,062
Parks and recreation							
Athletic field permits issued	N/A	N/A	465	543	330	340	346
Community center admissions	N/A	N/A	909,303	1,436,682	1,423,577	1,342,657	1,454,124
Library							
Volumes in collection	1,292,980	1,357,589	1,300,023	1,956,249	1,242,415	1,316,849	1,452,930
Total volumes borrowed	1,779,358	2,062,891	2,316,772	2,270,755	2,328,712	2,436,806	2,469,588
Water							
New connections	N/A	N/A	890	389	474	297	192
Water main breaks	N/A	N/A	269	261	251	410	242
Average daily consumption (gallons/family)	213	203	203	203	N/A	N/A	N/A
Peak daily consumption (thousands of gallons)	385,000	385,000	385,000	385,000	N/A	N/A	N/A
Wastewater							
Average daily sewage treatment (thousands of gallons)	72,000	76,000	77,000	75,500	75,000	66,000	68,000

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

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 22**

**CAPITAL ASSET STATISTICS  
BY FUNCTION/PROGRAM**

<u>Function/Program</u>	<u>2001</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>
Aviation facilities										
Airports operated	N/A	N/A	N/A	N/A	1	1	1	1	1	1
Paved airport runways	N/A	N/A	N/A	N/A	4	4	4	4	4	4
Total length of runways (in feet)	N/A	N/A	N/A	N/A	24,520	25,038	25,038	25,038	25,038	25,038
Area of airport (in acres)	N/A	N/A	N/A	N/A	2,500	2,600	2,600	2,600	2,600	2,600
Police										
Stations	N/A	N/A	N/A	N/A	N/A	2	7	8	8	7
Patrol units	N/A	N/A	N/A	N/A	N/A	611	630	622	633	602
Fire stations	N/A	N/A	N/A	N/A	25	25	25	25	25	25
Harbor facilities										
Miles at waterfront	N/A	N/A	N/A	N/A	N/A	19	19	19	19	19
Berthing length at wharves (in feet)	N/A	N/A	N/A	N/A	N/A	23,063	23,063	23,063	23,233	23,233
Harbor area (in acres)	N/A	N/A	N/A	N/A	N/A	786	786	786	786	786
Hospitals	N/A	N/A	N/A	N/A	N/A	2	2	4	4	4
Library branches	N/A	N/A	N/A	N/A	16	16	16	15	15	15
Museums	N/A	N/A	N/A	N/A	2	2	2	1	1	1
Other public works										
Streets (in lane miles)	N/A	N/A	N/A	N/A	N/A	2,294	2,287	2,288	2,323	1,963
Streetlights	N/A	N/A	N/A	N/A	N/A	36,219	33,952	36,219	36,219	36,219
Traffic signals	N/A	N/A	N/A	N/A	N/A	671	680	671	688	688
Parks and recreation										
Acreage	N/A	N/A	N/A	N/A	2,500	2,500	2,500	2,500	2,500	2,500
Swimming pools	N/A	N/A	N/A	N/A	7	7	5	7	5	5
Tennis courts	N/A	N/A	N/A	N/A	44	44	36	44	44	44
Playgrounds	N/A	N/A	N/A	N/A	13	13	89	106	106	106
Baseball/softball diamonds	N/A	N/A	N/A	N/A	64	46	46	40	40	40
Soccer/football fields	N/A	N/A	N/A	N/A	13	13	15	15	15	15
Community centers	N/A	N/A	N/A	N/A	29	29	29	34	34	34
Water										
Water mains (miles)	N/A									
Fire hydrants	N/A	N/A	N/A	N/A	N/A	6,700	6,705	6,719	6,733	6,738
Storage capacity (thousands of gallons)	N/A									
Wastewater										
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	N/A	29	29	29	29	29
Treatment capacity (million gallons per day)	N/A	N/A	N/A	N/A	N/A	120	120	320	320	320

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

# CITY OF OAKLAND STATISTICS

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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 430,666, 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

## CITY OF OAKLAND STATISTICS

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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. 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 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

## CITY OF OAKLAND STATISTICS

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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 430,666 residents per capita income in 2009 averaged \$27,145. 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 \$3.2 billion in 2010. Compared to other East Bay cities, Oakland sees a significant number of auto-related purchases, with opportunities available in consumer goods, building materials, and office products.

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

- "...4<sup>th</sup> Best commercial real estate market in the country." (Moody's Investors 2003);
- "...6<sup>th</sup> Best City to live in the U.S." (Money, Dec. 2002);
- "...7<sup>th</sup> Most Creative City in America." (Carnegie Mellon);
- "...8<sup>th</sup> Best Place for Business in the U.S." (Forbes 2002 Annual Survey);
- "...uniquely positioned as an excellent point for international business." (Mickey Kanter, former U.S. Secretary of Commerce);
- "...ranked 8<sup>th</sup> 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*);
- "...projected to have the highest average household income growth rate (3.67%) in the U.S. for the period 2004-2009." (NPA Data Services, 2005);
- "...ranked 4<sup>th</sup> best potential retail market in the nation." (Marcus & Millichap, 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); and
- "...ranked 2<sup>nd</sup> in top 10 large cities recycling program." (Natural Resources Defense Council)

# CITY OF OAKLAND STATISTICS

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

## **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.

In his State of the City Report February 2010, Mayor Ronald V. Dellums highlights the City's multi-faceted achievements:

### **Public Safety**

- Implemented the PIES strategy (preventive, intervention, enforcement and sustainability) that resolves both immediate problems and root causes of violence.
- Homicides down approximately 20 percent and overall crime down more than 10 percent.
- Appointed a new police chief who is committed to fighting crime with a multi-pronged approach, including community policing.
- Created 76 new Neighborhood Watch Groups, expanded violence prevention programs such as the OK "Our Kids" mentoring program and deployed street outreach workers.

### **American Recovery and Reinvestment Act**

- Received approximately \$237 million to date through federal advocacy efforts. These grants will create or retain thousands of jobs; provide community benefits such as homelessness prevention and housing services, early and head start, senior support services and job training programs; and fund infrastructure enhancements.

### **Housing**

- Used millions of dollars of grants to provide affordable housing opportunities and assistance to first-time homebuyers.
- Worked to combat homelessness by joining with partners throughout Alameda County to use Recovery Act dollars for county-wide coordination of homeless prevention and rapid re-housing.

# CITY OF OAKLAND STATISTICS

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## **Health**

- Expanded school-based health clinics.
- Expanded Get Screened Oakland, the citywide HIV screening program, to 13 testing centers.

## **Civic Engagement**

- Developed the City's new Website, which will be fully launched in 2010, making City services and programs more accessible than ever before.

## **Economic & Workforce Development**

- Set the stage for thousands of new jobs through key partnerships such as the Global Oakland project at the former Oakland Army Base and the \$700 million agreement with Ports America to upgrade marine terminal facilities.
- Received a \$600,000 Congressional allocation for the East Bay Green Jobs Corridor.
- Implemented strategies – such as business tax incentives and hiring tax credits – for attracting and retaining companies that provide jobs for local residents.
- Received American Recovery and Reinvestment Act funding to support training programs for low-income residents.
- Fueled economic development and created/retained hundreds of jobs by leveraging \$40 million in private investment in the arts including film, special events and cultural activities.

## **Education & Culture**

- Launched a multi-pronged campaign to cut the dropout rate in half by 2018.
- Initiated Teach Tomorrow in Oakland to provide permanent, diverse, local, effective teachers.
- Expanded after school, summer enrichment, college prep and career prep programs.
- Received \$5.7 million in Early Head Start funds.
- Ensured free access to computers and the Internet at every Recreation Center in Oakland.
- Neared completion of the \$62 million renovation and transformation of the Oakland Museum of California.

## **Environment, Energy & Sustainability**

- Named one of America's top 10 greenest cities in 2009.
- Exceeded the state's 50 percent waste reduction mandate by 10 percentage points.
- Partnered on five successful State Energy Program stimulus grants totaling more than \$40 million that will improve the environment, create jobs and support and grow green technology businesses.
- Secured \$3.9 million in federal economic stimulus funds for local energy efficiency projects that will save energy and money in the community.
- Partnered with PG&E, which has committed \$3 million over the next three years, to reduce

## CITY OF OAKLAND STATISTICS

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greenhouse gases, conserve energy and train Oakland residents for careers with “green” businesses and help start environmentally sensitive businesses.

### **Public-Private Partnerships**

- Enhanced the City’s vitality through the California Urban Communities Collaborative (CUCC) with the State of California, Governor’s Office and Business, Transportation and Housing Agency.
- California Highway Patrol provided nearly 16,000 officer hours and 3,700 sergeant hours in support of local law enforcement.

### **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.

## CITY OF OAKLAND STATISTICS

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Auto makers and steel companies led the industrial expansion throughout the East Bay. Construction businesses had plenty of work as homes went up south and east of the inner city and new high-rise office buildings were built in downtown Oakland.

World War II brought tremendous changes to Oakland. Huge numbers of workers moved to the Bay Area to work in local shipyards and many of these people, as well as large numbers of military personnel who mustered out at Treasure Island and the Oakland Army Base, chose to remain in the Bay Area. The population grew by almost one third between 1940 and 1950.

Oakland has a rich literary and cultural heritage. Such historical notables as writers Bret Harte, Jack London, Joaquin Miller, Ina Donna Coolbrith, Jessica Mitford, Narman Jayo, Ishmael Reed, and Gertrude Stein; architect Julia Morgan; and dancer Isadora Duncan are just a few who have left their cultural mark on the City. It is also the birthplace of the West Coast Blues.

### **TRANSPORTATION**

Located in the geographical center of the Bay Area, Oakland has been recognized as an important transportation hub for more than 100 years. The combination of train, bus, ferry, marine, aviation, freeways (I-880, I-580, Hwy 13, and Hwy 24), and the Bay Area Rapid Transit (BART) system guarantees ease of travel for local residents and efficient channels of commerce for businesses relying on the City's easy access. Oakland's Port is a primary sea terminal for transporting cargo between the Western United States and the Pacific Rim, Latin America, and Europe. Air cargo service is minutes away at the Oakland International Airport.

#### **The Port of Oakland**

The Port of Oakland is located on the east (or mainland) side of San Francisco Bay, one of the most beautiful natural harbors in the world. The Port is the third largest container port on the Pacific Coast, fourth largest in the United States and among the top 30 in the world. It is served by two railroad companies: the Burlington Northern Santa Fe (BNSF) and the Union Pacific.

The Port handles over 98 percent of Northern California's container traffic, which includes service by over 30 container lines. It has technically advanced facilities available not only for containers but for break-bulk, heavy-lift, and other specialized cargo. The Port has approximately 1,000 acres of developed terminal facilities and container storage and handling areas with 35 ship-to-shore container cranes in operation at these facilities. All Vision 2000 terminal facilities are open and operating. They consist of the 120 acre Hanjin container terminal, the 150 acre Stevedoring Services of America container terminal and the 85 acre intermodal rail terminal operated by the BNSF. The recently renovated and expanded Union Pacific Railroad intermodal facility is located adjacent to the BNSF facility. As part of the Port's Vision 2000 expansion, a new harbor roadway has been constructed along with other harbor area roadway improvements. In addition, the Middle Harbor Shoreline Park and Wildlife Habitat have been completed in 2003.

# CITY OF OAKLAND STATISTICS

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## **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 2009 and almost 500,000 metric tons of air cargo in 2009. 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.

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

Oakland International handles nearly 500,000 metric tons of cargo in 2009, 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 new Amtrak Station and ferry terminal at Jack London Square, the Oakland International Airport, and many other Bay Area attractions including downtown San Francisco.

BART is a 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

# CITY OF OAKLAND STATISTICS

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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 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. Five public pools offer seasonal lap and recreational swimming, instruction and showers. The Parks and Recreation Department operates

## CITY OF OAKLAND STATISTICS

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more than 40 tennis courts. Oakland's Feather River Camp, a family camp located in the Plumas National Forest, is operated by the nonprofit group Camps in Common and offers both tent and cabin sites for overnight camping. Families and groups enjoy the rustic amenities, swimming, a variety of activities, and theme weeks offered at the camp throughout the summer months. Instruction in sailing, wind surfing and kayaking are available at Lake Merritt. Boats are available for rent, including paddleboats, kayaks, rowboats, canoes, and sailboats. The City provides public boat launches at its seven-acre, waterfront park on the estuary and at Lake Merritt. The Port of Oakland owns and operates three marinas with berths.

There are over 79,000 acres of wilderness and parklands in the nearby East Bay Regional Park District, including 53 parks and 20 regional trails in Alameda and Contra Costa counties.

### CULTURAL ARTS

Oakland is home to one of the most vibrant visual, performing and cultural arts communities in the West Coast. It is experiencing a dynamic cultural renaissance and economic revitalization throughout downtown, the waterfront, and neighborhoods. There are more than 5,000 professional artists living and working in Oakland; 25 dance companies; 36 music groups and organizations; 12 theater companies; 40 visual arts galleries and 15 historic and museum sites.

The Mayor and City Council have established a priority to "Celebrate Arts and Culture to express the creativity and diversity of Oakland." The Cultural Arts & Marketing Division, 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

## CITY OF OAKLAND STATISTICS

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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. 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.

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- 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.