

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2004

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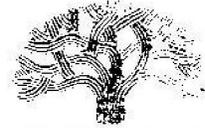
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**FINANCE AND MANAGEMENT AGENCY
ACCOUNTING DIVISION**150 FRANK H. OGAWA PLAZA, SUITE 6353
OAKLAND, CALIFORNIA 94612
(510) 238-3264

March 4, 2005

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 financial position for the fiscal year ended June 30, 2004, 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).

Our Comprehensive Annual Financial Report is presented in three sections:

The **Introductory Section** includes the transmittal letter, information about the organizational structure of the City, the profile of the government, information useful in assessing the financial condition of the City, and the Government Finance Officers Association's (GFOA) Certificate of Achievement.

The **Financial Section** is prepared in accordance with the GASB 34 requirements by including the Management's Discussion and Analysis (MD&A), the Basic Financial Statements including notes and the Required Supplementary Information. The Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present the financial information of each of the City's major funds, as well as non-major governmental, and fiduciary funds. Also included in this section is the Independent Auditors' Report on the basic financial statements.

The **Statistical Section** includes ten years of unaudited summary financial data, debt computations, and a variety of demographic, economic and social information that may be of interest to potential investors in the City's bonds and to other inquiring readers.

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

controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by a group of independent auditing firms that are licensed certified public accountants. The objective of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2004, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2004. The Independent Auditors Report is presented as the first component of the Financial Section of this report.

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

The Reporting Entity and Its Services

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

GASB 34, Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments, retains many of the most popular features of the traditional reporting for state and local governments. It also incorporates these important new features:

- Government-wide financial reporting;
- Management's Discussion and Analysis (MD&A);
- Separate presentation of major funds; and
- Expanded budgetary reporting.

Moreover, GASB 34 requires that states and local governments annually disclose the full net value of all capital assets, including infrastructure assets, in order to comply with generally accepted accounting principles.

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 units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City operations.

Accordingly, we have included the operations of the Oakland Municipal Employees' Retirement System (OMERS), the Police and Fire Retirement System (PFRS), and the Oakland

Redevelopment Agency (Agency) as blended component units. The operations of the Port of Oakland (including the Oakland International Airport) and the Oakland Base Reuse Authority (OBRA) are presented discretely. The Oakland-Alameda County Coliseum Authority (Authority) is a Joint Venture owned and operated by the City and the County of Alameda.

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

Profile of the Government

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

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

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

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

The City provides a full range of services contemplated by statute or charter, including those functions delegated to cities under state law. These services include public safety (police and

fire), sanitation and environmental health enforcement, recreational and cultural activities, public improvements, planning, zoning, and general administrative services.

The City's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes: (1) the programs, projects, services, and activities to be carried out during the fiscal year; (2) the estimated revenue available to finance the operating plan; and (3) the estimated spending requirements for the operating plan. The budget represents a process wherein policy decisions by the Mayor and the City Council are adopted, implemented and controlled. The notes to the required supplementary information summarizes the budgetary roles of various City officials and the timetable for their budgetary actions according to the City Charter. On June 29, 2004, the City Council, during its mid-cycle review, approved the City's revised budget for fiscal year 2004-05.

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

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

Factors Affecting Financial Condition

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

Local Economy. 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 magazines and comments by public officials. For example, the City is:

- "...4th Best commercial real estate market in the country" (Moody's Investors 2003)
- "...8th Best Place for Business in the U.S." (Forbes 2002 Annual Survey);
- "...7th Most Creative City in America" (Carnegie Mellon);
- "...6th Best City to live in the U.S." (Money, Dec. 2002);
- "...leader among America's top ten technology cities." (Newsweek, April 30, 2001); and
- "...uniquely positioned as an excellent point for international business." (Mickey Kanter, former U.S. Secretary of Commerce)

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

Oakland occupies 56 square miles of land with nineteen miles of coastline to the west and magnificent rolling hills to the east. It is the eighth largest city in California with a population of 411,600. Its economy ranks in the top 20 economies in the United States and the 84th largest in the world. Some of the diverse attributes which helped Oakland survive the dot.com bust are:

- Featured as among 10 top technology cities in the future (Newsweek, April 2001)
- Oakland ranked nation's #1 office market through 2005 (Landauer OM Index);
- Commercial building permits issued in 2003 valued at \$278.9 million, 25.5% increase;
- Ranked 3rd in the nation in percentage of women-owned businesses;

Two primary engines that drive the economies of the City in particular and Northern California in general are the Port of Oakland and the Oakland International Airport. Both entities celebrated their 75th anniversaries in 2002 with pride and enthusiasm in meeting the challenges of the new century. Both are investing billions of dollars in major expansion programs in anticipation of the new challenges. Finally, both entities have significant impacts on the City's and the region's economies. For example, in 2003, the Port of Oakland moved \$1.2 billion in agricultural goods. The Port is the primary seaport for more than 70% of California wine, dried fruits, and other edible exports.

In a recent article by the San Francisco Chronicle headlined, "*It's full steam ahead at the Port of Oakland,*" it declared a booming business at the Port benefiting businesses and jobs in 2003. Those benefiting are dockworkers, truckers, rail companies, the California Central Valley farmers, and shipping companies. Ranked the 4th busiest port in the nation, the Port of Oakland handled 99% of Northern California's ocean container cargo with a remarkable growth of 13.8% in containers handled compared to 2002. Part of this tremendous growth is driven by China's booming manufacturing trade and other economies in the Far East.

Downtown Oakland remains the largest center for office development in the East Bay with 15.3 million square feet of office space and 70,000 day time workers. The Shorenstein Company recently completed a 20-story, 450,000 square foot office tower in the City Center that is occupied by various businesses. In a recent announcement, the Ask Jeeves company has agreed to move its operations from Emeryville to Oakland. It signed a lease to occupy 55,803 square feet and will occupy the fourth and fifth floors along with the plaza level in the new tower.

The Community and Economic Development Agency (CEDA) is also working in coordination with the Oakland Commerce Corporation to develop and implement the new Retail Retention

Program. This program will provide technical assistance to assist in the retention and expansion of the 50 top income and top employing retailers, the five retailers with the most growth and the five with the largest decline in sales, and key retailers within target industries to strengthen these industries.

In fiscal year 2002-03, CEDA initiated the Oakland C.A.R.E.S. (Creation, Attraction, Retention and Expansion Services) for Business Program. This program assists existing and new Oakland businesses to increase sales, reduce costs and add more value to their products and services. The City also offers specialized technical assistance to targeted industry groups. These industry groups (Software/Multimedia, Telecommunications, Biotechnology, Transportation, and Food Processing) were chosen for their importance to the local economy and for their potential for growth.

The City's One-Stop Small Business Center (OSSBC) is a focal point for lending and technical assistance efforts surrounding Oakland's Enhanced Enterprise Community and manages the City's contract with the Oakland Business Development Corporation (OBDC), a non-profit local development corporation. Loan recipients include various types of businesses such as a neighborhood market, a bicycle parts and accessories retailer, a clothing store, a restaurant and an art supply store.

Long-term Financial Planning

Mayor's 10K Project: A major initiative launched by Mayor Jerry Brown when he took office in 1999, the 10K Downtown Housing Initiative, is realizing its goal of attracting 10,000 new residents to downtown Oakland by encouraging the development of 6,000 market-rate housing units. A near perfect climate, California's best mass transit system, a central Bay Area location and a growing downtown workforce all contribute to make downtown Oakland a great place to live.

As of July 2004, the 10K Downtown Housing Initiative has resulted in the start and completion of 35 residential projects with 4,969 units. Fifteen projects (1,471 units) have been completed, five projects (350 units) are in construction, thirteen projects (1,436 units) have received planning approvals, and two projects (1,712 units) are in the planning process. The Initiative has literally altered Oakland's skyline with the construction of the Essex on Lake Merritt, the first high-rise residential construction in downtown Oakland in 20 years. To achieve the goal of 10,000 new residents, fewer than 1,200 more units are required.

Cash Management Policies and Practices

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

The City Council receives quarterly reports on the performance of the City's pooled investment program.

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

Risk Management

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

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

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

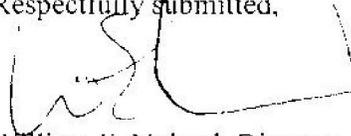
The Certificate of Achievement is valid for a period of one year only. The City of Oakland has received a Certificate of Achievement for 15 of the last 16 years. The City's Fiscal Year 2003-04 CAFR will be submitted to GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting.

Acknowledgements

I would like to express my appreciation to the entire staff of the Finance and Management Agency, and most particularly the Accounting Division, for their professionalism, dedication, and efficiency in the preparation of this report. I also thank Macias, Gini & Company LLP for their assistance and guidance. Finally, I would like to thank the Mayor, members of the City

Council, and the City Administrator for their interest and continuing support in planning and conducting the City's financial operations in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. E. Noland', written over a faint rectangular box.

William E. Noland, Director
Finance and Management Agency

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oakland,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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.



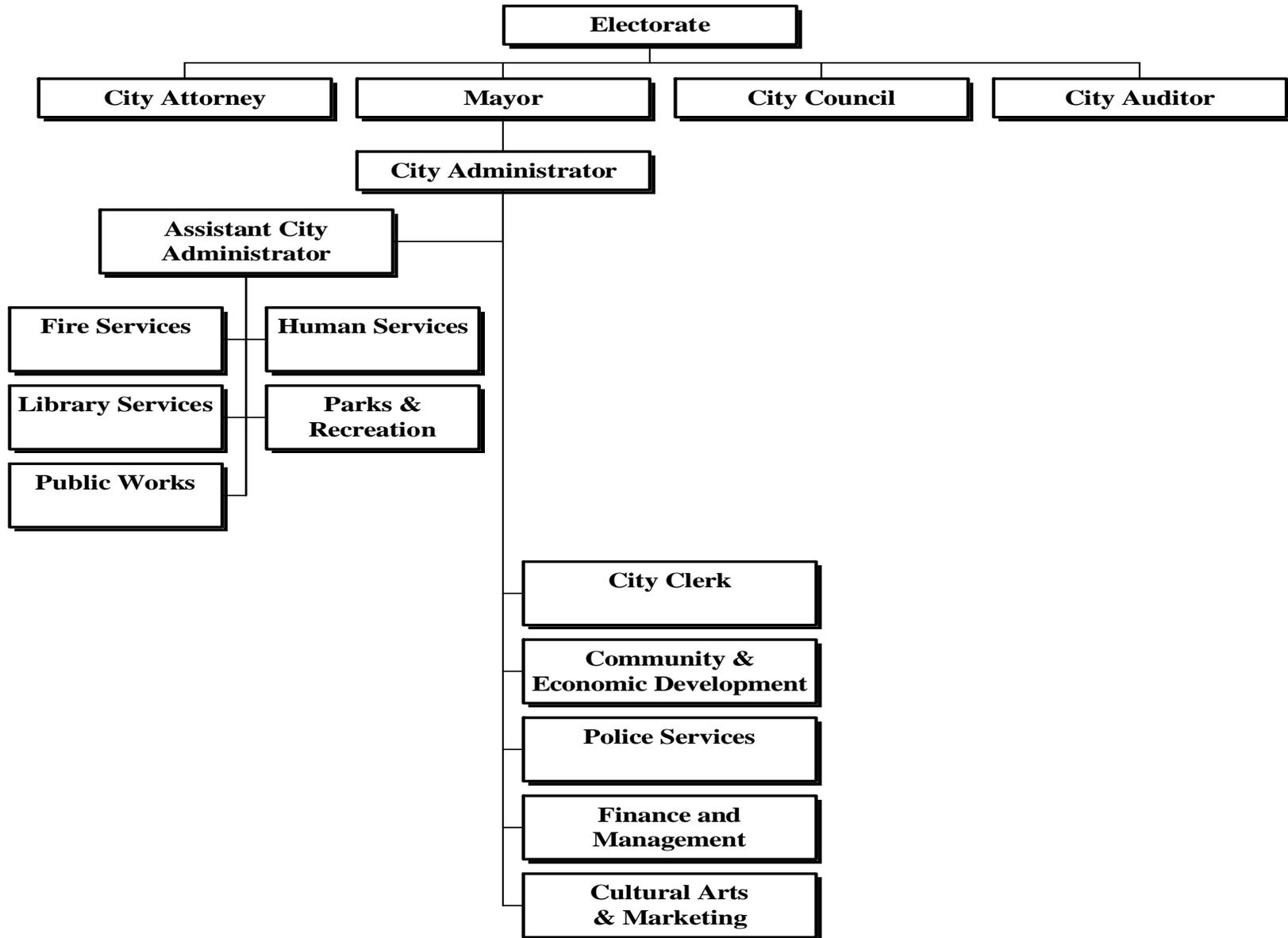
Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

City of Oakland Organization Chart



**DIRECTORY OF CITY OFFICIALS
MAYOR/COUNCIL FORM OF GOVERNMENT
June 30, 2004**

MAYOR

Jerry Brown

MEMBERS OF THE CITY COUNCIL

Ignacio De La Fuente, *President (District 5)*
Henry Chang, Jr., *Vice-Mayor (At Large)*

District 1 – Jane Brunner
District 4 – Jean Quan

District 2 – Danny Wan
District 6 – Desley Brooks

District 3 – Nancy Nadel
District 7 – Larry Reid

COUNCIL APPOINTED OFFICERS

Deborah A. Edgerly, *City Administrator*

Ceda Floyd, *City Clerk*

ELECTED OFFICERS

John Russo, *City Attorney*
Roland Smith, *City Auditor*

AGENCY & DEPARTMENT DIRECTORS

Raul Godinez
Public Works

Audree Jones-Taylor
Parks & Recreation

Carmen Martinez
Library Services

Gerald A. Simon
Fire Services

William E. Noland
Finance & Management

Richard Word
Police Services

Dennis Power
Museum

Andrea Youngdahl
Human Services

Dan Vanderpriem/Claudia Cappio
Community & Economic Development

CITY OF OAKLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

PROJECT TEAM

William E. Noland
Director
Finance and Management Agency

LaRae Brown
Controller

AUDIT/FINANCIAL STATEMENT COORDINATOR

Ace A. Tago, Assistant Controller

FINANCIAL STATEMENT PREPARATION

CAFR Section Leaders

Mercy David
Accountant III (GL Lead)

Bruce Levitch
Accountant III

Theresa Woo
Accountant III

Accounting Team (GL, ORA & GRANTS)

Myrna Bangloy
Ponce Flores
David Warner
Lani Pallotta

Esther Concepcion
Ming Emperador
Connie L. Chu

Carol Hoomanawanui
Norma Torres
Marilyn Tran

ADMINISTRATIVE SUPPORT

Novette G. Flores, Administrative Assistant

SPECIAL ASSISTANCE

Donna Treglown
David Jones

Kathleen Larson
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

MACIAS GINI & COMPANY LLP

Mt. Diablo Plaza
2175 N. California Boulevard, Ste. 645
Walnut Creek, California 94596

925 274.0190 PHONE
925 274.3819 FAX

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oakland, California (City), as of and for the year ended June 30, 2004, 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 Base Reuse Authority (OBRA), which represent 4%, 11%, and 22%, respectively, of the assets, net assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for OBRA, is based on the report 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2005, 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, the schedules of funding progress and the budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the

methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us 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 and the other auditors express no opinion on them.

Macias, Gini & Company LLP

Certified Public Accountants

Walnut Creek, California

February 4, 2005

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, 2004. 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. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The City's total assets exceeded its total liabilities by \$552.7 million as of June 30, 2004, compared to \$519.9 million at June 30, 2003. This represents an increase of 6.3% (\$32.9 million) compared to the previous year.
- The City's cumulative fund balances grew by 6.5% (\$41.8 million) to \$687.3 million compared to \$645.5 million as restated, for last year. This growth is primarily attributed to the remaining bond proceeds from Measure DD and the Administration Building bond issues for City authorized projects that have yet to be implemented.
- At June 30, 2004, the unreserved fund balance for the general fund was \$222.5 million. Of this amount, \$39.8 million is undesignated and represents 8% of general fund expenditures, which is in excess of the City Council's unreserved fund balance policy of 7.5%.
- As of June 30, 2004, the City had total long-term obligations outstanding of \$1.68 billion compared to \$1.63 billion outstanding for the prior fiscal year, an increase of 3%. Of this amount, \$232.0 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.45 billion is comprised of various long term debt instruments including accruals of year-end estimates for other long term liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to introduce the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also includes required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, life enrichment, community and economic development, and public works. The business-type activities of the City include the Sewer Service System and the Parks and Recreation.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

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

Government-wide Financial Analysis

This is the third year that the City has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements-and Management's Discussion and Analysis (MD&A) – for State and Local Governments*. As such, this year's MD&A provides a comparative analysis of government-wide data for two fiscal years.

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, 2004 by \$552.7 million compared to \$519.9 million as of June 30, 2003, an increase of \$32.9 million. The largest portion of the City's net assets (91%) reflects its \$503.0 million of investments in capital assets for governmental activities and business type activities net of related debt. The remaining (9%) reflects \$49.7 million in funding for debt service and other continuing development projects for the City.

City of Oakland's Net Assets
June 30, 2004
(In Thousands)

	Governmental Activities	Business-type Activities	2004 Total	2003 Total
Assets:				
Current and other assets	\$1,448,705	\$ (5,047)	\$1,443,658	\$1,354,894
Capital assets	<u>826,032</u>	<u>119,972</u>	<u>946,004</u>	<u>946,626</u>
TOTAL SSETS	<u>2,274,737</u>	<u>114,925</u>	<u>2,389,662</u>	<u>2,301,520</u>
Liabilities:				
Long-term liabilities outstanding	1,670,833	6,362	1,677,195	1,630,600
Other liabilities	<u>158,607</u>	<u>1,138</u>	<u>159,745</u>	<u>151,060</u>
TOTAL LIABILITIES	<u>1,829,440</u>	<u>7,500</u>	<u>1,836,940</u>	<u>1,781,660</u>
Net assets:				
Invested in capital assets, net of related debt	389,345	113,610	502,955	495,036
Restricted net assets:				
Debt service	70,562		70,562	70,562
Capital projects funds	31,048		31,048	95,743
Urban redevelopment and housing	189,555		189,555	238,187
Other purposes	24,861		24,861	24,861
Unrestricted	<u>(260,074)</u>	<u>(6,185)</u>	<u>(266,259)</u>	<u>(404,529)</u>
TOTAL NET ASSETS	<u>\$ 445,297</u>	<u>\$ 107,425</u>	<u>\$ 552,722</u>	<u>\$ 519,860</u>

The City's investment in capital assets of \$503.0 million, increased by \$7.9 million compared to the previous fiscal year, is attributed to the reduction of long term debt related to capital assets. The City's restricted net assets totaling \$316.0 million represents resources that are subject to external restrictions on how they may be used. The unrestricted deficit is primarily caused by the ORA, which issues bonds and other indebtedness to fund urban development and housing projects that are not capitalized as assets.

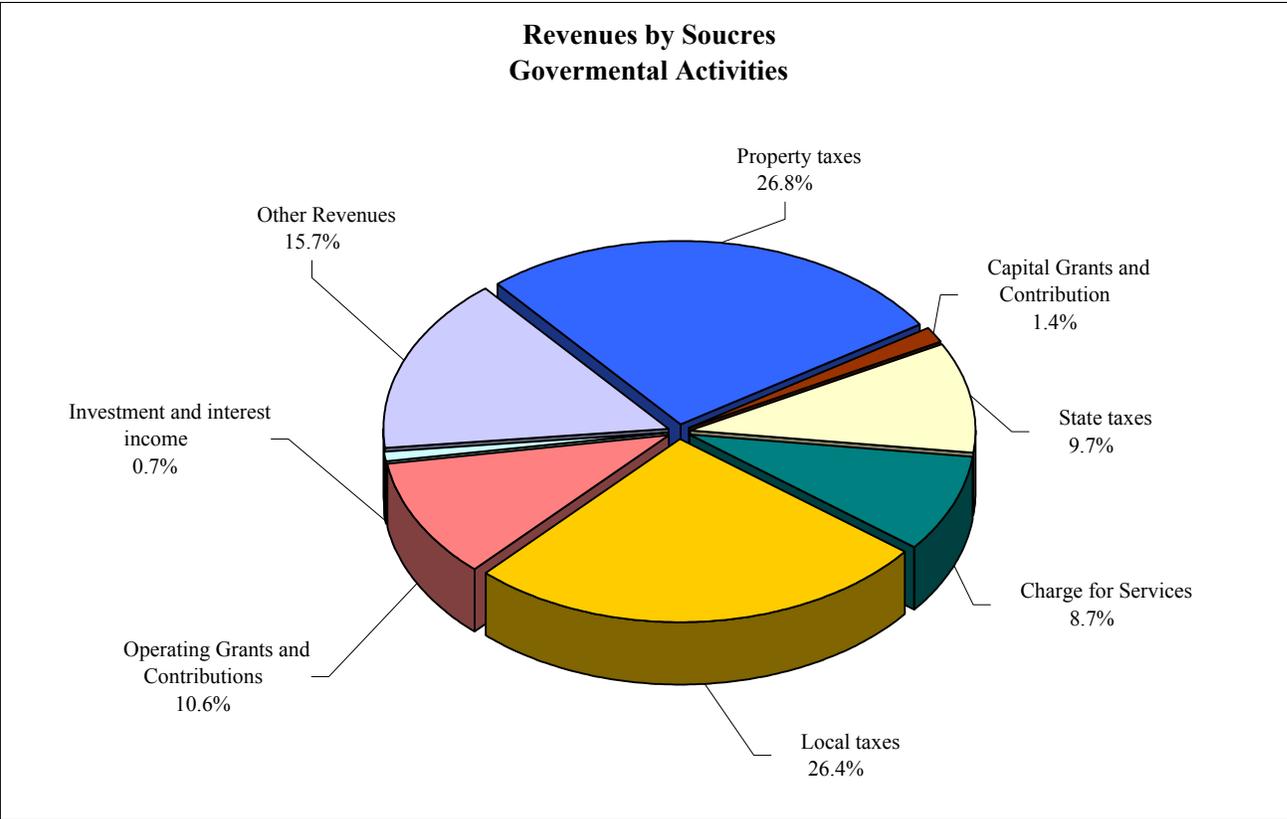
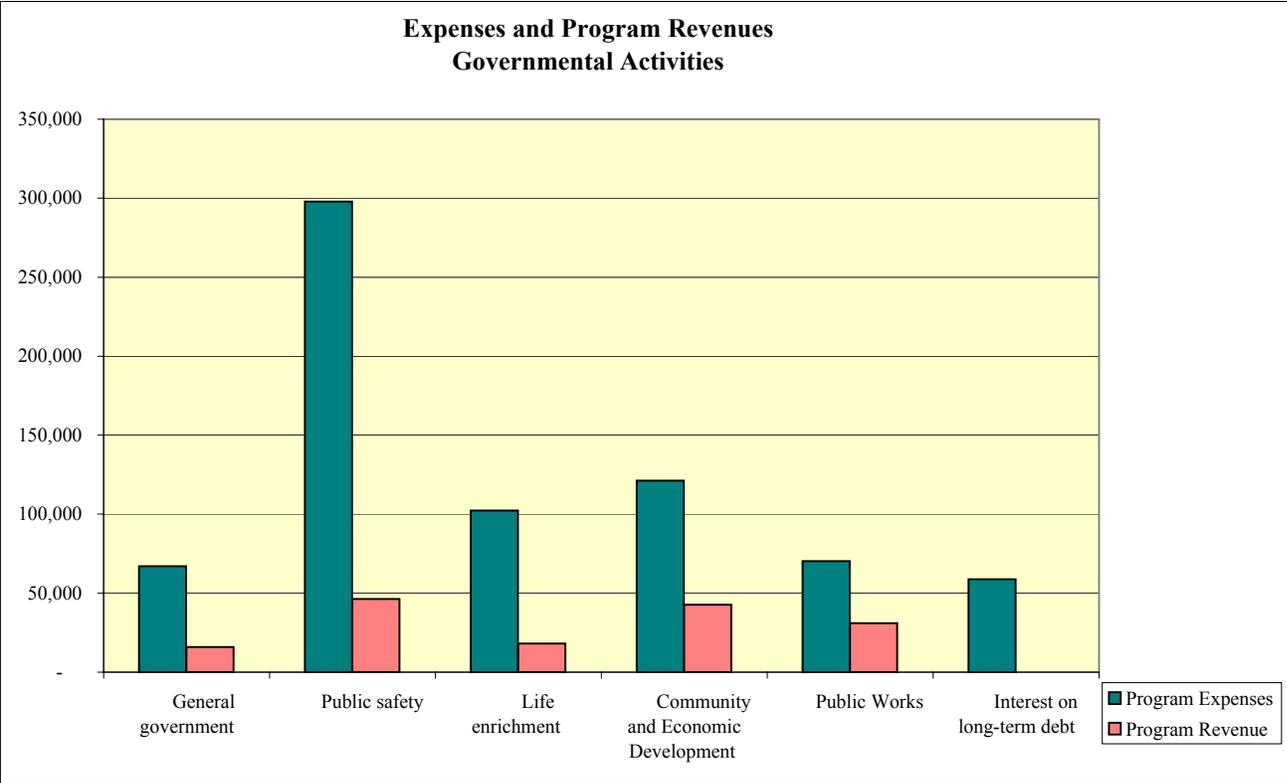
Governmental activities. The City's change in net assets of \$32.9 million for the year ended June 30, 2004 represents an increase of \$7 million compared to \$25.9 million for the prior fiscal year. The key elements of this increase are listed below.

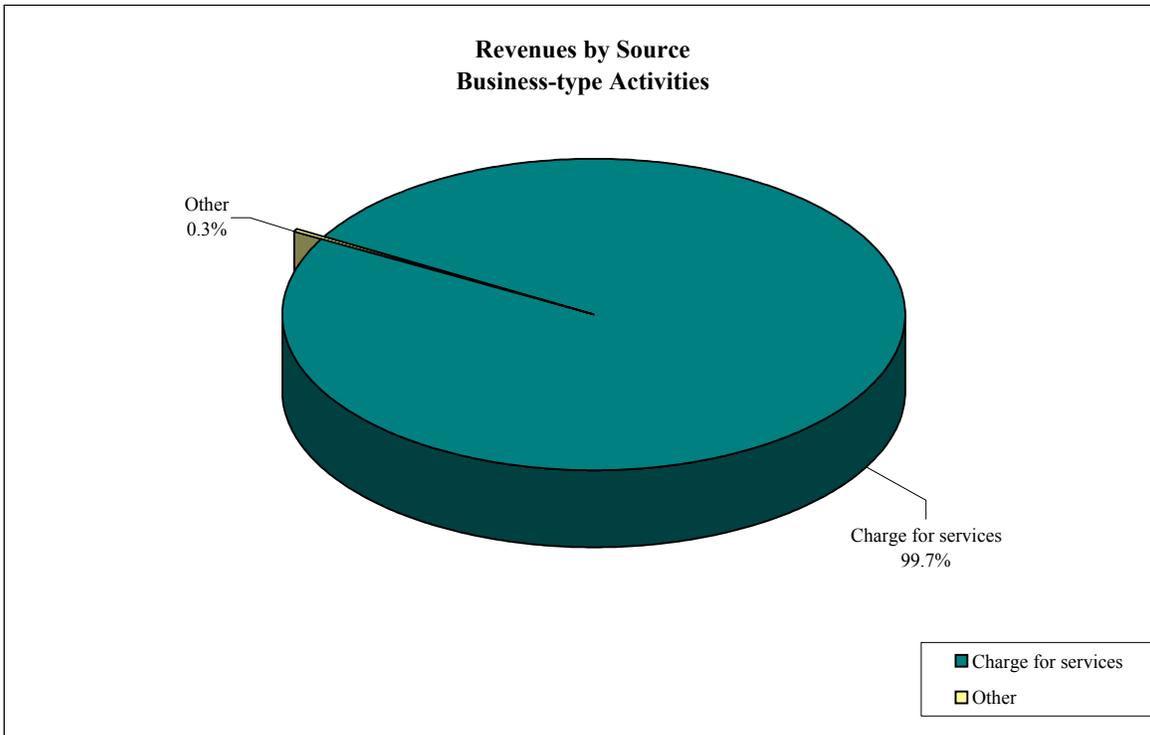
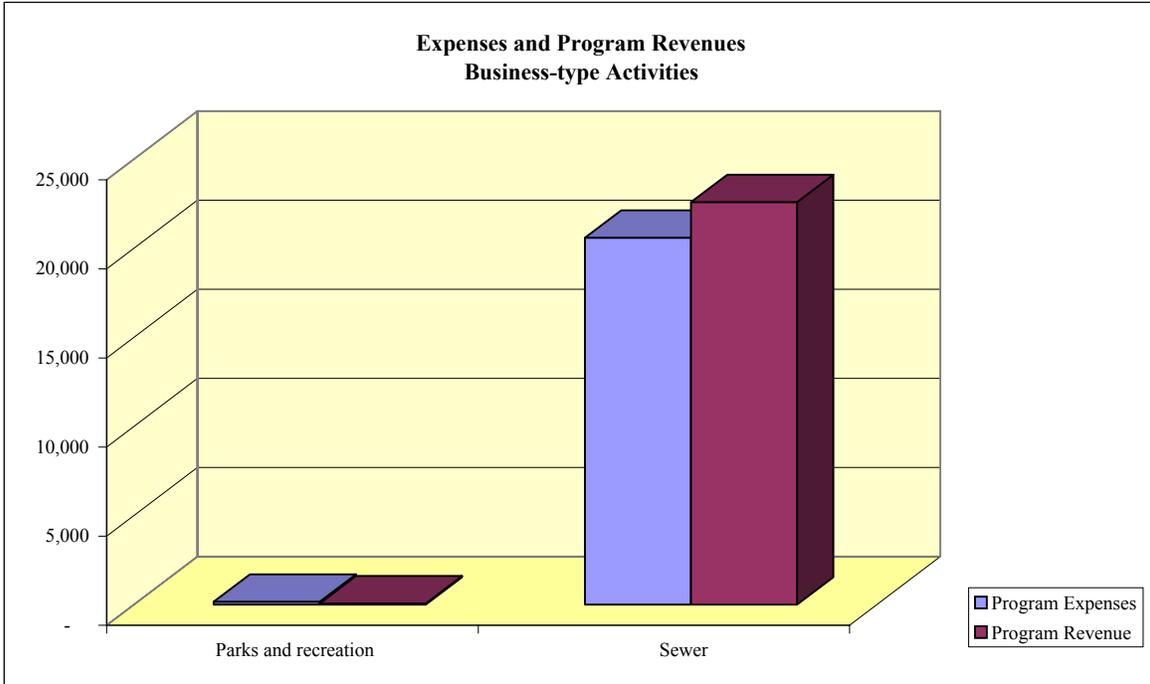
Changes in Net Assets
June 30, 2004
(In Thousands)

	Governmental Activities	Business-type Activities	2004 Total	2003 * Total
Revenues:				
Program revenues:				
Charges for services	\$ 64,832	\$ 22,648	\$ 87,480	\$ 115,773
Operating grants and contributions	78,965		78,965	79,803
Capital grants and contributions	10,366		10,366	9,262
General revenues:				
Property taxes	200,731		200,731	202,297
State taxes	72,906		72,906	79,444
Local taxes	197,873		197,873	199,720
Interest and investment income	5,566	94	5,660	33,375
Other	<u>117,238</u>	<u> </u>	<u>117,238</u>	<u>77,363</u>
TOTAL REVENUES	<u>748,477</u>	<u>22,742</u>	<u>771,219</u>	<u>797,037</u>
Expenses:				
General government	67,069		67,069	95,671
Public safety	297,869		297,869	302,273
Life enrichment	102,314		102,314	105,133
Community & economic development	121,160		121,160	110,400
Public works	70,369		70,369	83,548
Interest on long-term debt	58,020		58,020	56,072
Sewer		20,597	20,597	17,960
Parks and recreation	<u> </u>	<u>159</u>	<u>159</u>	<u>68</u>
TOTAL EXPENSES	<u>717,601</u>	<u>20,756</u>	<u>738,357</u>	<u>771,125</u>
Change in net assets before transfers	30,876	1,986	32,862	25,912
Transfers	<u>600</u>	<u>(600)</u>	<u> </u>	<u> </u>
Change in net assets	31,476	1,386	32,862	25,912
Net assets at beginning of year	<u>413,821</u>	<u>106,039</u>	<u>519,860</u>	<u>493,948</u>
NET ASSETS AT END OF YEAR	<u>\$445,297</u>	<u>\$ 107,425</u>	<u>\$ 552,722</u>	<u>\$ 519,860</u>

* Certain amounts have been reclassified to conform with current year presentation.

- The City's net assets increased by \$7.0 million to \$32.9 million for the year ended June 30, 2004 compared to \$25.9 million as of June 30, 2003. The increase of \$7.0 million is attributed primarily to the City's employees assuming 6% of their retirement contributions and other cost saving measures.
- State taxes declined by \$6.5 million primarily due to the reduction in motor vehicle in lieu taxes from the State.





- The reduction in interest and investment income of \$27.7 million is attributable to the decline in interest rates for the City's pension annuity and the reduction in fair value of investments.
- The increase of \$39.9 million in other revenues is attributed primarily to a revision of the City's allowance for doubtful accounts, as the City re-evaluated the collectibility of its long term notes receivables.
- The \$13.0 million reduction in public works expenditures reflects a backlog of work orders and capital improvement projects which are scheduled to be completed in the new fiscal year
- The increase of \$10.8 million in community and economic development expenditures is attributable to the completion of projects that were carried forward from the previous fiscal year.

Business-type activities. Business-type activities increased the change in its net assets by \$1.4 million for the year ended June 30, 2004. A key element of the increase for Business-type activities is attributed primarily to an 11% annual rate increase and the volume of billings for sewer services as a result of the surge in downtown housing development under the Mayor's 10 K Program. The 10K Program's goal is to develop housing to attract 10,000 new residents to downtown Oakland.

Financial Analysis of the Government's Funds

Governmental funds. The focus of City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2004, the City's governmental funds reported combined ending fund balances of \$687.3 million compared to \$645.5 for the previous fiscal year, as restated. The majority of the \$41.8 million increase is attributed to the remaining bond proceeds from the Administration Building refunding and the partial issuance of Measure DD bonds for improvements to the Lake Merritt Project Area.

At June 30, 2004, the Federal/State Grant Fund ended with a negative fund balance of \$23.1 million compared to a negative fund balance of \$22.1 million for the previous fiscal year. The negative fund balance is due to City advances to pay for grant activities for which the City had recognized grants receivables but deferred revenues for billings to be reimbursed by the grantor agencies.

The Oakland Redevelopment Agency had a fund balance of \$209.6 million as of June 30, 2004 which represents an increase of .8% over the prior fiscal year. The net increase of

\$1.6 million was primarily related to the improvement in property tax revenues in the project areas.

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 \$113.6 million as of June 30, 2004, compared to \$110.5 for the previous fiscal year. During the fiscal year, the City capitalized \$3.1 million in sewer system completed projects, net of depreciation.

General Fund Budgetary Highlights

Differences between the original and the final amended expenditure budget totaling \$8.5 million were due primarily to the determination of actual project carryforwards for continuing appropriations for various multi-year projects, capital improvement projects, and other projects authorized by City Council. The original approved expenditure budget contained only estimates of project carryforwards.

Total general fund actual expenditures compared to the final amended expenditure budget showed net budget savings of \$3.6 million for the year ended June 30, 2004, compared to \$21.1 million in savings for the previous fiscal year. The net savings is attributed to the assumption of the 6% contribution towards retirement by the City employees.

Actual revenues compared to the final amended general fund revenue budget fell below projections by \$3.2 million, compared to \$38.9 million for the previous fiscal year. While state taxes, real estate transfer taxes, fines and penalties, and other income accounted for an increase of \$31.5 million in revenues, this increase was offset by the shortfall in utility consumption tax of \$5.5 million driven by high energy prices, a reduction of \$7.6 million in interest and investment income due to the decline in interest rates for pension annuity, and \$8.4 million below projections for charges for services.

Capital Assets

The City's capital assets, net of depreciation, totaled \$946.0 million as of June 30, 2004 compared to \$946.6 million as of June 30, 2003, a decrease of .07%. Governmental activities additions of \$44.7 million in capital assets included land acquisition and capitalization of infrastructure, facilities improvements, and furniture and equipment which met the City's threshold for capitalization. These additions were offset by retirements and depreciation, the net effect of which was a reduction of \$3.9 million in capital assets for governmental activities. Business activities, primarily the sewer fund, increased its capital assets by \$3.2 million net of retirements and depreciation.

During its mid-cycle review of the fiscal year 2004-05 budget, the City Council committed funding in the amount of \$64.1 million for a number of capital improvement projects. These projects are summarized below (in thousands).

Sewer projects	\$ 40,158
Transportation projects	11,647
Parks improvement projects	1,219
Multi-purpose reserve	7,783
Other projects	<u>3,309</u>
Total Commitments	<u>\$ 64,116</u>

Debt Administration

At the end of the current fiscal year, the City's debt limit (3.75% of \$23.0 billion property valuation net of exemptions subject to taxation) was \$860.8 million. The total amount of debt applicable to the debt limit was \$232.0 million. The resulting legal debt margin was \$628.8 million.

The City of Oakland's underlying ratings for its general obligation bonds as of June 30, 2004, were as follows:

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

As of June 30, 2004, the City had total long-term obligations outstanding of \$1.67 billion compared to \$1.63 billion outstanding for the prior fiscal year, an increase of 3%. Of this amount, \$232.0 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.4 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, 2004 (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 232,045	\$ 167,350	\$	\$ —	\$ 232,045	\$ 167,350
Tax allocation bonds	235,555	246,660		—	235,555	246,660
Certificates of participation	54,780	59,115		—	54,780	59,115
Lease revenue bonds	386,200	382,645		—	386,200	382,645
Pension obligation bonds	388,824	408,849		—	388,824	408,849
Special assessment debt with government commitment	7,940	8,463		—	7,940	8,463
Accreted interest on appreciation bonds	52,863	38,259			52,863	38,259
Sewer-notes payable	—	—	6,362	7,045	6,362	7,045

Less: Deferred amounts						
Bond issuance premiums	11,830	12,366		—	11,830	12,366
Bond refunding loss	<u>(20,333)</u>	<u>(19,924)</u>		<u>—</u>	<u>(20,333)</u>	<u>(19,924)</u>
Total bonds payable	1,349,704	1,303,783	6,362	7,045	1,356,066	1,310,828
Notes payable	46,153	49,448			46,153	49,448
Other long-term obligations	<u>274,976</u>	<u>270,324</u>		<u>—</u>	<u>274,976</u>	<u>270,324</u>
TOTAL OUTSTANDING DEBT	<u>\$1,670,833</u>	<u>\$1,623,555</u>	<u>\$ 6,362</u>	<u>\$ 7,045</u>	<u>\$1,677,195</u>	<u>\$1,630,600</u>

The City’s overall total long term obligations increased by \$46.6 million compared to fiscal year 2003. The net increase is primarily attributable to the defeasance of the City’s Administration Building issue and new bonds issued for Measure DD as detailed below offset by scheduled principal payments. The notes payable and other long-term obligations increased basically because of the additional amounts provided for compensated absences, workers’ compensation, and estimated claims payable for fiscal year 2004.

Summary of New Debt:

Administration Building Interest Rate Swap: The decline in interest rates in recent years provided the City an opportunity to lock in long-term interest rates. On May 21, 2004, the City entered into a floating-to-fixed rate (“fixed-payer”) interest rate swap with the Bank of America, N.A. and UBS AG (“Counterparties”). The swap became effective on June 10, 2004, in conjunction with the issuance of the \$58,600,000 Series A-1 and \$58,600,000 Series A-2 Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds, Oakland Administration Buildings (Auction Rate Securities).

The executed transaction consisted of a \$117,200,000, 22-year interest rate swap under which the City will pay the Counterparties a fixed rate of 3.533% and receive 58% of 1-month London Interbank Offer Rate (LIBOR) plus 35 basis points (100 basis points equals 1%).

The City was able to take advantage of current market conditions and create synthetic fixed-rate debt at a very favorable rate. In addition to the decline in the general level of interest rates and after careful review, the City elected to utilize percentage (58%) of LIBOR plus a margin (35 basis points) versus a straight percentage of LIBOR to reduce the basis risk in a lower rate environment (current environment).

General Obligation Bonds, Series 2003A (Measure DD): On August 6, 2003, the City issued \$71,450,000 of General Obligation Bonds, Series 2003A, Measure DD. The bonds have interest rates of 2.50% to 5.00% and mature in 2032. These bonds constitute a portion of the total authorized amount of \$198,250,000 bonds duly approved by at least two-thirds of the voters voting on Measure DD at the City election held on November 2, 2002.

These bonds provided funds to acquire and construct water quality improvements for and related to Lake Merritt, Lake Merritt Channel, the Estuary and creeks in Oakland; improve, renovate and construct youth and public recreational facilities; rehabilitate and

acquire parks, open space and other recreational, safety and maintenance facilities; and provide safe public access to Lake Merritt, Lake Merritt Channel and the Estuary.

GE Capital: On March 22, 2004, the City executed a note with a stated interest rate of 3.75% with GE Capital in the amount of \$3.9 million to fund the acquisition of a computer server. The General Fund and the Municipal Improvement Capital Fund will repay the note. The final payment will be made on April 7, 2009.

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

Economic Factors and Next Year's Budgets and Tax Rates

The economic indicators highlighted below, among others and including labor union contracts, were factored into the City's budget formulation process as they relate to revenue forecasting, program planning, and resource allocation for fiscal year 2004-05.

- The City of Oakland's unemployment rate was 5.9% in January 2004, up from a revised 5.7% in December 2003. This compares with an unemployment rate of 6.1% for California and 5.6% for the nation during the same period.
- The increase in the Consumer Price Index for the Bay Area was 1.9% in 2004 compared to 1.8% in 2003.
- Oakland's vacancy rate for class A and B office space has dropped to 10.2% for the 2004 third quarter compared to 10.9% for the 2003 third quarter. By comparison, the 2004 third quarter Class A vacancy rates for the City of San Francisco and the Silicon Valley were 19.7% and 19.7%, respectively.
- For the 2003 fourth quarter, the average rental rate range per square foot for the City ranged from \$1.05 to \$2.66 compared to \$2.25 for San Francisco and \$2.52 for the Silicon Valley.
- Increases in expenditures due to new union contracts, CalPers pension rates, and healthcare costs have been factored into the City's Fiscal Year 2004-05 budget without raising or imposing new taxes.

Requests for Information

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

City of Oakland
Statement of Net Assets
June 30, 2004
(In Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port of Oakland	Oakland Base Reuse Authority
ASSETS					
Cash and investments	\$ 236,448	\$ 4,570	\$ 241,018	\$ 97,616	\$ 5,936
Receivables (net of allowance for uncollectibles of \$11,417)					
Accrued interest	1,199	-	1,199	619	-
Property taxes	10,225	-	10,225	-	-
Accounts receivable	57,974	3,061	61,035	42,113	544
Grants receivable	24,270	-	24,270	-	92
Due from component unit	25,769	-	25,769	-	-
Internal balances	12,678	(12,678)	-	-	-
Due from other governments	6	-	6	-	-
Due from pension trust fund	2,376	-	2,376	-	-
Notes and loans receivable (net of allowance for uncollectibles of \$5,615)	174,201	-	174,201	-	-
Restricted assets:					
Cash and investments	430,214	-	430,214	501,515	10,690
Receivables				6,285	
Inventories	1,206	-	1,206	-	-
Capital assets:					
Land and other assets not being depreciated	83,687	3,104	86,791	499,486	-
Facilities, infrastructure, and equipment, net of depreciation	742,345	116,868	859,213	1,271,713	977
Property held for resale	71,501	-	71,501	-	79,778
Unamortized bond issuance costs	19,209	-	19,209	-	-
Net pension asset	381,370	-	381,370	-	-
Other	59	-	59	116,366	-
TOTAL ASSETS	<u>2,274,737</u>	<u>114,925</u>	<u>2,389,662</u>	<u>2,535,713</u>	<u>98,017</u>
LIABILITIES					
Accounts payable and other current liabilities	130,494	1,058	131,552	41,386	532
Accrued interest payable	10,747	-	10,747	36,238	-
Due to other governments	2,548	-	2,548	-	5,400
Due to primary government	-	-	-	23,697	2,072
Unearned revenue	9,113	80	9,193	75,913	1,054
Matured bonds and interest payable	520	-	520	-	-
Other	5,185	-	5,185	38,780	697
Noncurrent liabilities:					
Due within one year	142,680	706	143,386	49,432	-
Due in more than one year	1,528,153	5,656	1,533,809	1,561,454	-
TOTAL LIABILITIES	<u>1,829,440</u>	<u>7,500</u>	<u>1,836,940</u>	<u>1,826,900</u>	<u>9,755</u>
NET ASSETS (deficit)					
Invested in capital assets, net of related debt	389,345	113,610	502,955	483,659	977
Restricted net assets					
Debt Service	70,562	-	70,562	175,229	-
Capital projects	31,048	-	31,048	-	-
Urban redevelopment and housing	189,555	-	189,555	-	81,349
Other purposes	24,861	-	24,861	-	-
Unrestricted net assets (deficit)	(260,074)	(6,185)	(266,259)	49,925	5,936
TOTAL NET ASSETS	<u>\$ 445,297</u>	<u>\$ 107,425</u>	<u>\$ 552,722</u>	<u>\$ 708,813</u>	<u>\$ 88,262</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, 2004
(In Thousands)

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total	Port of Oakland	Oakland Base Reuse Authority
			Grants and Contributions	Grants and Contributions					
Primary government:									
Governmental activities:									
General government	\$ 67,069	\$ 14,913	\$ 952	\$ -	\$ (51,204)	\$ -	\$ (51,204)		
Public safety	297,869	38,959	7,316	-	(251,594)	-	(251,594)		
Life enrichment	102,314	73	18,145	-	(84,096)	-	(84,096)		
Community and economic development	121,160	7,287	25,047	10,366	(78,460)	-	(78,460)		
Public works	70,369	3,600	27,505	-	(39,264)	-	(39,264)		
Interest on long-term debt	58,820	-	-	-	(58,820)	-	(58,820)		
TOTAL GOVERNMENTAL ACTIVITIES	717,601	64,832	78,965	10,366	(563,438)	-	(563,438)		
Business-type activities:									
Sewer	20,597	22,590	-	-	-	1,993	1,993		
Park and recreation	159	58	-	-	-	(101)	(101)		
TOTAL BUSINESS-TYPE ACTIVITIES	20,756	22,648	-	-	-	1,892	1,892		
TOTAL PRIMARY GOVERNMENT	\$ 738,357	\$ 87,480	\$ 78,965	\$ 10,366	(563,438)	1,892	(561,546)		
Component units:									
Port of Oakland	\$ 310,030	\$ 232,535	\$ 5,936	\$ 44,795				\$ (26,764)	
Oakland Base Reuse Authority	\$ 13,152	\$ 7,206	\$ -	\$ 77,624					\$ 71,678
General revenues:									
Property taxes					200,731	-	200,731	-	-
State taxes					72,906	-	72,906	-	-
Local taxes					197,873	-	197,873	-	-
Interest and investment income					5,566	94	5,660	3,653	213
Other					117,238	-	117,238	12,874	-
Transfers					600	(600)	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					594,914	(506)	594,408	16,527	213
Changes in net assets					31,476	1,386	32,862	(10,237)	71,891
NET ASSETS - BEGINNING					413,821	106,039	519,860	719,050	16,371
NET ASSETS - ENDING					\$ 445,297	\$ 107,425	\$ 552,722	\$ 708,813	\$ 88,262

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

CITY OF OAKLAND
Balance Sheet
Governmental funds
June 30, 2004
(In Thousands)

	General	Federal/State Grant Funds	Oakland Redevelopment Agency	Municipal Capital Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 51,902	\$ -	\$ 99,485	\$ 24,297	\$ 57,264	\$ 232,948
Receivables (net of allowance for uncollectibles of \$10,033):						
Accrued interest	429	-	232	173	365	1,199
Property taxes	3,161	531	2,731	21	3,781	10,225
Accounts receivable	49,669	2,951	201	1	5,032	57,854
Grants receivable	-	24,248	-	-	22	24,270
Due from component unit	24,527	-	-	-	1,242	25,769
Due from other funds	67,378	3,151	29,449	-	4,679	104,657
Due from other governments	-	-	6	-	-	6
Notes and loans receivable (net of allowance for uncollectibles of \$5,615)	37,059	76,814	45,851	-	14,477	174,201
Restricted cash and investments	172,468	2,576	46,081	129,512	64,897	415,534
Property held for resale	-	-	71,501	-	-	71,501
Other	35	24	-	-	-	59
TOTAL ASSETS	\$ 406,628	\$ 110,295	\$ 295,537	\$ 154,004	\$ 151,759	\$ 1,118,223
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 114,151	\$ 4,212	\$ 5,607	\$ 1,195	\$ 5,299	\$ 130,464
Due to other funds	23,571	22,702	9,197	-	12,169	67,639
Due to other governments	-	-	213	-	2,335	2,548
Deferred revenue	31,633	106,504	70,526	21	15,908	224,592
Matured bonds and interest payable	-	-	-	520	-	520
Other	3,965	-	389	612	219	5,185
TOTAL LIABILITIES	173,320	133,418	85,932	2,348	35,930	430,948
Fund balances (deficit)						
Reserved:						
Encumbrances	4,779	12,362	-	1,967	2,694	21,802
Long term receivables	6,000	-	-	-	2,659	8,659
Debt service	-	-	-	-	56,652	56,652
Property held for resale	-	-	71,501	-	-	71,501
Capital project	-	-	136,640	-	-	136,640
Unreserved/(deficit) reported in:						
General fund	222,529	-	-	-	-	222,529
Special revenue funds	-	(35,485)	-	-	40,189	4,704
Capital project funds	-	-	1,464	149,689	13,635	164,788
TOTAL FUND BALANCES (DEFICIT)	233,308	(23,123)	209,605	151,656	115,829	687,275
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 406,628	\$ 110,295	\$ 295,537	\$ 154,004	\$ 151,759	\$ 1,118,223

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, 2004
 (In Thousands)

Fund balances - total governmental funds \$ 687,275

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 799,589

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. 19,209

Net pension asset is recognized in 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. 381,370

Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due. (9,354)

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. 215,479

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,648,521)

Internal service funds are used by the City to charge the costs of providing supplies and services such as printing, reproduction, and mailing 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. 250

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 445,297

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

CITY OF OAKLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2004
(In Thousands)

	General	Federal/State Grant Funds	Oakland Redevelopment Agency	Municipal Capital Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 109,927	\$ -	\$ 53,330	\$ -	\$ 37,389	\$ 200,646
State:						
Sales and use	36,464	-	-	-	11,296	47,760
Motor vehicle in-lieu	18,178	-	-	-	-	18,178
Gas	-	-	-	-	6,968	6,968
Local:						
Business license	44,223	-	-	-	-	44,223
Utility consumption	48,056	-	-	-	-	48,056
Real estate transfer	55,665	-	-	-	-	55,665
Transient occupancy	9,857	-	-	-	-	9,857
Parking	9,799	-	-	-	-	9,799
Voter approved special tax	-	5,205	-	-	-	5,205
Franchise	11,592	-	-	-	-	11,592
Licenses and permits	13,453	-	-	-	23	13,476
Fines and penalties	26,817	201	-	-	1,171	28,189
Interest and investment income (loss)	(5,100)	1,558	3,754	2,482	4,978	7,672
Charges for services	56,883	207	5,750	55	4,281	67,176
Federal and state grants and subventions	2,147	63,169	-	113	14,489	79,918
Other	23,276	6,828	4,312	4,657	9,535	48,608
TOTAL REVENUES	461,237	77,168	67,146	7,307	90,130	702,988
EXPENDITURES						
Current:						
Elected and Appointed Officials:						
Mayor	1,767	-	-	9	204	1,980
Council	2,265	7	-	313	1,021	3,606
City Manager	6,117	36	-	669	1,772	8,594
City Attorney	7,518	320	-	7	2,524	10,369
City Auditor	984	-	-	-	32	1,016
City Clerk	1,959	-	-	6	59	2,024
Agencies/Departments:						
Personnel Resource Management	3,783	-	-	-	-	3,783
Information Technology	9,033	-	-	1,812	8	10,853
Financial Services	18,247	231	-	40	3,821	22,339
Police Services	160,114	4,989	-	-	1,072	166,175
Fire Services	87,516	693	-	885	2,448	91,542
Life Enrichment:						
Administration	1	-	-	-	-	1
Parks and Recreation	15,841	149	-	-	13,455	29,445
Library	10,497	7,454	-	116	393	18,460
Museum	7,822	-	-	263	242	8,327
Marketing	1,516	25	-	-	826	2,367
Aging & Health and Human Services	5,668	24,775	-	-	2,795	33,238
Cultural Arts	14	4	-	23	-	41
Community and Economic Development	20,152	22,467	38,813	155	11,201	92,788
Public Works	27,475	5,084	-	4,972	22,797	60,328
Other	20,103	945	-	1,500	7,824	30,372
Capital outlay	4,060	9,386	-	8,447	2,886	24,779
Debt service:						
Principal repayment	390	961	11,105	495	48,880	61,831
Bond issuance costs	-	-	-	12,874	-	12,874
Interest charges	349	687	15,634	3	46,224	62,897
TOTAL EXPENDITURES	413,191	78,213	65,552	32,589	170,484	760,029
EXCESS (DEFICIENCY) OF REVENUES						
OVER (UNDER) EXPENDITURES	48,046	(1,045)	1,594	(25,282)	(80,354)	(57,041)
OTHER FINANCING SOURCES (USES)						
Issuance of refunding bonds	-	-	-	188,650	-	188,650
Proceeds from notes issuance	3,927	-	-	-	-	3,927
Premiums on issuance of bonds	-	-	-	587	-	587
Payment to refunding bond escrow agent	-	-	-	(96,395)	-	(96,395)
Property sale proceeds	1,497	-	-	-	-	1,497
Transfers in	6,300	-	-	8,781	80,323	95,404
Transfers out	(79,580)	-	-	(6,443)	(8,781)	(94,804)
TOTAL OTHER FINANCING SOURCES (USES)	(67,856)	-	1,594	95,180	71,542	98,866
NET CHANGE IN FUND BALANCES	(19,810)	(1,045)	1,594	69,898	(8,812)	41,825
Fund balances (deficit) - beginning, as originally reported	253,118	(22,078)	189,425	81,758	124,641	626,864
Restatement	-	-	18,586	-	-	18,586
Fund balances (deficit) - beginning, as restated	253,118	(22,078)	208,011	81,758	124,641	645,450
FUND BALANCES (DEFICIT) - ENDING	\$ 233,308	\$ (23,123)	\$ 209,605	\$ 151,656	\$ 115,829	\$ 687,275

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

CITY OF OAKLAND
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds to the
 Statement of Activities of Governmental Activities
 Year Ended June 30, 2004
 (In Thousands)

Net change in fund balances - total governmental funds		\$ 41,825
Amounts reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		86
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		85
Revenues that do not provide current financial resources are not reported as revenues in the funds. This represents the change in the deferred amounts during the current period.		43,285
Some expenses such as claims and vacation and sick leave reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(13,336)
Amortization of the net pension asset reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.		(6,367)
Some expenditures reported in the governmental funds pertain to the establishment of deferred revenue to offset long-term pass through loans when the loan funds are disbursed thereby reducing fund balance. In the government-wide statements, however, the issuance of long-term pass through loans does not affect the statement of activities.		5,414
Bond issuance costs are expended in governmental funds when paid, and are deferred and amortized over the life of the corresponding bonds for purposes of the statement of net assets. This is the amount by which current year bond issuance costs exceeded amortization expense in the current period.		12,120
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 financial resources of 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.		
Principal payments		61,831
Payment to escrow agent for refunded debt		96,395
Issuance of bonds and notes		(191,990)
Premium on bond proceeds		(587)
Difference		<u>(34,351)</u>
Amortization of bond premiums		1,123
Amortization of refunding loss		(2,551)
Additional accrued and accreted interest calculated on bonds and notes payable		(8,932)
The net loss of activities of internal service funds is reported with governmental activities		<u>(6,925)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 31,476</u>

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

CITY OF OAKLAND
Statement of Net Assets
Proprietary Funds
June 30, 2004
(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ -	\$ 4,570	\$ 4,570	\$ 3,500
Accounts receivables (net of uncollectibles of \$874 and \$510 for the enterprise funds and internal service funds, respectively)	3,032	29	3,061	120
Inventories	-	-	-	1,206
Restricted cash and investments	-	-	-	14,680
Total current assets	3,032	4,599	7,631	19,506
Noncurrent Assets:				
Capital assets:				
Land and other assets not being depreciated	2,886	218	3,104	310
Facilities and equipment, net of depreciation	114,851	2,017	116,868	26,133
Total noncurrent assets	117,737	2,235	119,972	26,443
TOTAL ASSETS	120,769	6,834	127,603	45,949
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	1,037	21	1,058	1,423
Due to other funds	12,678	-	12,678	21,964
Deferred revenue	80	-	80	-
Bonds, notes and other payables	706	-	706	5,597
Total current liabilities	14,501	21	14,522	28,984
Noncurrent Liabilities:				
Bonds, notes and other payables	5,656	-	5,656	16,715
Total noncurrent liabilities	5,656	-	5,656	16,715
TOTAL LIABILITIES	20,157	21	20,178	45,699
NET ASSETS				
Invested in capital assets, net of related debt	111,375	2,235	113,610	4,131
Unrestricted (deficit)	(10,763)	4,578	(6,185)	(3,881)
TOTAL NET ASSETS (DEFICIT)	\$ 100,612	\$ 6,813	\$ 107,425	\$ 250

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

CITY OF OAKLAND
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2004
(In Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	Sewer Service	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
OPERATING REVENUES				
Rental	\$ -	\$ 58	\$ 58	\$ -
Sewer services	21,079	-	21,079	-
Charges for services	-	-	-	31,781
Other	1,511	-	1,511	104
TOTAL OPERATING REVENUES	<u>22,590</u>	<u>58</u>	<u>22,648</u>	<u>31,885</u>
OPERATING EXPENSES				
Personnel	11,008	11	11,019	14,319
Supplies	398	-	398	4,633
Depreciation and amortization	3,429	141	3,570	5,444
Contractual services and supplies	1,473	-	1,473	285
Repairs and maintenance	96	-	96	2,130
General and administrative	3,080	1	3,081	3,872
Rental	744	6	750	1,425
Other	-	-	-	5,783
TOTAL OPERATING EXPENSES	<u>20,228</u>	<u>159</u>	<u>20,387</u>	<u>37,891</u>
OPERATING INCOME (LOSS)	<u>2,362</u>	<u>(101)</u>	<u>2,261</u>	<u>(6,006)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	-	94	94	116
Interest expense	(369)	-	(369)	(1,199)
Other, net	-	-	-	164
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(369)</u>	<u>94</u>	<u>(275)</u>	<u>(919)</u>
INCOME (LOSS) BEFORE TRANSFERS	1,993	(7)	1,986	(6,925)
Transfers out	(600)	-	(600)	-
Change in net assets	1,393	(7)	1,386	(6,925)
Net Assets - Beginning	99,219	6,820	106,039	7,175
NET ASSETS - ENDING	<u>\$ 100,612</u>	<u>\$ 6,813</u>	<u>\$ 107,425</u>	<u>\$ 250</u>

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

CITY OF OAKLAND
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2004
(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental
	Sewer Service	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers, including other funds and cash deposits	\$ 20,905	\$ (1)	\$ 20,904	\$ 31,904
Cash received from tenants for rents	-	58	58	
Cash paid to employees for services	(11,008)	(11)	(11,019)	(14,319)
Cash paid to suppliers for goods & services	(1,585)	14	(1,571)	(10,455)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>8,312</u>	<u>60</u>	<u>8,372</u>	<u>7,130</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(600)	-	(600)	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	(6,660)	(155)	(6,815)	(1,491)
Repayment of long-term debt	(683)	-	(683)	(5,383)
Interest paid on long-term debt	(369)	-	(369)	(1,199)
NET CASH USED IN CAPITAL FINANCING ACTIVITIES	<u>(7,712)</u>	<u>(155)</u>	<u>(7,867)</u>	<u>(8,073)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	-	94	94	116
Other investing activities	-	-	-	164
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>94</u>	<u>94</u>	<u>280</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>(663)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>-</u>	<u>4,571</u>	<u>4,571</u>	<u>18,843</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ -</u>	<u>\$ 4,570</u>	<u>\$ 4,570</u>	<u>\$ 18,180</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,362	\$ (101)	\$ 2,261	\$ (6,006)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Depreciation and amortization	3,429	141	3,570	5,444
Changes in assets and liabilities:				
Receivables	(1,565)	(1)	(1,566)	19
Inventories	-	-	-	(186)
Accounts payable and accrued liabilities	(4)	21	17	136
Deferred revenue	(120)	-	(120)	-
Due to other funds	4,210	-	4,210	7,723
Total adjustments	<u>5,950</u>	<u>161</u>	<u>6,111</u>	<u>13,136</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 8,312</u>	<u>\$ 60</u>	<u>\$ 8,372</u>	<u>\$ 7,130</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS				
Cash and investments	\$ -	\$ 4,570	\$ 4,570	\$ 3,500
Restricted cash and investments	-	-	-	14,680
TOTAL	<u>\$ -</u>	<u>\$ 4,570</u>	<u>\$ 4,570</u>	<u>\$ 18,180</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, 2004
(In Thousands)

	Pension Trust Funds	Private Purpose Trust Fund
ASSETS		
Cash and investments	\$ 22,664	\$ 4,873
Receivables:		
Accrued interest and dividends	2,274	23
Investments and contributions	71,683	-
Restricted:		
Cash and investments	659,955	-
Securities lending collateral	43,556	-
TOTAL ASSETS	<u>800,132</u>	<u>4,896</u>
LIABILITIES		
Accounts payable and accrued liabilities	124,630	5
Due to other funds	2,376	-
Securities lending collateral	43,556	-
Other	-	7
TOTAL LIABILITIES	<u>170,562</u>	<u>12</u>
NET ASSETS		
Net assets held in trust	<u>\$ 629,570</u>	<u>\$ 4,884</u>

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

CITY OF OAKLAND
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2004
(In Thousands)

	Pension Trust Funds	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Member contributions	\$ 29	\$ -
City contributions	-	5,765
Total contributions	29	5,765
Trust receipts	-	547
Investment income:		
Net appreciation in fair value of investments	64,622	-
Interest	11,742	12
Dividends	4,669	-
Securities lending	633	-
TOTAL INVESTMENT INCOME	81,666	12
Less investment expenses:		
Investment expenses	(1,779)	-
Borrowers rebates and other agent fees on securities lending transactions	(450)	-
Total investment expenses	(2,229)	-
NET INVESTMENT INCOME	79,437	12
TOTAL ADDITIONS	79,466	6,324
DEDUCTIONS:		
Benefits to members and beneficiaries:		
Retirement	44,669	-
Disability	24,588	-
Death	2,119	-
TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES	71,376	-
Administrative expenses	1,242	1
Change in payable to City	(522)	-
Transfer to CALPERS	1,494	-
Termination refunds of employees' contributions	180	-
Police services	-	1,862
TOTAL DEDUCTIONS	73,770	1,863
Change in net assets	5,696	4,461
NET ASSETS - BEGINNING	623,874	423
NET ASSETS - ENDING	\$ 629,570	\$ 4,884

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

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CITY OF OAKLAND
Notes to Basic Financial Statements
Year Ended June 30, 2004

(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) and the Oakland Base Reuse Authority (OBRA) are the City's discretely presented component units and are reported in separate columns in the government-wide financial statements to emphasize that they possess characteristics that they are legally separate from the City. Although the Port and OBRA have a significant relationship with the City, the entities are fiscally independent and do not provide services solely to the City and, therefore, are 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. It is reported in other governmental funds.

The Oakland Joint Powers Financing Authority (JPFA) was formed to assist in the financing of public capital improvements. JPFA is a joint exercise agency organized under the laws of the State of California and is composed of the City and the Agency. JPFA transactions are reported in other governmental funds. Related debt is included in the long-term obligations of the City in the governmental activities column of the government-wide statement of net assets.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Discretely Presented Component Units

The Port is a legally separate component unit established in 1927 by the City. Operations include the Oakland International Airport; the Port of Oakland Marine Terminal Facilities; and commercial real estate which includes Oakland Portside Associates (OPA), a California limited partnership, and the Port of Oakland Public Benefit Corporation (Port-PBC), a nonprofit benefit corporation. OPA and Port-PBC were dissolved effective June 30, 2004, and all assets were transferred to the Port. 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.

The Oakland Base Reuse Authority (“OBRA”) was established in 1995 as a Joint Powers Authority (“JPA”) by the City; the Agency; and the County of Alameda (County). OBRA was established to assure the effective transition of military facilities in Oakland that have been or may be selected for closure. OBRA currently is assuming the effective transition of the Oakland Army Base (“OARB”) to the Agency and the Port. Effective July 1, 2003, the governing body amended the JPA agreement, which among other things, changed the composition of the governing body, reducing it to a five-member board consisting of the Mayor of Oakland and four other members of the Oakland City Council (which does not represent the majority of the City Council and therefore the Board is not substantively the same as the City Council).

The votes of a majority of the Governing Body are required to take action on most matters. The revised Joint Powers Assessment requires OBRA to deposit its revenues in the City treasury. The City is responsible for investing and managing such funds. The OBRA 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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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 potential component units were individually significant to the City's reporting entity.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

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

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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

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

The County of Alameda is responsible for assessing, collecting and distributing property taxes in accordance with enabling state law, and for remitting such amounts to the City. Property taxes are assessed and levied as of July 1 on all taxable property located in the City, and result in a lien on real property. Property taxes are then due in two equal installments, the first on November 1 and the second on February 1 of the following calendar year, and are delinquent after December 10 and April 10, respectively. General property taxes are limited to a flat 1% rate applied to the 1975-76 full value of the property, or 1% of the sales price of the property or of the construction value added after the 1975-76 valuation. Assessed values on properties (exclusive of increases related to sales and construction) can rise a maximum of 2% per year. Taxes were levied at the maximum 1% rate during the year ended June 30, 2004.

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 revenue relating to redevelopment projects. Expenditures are comprised

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

of land acquisitions and improvements and all other costs inherent in redevelopment activities.

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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

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

Cash and Investments

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

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

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

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

Due From/Due To Other Funds and Internal Balances

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

wide financial statements, these receivables and payables are eliminated within the governmental activities and business-type activities columns. Net receivables and payables between the governmental activities and business-type activities are classified as internal balances.

Interest Rate Swap Agreements

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

Inter-fund Transfers

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

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

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

Bond Issuance Costs and Discounts/Premiums

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

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Inventories

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

Capital Assets

Capital assets, which include land, 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, ORA, 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. The collection is not capitalized as part of the capital assets of the City.

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

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

Property Held for Resale

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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 15 for the accounting treatment of the net pension asset.

Compensated Absences

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

Retirement Plans

City employees participate in one of three defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS), and California Public Employees' Retirement System (PERS). 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 15 for additional information.

Refunding of Debt

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

Fund Balances

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

Reserve for Encumbrances – Encumbrances outstanding at fiscal year end are reported as reservations of fund balances and the related appropriation is automatically carried forward

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

into the next fiscal year. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

Reserve for Debt Service – This fund balance is reserved for the payment of debt service requirements in subsequent years.

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.

Portions of unreserved fund balances have been designated to indicate those portions of fund balances, which the City has tentative plans to utilize in a future period. These amounts may or may not result in actual expenditures.

Restricted Net Assets

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

Effects of New Pronouncements

In November 2003, GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. This statement is effective for the City's fiscal year ending June 30, 2006.

In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes uniform financial reporting standards for other postemployment benefits (OPEB) plans. The approach followed in this statement generally is consistent with the approach adopted for defined benefit pension plans with modifications to reflect differences between pension plans and OPEB plans. The statement applies for OPEB trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirement systems, or other third parties, that administer them. This statement also provides requirements for reporting of OPEB funds by administrators of multiple-employer OPEB plans, when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund. This statement is effective for the City's fiscal year ending June 30, 2007.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

In May 2004, GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section—an amendment of NCGA Statement No.1*. This statement amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to the basic financial statements, and required supplementary information to assess the economic condition of a government. This statement adds new information that financial statement users have identified as important and eliminates certain previous requirements. This statement is effective for the City's fiscal year ending June 30, 2006.

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

Use of Estimates

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

(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, Port, and OBRA. 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.

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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, 2004, the number of external investment managers was six 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>Port</u>	<u>OBRA</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>			
Cash and investments	\$ 236,448	\$ 4,570	\$ 27,537	\$ 268,555	\$ 97,616	\$ 5,936
Restricted cash and investments	430,214	—	659,955	1,090,169	501,515	10,690
Restricted securities lending collateral	—	—	43,556	43,556	—	—
TOTAL	<u>\$ 666,662*</u>	<u>\$ 4,570</u>	<u>\$ 731,048</u>	<u>\$1,402,280</u>	<u>\$ 599,131</u>	<u>\$ 16,626</u>
Deposits	\$ 75,029	\$ 4,570	\$ 38,414	\$ 118,013	\$ 143,255	\$ 2,386
Investments	<u>591,633</u>	—	<u>692,634</u>	<u>1,284,267</u>	<u>455,876</u>	<u>14,240</u>
TOTAL	<u>\$ 666,662*</u>	<u>\$ 4,570</u>	<u>\$ 731,048</u>	<u>\$1,402,280</u>	<u>\$ 599,131</u>	<u>\$ 16,626</u>

*\$666,662 consists of all governmental funds and the internal service funds.

Deposits - Primary Government

At June 30, 2004, the carrying amount of the City's deposits was \$118,012,555 and the bank balance was \$117,526,555. Deposits include checking accounts, interest earning savings accounts, money market accounts, and nonnegotiable certificates of deposit. Of the bank balance, \$3,125,122 was FDIC insured and \$114,401,433 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.

Investments - Primary Government

The City's investments are categorized to give an indication of the level of custodial credit risk assumed by the City at year-end. Category 1 includes investments that are insured or registered, or securities held by the City or its agent in the City's name. Category 2 includes uninsured and

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

unregistered investments, with the securities held by the counter-party's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments, with the securities held by the counter-party or by its trust department or agent but not in the City's name. There were no investments classified as Category 2 or 3 at June 30, 2004.

At June 30, 2004, investments included the following (in thousands):

	<u>Category 1</u>
Subject to Custodial Credit Risk Categorization	
Federal agency issues	\$ 371,228
Commercial paper	23,715
Corporate stocks and bonds	607,503
Investments made with securities lending cash collateral:	
Cash	3,556
Repurchase agreement	<u>40,000</u>
Total	<u>\$1,046,002</u>
 Investments Not Subject to Custodial Credit Risk Categorization	
Real estate mortgage loans/investments	\$ 72
Local Agency Investment Fund (LAIF)	192,407
Life Insurance Annuity Contracts	138,000
Mutual Funds	2,015
Investments lent to broker-dealers with cash collateral:	
Bonds	31,860
Corporate stocks	<u>10,623</u>
Total	<u>\$ 374,977</u>
TOTAL INVESTMENTS	\$1,420,979
Less: Port of Oakland cash and investments in the City Treasury	<u>(136,712)</u>
TOTAL PRIMARY GOVERNMENT INVESTMENTS	<u>\$1,284,267</u>

As of June 30, 2004, the City's investment in LAIF is \$192.4 million. The total amount invested by all public agencies in LAIF at that date is approximately \$57.6 billion. Of that amount, over 98.4% is invested in non-derivative financial products and 1.6% in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different than the fair value of the City's position in the pool.

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

securities loans can be terminated on demand by either PFRS or the borrower, although the average term of such loans is one week.

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

At year-end, PFRS had no credit risk exposure to securities borrowers because the amounts PFRS owed to borrowers exceeded the amounts the borrowers owed to PFRS. PFRS' contract with MetWest requires it to indemnify PFRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay PFRS for income distributions by the securities' issuers while the securities are on loan.

There are no restrictions on the amount of securities that may be lent.

At present, the custodians are investing the cash collateral received for securities lent for periods averaging one week or less which generally matches the term of the period of the security loans.

As of June 30, 2004, PFRS had securities on loan with a market value of approximately \$42,482,919 for cash collateral of \$43,555,666.

Derivatives

The City's investment policy permits investments in certain derivatives. There were no derivatives included in the investment pool during the year ended June 30, 2004.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Discretely Presented Component Units

Port of Oakland

The Port's cash and investments are reported as follows at June 30, 2004 (in thousands):

Cash and investments:	
Cash and investments with the City	\$ 93,920
Cash on hand	3
Cash in bank accounts	<u>3,693</u>
TOTAL CASH AND INVESTMENTS	<u>97,616</u>
Restricted cash and investments:	
Unexpended bond proceeds restricted for construction	220,346
Unexpended bond proceeds and reserve deposits with fiscal agents	199,840
Deposits in escrow	3,026
Cash and investments with City:	
Passenger and customer facility charges	41,860
Other	933
Restricted deposits with fiscal agents for current debt service	<u>35,510</u>
TOTAL RESTRICTED CASH AND INVESTMENTS	<u>501,515</u>
TOTAL	<u>\$599,131</u>

The carrying amount of Port cash and investments is as follows at June 30, 2004 (in thousands):

Cash on hand and at bank	\$ 3,696
Government securities money market mutual funds	37,107
U.S. Treasury obligations	11,833
Guaranteed investment contracts	406,936
Cash and investments with the City of Oakland	136,712
Escrow in-lieu of retentions	<u>2,847</u>
TOTAL	<u>\$599,131</u>

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 cash and 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, 2004

Restricted Cash and Investments

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

Deposits and Investments

The carrying amount of Port deposits with banks and fiscal agents was \$5,248,000 at June 30, 2004. Bank balances of \$3,931,000 at June 30, 2004, are insured or collateralized with securities held by the pledging financial institution's trust departments in the Port's name. The difference between the carrying amount and the bank balance was primarily due to deposits in transit and outstanding checks.

The California Government Code requires governmental securities or first trust deed mortgage notes 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 Port's name.

All investments subject to custodial credit risk categorization are Category 1 investments.

Oakland Base Reuse Authority

Deposits

At June 30, 2004, the carrying amount of OBRA's deposits was \$2,385,761 and the bank balance was \$2,440,458. Deposits include checking accounts, interest earning savings accounts, money market accounts, and nonnegotiable certificates of deposit. Of the bank balance, \$100,000 was FDIC insured and \$2,340,458 was collateralized with securities held by the pledging financial institution in OBRA'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 OBRA's name.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Investments

OBRA's Governing Body has adopted the same investment policy as adopted by the Oakland City Council. Accordingly, all cash and investments are invested in accordance with this policy. The Authority had no investments subject to categorization at June 30, 2004.

Investments consisted of the following at June 30, 2004:

	<u>Amounts</u>
Investments not subject to custodial credit risk categorization:	
Unrestricted, money market mutual funds	\$ 5,936
Restricted, Local Agency Investment Fund	<u>8,304</u>
	<u>\$ 14,240</u>

(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 (Agency) are related to advances and interfund loans made by the City for projects, loans and services. The receivable amounts in the Agency relate to project advances made by the Agency for the City. The composition of interfund balances as of June 30, 2004, is as follows (in thousands):

DUE FROM/DUE TO OTHER FUNDS:

Receivable Fund	Payable Fund	Amount
General Fund	Federal/State Grant Fund	\$ 19,808
	Oakland Redevelopment Agency	1,367
	Other Governmental Funds	9,185
	Sewer Service Fund	12,678
	Internal Service Funds	21,964
	Pension Trust Funds	2,376
Federal/State Grant Fund	Oakland Redevelopment Agency	3,151
Oakland Redevelopment Agency	General Fund	23,571
	Federal/State Grant Fund	2,894
	Other Governmental Funds	2,984
Other Governmental Funds	Oakland Redevelopment Agency	<u>4,679</u>
TOTAL		<u>\$104,657</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

INTERFUND TRANSFERS:

	TRANSFERS IN			Total
	General Fund	Municipal Capital Improvement Fund	Other Governmental Funds	
TRANSFERS OUT				
General Fund	\$ —	\$ —	\$ 79,580	\$ 79,580
Municipal Capital Improvement Fund	5,700	—	743	6,443
Other Governmental Funds	—	8,781	—	8,781
Sewer Service Fund	<u>600</u>	<u>—</u>	<u>—</u>	<u>600</u>
TOTAL	<u>\$ 6,300</u>	<u>\$ 8,781</u>	<u>\$ 80,323</u>	<u>\$ 95,404</u>

The \$79.5 million transfer from the general fund consists of transfers made to provide funding for the following:

- \$ 8.6 million for the Kids' First Children's Program
- \$15.3 million for special refunding revenue bonds
- \$55.6 million for debt service payments

The \$5.7 million transfer from the capital projects fund to the general fund is for the Oakland Convention Center operations while \$.7 million to other governmental funds is for debt service payments.

The \$8.8 million transfer from the other governmental funds is to provide funding for the Convention Center surety bond.

The \$.6 million transfer from the sewer service fund is to provide funds for City-wide lease payments.

INTERFUND LOANS:

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

Oak Center Project	\$ 13,038,000
City Center Garage	<u>18,586,000</u>
Total	<u>\$ 31,624,000</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

(5) MEMORANDUMS OF UNDERSTANDING

The City and the Port have Memorandums of Understanding (MOUs) relating to: (a) general obligation bonds issued by the City for the benefit of the Port; (b) various administrative, personnel, data processing, and financial services (Special Services); and (c) police, fire, public street cleaning and maintenance, and similar services (General Services) provided by the City to the Port.

Payments for Special Services are treated as a cost of Port operations and have priority over certain other expenditures of Port revenues. At June 30, 2004, \$23,697,000 in Special Services expenses has been accrued as a current liability by the Port and as a receivable by the City.

The Port's legal counsel advised the Port that payments to the City for General Services and Lake Merritt tideland trust purposes are payable only to the extent the Port determines annually that surplus monies are available. Subject to final approvals by the Port and the City, and subject to availability of surplus monies, the Port will reimburse the City annually for General Services and Lake Merritt tideland trust properties. At June 30, 2004, \$1,048,000 and \$560,000 have been accrued by the Port as a current liability and by Oakland as a receivable for General Services and Lake Merritt tideland trust properties, respectively.

The City and Port are in the process of negotiating an MOU for payments to be made by the Port to the City in consideration for services provided by the City on Tidelands Trust properties. Such payments are expected to amount to \$3,000,000 per year, and represent a portion of the total expenses incurred by the City in the provision of services within the Lake Merritt Tidelands boundaries. Included in the amount recorded as a receivable from the Port of Oakland is \$2,500,000 for fiscal year 1997, which the Port has also recorded as an obligation due to the City. Any additional amount due to the City will be recorded when an MOU has been executed.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

(6) NOTES AND LOANS RECEIVABLE

The composition of the City's notes and loans receivable as of June 30, 2004, 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	\$ 23,196	\$ 2,894	\$ —	\$ 799	\$ 26,889
Loans to Oakland Hotel Assoc. Ltd	12,038	—	—	—	12,038
Community Development Block Grant	—	66,329	—	—	66,329
Economic Development loans and other	1,932	12,357	46,425	13,846	74,560
Less: Allowance for uncollectible accounts	<u>(107)</u>	<u>(4,766)</u>	<u>(574)</u>	<u>(168)</u>	<u>(5,615)</u>
TOTAL LOANS, NET	<u>\$ 37,059</u>	<u>\$ 76,814</u>	<u>\$ 45,851</u>	<u>\$ 14,477</u>	<u>\$ 174,201</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

(7) CAPITAL ASSETS

Primary Government

Capital assets activity of the primary government for the year ended June 30, 2004, is as follows (in thousands):

	<u>Balance July 1, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2004</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 75,206	\$ 1,398	\$ —	\$ 76,604
Construction in progress	<u>2,576</u>	<u>8,464</u>	<u>3,957</u>	<u>7,083</u>
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	<u>77,782</u>	<u>9,862</u>	<u>3,957</u>	<u>83,687</u>
Capital assets, being depreciated:				
Facilities and improvements	638,514	7,067	—	645,581
Furniture, machinery and equipment	153,101	9,047	1,861	160,287
Infrastructure	<u>335,128</u>	<u>18,801</u>	<u>—</u>	<u>353,929</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED	<u>1,126,743</u>	<u>34,915</u>	<u>1,861</u>	<u>1,159,797</u>
Less accumulated depreciation:				
Facilities and improvements	187,234	20,007	—	207,241
Furniture, machinery and equipment	90,722	12,715	858	102,579
Infrastructure	<u>96,670</u>	<u>10,962</u>	<u>—</u>	<u>107,632</u>
TOTAL ACCUMULATED DEPRECIATION	<u>374,626</u>	<u>43,684</u>	<u>858</u>	<u>417,452</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	<u>752,117</u>	<u>(8,769)</u>	<u>1,003</u>	<u>742,345</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 829,899</u>	<u>\$ 1,093</u>	<u>\$ 4,960</u>	<u>\$ 826,032</u>

(continued)

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Business-type activities:				
Sewer fund:				
Capital assets, not being depreciated:				
Land	\$ 4	\$ —	\$ —	\$ 4
Construction in progress	2,041	5,201	4,360	2,882
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	2,045	5,201	4,360	2,886
Capital assets, being depreciated:				
Facilities and improvements	305	1	—	306
Furniture, machinery and equipment	749	—	—	749
Sewers and storm drains	167,313	5,818	—	173,131
TOTAL CAPITAL ASSETS, BEING DEPRECIATED	168,367	5,819	—	174,186
Less accumulated depreciation:				
Facilities and improvements	10	20	—	30
Furniture, machinery and equipment	697	4	—	701
Sewers and storm drains	55,199	3,405	—	58,604
TOTAL ACCUMULATED DEPRECIATION	55,906	3,429	—	59,335
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	112,461	2,390	—	114,851
SEWER FUND CAPITAL ASSETS, NET	114,506	7,591	4,360	117,737
Other proprietary funds:				
Capital assets, not being depreciated:				
Land	218	—	—	218
Capital assets, being depreciated:				
Facilities and improvements	2,043	136	—	2,179
Furniture, machinery and equipment	434	19	—	453
TOTAL CAPITAL ASSETS, BEING DEPRECIATED	2,477	155	—	2,632
Less accumulated depreciation:				
Facilities and improvements	50	141	—	191
Furniture, machinery and equipment	424	—	—	424
TOTAL ACCUMULATED DEPRECIATION	474	141	—	615
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	2,003	14	—	2,017
OTHER PROPRIETARY FUND CAPITAL ASSETS, NET	2,221	14	—	2,235
TOTAL BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 116,727	\$ 7,605	\$ 4,360	\$ 119,972

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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

Governmental activities:	
General government	\$ 3,819
Public safety:	
Police services	989
Fire services	2,698
Life enrichment	11,973
Community and economic development	2,470
Public works	16,291
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets	<u>5,444</u>
TOTAL	<u>\$43,684</u>
Business-type activities:	
Sewer	\$ 3,429
Golf	<u>141</u>
TOTAL	<u>\$ 3,570</u>

Construction Commitments

The City has active construction projects as of June 30, 2004. The projects include street construction, park construction, building improvements and sewer and storm drain improvements (in thousands).

	<u>Spent to date</u>	<u>Remaining Commitment</u>
Infrastructure – streets	\$ 19,026	\$ 56,423
Infrastructure – parks	4,231	—
Facility improvements	6,036	19,000
Sewers and storm drains	<u>6,837</u>	<u>20,341</u>
TOTAL	<u>\$ 36,130</u>	<u>\$ 95,764</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Discretely Presented Component Units

Port of Oakland

Capital assets activity for the Port for the year ended June 30, 2004, is as follows (in thousands):

	<u>Balance July 1, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer of Completed Construction</u>	<u>Balance June 30, 2004</u>
Capital assets, not being depreciated:					
Land	\$ 226,823	\$ 36,127	\$ 1,624	\$ —	\$ 261,326
Construction in progress	<u>302,559</u>	<u>139,239</u>	<u>56,644</u>	<u>(146,994)</u>	<u>238,160</u>
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	<u>529,382</u>	<u>175,366</u>	<u>58,268</u>	<u>(146,994)</u>	<u>499,486</u>
Capital assets, being depreciated:					
Facilities and improvements	524,731	—	20,046	42,852	547,537
Container cranes	160,959	—	10,607	1,869	152,221
Systems and structures	976,935	—	14,080	101,769	1,064,624
Other equipment	<u>35,629</u>	<u>2,270</u>	<u>(357)</u>	<u>504</u>	<u>38,760</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED	<u>1,698,254</u>	<u>2,270</u>	<u>44,376</u>	<u>146,994</u>	<u>1,803,142</u>
Less accumulated depreciation:					
Facilities and improvements	225,062	21,523	9,100	—	237,485
Container cranes	48,858	6,195	8,703	—	46,350
Systems and structures	195,928	34,696	6,118	—	224,506
Other equipment	<u>20,672</u>	<u>2,755</u>	<u>339</u>	<u>—</u>	<u>23,088</u>
TOTAL ACCUMULATED DEPRECIATION	<u>490,520</u>	<u>65,169</u>	<u>24,260</u>	<u>—</u>	<u>531,429</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	<u>1,207,734</u>	<u>(62,899)</u>	<u>20,116</u>	<u>146,994</u>	<u>1,271,713</u>
TOTAL CAPITAL ASSETS, NET	<u>\$1,737,116</u>	<u>\$ 112,467</u>	<u>\$ 78,384</u>	<u>\$ —</u>	<u>\$1,771,199</u>

The capital assets, net on lease at June 30, 2004, consist of the following (in thousands):

Land	\$ 107,174
Container cranes	158,715
Facilities and improvements	<u>689,556</u>
Total	955,445
Less accumulated depreciation	<u>(179,732)</u>
Capital assets, net on lease	<u>\$ 775,713</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Construction in progress decreased in fiscal 2004 as a result of a decision made by the Port to abandon further design and development of the Airport parking garage and certain other design work at the Airport. Advanced planning, engineering and development costs incurred to date for the terminal and parking garage projects and other capital projects were written down, by approximately \$58 million in fiscal year 2004 and are reported as abandoned projects and impaired assets.

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. All 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, 2004, is as follows (in thousands):

Minimum non-cancelable rentals, including preferential assignments	\$ 93,711
Contingent rentals in excess of minimums	10,456
Secondary use of facilities leased under preferential assignments	<u>3,922</u>
	<u>\$108,089</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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):

2005	\$107,953
2006	110,851
2007	113,164
2008	112,829
2009	108,350
2010-2014	466,113
2015-2019	346,528
2020-2024	13,051
2025-2029	12,728
2030-2034	11,487
Thereafter	<u>38,181</u>
	<u>\$1,441,235</u>

Oakland Base Reuse Authority

Capital asset activity for OBRA during the year ended June 30, 2004 consisted of the following (in thousands):

	<u>Balance July 1, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2004</u>
Capital assets, being depreciated:				
Facilities and structures	\$ —	\$ 1,000	\$ —	\$ 1,000
Leasehold improvements	<u>249</u>	<u>207</u>	<u>—</u>	<u>456</u>
Total capital assets, being depreciated	<u>249</u>	<u>1,207</u>	<u>—</u>	<u>1,456</u>
Less accumulated depreciation for:				
Facilities and structures	—	314	—	314
Leasehold improvements	<u>25</u>	<u>140</u>	<u>—</u>	<u>165</u>
Total accumulated depreciation	<u>25</u>	<u>454</u>	<u>—</u>	<u>479</u>
Total capital assets, being depreciated, net	<u>\$ 224</u>	<u>\$ 753</u>	<u>\$ —</u>	<u>\$ 977</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

(8) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES PAYABLE

Accounts payable and accrued liabilities payable as of June 30, 2004, for the City's individual major funds, nonmajor funds in the aggregate, business-type activities – enterprise fund and internal service funds, are as follows (in thousands):

	<u>Accounts Payable</u>	<u>Checks Payable</u>	<u>Accrued Payroll/ Employee Benefits</u>	<u>Total</u>
Governmental funds:				
General	\$ 19,592	\$ 3,449	\$ 91,110	\$ 114,151
Federal/state grant fund	3,150	—	1,062	4,212
Oakland Redevelopment Agency	4,214	—	—	4,214
Municipal Capital Improvement Fund	924	—	271	1,195
Other governmental funds	5,039	—	260	5,299
Governmental activities- Internal service funds	<u>1,356</u>	<u>—</u>	<u>67</u>	<u>1,423</u>
TOTAL	<u>\$ 34,275</u>	<u>\$ 3,449</u>	<u>\$ 92,770</u>	<u>\$ 130,494</u>
Business-type activities – Enterprise Funds:				
Parks and Recreation	\$ 21	\$ —	\$ —	\$ 21
Sewer service	<u>355</u>	<u>—</u>	<u>682</u>	<u>1,037</u>
TOTAL	<u>\$ 376</u>	<u>\$ —</u>	<u>\$ 682</u>	<u>\$ 1,058</u>

Accounts payable and accrued liabilities for the pension trust funds at June 30, 2004, are as follows (in thousands):

Accounts payable	\$ 6
Investment payable	118,342
Accrued investment management fees	386
Member benefits payable	<u>5,896</u>
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>\$ 124,630</u>

(9) DEFERRED REVENUE

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

At June 30, 2004, the various components of deferred revenue and unearned revenue reported were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Major funds:		
General Fund	\$ 23,473	\$ 8,160
Federal and State Grants Funds	105,551	953
Oakland Redevelopment Agency	70,526	—
Municipal Capital Improvement Fund	21	
Non-major Funds:		
Other Governmental Funds	<u>15,908</u>	<u>—</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 215,479</u>	<u>\$ 9,113</u>

(10) PROPERTY HELD FOR RESALE

A summary of changes in property held for resale follows (in thousands):

	<u>July 1, 2003</u>	<u>Purchases</u>	<u>Sales</u>	<u>June 30, 2004</u>
Property held for resale	\$ 71,925	\$ 1,898	\$ 2,322	\$ 71,501

Discretely Presented Component Unit

Oakland Base Reuse Authority

A summary of changes in property held for resale follows (in thousands):

	<u>July 1, 2003</u>	<u>Conveyance</u>	<u>Transfer</u>	<u>June 30, 2004</u>
Property held for resale	\$ —	\$ 85,028	\$ 5,250	\$ 79,778

On August 7, 2003, the Army conveyed approximately 366 acres of Oakland Army Base (the EDC property), plus certain buildings and improvements, to OBRA. The conveyance from the Army is treated as a donation; accordingly, the land conveyed to OBRA was recorded at its total estimated fair market value of \$81,775,000. As part of the conveyance agreement, OBRA agreed to pay the Oakland Army Base Workforce Development Collaborative (Workforce Collaborative) an amount to be negotiated. OBRA and the Workforce Collaborative finalized an agreement on December 14, 2004, which provided that OBRA, ORA and the Port would

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

pay a total of \$10,800,000 to the Workforce Collaborative. Under a separate agreement between OBRA and the Port dated July 31, 2003, the two parties agreed to each pay 50 percent of the \$10,800,000 liability.

OBRA recorded capital contributions of \$74,407,184 and payable of \$5,400,000 to the Workforce Collaborative during the year ended June 30, 2004 to reflect the conveyance of the land. All expenditures directly associated with the conveyance of the EDC property incurred prior to August 7, 2003 were included in other assets, and transferred to property held for resale on this date. OBRA incurred property-related expenditures between August 7, 2003 and June 30, 2004 that have been recorded in property held for resale.

Immediately after OBRA obtained title to the EDC property, 70 acres (including 50 acres of submerged property) were conveyed to the Port at a fair value of \$5,250,000

(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 .92%. Principal and interest were paid on June 30, 2004.

The short-term debt activity for the year ended June 30, 2004, is as follows (in thousands):

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax and Revenue Anticipation Notes	\$—	\$76,325	\$(76,325)	\$—

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

(12) LONG-TERM OBLIGATIONS

Long-term Obligations

The following is a summary of long-term obligations for the year ended June 30, 2004 (in thousands):

Governmental Activities			
Type of Obligation	Final Maturity Date	Remaining Interest Rates	Amount
General obligation bonds (A)	2032	4.25-8.50%	\$ 232,045
Tax allocation bonds (B)	2033	4.00-8.03%	235,555
Certificates of participation (C)	2015	2.25-6.45%	59,594
Lease revenue bonds (C) (includes accreted interest)	2026	2.25-5.90%	386,200
Pension obligation bonds (D) (includes accreted interest)	2022	5.63-7.31%	436,873
City guaranteed special assessment district bonds (D)	2024	3.70-6.70%	7,940
Notes payable (C) & (E)	2016	4.11-14.48%	46,153
Accrued vacation and sick leave (C)			37,436
Self-insurance liability for workers' compensation (C)			94,874
Estimated claims payable (C)			48,716
Pledge obligation for authority debt (C)			<u>93,950</u>
GOVERNMENTAL ACTIVITIES TOTAL LONG-TERM OBLIGATIONS			<u>1,679,336</u>
DEFERRED AMOUNTS:			
Bond issuance premiums			\$ 11,830
Bond refunding loss			<u>(20,333)</u>
GOVERNMENTAL ACTIVITIES TOTAL LONG-TERM OBLIGATIONS, NET			<u>\$1,670,833</u>

Debt service payments are made from the following sources:

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Business-Type Activities			
Entity and Type of Obligation	Final Maturity Date	Remaining Interest Rates	Amount
Sewer fund – notes payable	2014	3.0-3.5%	<u>\$ 6,362</u>
BUSINESS-TYPE ACTIVITIES – TOTAL LONG-TERM OBLIGATIONS			<u>\$ 6,362</u>

Component Unit - Port of Oakland			
Type of Obligation	Final Maturity Date	Remaining Interest Rates	Amount
Parity bonds	2032	2.75-8.00%	\$ 1,418,586
Notes and loans	2029	1.25-6.80%	<u>194,983</u>
			1,613,569
Self-insurance liability for workers' compensation			<u>3,000</u>
Total			1,616,569
Unamortized bond discount and premium, net			(99)
Deferred loss on refunding			<u>(5,584)</u>
COMPONENT UNIT TOTAL LONG-TERM OBLIGATIONS			<u>\$ 1,610,886</u>

Debt Compliance

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

Legal Debt Limit and Legal Debt Margin

As of June 30, 2004, the City's debt limit (3.75% of valuation subject to taxation) was \$860,823,608. The total amount of debt applicable to the debt limit was \$232,045,000. The resulting legal debt margin was \$628,778,608.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Interest Rate Swaps

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

Objective of the interest rate swap. As a means to lowering its borrowing costs, the City of Oakland (the “City”) entered into a Forward Swap (the “Swap”) in connection with its \$187,500,000 Oakland Joint Powers Financing Authority (the “Authority”) Lease Revenue Bonds, 1998 Series A1/A2. The intent of the interest rate swap was to effectively change the City’s variable interest rate on the bonds to a synthetic fixed rate of 5.6775% through the end of the swap agreement in 2021. On April 25, 2000, the Swap was assigned to Goldman Sachs Mitsui Marine Derivative Products, U.S., L.P (the “Counterparty”) in the notional amount of \$170,000,000. 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 (the “65% of LIBOR Rate”). This amendment resulted in the City receiving approximately \$5,975,000 from Goldman Sachs reflecting the change in market value. Furthermore, the funds received and the change in the Swap index should result in a lower cost of borrowing when used in combination with the Bonds, and will enhance the relationship between risk and return with respect to the City’s overall bond program. As of June 30, 2004, the notional amount to be amortized was \$137,500,000 and the amount of outstanding bonds was \$152,100,000. A third party bond insurer insures the interest and principal payments on the bonds.

Terms. The bonds mature on July 31, 2021, and are subject to mandatory tender on August 1, 2008. The swap agreement terminates on July 31, 2021, and has a notional amount as of June 30, 2004 of \$137,500,000. The notional amount of the swap and the par amount of the Bonds each decline according to the same schedule through 2021. The Swap was entered into at the same time the Bonds were issued (January 1997). Under the Swap, the Authority 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 Authority then pays the bondholder a tax-exempt variable rate of interest. The Authority’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 \$23,909,103 as of June 30, 2004. As the coupons on the Bonds adjust as LIBOR adjusts, the Bonds do not have a corresponding fair value increase. 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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

contractual obligations under the swap agreement. The Counterparty was rated AAA by Moody's Investors Service, and AA+ by Standard and Poor's as of June 30, 2004. 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.

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

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

The counterparty may terminate the Swap if both the City and the bond insurer fail to perform under the terms of the contract. The counterparty also may terminate the Swap upon the occurrence of the following events: 1) the bond insurer falls below "A3" by Moody's Investors Service or "A-" by Standard and Poor's; and 2) the City falls below "BAA3" by Moody's Investors Service or "BBB-" by Standard and Poor's. If the Swap is terminated, the variable rate Bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the Swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the Swap's fair value.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Swap Payments and Associated Debt. Under rates as of June 30, 2004, debt service requirements of the variable-rate Bonds and net swap payments, *assuming current interest rates remain the same* through the July 2021 termination date of the Swap and the mandatory tender date on the Bonds, are as follows (in thousands):

Year ending June 30	Principal	Interest	Interest Rate Swap, Net	Total Debt Service*
2005	\$ 9,200,000	\$ 3,318,750	\$ 4,555,148	\$ 17,073,898
2006	9,000,000	3,114,000	4,243,245	16,357,245
2007	8,900,000	2,912,625	3,936,484	15,749,109
2008	8,700,000	2,714,625	3,634,864	15,049,489
2009	8,500,000	2,521,125	3,340,099	14,361,224
2010	8,300,000	2,332,125	3,052,189	13,684,314
2011	8,100,000	2,147,625	2,771,134	13,018,759
2012	7,900,000	1,967,625	2,496,934	12,364,559
2013	7,700,000	1,792,125	2,229,589	11,721,714
2014	7,500,000	1,621,125	1,969,099	11,090,224
2015	7,300,000	1,454,625	1,715,464	10,470,089
2016	7,100,000	1,292,625	1,468,684	9,861,309
2017	6,800,000	1,136,250	1,230,473	9,166,723
2018	6,700,000	984,375	999,116	8,683,491
2019	6,500,000	835,875	772,901	8,108,776
2020	6,500,000	689,625	550,114	7,739,739
2021	6,400,000	544,500	329,040	7,273,540
2022	<u>21,000,000</u>	<u>40,688</u>	<u>109,680</u>	<u>21,150,368</u>
TOTALS	<u>\$ 152,100,000</u>	<u>\$ 31,420,313</u>	<u>\$ 39,404,257</u>	<u>\$ 222,924,570</u>

* Calculated at a fixed swap interest rate of 5.677% and using 2.25% as the variable rate on the Series 1998 A/1 & A/2 Bonds.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Administration Building

Objective of the Interest Rate Swap. The decline in interest rates in recent years provided the City an opportunity to lock in long-term interest rates. On May 21, 2004, the City entered into a floating-to-fixed rate (“fixed-payer”) interest rate swap with Bank of America, N.A. and UBS AG (“Counterparties”). The swap became effective on June 10, 2004, in conjunction with the issuance of the \$58,600,000 Series A-1 and \$58,600,000 Series A-2 Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds, Oakland Administration Buildings (Auction Rate Securities).

The executed transaction consisted of a \$117,200,000, 22-year interest rate swap under which the City will pay the Counterparties a fixed rate of 3.533% and receive 58% of 1-month London Interbank Offer Rate (LIBOR) plus 35 basis points (100 basis points equals 1%).

The City was able to take advantage of current market conditions and create synthetic fixed-rate debt at a very favorable rate. In addition to the decline in the general level of interest rates and after careful review, the City elected to utilize percentage of LIBOR (58%) plus a margin (35 basis points) versus a straight percentage of LIBOR to reduce the basis risk in a lower rate environment (current environment).

Terms. The bonds mature on August 1, 2026, and are subject to optional redemption while any Auction Rate is in effect with respect to a Series of the 2004 Series A Bonds equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium. The swaps terminate on August 1, 2026, and have a total notional amount of \$117,200,000 as of June 30, 2004. The trade date of the swap was May 21, 2004, and became effective on June 10, 2004, at which time the bonds were issued. Under the swap, the City pays the counterparties a fixed rate of 3.533% and receives a variable payment computed at 58% of 1-month LIBOR plus 35 basis points. The Authority then pays the bondholder a tax-exempt variable rate of interest.

Fair Value. As of June 30, 2004, the interest rate swap with Bank of America, N.A. (notional amount of \$58,600,000) had a negative fair value of \$942,013 and the interest rate swap with UBS AG (notional amount of \$58,600,000) had a negative fair value of \$951,381. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit Risk. The issuer and the counterparty take a credit risk to each other over the life of the swap agreement. This is the risk that either the issuer or the counterparty will fail to meet its contractual obligations under the swap agreement. The counterparties were rated as follows as of June 30, 2004: Bank of America, N.A. (Aa1 by Moody’s Investors Service and AA- by Standard and Poor’s), and UBS AG (Aa2 by Moody’s Investors Service and AA+ by Standard and Poor’s).

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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 are to execute a collateral agreement establishing the type of collateral, the amount of collateral, the collateral agent, and the terms of the collateral agreement.

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

Termination Risk. An interest rate swap has some degree of termination risk. Linked to counterparty risk, a termination of the swap will result in a payment being made or received by the City depending on the then prevailing interest rate environment. The City may terminate the swap if the counterparty fails to perform under the terms of the contract. The City may also terminate the swap if the counterparty fails to execute a collateral agreement satisfactory to the City and the bond insurer if the counterparty's ratings fall below "A3" by Moody's Investors Service or "A-" by Standard and Poor's. The termination events are bilateral agreements between the City and the counterparties. If the swap is terminated, the variable rate bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Swap Payments and Associated Debt. The following table presents the estimated debt service requirements for the 2004 Series A Bonds. Under rates as of June 30, 2004, debt service requirements of the variable-rate bonds and net swap payments, assuming current interest rates remain the same through the August 21, 2026, maturity date.

Year Ending June 30	Principal	Interest	Interest Rate Swap, Net	Total Debt Service*
2005	\$ 4,650,000	\$ 910,979	\$ 1,663,812	\$ 7,224,791
2006	3,350,000	1,385,937	2,531,276	7,267,213
2007	3,475,000	1,343,281	2,453,368	7,271,650
2008	3,575,000	1,299,218	2,372,893	7,247,111
2009	3,750,000	1,253,437	2,289,278	7,292,715
2010	3,875,000	1,205,781	2,202,238	7,283,020
2011	4,050,000	1,156,250	2,111,775	7,318,025
2012	4,175,000	1,104,843	2,017,886	7,297,730
2013	4,375,000	1,051,406	1,920,288	7,346,694
2014	4,525,000	995,781	1,818,694	7,339,476
2015	4,675,000	938,281	1,713,676	7,326,958
2016	4,875,000	878,593	1,604,663	7,358,257
2017	5,050,000	816,562	1,491,369	7,357,932
2018	5,275,000	752,031	1,373,509	7,400,541
2019	5,450,000	685,000	1,251,084	7,386,084
2020	5,675,000	615,468	1,124,092	7,414,560
2021	5,900,000	543,125	991,963	7,435,088
2022	6,125,000	467,968	854,698	7,447,666
2023	6,375,000	389,843	712,010	7,476,854
2024	6,600,000	308,750	563,901	7,472,651
2025	6,875,000	224,531	410,083	7,509,615
2026	7,125,000	137,031	250,273	7,512,305
2027	<u>7,400,000</u>	<u>46,250</u>	<u>84,471</u>	<u>7,530,721</u>
TOTALS	<u>\$ 117,200,000</u>	<u>\$ 18,510,346</u>	<u>\$33,807,300</u>	<u>\$ 169,517,646</u>

*Calculated at a fixed swap interest of 3.533% and using 1.25% as the variable rate on the Series 2004A Bonds. Actual debt service may be higher or lower than the synthetic rate.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Changes in Long-term Obligations

The changes in long-term obligations for the year ended June 30, 2004, are as follows (in thousands):

Governmental Activities					
	<u>Balance at July 1, 2003</u>	<u>Additional Obligations, Interest Accretion and Net Increases</u>	<u>Current Maturities Retirements and Net Decreases</u>	<u>Balance at June 30, 2004</u>	<u>Amounts Due Within One Year</u>
Bonds Payable					
General obligation bonds	\$ 167,350	\$ 71,450	\$ 6,755	\$ 232,045	\$ 6,320
Tax allocation bonds	246,660	—	11,105	235,555	9,830
Certificates of participation	59,115	—	4,335	54,780	4,585
Lease revenue bonds	382,645	117,200	113,645	386,200	22,005
Pension obligation bonds	408,849	—	20,025	388,824	22,420
City guaranteed special assessment district bonds	8,463	—	523	7,940	530
Accreted interest on appreciation bonds	38,259	14,604	—	52,863	—
Less deferred amounts:					
Bond issuance premiums	12,366	587	1,123	11,830	1,095
Bond refunding loss	<u>(19,924)</u>	<u>(2,960)</u>	<u>(2,551)</u>	<u>(20,333)</u>	<u>(2,672)</u>
TOTAL BONDS PAYABLE	<u>1,303,783</u>	<u>200,881</u>	<u>154,960</u>	<u>1,349,704</u>	<u>64,113</u>
Notes payable	<u>49,448</u>	<u>3,927</u>	<u>7,222</u>	<u>46,153</u>	<u>7,662</u>
Other Long Term Liabilities					
Accrued vacation and sick leave	32,798	30,502	25,864	37,436	26,525
Self-insurance workers' compensation	91,367	21,181	17,674	94,874	24,384
Pledge obligation for authority debt	96,590	—	2,640	93,950	2,800
Estimated claims payable	<u>49,569</u>	<u>7,452</u>	<u>8,305</u>	<u>48,716</u>	<u>17,196</u>
TOTAL OTHER LONG TERM LIABILITIES	<u>270,324</u>	<u>59,135</u>	<u>54,483</u>	<u>274,976</u>	<u>70,905</u>
TOTAL GOVERNMENTAL ACTIVITIES – LONG TERM OBLIGATIONS	<u>\$1,623,555</u>	<u>\$ 263,943</u>	<u>\$ 216,665</u>	<u>\$1,670,833</u>	<u>\$ 142,680</u>

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, 2004, \$22.3 million of 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, 2004

Business-Type Activities

	<u>Balance at July 1, 2003</u>	<u>Additional Obligations, Interest Accretion and Net Increases</u>	<u>Current Maturities Retirements and Net Decreases</u>	<u>Balance at June 30, 2004</u>	<u>Amounts Due Within One Year</u>
Sewer fund – notes payable	<u>\$ 7,045</u>	<u>\$—</u>	<u>\$683</u>	<u>\$6,362</u>	<u>\$706</u>

Component Unit - Port of Oakland

	<u>Balance at July 1, 2003</u>	<u>Additional Obligations, Interest Accretion and Net Increases</u>	<u>Current Maturities Retirements and Net Decreases</u>	<u>Balance at June 30, 2004</u>	<u>Amounts Due Within One Year</u>
Parity bonds	\$1,427,827	\$ —	\$ 9,241	\$1,418,586	\$ 8,155
Notes and loans	197,879	1,307	4,203	194,983	37,852
Self-insurance workers' compensation	<u>3,000</u>	<u>1,184</u>	<u>1,184</u>	<u>3,000</u>	<u>3,000</u>
TOTAL	1,628,706	2,491	14,628	1,616,569	49,007
Unamortized bond discount/premium, net	796	(34)	861	(99)	789
Deferred loss on refunding	<u>(5,948)</u>	<u>—</u>	<u>(364)</u>	<u>(5,584)</u>	<u>(364)</u>
TOTAL DEBT	<u>\$1,623,554</u>	<u>\$ 2,457</u>	<u>\$ 15,125</u>	<u>\$1,610,886</u>	<u>\$49,432</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Repayment Schedule

The annual requirements to amortize all long-term debt as of June 30, 2004, are as follows (in thousands):

	2005	2006	2007	2008	2009	2010- 2014	2015- 2019	2020- 2024	2025- 2029	2030- 2034	2035- 2038	Total
Government-type												
Activities:												
General obligation bonds:												
Principal	\$ 6,320	\$ 6,540	\$ 6,770	\$ 7,095	\$ 7,450	\$ 43,755	\$ 54,340	\$ 50,275	\$ 26,830	\$ 22,670	\$ —	\$ 232,045
Interest	11,981	11,689	11,384	11,068	10,723	47,502	34,654	19,185	9,674	2,718	—	170,578
Certificates of participation:												
Principal	4,585	4,465	4,749	5,300	5,620	26,675	8,200	—	—	—	—	59,594
Interest	1,898	1,718	3,068	3,007	1,693	4,423	332	—	—	—	—	16,139
Lease revenue bonds:												
Principal	22,005	20,885	21,305	21,625	22,070	118,915	73,420	64,575	21,400	—	—	386,200
Interest	16,382	16,818	15,772	14,831	13,736	51,067	24,879	9,380	1,153	—	—	164,018
Pension obligation bonds:												
Principal	22,420	25,020	27,850	30,920	34,250	133,550	97,879	64,984	—	—	—	436,873
Interest	11,534	9,928	8,118	6,091	3,833	54,344	125,226	138,606	—	—	—	357,680
City guaranteed special assessment bonds:												
Principal	530	285	285	305	320	1,745	1,745	2,170	555	—	—	7,940
Interest	411	390	377	361	345	1,447	981	449	13	—	—	4,774
Tax allocation bonds:												
Principal	9,830	10,325	10,920	11,165	11,775	67,915	82,155	19,815	5,065	6,590	—	235,555
Interest	13,396	12,876	12,301	11,674	11,038	44,423	22,146	4,022	2,422	901	—	135,199
Notes payable:												
Principal	7,662	6,335	6,958	4,111	4,155	16,932	—	—	—	—	—	46,153
Interest	1,473	1,168	1,228	469	284	3,557	—	—	—	—	—	8,179
TOTAL PRINCIPAL	\$ 73,352	\$ 73,855	\$ 78,837	\$ 80,521	\$ 85,640	\$409,487	\$317,739	\$201,819	\$ 53,850	\$ 29,260	\$ —	\$1,404,360
TOTAL INTEREST	\$ 57,075	\$ 54,587	\$ 52,248	\$ 47,501	\$ 41,652	\$206,763	\$208,218	\$171,642	\$ 13,262	\$ 3,619	\$ —	\$ 856,567

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

	2005	2006	2007	2008	2009	2010- 2014	2015- 2019	2020- 2024	2025- 2029	2030- 2034	2035- 2038	Total
Business-type												
Activities:												
Sewer Notes												
Principal	\$ 706	\$ 730	\$ 755	\$ 780	\$ 806	\$ 2,585	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,362
Interest	223	185	160	135	109	188	—	—	—	—	—	1,000

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Component Unit - Port of Oakland

Annual debt service requirements to maturity for all bonds and loans outstanding as of June 30, 2004, are as follows (in thousands):

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 46,005	\$ 79,566	\$ 125,571
2006	165,424	77,083	242,507
2007	20,052	76,779	96,831
2008	28,301	76,504	104,805
2009	33,656	75,714	109,370
2010-2014	227,486	329,242	556,728
2015-2019	288,111	255,545	543,656
2020-2024	274,998	177,958	452,956
2025-2029	315,115	98,252	413,367
2030-2033	<u>214,421</u>	<u>19,634</u>	<u>234,055</u>
SUBTOTAL	1,613,569	1,266,277	2,879,846
Unamortized bond (discount) premium, net	(99)	—	(99)
Current maturities of long term debt and amortization	(46,432)	—	(46,432)
Deferred loss on refunding	<u>(5,584)</u>	<u>—</u>	<u>(5,584)</u>
TOTAL	<u>\$1,561,454</u>	<u>\$1,266,277</u>	<u>\$2,827,731</u>

Net interest costs of \$16,307 were capitalized in fiscal 2004, following the capitalization of interest revenue of \$13,574. Total capitalized interest expense amounted to \$29,881 for fiscal 2004.

General Obligation Bonds, Series 2003A (Measure DD)

On August 6, 2003, the City issued \$71,450,000 of General Obligation Bonds, Series 2003A, Measure DD. The bonds have interest rates of 2.50% to 5.00% and mature in 2032. These bonds constitute a portion of the total authorized amount of \$198,250,000 bonds duly approved by at least two-thirds of the voters voting on Measure DD at the City election held on November 5, 2002.

These bonds provided funds to acquire and construct water quality improvements for and related to Lake Merritt, Lake Merritt Channel, the Estuary and creeks in Oakland; improve, renovate and construct youth and public recreational facilities; rehabilitate and acquire parks,

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

open space and other recreational, safety and maintenance facilities; and provide safe public access to Lake Merritt, Lake Merritt Channel and the Estuary.

GE Capital

On March 22, 2004, the City executed a note with a stated interest rate of 3.75% with GE Capital in the amount of \$3.9 million to fund the acquisition of a computer server. The General Fund and the Municipal Improvement Capital Fund will repay the note. The final payment will be made on April 7, 2009.

Current Year Refunding

\$58,600,000 Series A-1 & \$58,600,000 Series A-2 Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds (Oakland Administration Buildings), 2004 (Auction Rate Securities). The 2004 Bonds were issued by the Oakland Joint Powers Financing Authority on June 10, 2004, to refund and defease all of the Authority's outstanding Lease Revenue Bonds (Oakland Administration Buildings) Series 1996 which were issued to finance a portion of the design, construction, rehabilitation, and equipping of two buildings that are part of the administrative center of the City of Oakland, finance certain public capital projects of the City, pay the premium for a financial guaranty insurance policy and a debt service reserve surety bond, and pay certain of the costs of issuance.

The refunding resulted in the recognition of a deferred accounting loss of \$2,960,000 for the fiscal year ended June 30, 2004. The City in effect reduced its aggregate debt service payments by approximately \$4,114,150 over the next 22 years and obtained a net economic gain (difference between the present value of the old and the new debt service payments) of \$2,959,649.

The bonds, insured by AMBAC Assurance Corporation, and rated Aaa/AAA, by Moody's and S&P, respectively, are limited obligations of the Authority payable solely from lease revenues from the City, as lessee, to the Authority, as lessor.

Prior Year's Debt Defeasance

In prior years, the City has defeased various bond issues by creating separate irrevocable escrow funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2004, the amount of defeased debt outstanding but removed from the City's government-wide financial statements amounted to \$56.5 million.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Authorized and Unissued Debt

The net amount of authorized and unissued governmental activities – general obligation bonds as of June 30, 2004, was \$21 million (Measure G). These bonds were authorized by the voters, in a City election, on March 5, 2002. The bonds are to be issued by the City to acquire, renovate, improve, construct, and finance existing and additional educational facilities for the Oakland Museum of California, the Oakland Zoo, and the Chabot Space and Science Center.

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

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 debt issued and outstanding at June 30, 2004, follows (in thousands):

	<u>Authorized and Issued</u>	<u>Maturity</u>	<u>Outstanding at June 30, 2004</u>
City of Oakland Kaiser Permanente Insured Revenue Bonds 1999A	\$ 64,425	01/01/29	\$ 63,425
City of Oakland Kaiser Permanente Insured Revenue Bonds 1999B	15,720	01/01/29	15,720
City of Oakland Liquidity Facility Revenue Bonds (Association of Bay Area Governments), Series 1984	3,300	12/01/09	1,245
City of Oakland Health Facility Revenue Bonds (Children's Hospital Medical Center of Northern California), 1988	23,000	07/01/08	9,970
City of Oakland Refunding Revenue Bonds (Oakland YMCA Project), Series 1996	8,650	06/01/10	5,115
Oakland JPFA Revenue Bond 2001 Series A Fruitvale Transit Village (Fruitvale Development Corporation)	19,800	07/01/33	19,800
Oakland JPFA Revenue Bond 2001 Series B Fruitvale Transit Village (La Clinica De La Raza Fruitvale Health Project, Inc.)	5,800	07/01/33	<u>5,800</u>
TOTAL			<u>\$ 121,075</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

(13) SELF-INSURANCE

Changes in the balances of claims liabilities for all self-insured claims for the years ended June 30, 2004 and 2003, are as follows (in thousands):

	2004	2003
Workers' Compensation		
Unpaid claims, beginning of fiscal year	\$ 91,367	\$ 90,694
Current year claims and changes in estimates	21,181	15,598
Claim payments	<u>(17,674)</u>	<u>(14,925)</u>
Unpaid claims, end of fiscal year (see Note 12)	<u>\$ 94,874</u>	<u>\$ 91,367</u>
General Liability		
Unpaid claims, beginning of fiscal year	\$ 49,569	\$ 45,242
Current year claims and changes in estimates	7,452	13,395
Claims payments	<u>(8,305)</u>	<u>(9,068)</u>
Unpaid claims, end of fiscal year (Note 12)	<u>\$ 48,716</u>	<u>\$ 49,569</u>

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

Primary Government

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries of employees; natural disasters; unemployment coverage; and providing health benefits to employees, retirees and their dependents.

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

Property Damage

Property damage risks are covered on an occurrence basis by commercial insurance purchased from independent third parties. All properties are insured at full replacement values after a \$25,000 deductible to be paid by the City. For the past three years, there have been no

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded commercial insurance coverage.

General Liability

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2004, the amount of liability determined to be probable of occurrence is approximately \$48,716,000. Of this amount, claims and litigation approximating \$17,196,000 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 of Oakland, none of these claims are expected to have a significant impact on the financial condition of the City and the Agency or changes in financial position.

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

Workers' Compensation

The City is self-insured for workers' compensation. Payment of claims is provided through annual appropriations, which are based on claim payment experience and supplemental appropriations. Of the \$94,874,000 in accrued liabilities, approximately \$24,384,000 is estimated to be due within one year.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Insurance Coverage

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

Type of Coverage	Self-Insurance Retention	Insurance Authority/Purchase Insurance
General Liability	up to \$2,000,000	\$2,000,000 to \$20,000,000 per occurrence
Automobile Liability	up to \$2,000,000	\$2,000,000 to \$20,000,000 per occurrence
Public Officials Errors and Omissions	up to \$2,000,000	\$2,000,000 to \$20,000,000 per occurrence/annual aggregate
Products & Completed Operations	up to \$2,000,000	\$2,000,000 to \$20,000,000 per occurrence/annual aggregate
Employment Practices Liability	up to \$2,000,000	\$2,000,000 to \$20,000,000 per occurrence/annual aggregate
Workers' Compensation	unlimited	

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 \$1 million per accident. Effective February 7, 1997, the Port carries commercial insurance for claims in excess of \$1 million. The statutory limit on the Port's commercial insurance policy is \$25 million.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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 actuarial estimates and include an estimate of claims that have been incurred but not reported, including allocated loss adjustment expenses. Changes in the reported liability resulted from the following (in thousands):

	2004	2003
Workers' compensation liability at beginning of fiscal year	\$ 3,000	\$ 3,000
Current year claims and changes in estimates	1,184	1,018
Claim payments	<u>(1,184)</u>	<u>(1,018)</u>
Workers' compensation liability at end of fiscal year	<u>\$ 3,000</u>	<u>\$ 3,000</u>

General Liability

The Port maintains general liability insurance in excess of specified deductibles. For the airport, coverage is provided in excess of \$250,000 in the aggregate up to a maximum of \$200,000,000. For the harbor area and the Port's real estate holdings, coverage is provided in excess of \$1,000,000 per occurrence up to an aggregate amount of \$150,000,000. Casualty losses are accrued when it is determined that a loss to the Port is probable and the amount is estimable. Amounts have been accrued as other liabilities.

(14) 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 Manager 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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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. In February 2004, the 1995 Fixed Rate Refunding Lease Revenue Bond was fully repaid by the Authority.

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. Certain revenues collected from Raiders football operations consisting of revenues from the sale of seat rights, as well as annual seat maintenance fees, a portion of net parking and concession revenues and concessionaires' initial fees may be used toward meeting this liability. In the event that such football revenues 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 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).

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 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 are 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.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its agreement with Oakland Coliseum Joint Venture and reinstated its Operating Agreement with Oakland-Alameda County Coliseum, Inc. Oakland-Alameda County Coliseum, Inc. subcontracted all of the operations of the Coliseum Complex to Oakland Coliseum Joint Venture.

On September 27, 1997, the City of Oakland, the County of Alameda, and the Oakland-Alameda County Coliseum Authority, collectively known as the "East Bay Entities", filed suit against the Oakland Raiders and A.D. Football, Inc. (collectively, "Raider Management") for breach of contract, declaratory relief and interference with prospective economic advantage. The suit asks for compensatory and punitive damages with regards to revenues lost as a result of actions by Raider Management, and for declaratory relief concerning (1) the parties' rights, duties and obligations under the Master Agreement concerning the naming rights for the Stadium, (2) whether Raider Management's claims of fraudulent inducement have merit and whether Raider Management has the right to rescind or terminate the Master Agreement, and (3) under the Visiting Team Share Agreement concerning the reimbursement of legal fees and costs. Raider management filed a cross-complaint seeking the right to rescind the Master Agreement and seeking damages for breaches of the Master Agreement and for fraudulent inducement. In a series of decisions, the court has ruled that (1) the Raiders Management cannot rescind or terminate its lease; and (2) the East Bay Entities do not have claims for damages. Raider Management increased their claim against the East Bay Entities to \$1.1 billion for damages; and (3) Coliseum, Inc. was the only East Bay entity against which the fraud claims could be tried related to claims of fraudulent inducement. Prior to the trial, Raider Management agreed to arbitrate all breach of contract claims. At the conclusion of the trial, the jury found no liability on the fraud claims, but did award the Raiders damages of \$35 million for negligent misrepresentation. This judgment has been entered only against Coliseum, Inc. Attorneys for the Oakland-Alameda County Coliseum, Inc. have filed an appeal of that decision. The judgment has been fully stayed pending the outcome of the appeal. The decision on the appeal is not expected until mid-2005.

In November 1998, the Authority brought an arbitration proceeding against the Golden State Warriors (the Warriors) to collect: (1) past due rents for use of the arena; (2) past due amounts of revenue sharing required by the License Agreement; and (3) facility use fees collected by the Warriors for the Authority. The arbitration demand also sought damages for the Warriors breach of the License Agreement for failure to sell seat rights in the new Arena, a major source of revenue to the Authority. The arbitrator found on October 6, 1999, that the Warriors owed more than \$17 million to the Authority, net of some \$720,000 in offsets granted to the Warriors. A second phase of the arbitration was decided in July 2000, when the arbitrator decided that the Warriors breached the License Agreement by failing to sell seat rights in the new Arena. However, the arbitrator awarded no damages to the Authority because he determined the damages could not be quantified. On March 22, 2001, the Superior Court

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

confirmed the arbitrator's awards and entered a judgment against the Warriors for the full amount of the award. The Warriors appealed the judgment. Subsequent to June 30, 2002, the Warriors lost the appeal and the judgment was settled in favor of the Authority for the above-mentioned \$17 million plus interest. A subsequent arbitration proceeding resulted in an award in favor of the Authority of approximately \$3 million. In addition, additional arbitration claims had been filed by the Warriors and the Authority and the Warriors had made various other claims that had not yet been filed with an arbitrator. On September 25, 2003, the Authority approved a settlement that reconciled the various claims for back payments by both parties and settled outstanding claims. This settlement resulted in a net payment of approximately \$5 million from the Authority to the Warriors.

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

<u>For the period ending June 30.</u>	<u>Stadium Debt</u>		<u>Arena Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 5,600	\$ 7,276	\$ 2,500	\$ 8,097
2006	6,100	6,949	2,700	7,938
2007	5,500	6,606	3,000	7,766
2008	5,800	6,289	3,100	7,575
2009	6,200	5,924	3,300	7,377
2010-2014	37,500	24,794	20,700	33,360
2015-2019	47,400	17,340	29,100	25,729
2020-2024	60,000	8,151	40,900	14,991
2025-2026	<u>13,800</u>	<u>320</u>	<u>20,800</u>	<u>2,039</u>
TOTAL	<u>\$187,900</u>	<u>\$83,649</u>	<u>\$126,100</u>	<u>\$114,872</u>

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

Under the joint exercise of power agreement, which formed the Authority, the City is responsible for funding up to 50% of the Authority's operating costs and debt service requirements, to the extent such funding is necessary. During the year ended June 30, 2004, the City made contributions of \$10,000,000 to fund its share of operating deficits and debt service payments of the Authority.

The Authority has anticipated a deficit for operating costs and repayment of its Stadium bonds, such that the City and County may have to contribute to base rental payments. Of the \$20.5 million appropriated in the General Fund as part of the above agreements, it is estimated that the City may have to contribute \$9,650,000 for the 2004-05 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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

amount of \$93,950,000. 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.

(15) PENSION PLANS

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

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

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

As of June 30, 2004 and 2003, the investment portfolio contained the following concentration of investments in an organization (other than those issued or guaranteed by the U.S. government) that represented 5 percent or more of total System net assets:

<u>Investments</u>	<u>2004</u>
Collective Short-term Investment Fund	\$1,925,620
PIMCO FDS Low Duration Funds	1,009,981
Vanguard Bond Index Funds	<u>1,004,671</u>
TOTAL	<u>\$3,940,272</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

No investments in any one non-federal organization represented 5% or more of PFRS net assets for pension benefits as of June 30, 2004.

	<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, 2003	July 01, 2002	June 30, 2003

Significant actuarial assumptions

Significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the City's actuarial accrued liability.

	<u>PFRS</u>	<u>OMERS</u>	<u>PERS</u>
General wage increase:			
Inflation rate	3.5%	3.5%	3.0%
Average salary increases	4.5%	3.0%	3.2%
Investment rate of return	8.0%	8.0%	7.75%
Cost-of-living adjustments	—	—	2.0%

Police and Fire Retirement System

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, 2004, stand alone financial statements are available by contacting the City Manager'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. 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 the 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 OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

City is required to fund all liabilities for future benefits for all members by June 30, 2026. In order to do so, the City makes contributions at rates established by consulting actuaries based upon plan valuations using various assumptions as to salary progression, inflation, and rate of return on investments. The City's contributions are based on a level percentage of all uniformed employees' compensation. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the pension benefits. The City issued pension obligation bonds in February 1997 to fund the PFRS through 2011. Bond proceeds in the amount of \$417,173,300 were contributed in fiscal 1997 and, as a result, no employer contributions are required through fiscal year 2011.

For the year ended June 30, 2004, employee contributions to PFRS totaling \$21,581 were made in accordance with actuarially determined contribution requirements.

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 27, "Accounting for Pensions by State and Local Governmental Employers," for fiscal year ended June 30, 2004, were as follows:

Pension asset, beginning of year		<u>\$387,737,180</u>
Interest on pension asset	\$ 31,018,975	
Adjustment to the annual required contribution	<u>(37,386,460)</u>	<u>(6,367,485)</u>
Pension asset, end of year		<u>\$381,369,695</u>

The following table shows the City's annual pension cost and the percentage contributed for the fiscal year 2004 and each of the two preceding years:

Fiscal Year Ended June 30,	Annual Pension Cost	Percentage (%) Contributed	Net Pension Asset
2002	\$5,459,093	—	\$ 393,633,000
2003	5,895,820	—	387,737,180
2004	6,367,485	—	381,369,695

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

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Oakland Municipal Employees Retirement System

OMERS provides death, disability and service retirement benefits to participants of the plan. Members who complete at least 20 years of service and have reached the age of 52, or who complete at least 5 years of service and reach the age of 60, are eligible for retirement benefits. The retirement allowance is calculated on a basis which takes into account the final three-years' average compensation, age and the number of years of service. Benefit provisions and all other requirements are established by the Charter. The June 30, 2004, stand alone financial statements are available by contacting by the City Manager's Office, One Frank Ogawa Plaza, Oakland, California 94612.

Employee contributions to OMERS totaling \$6,857 were made during 2004 in accordance with actuarially determined contribution requirements. Employee contributions are refundable with interest at 4.5% per annum if an employee elects to withdraw from the plan upon termination of employment with the City. Because of the Retirement System's current funding status, the City is currently not required to make contributions to OMERS. The actuarial calculations are computed using the "aggregate cost method" and the asset valuation is on a market value basis. Under this method, the normal cost is the actuarial present value of a member's benefit divided by the member's expected future working lifetime. The funding of the unfunded actuarial accrued liability is based on a level percentage of payroll over a period ending July 1, 2020, as required by the City Charter.

California Public Employees Retirement System

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 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 7.438% for non-safety employees and 29.118% for police and fire employees, of annual

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

covered payroll. The contribution requirements of the plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2003-04, the City's annual pension cost of \$48,433,902 was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2001, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service (average is 3.8%), and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. 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 on a closed basis. The amortization period of the unfunded actuarial liability ends June 30, 2011.

Three-Year Trend Information for PERS
(in millions)

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2002	\$26.9	100	—
2003	37.0	100	—
2004	48.4	100	—

OMERS had one active member transfer to PERS during 2004. As part of the transfer, \$1,494,000 of assets were transferred to PERS to cover the liabilities that were assumed.

(16) POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

The City pays part of the health insurance premiums for all retirees from City employment receiving a pension annuity earned through City service and participating in a City-sponsored PERS health benefit plan on a pay-as-you-go basis. Approximately \$2,375,499 was paid on behalf of 936 retirees under this program for the year ended June 30, 2004.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

(17) COMMITMENTS AND CONTINGENT LIABILITIES

Construction Commitments

Primary Government

The City has committed to funding in the amount of \$64,115,918 to a number of capital improvement projects for fiscal years 2004-05 to 2005-06.

Discretely Presented Component Unit

The Port anticipates spending \$763,300,000 through June 2007 for its capital improvement program. The most significant projects include expansion and improvements of the Airport's terminal, parking, roadway and security; construction of a shoreline park, the modernization of wharves and terminals, 50-foot deepening of the channel, and roadway improvements.

As of June 30, 2004, the Port has firm commitments for the acquisition and construction of assets as follows (in thousands):

Maritime	\$ 69,004
Aviation	281,390
Commercial real estate	<u>316</u>
Total	<u>\$350,710</u>

The most significant projects for which the Port has contractual commitments are airport terminal expansion of \$253,000,000; and modernization of maritime wharves and terminals: new cranes and infrastructure of \$48,000,000.

Power Purchases

The Port of Oakland purchases electrical power for resale and self-consumption at the Airport. The Port determines needs and commits to purchase contracts with power providers in advance. The total purchase commitment at June 30, 2004 is approximately \$3.34 million.

Other Commitments

Primary Government

As of June 30, 2004, the Agency has entered into contractual commitments of \$2,007,812 for materials and services relating to various projects. These commitments and future costs will be funded by currently available funds, tax increment revenue and other sources. The State of California adopted legislation mandating that local government shifts a portion of their

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

property tax revenue share to the Educational Revenue Augmentation Fund (ERAF) to support public schools. For fiscal year 2004-05, the Agency included in its Adopted Budget an ERAF shift of \$4,780,419.

At June 30, 2004, the Agency was committed to fund \$17,373,456 in loans and had issued \$1,648,600 in letters of credit in connection with several low and moderate-income housing projects. These commitments were made to facilitate the construction of low and moderate income housing within the City.

Discretely Presented Component Unit

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

It is the Port's intent that its environmental compliance programs be compliant with regulatory and legal requirements while effectively managing financial resources. The Port's financial statements include liabilities, established and adjusted periodically, based on new information, in accordance with applicable generally accepted accounting principles in the United States of America, for the estimated costs of compliance with environmental laws and regulations and remediation of known contamination.

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

A summary of the environmental liability accounts, included within the financial statements at June 30, 2004, is as follows (in thousands):

Environmental remediation	\$ 7,941
Miscellaneous compliance	<u>311</u>
Total environmental liabilities	<u>\$ 8,252</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

Oakland Base Reuse Authority

Commitments and Contingencies

Environmental Remediation

Land conveyed to OBRA from the Army may be subject to environmental remediation as required by Comprehensive Environmental Response, Compensation and Liability Act. If and when such environmental remediation is required, OBRA is responsible for the first \$13.0 million of environmental remediation costs; including environmental remediation insurance. OBRA has received a federal grant of \$13.0 million to pay for the above-mentioned environmental remediation costs. Of this grant amount, \$5.0 million has been received.

The next \$11.5 million of environmental remediation costs are to be shared equally by OBRA and the Port. 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. OBRA and the Port have agreed to share equally in any environmental remediation-related costs above \$21.0 million that are not covered by insurance.

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

Oakland Army Base Workforce Development Collaborative

OBRA and the Port have agreed to share equally in certain expenses related to the conveyance of the EDC property. As of December 20, 2004, OBRA and the Port have paid a total of \$5.7 million to the Workforce Collaborative. OBRA could incur liabilities of up to \$2.55 million if the Port does not pay its share of the remaining \$5.1 million due to the Workforce Collaborative. No provisions have been made to reflect any contingent liabilities should the Port not pay its share of post-conveyance liabilities.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

(18) DEFICIT FUND BALANCES/NET ASSETS

As of June 30, 2004, the following funds reported deficits in fund balance/net assets (in thousands):

Federal/State Grant Fund	\$ (23,123)
Special Revenue - ORA Projects	(3,481)

The City's federal/state grant fund deficit is expected to be cured through more timely drawdown and collection of federal/state funds. The ORA projects fund deficit is expected to be cured by reimbursements from the Agency.

Internal Service:	
Facilities	\$ (10,783)
Central Stores	(5,101)

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

(19) SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

On July 28, 2004, the City issued tax and revenue anticipation notes payable of \$65,000,000. The notes were issued to satisfy General Fund obligations and carried an effective interest rate of approximately 1.44 %. Principal and interest are due and payable on July 27, 2005.

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

(20) RESTATEMENT OF NET ASSETS

The City's beginning fund balance for the Oakland Redevelopment Agency Governmental Fund (ORA Fund) reported on the statement of revenues, expenditures and changes in fund balances of the fund financial statements has been restated to reflect changes in interfund loans. During fiscal year 1998/99, the City determined that the City Center Garage Loan made from the City's General Fund to the ORA Fund was not expected to be repaid within a reasonable time, and decided to charge the loan balance to community and economic development expenditures in the General Fund and set up a corresponding deferred revenue balance to offset the interfund loan. Because of the uncertainties surrounding the repayment, it has been determined that it would be prudent to remove the interfund loan altogether in order to provide symmetry between the General Fund and the ORA Fund and restate beginning fund balance for the ORA Fund. Therefore, the following restatement of beginning fund balance has been made in the ORA Fund:

Fund Balance, as of beginning of the year	\$ 189,425,000
Restatement to remove the interfund loan payable to the City	<u>18,586,000</u>
Fund Balance, as of beginning of the year, as restated	<u>\$ 208,011,000</u>

CITY OF OAKLAND
Notes to Basic Financial Statements, (continued)
Year Ended June 30, 2004

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CITY OF OAKLAND
Required Supplementary Information
(unaudited)
June 30 2004

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.

PUBLIC SAFETY RETIREMENT PLAN (POLICE AND FIRE)

Valuation Date July 1,	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (a-b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a-b)/c]
2001	\$432,051,707	\$363,660,265	\$68,391,442	84.2%	\$92,125,191	74.2%
2002	563,199,567	373,263,858	189,935,709	66.3%	104,070,500	182.5%
2003	631,484,014	454,728,659	176,755,355	72.0%	111,041,143	159.2%

MISCELLANEOUS RETIREMENT PLAN

Valuation Date July 1,	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) Liability (a-b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a-b)/c]
2001	\$ 883,320,455	\$1,059,605,539	\$(176,285,084)	120.0%	\$171,872,368	(102.6%)
2002	952,399,380	1,003,318,723	(50,919,343)	105.3%	197,383,330	(25.8%)
2003	1,197,321,821	1,010,654,872	186,666,949	84.4%	207,930,860	89.8%

CITY OF OAKLAND
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2004
 (In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 110,454	\$ 110,454	\$ 109,927	\$ (527)
State:				
Sales and use	37,010	37,028	36,464	(564)
Motor vehicle in-lieu	7,683	16,166	18,178	2,012
Local:				
Business license	42,835	42,835	44,223	1,388
Utility consumption	53,550	53,550	48,056	(5,494)
Real estate transfer	38,000	38,000	55,665	17,665
Transient occupancy	10,463	10,463	9,857	(606)
Parking	7,944	7,944	9,799	1,855
Franchise	11,188	11,188	11,592	404
Licenses and permits	14,030	14,030	13,453	(577)
Fines and penalties	23,585	23,702	26,817	3,115
Interest and investment income	1,898	1,898	(5,722)	(7,620)
Charges for services	63,854	65,240	56,883	(8,357)
Federal and state grants and subventions	1,468	1,468	2,147	679
Other	38,545	29,884	23,276	(6,608)
TOTAL REVENUES	<u>462,507</u>	<u>463,850</u>	<u>460,615</u>	<u>(3,235)</u>
EXPENDITURES				
Current:				
Elected and Appointed Officials-				
Mayor	1,671	1,671	1,767	(96)
Council	2,162	2,216	2,265	(49)
City Manager	13,185	11,362	6,117	5,245
City Attorney	7,181	7,205	7,518	(313)
City Auditor	1,049	1,049	984	65
City Clerk	2,132	2,285	1,959	326
Agencies/Departments:				
Personnel Resource Management	3,860	3,594	3,783	(189)
Information Technology	7,675	9,416	9,033	383
Financial Services	18,537	19,050	18,247	803
Police Services	150,845	150,842	160,114	(9,272)
Fire Services	90,107	90,916	87,516	3,400
Life Enrichment:				
Administration	-	13	1	12
Parks and Recreation	17,016	17,989	15,841	2,148
Library	10,528	10,730	10,497	233
Museum	6,937	7,372	7,822	(450)
Marketing	1,648	1,711	1,516	195
Aging & Health and Human Services	6,575	7,268	5,668	1,600
Cultural Arts	200	4	14	(10)
Community and Economic Development	22,209	24,207	20,152	4,055
Public Works	26,256	28,005	27,475	530
Other	18,294	18,429	20,103	(1,674)
Capital outlay	68	713	4,060	(3,347)
Debt service:				
Principal repayment	214	722	390	332
Interest charges	-	31	349	(318)
TOTAL EXPENDITURES	<u>408,349</u>	<u>416,800</u>	<u>413,191</u>	<u>3,609</u>
EXCESS OF REVENUES OVER EXPENDITURES	54,158	47,050	47,424	374
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	-	3,927	3,927
Property sale proceeds	61	61	1,497	1,436
Transfers in	13,488	13,488	83,547	70,059
Transfers out	(73,807)	(73,972)	(156,827)	(82,855)
TOTAL OTHER FINANCING USES, NET	<u>(60,258)</u>	<u>(60,423)</u>	<u>(67,856)</u>	<u>(7,433)</u>
NET CHANGE IN FUND BALANCE	(6,100)	(13,373)	(20,432)	(7,059)
Fund balances - beginning	172,346	115,196	261,900	146,704
FUND BALANCES - ENDING	<u>\$ 166,246</u>	<u>\$ 101,823</u>	<u>\$ 241,468</u>	<u>\$ 139,645</u>

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

CITY OF OAKLAND
Notes to Required Supplementary Information
June 30, 2004

(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 2003, the City Council approved the City's fourth two-year budget for fiscal years 2003-04 and 2004-05. 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 2003-04 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, 2004

Budgetary Basis of Accounting

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

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

Major Funds

- Federal and State Grants
- Oakland Redevelopment Agency

Nonmajor Funds

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

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

CITY OF OAKLAND
Notes to Required Supplementary Information
June 30, 2004

(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, 2004, was \$621,606.

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

	General Fund
Net change in fund balance - budgetary basis	\$ (20,432)
Amortization of debt service deposit agreement	<u>622</u>
Net change in fund balance - GAAP basis	<u><u>\$ (19,810)</u></u>

CITY OF OAKLAND
Notes to Required Supplementary Information
June 30, 2004

The General Fund Balance on a Budgetary Basis reconciled to that on a GAAP basis as of June 30, 2004, is as follows (in thousands):

	General Fund
Fund Balance, June 30, 2004 - Budgetary Basis	\$241,468
Unamortized debt service deposit agreement	<u>(8,160)</u>
Fund Balance, June 30, 2004 – GAAP Basis	<u>\$233,308</u>

General Fund Budgetary Basis Fund Balance at June 30, 2004, is composed of the following (in thousands):

	General Fund
Reserved:	
Encumbrances	\$ 4,779
Unreserved reported in:	
General fund	<u>228,529</u>
TOTAL FUND BALANCES	<u>\$233,308</u>

CITY OF OAKLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 44,368	\$ 12,896	\$ -	\$ 57,264
Receivables, net:				
Accrued interest and dividends	285	80	-	365
Property taxes	2,319	1,462	-	3,781
Accounts receivable	5,032	-	-	5,032
Grants receivable	22	-	-	22
Due from other funds	4,613	66	-	4,679
Due from component unit	1,242	-	-	1,242
Notes and loans receivable, net	14,477	-	-	14,477
Restricted cash and investments	-	47,172	17,725	64,897
TOTAL ASSETS	<u>\$ 72,358</u>	<u>\$ 61,676</u>	<u>\$ 17,725</u>	<u>\$ 151,759</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 4,811	\$ 59	\$ 429	\$ 5,299
Due to other funds	8,142	473	3,554	12,169
Due to other governments	2,335	-	-	2,335
Deferred revenue	14,446	1,462	-	15,908
Other	219	-	-	219
TOTAL LIABILITIES	<u>29,953</u>	<u>1,994</u>	<u>3,983</u>	<u>35,930</u>
Fund Balances				
Reserved:				
Encumbrances	2,587	-	107	2,694
Long term receivables	2,659	-	-	2,659
Debt service	-	56,652	-	56,652
Unreserved/designated:				
Special revenue funds	874	-	-	874
Capital project funds	-	-	13,635	13,635
Projects	36,285	3,030	-	39,315
TOTAL FUND BALANCES	<u>42,405</u>	<u>59,682</u>	<u>13,742</u>	<u>115,829</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 72,358</u>	<u>\$ 61,676</u>	<u>\$ 17,725</u>	<u>\$ 151,759</u>

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures and Chages in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2004
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Nonmajor Governmental Total
REVENUES				
Taxes:				
Property	\$ 19,116	\$ 18,273	\$ -	\$ 37,389
State:				
Sales and use	11,296	-	-	11,296
Gas	6,968	-	-	6,968
Licenses and permits	23	-	-	23
Fines and penalties	1,143	28	-	1,171
Interest and investment income	1,316	3,236	426	4,978
Charges for services	4,281	-	-	4,281
Federal and state grants and subventions	14,489	-	-	14,489
Other	8,759	776	-	9,535
TOTAL REVENUES	<u>67,391</u>	<u>22,313</u>	<u>426</u>	<u>90,130</u>
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	204	-	-	204
Council	1,021	-	-	1,021
City Manager	1,772	-	-	1,772
City Attorney	2,506	-	18	2,524
City Auditor	32	-	-	32
City Clerk	59	-	-	59
Agencies/Departments:				
Information Technology	8	-	-	8
Financial Services	763	124	2,934	3,821
Police Services	931	-	141	1,072
Fire Services	2,448	-	-	2,448
Life Enrichment:				
Parks and Recreation	13,450	-	5	13,455
Library	390	-	3	393
Museum	242	-	-	242
Marketing	826	-	-	826
Aging & health and Human Services	2,795	-	-	2,795
Cultural Arts	-	-	-	-
Community and Economic Development	11,160	-	41	11,201
Public Works	21,969	-	828	22,797
Other	6,882	942	-	7,824
Capital outlay	1,644	-	1,242	2,886
Debt service:				
Principal repayment	-	48,880	-	48,880
Bond issuance cost	-	-	-	-
Interest Charges	-	46,224	-	46,224
TOTAL EXPENDITURES	<u>69,102</u>	<u>96,170</u>	<u>5,212</u>	<u>170,484</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,711)</u>	<u>(73,857)</u>	<u>(4,786)</u>	<u>(80,354)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	-	-	-
Premiums on issuance of bonds	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers in	8,630	71,693	-	80,323
Transfers out	-	(8,716)	(65)	(8,781)
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,630</u>	<u>62,977</u>	<u>(65)</u>	<u>71,542</u>
NET CHANGE IN FUND BALANCE	<u>6,919</u>	<u>(10,880)</u>	<u>(4,851)</u>	<u>(8,812)</u>
Fund balances - beginning	35,486	70,562	18,593	124,641
FUND BALANCES - ENDING	<u>\$ 42,405</u>	<u>\$ 59,682</u>	<u>\$ 13,742</u>	<u>\$ 115,829</u>

CITY OF OAKLAND
Combining Balance Sheet
Nonmajor Governmental Funds-Special Revenue
June 30, 2004
(In Thousands)

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assesmt District	Assessment Districts	Other Special Revenue	ORA Projects	Parks and Recreation and Cultural	Total
ASSETS								
Cash and Investments	\$ 21,245	\$ 3,225	\$ 3,431	\$ 1,265	\$ 13,048	\$ -	\$ 2,154	\$ 44,368
Receivable, net:								
Accrued interest and dividends	139	23	30	8	72	-	13	285
Property taxes	-	-	1,934	35	314	-	36	2,319
Accounts receivable	3,945	701	-	29	357	-	-	5,032
Grants receivable	-	-	-	-	22	-	-	22
Due from other funds	-	-	-	-	162	4,451	-	4,613
Due from component unit	-	-	1,242	-	-	-	-	1,242
Notes and loans receivable, net	-	-	-	-	14,477	-	-	14,477
TOTAL ASSETS	\$ 25,329	\$ 3,949	\$ 6,637	\$ 1,337	\$ 28,452	\$ 4,451	\$ 2,203	\$ 72,358
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	\$ 186	\$ 204	\$ 2,810	\$ -	\$ 618	\$ 957	\$ 36	\$ 4,811
Due to other funds	-	-	-	-	2,984	5,158	-	8,142
Due to other governments	-	-	-	-	1,105	1,230	-	2,335
Deferred revenues	-	-	1,970	35	11,818	587	36	14,446
Other	-	-	-	-	-	-	219	219
TOTAL LIABILITIES AND FUND BALANCES	186	204	4,780	35	16,525	7,932	291	29,953
Fund Balances (deficit)								
Reserved:								
Encumbrance	252	102	72	-	1,602	495	64	2,587
Long term receivables	-	-	-	-	2,659	-	-	2,659
Unreserved/designated:								
Unreserved (deficit)	630	969	1,602	1,143	-	(3,976)	506	874
Projects	24,261	2,674	183	159	7,666	-	1,342	36,285
TOTAL FUND BALANCES (DEFICIT)	25,143	3,745	1,857	1,302	11,927	(3,481)	1,912	42,405
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 25,329	\$ 3,949	\$ 6,637	\$ 1,337	\$ 28,452	\$ 4,451	\$ 2,203	\$ 72,358

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds-Special Revenue
Year Ended June 30, 2004
(In Thousands)

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessment District	Assessment Districts	Other Special Revenue	ORA Projects	Parks and Recreation and Cultural	Total
REVENUES								
Taxes:								
Property	\$ -	\$ -	\$ 17,524	\$ 135	\$ 1,457	\$ -	\$ -	\$ 19,116
State:								
Sales and use	10,605	691	-	-	-	-	-	11,296
Gas	-	6,968	-	-	-	-	-	6,968
Licenses and permits	-	-	23	-	-	-	-	23
Fines and penalties	1,117	-	-	-	26	-	-	1,143
Interest and investment income	414	121	34	24	681	-	42	1,316
Charges for services	121	1	18	166	3,975	-	-	4,281
Federal and state grants and subventions	-	138	-	-	2,933	11,418	-	14,489
Other	4	-	34	14	3,123	4,981	603	8,759
TOTAL REVENUES	12,261	7,919	17,633	339	12,195	16,399	645	67,391
EXPENDITURES								
Current:								
Elected and Appointed Officials:								
Mayor	-	31	-	-	-	173	-	204
Council	-	-	-	-	-	1,021	-	1,021
City Manager	-	-	117	3	854	798	-	1,772
City Attorney	-	-	116	-	613	1,777	-	2,506
City Auditor	-	-	-	-	-	32	-	32
City Clerk	-	-	-	-	-	59	-	59
Agencies/Departments:								
Information Technology	-	-	8	-	-	-	-	8
Financial Services	-	75	102	-	-	586	-	763
Police Services	-	1	-	-	255	675	-	931
Fire Services	-	71	-	-	2,377	-	-	2,448
Life Enrichment:								
Parks and Recreation	-	-	13,076	2	307	-	65	13,450
Library	-	-	-	-	254	-	136	390
Museum	-	-	226	-	-	-	16	242
Marketing	-	-	-	-	-	826	-	826
Aging & health and Human Services	936	-	29	-	1,737	93	-	2,795
Community and Economic Development	38	-	-	-	4,286	6,836	-	11,160
Public Works	6,611	8,401	6,762	3	192	-	-	21,969
Other	-	-	-	-	6,882	-	-	6,882
Capital outlay	1,348	145	-	-	-	151	-	1,644
TOTAL EXPENDITURES	8,933	8,724	20,436	8	17,757	13,027	217	69,102
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,328	(805)	(2,803)	331	(5,562)	3,372	428	(1,711)
OTHER FINANCING SOURCES (USES)								
Property sale proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	8,630	-	-	8,630
Transfers out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	8,630	-	-	8,630
NET CHANGE IN FUND BALANCES (DEFICIT)	3,328	(805)	(2,803)	331	3,068	3,372	428	6,919
Fund balances (deficit) - beginning	21,815	4,550	4,660	971	8,859	(6,853)	1,484	35,486
FUND BALANCES - ENDING	\$ 25,143	\$ 3,745	\$ 1,857	\$ 1,302	\$ 11,927	\$ (3,481)	\$ 1,912	\$ 42,405

CITY OF OAKLAND
Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004
(In Thousands)

	Traffic Safety and Control				State Gas Tax				Landscaping and Lighting District			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State:												
Sales and use	-	-	10,605	10,605	-	-	691	691	-	-	-	-
Gas	-	-	-	-	-	8,197	6,968	(1,229)	-	-	-	-
Local	-	-	-	-	-	-	-	-	17,391	17,524	133	133
Licenses and permits	-	-	-	-	-	-	-	-	8	23	15	15
Fines and penalties	-	-	1,117	1,117	-	-	-	-	-	-	-	-
Interest and investment income	-	-	414	414	-	-	121	121	-	-	34	34
Charges for services	-	-	121	121	-	-	1	1	23	18	(5)	(5)
Federal and state grants and subventions	-	-	-	-	-	-	138	138	-	-	-	-
Other	-	-	4	4	-	-	-	-	-	34	34	34
TOTAL REVENUES	-	-	12,261	12,261	-	8,197	7,919	(278)	-	17,422	17,633	211
EXPENDITURES												
Current:												
Elected and Appointed Officials-												
Mayor	-	-	-	-	-	-	31	(31)	-	-	-	-
Council	-	-	-	-	-	-	-	-	-	-	-	-
City Manager	-	-	-	-	-	13	-	13	119	119	117	2
City Attorney	-	-	-	-	-	-	-	-	116	116	116	-
Information Technology	-	-	-	-	-	-	-	-	29	29	8	21
Financial Services	-	-	-	-	77	77	75	2	108	108	102	6
Police Services	-	2	-	2	-	-	1	(1)	-	-	-	-
Fire Services	-	-	-	-	126	126	71	55	-	-	-	-
Life Enrichment:												
Parks and Recreation	-	-	-	-	-	-	-	-	13,636	13,691	13,076	615
Library	-	-	-	-	-	-	-	-	-	-	-	-
Museum	-	-	-	-	-	-	-	-	296	296	226	70
Aging	973	1,407	936	471	-	-	-	-	-	-	29	(29)
Health and Human Services	-	-	-	-	-	-	-	-	-	-	-	-
Community and Economic Development	50	106	38	68	-	-	-	-	-	-	-	-
Public Works	3,649	6,871	6,611	260	9,724	9,695	8,401	1,294	4,571	4,662	6,762	(2,100)
Other	5,833	15,587	-	15,587	-	1,016	-	1,016	-	-	-	-
Capital outlay	12,237	15,117	1,348	13,769	-	2,443	145	2,298	-	-	-	-
TOTAL EXPENDITURES	22,742	39,090	8,933	30,157	9,927	13,370	8,724	4,646	18,875	19,021	20,436	(1,415)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(22,742)	(39,090)	3,328	42,418	(9,927)	(5,173)	(805)	4,368	(18,875)	(1,599)	(2,803)	(1,204)
OTHER FINANCING SOURCES (USES)												
Property sale proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(22,742)	(39,090)	3,328	42,418	(9,927)	(5,173)	(805)	4,368	(18,875)	(1,599)	(2,803)	(1,204)
Fund balances -beginning	-	-	21,815	21,815	-	-	4,550	4,550	-	-	4,660	4,660
FUND BALANCES - ENDING	\$ (22,742)	\$ (39,090)	\$25,143	\$ 64,233	\$ (9,927)	\$ (5,173)	\$ 3,745	\$ 8,918	\$ (18,875)	\$ (1,599)	\$ 1,857	\$ 3,456

CITY OF OAKLAND
Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004
(In Thousands)

	Assessment Districts				Other Special Revenue			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES								
Taxes:								
Property	\$ -	\$ -	\$ 135	\$ 135	\$ -	\$ -	\$ 1,457	\$ 1,457
State:								
Sales and use	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	26	26
Interest and investment income	-	-	24	24	-	-	681	681
Charges for services	-	-	166	166	-	-	3,975	3,975
Federal and state grants and subventions	-	-	-	-	-	-	2,933	2,933
Other	-	-	14	14	-	-	3,123	3,123
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>339</u>	<u>339</u>	<u>-</u>	<u>-</u>	<u>12,195</u>	<u>12,195</u>
EXPENDITURES								
Current:								
Elected and Appointed Officials-								
Council	-	-	-	-	-	-	-	-
City Manager	3	3	3	-	923	936	854	82
City Attorney	-	-	-	-	613	613	613	-
Agencies/Departments:								
Information Technology	-	-	-	-	-	-	-	-
Financial Services	-	-	-	-	-	-	-	-
Police Services	-	-	-	-	483	1,372	255	1,117
Fire Services	-	32	-	32	3,061	4,216	2,377	1,839
Life Enrichment:								
Administration	-	-	-	-	-	-	-	-
Parks and Recreation	-	127	2	125	-	336	307	29
Library	-	-	-	-	-	102	254	(152)
Museum	-	-	-	-	-	-	-	-
Aging	-	-	-	-	275	406	1,737	(1,331)
Health and Human Services	-	-	-	-	1,395	2,142	-	2,142
Community and Economic Development	-	-	-	-	5,965	10,608	4,286	6,322
Public Works	-	-	3	(3)	-	672	192	480
Other	-	-	-	-	7,940	15,145	6,882	8,263
Capital outlay	-	(4)	-	(4)	-	139	-	139
TOTAL EXPENDITURES	<u>3</u>	<u>158</u>	<u>8</u>	<u>150</u>	<u>20,655</u>	<u>36,687</u>	<u>17,757</u>	<u>18,930</u>
EXCESS (DEFICIENCY) OF REVENUES	(3)	(158)	331	489	(20,655)	(36,687)	(5,562)	31,125
OVER (UNDER) EXPENDITURES								
OTHER FINANCING SOURCES								
Property sale proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	8,630	8,630
Transfers out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,630</u>	<u>8,630</u>
NET CHANGE IN FUND BALANCE	(3)	(158)	331	489	(20,655)	(36,687)	3,068	39,755
Fund balances - beginning	-	-	971	971	-	-	8,859	8,859
FUND BALANCES - ENDING	<u>\$ (3)</u>	<u>\$ (158)</u>	<u>\$ 1,302</u>	<u>\$ 1,460</u>	<u>\$ (20,655)</u>	<u>\$ (36,687)</u>	<u>\$ 11,927</u>	<u>\$ 48,614</u>

CITY OF OAKLAND
Combining Balance Sheet
Nonmajor Governmental Funds-Debt Service
June 30, 2004
(In Thousands)

	General Obligation Bonds	Lease Financing	Civic Improvement	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total
ASSETS							
Cash and investments	\$ 9,804	\$ 129	\$ -	\$ 4	\$ 1,587	\$ 1,372	\$ 12,896
Receivables, net:							
Accrued interest and dividends	60	1	-	-	10	9	80
Property taxes	696	-	-	-	766	-	1,462
Due from other funds	-	-	66	-	-	-	66
Restricted cash and investments	2,501	84	25,844	-	984	17,759	47,172
TOTAL ASSETS	<u>\$ 13,061</u>	<u>\$ 214</u>	<u>\$ 25,910</u>	<u>\$ 4</u>	<u>\$ 3,347</u>	<u>\$ 19,140</u>	<u>\$ 61,676</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 33	\$ -	\$ -	\$ -	\$ 7	\$ 19	\$ 59
Due to other funds	-	-	473	-	-	-	473
Deferred revenue	696	-	-	-	766	-	1,462
TOTAL LIABILITIES	<u>729</u>	<u>-</u>	<u>473</u>	<u>-</u>	<u>773</u>	<u>19</u>	<u>1,994</u>
Fund Balances							
Reserved:							
Reserved for debt service	9,302	214	25,437	4	2,574	19,121	56,652
Unreserved/designated:							
Projects	3,030	-	-	-	-	-	3,030
TOTAL FUND BALANCES	<u>12,332</u>	<u>214</u>	<u>25,437</u>	<u>4</u>	<u>2,574</u>	<u>19,121</u>	<u>59,682</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,061</u>	<u>\$ 214</u>	<u>\$ 25,910</u>	<u>\$ 4</u>	<u>\$ 3,347</u>	<u>\$ 19,140</u>	<u>\$ 61,676</u>

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds-Debt Service
Year Ended June 30, 2004
(In Thousands)

	General Obligation Bonds	Lease Financing	Civic Improvement	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total
REVENUES							
Property taxes	\$ 18,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,273
Fines and penalties	28	-	-	-	-	-	28
Interest and investment income	179	105	1,906	-	69	977	3,236
Other	-	-	-	-	776	-	776
TOTAL REVENUES	<u>18,480</u>	<u>105</u>	<u>1,906</u>	<u>-</u>	<u>845</u>	<u>977</u>	<u>22,313</u>
EXPENDITURES							
Agencies/Departments:							
Financial services	18	2	17	1	47	39	124
Other	-	245	-	-	-	697	942
Debt Service:							
Principal repayment	6,755	8,260	1,900	2,025	515	29,425	48,880
Interest charges	10,875	7,233	481	5,525	437	21,673	46,224
TOTAL EXPENDITURES	<u>17,648</u>	<u>15,740</u>	<u>2,398</u>	<u>7,551</u>	<u>999</u>	<u>51,834</u>	<u>96,170</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>832</u>	<u>(15,635)</u>	<u>(492)</u>	<u>(7,551)</u>	<u>(154)</u>	<u>(50,857)</u>	<u>(73,857)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	592	15,243	-	7,550	-	48,308	71,693
Transfers out	-	(8,715)	(1)	-	-	-	(8,716)
TOTAL OTHER FINANCING SOURCES (USES)	<u>592</u>	<u>6,528</u>	<u>(1)</u>	<u>7,550</u>	<u>-</u>	<u>48,308</u>	<u>62,977</u>
NET CHANGE IN FUND BALANCE	1,424	(9,107)	(493)	(1)	(154)	(2,549)	(10,880)
Fund balances - beginning	10,908	9,321	25,930	5	2,728	21,670	70,562
FUND BALANCES - ENDING	<u>\$ 12,332</u>	<u>\$ 214</u>	<u>\$ 25,437</u>	<u>\$ 4</u>	<u>\$ 2,574</u>	<u>\$ 19,121</u>	<u>\$ 59,682</u>

CITY OF OAKLAND
Debt Service Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004
(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)
REVENUES												
Taxes:												
Property	\$ 10,889	\$ 10,889	\$ 18,273	\$ 7,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and penalties	-	-	28	28	-	-	-	-	-	-	-	-
Interest and investment income	537	537	179	(358)	607	607	105	(502)	2,618	2,618	1,906	(712)
Other	-	-	-	-	23,000	23,000	-	(23,000)	447	447	-	(447)
TOTAL REVENUES	11,426	11,426	18,480	7,054	23,607	23,607	105	(23,502)	3,065	3,065	1,906	(1,159)
EXPENDITURES												
Current:												
Agencies/Departments:												
Financial Services	28	33	18	15	8	8	2	6	18	18	17	1
Other	-	3,030	-	3,030	-	-	245	(245)	3,047	3,047	-	3,047
Debt service:												
Principal Repayment	4,145	6,755	6,755	-	31,260	31,260	8,260	23,000	1,900	1,900	1,900	-
Interest Charges	11,398	10,874	10,875	(1)	7,233	7,233	7,233	-	-	-	481	(481)
TOTAL EXPENDITURES	15,571	20,692	17,648	3,044	38,501	38,501	15,740	22,761	4,965	4,965	2,398	2,567
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,145)	(9,266)	832	10,098	(14,894)	(14,894)	(15,635)	(741)	(1,900)	(1,900)	(492)	1,408
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	592	592	15,348	15,348	15,309	(39)	-	-	(1)	(1)
Transfers out	-	-	-	-	-	-	(8,781)	(8,781)	-	-	-	-
NET CHANGE IN FUND BALANCE	(4,145)	(9,266)	1,424	10,690	454	454	(9,107)	(9,561)	(1,900)	(1,900)	(493)	1,407
Fund balances - beginning	-	-	10,908	10,908	-	-	9,321	9,321	-	-	25,930	25,930
FUND BALANCES - ENDING	\$ (4,145)	\$ (9,266)	\$ 12,332	\$ 21,598	\$ 454	\$ 454	\$ 214	\$ (240)	\$ (1,900)	\$ (1,900)	\$ 25,437	\$ 27,337

CITY OF OAKLAND
Debt Service
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004
(In Thousands)

	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)
REVENUES												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 4	-	\$ (4)
Fines and penalties	-	-	-	-	11	11	-	(11)	-	-	-	-
Interest and investment income	-	-	-	-	122	122	69	(53)	1,143	1,143	977	(166)
Other	3	3	-	(3)	1,045	1,045	776	(269)	-	-	-	-
TOTAL REVENUES	3	3	-	(3)	1,178	1,178	845	(333)	1,147	1,147	977	(170)
EXPENDITURES												
Current:												
Agencies/Departments:												
Financial Services	3	3	1	2	44	44	47	(3)	26	26	39	(13)
Other	-	-	-	-	-	-	-	-	-	300	697	(397)
Debt service:												
Principal repayment	2,025	2,025	2,025	-	534	534	515	19	29,425	29,425	29,425	-
Interest charges	5,525	5,525	5,525	-	446	446	437	9	21,634	21,334	21,673	(339)
TOTAL EXPENDITURES	7,553	7,553	7,551	2	1,024	1,024	999	25	51,085	51,085	51,834	(749)
EXCESS (DEFICIENCY) OF REVENUES	(7,550)	(7,550)	(7,551)	(1)	154	154	(154)	(308)	(49,938)	(49,938)	(50,857)	(919)
OVER EXPENDITURES												
OTHER FINANCING SOURCES (USES)												
Issuance of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	7,550	7,550	7,550	-	753	753	1,183	(430)	50,049	50,049	48,308	(1,741)
Transfers out	-	-	-	-	-	-	(1,183)	1,183	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	7,550	7,550	7,550	-	753	753	-	753	50,049	50,049	48,308	(1,741)
NET CHANGE IN FUND BALANCE	-	-	(1)	1	907	907	(154)	445	111	111	(2,549)	(2,660)
Fund balances - beginning	-	-	5	(5)	-	-	2,728	2,728	-	-	21,670	21,670
FUND BALANCES - ENDING	\$ -	\$ -	\$ 4	\$ (4)	\$ 907	\$ 907	\$ 2,574	\$ 3,173	\$ 111	\$ 111	\$ 19,121	\$ 19,010

CITY OF OAKLAND
Combining Balance Sheet
Nonmajor Governmental Funds-Capital Projects
June 30, 2004
(In Thousands)

	Parks and Recreation	Emergency Services	Total
ASSETS			
Restricted cash and investments	\$ 7,084	\$ 10,641	\$ 17,725
TOTAL ASSETS	<u>7,084</u>	<u>10,641</u>	<u>17,725</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	116	313	429
Due to other funds	<u>801</u>	<u>2,753</u>	<u>3,554</u>
TOTAL LIABILITIES	<u>917</u>	<u>3,066</u>	<u>3,983</u>
Fund balances			
Reserved:			
Encumbrance	8	99	107
Unreserved/designated:			
Projects	<u>6,159</u>	<u>7,476</u>	<u>13,635</u>
TOTAL FUND BALANCES	<u>6,167</u>	<u>7,575</u>	<u>13,742</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,084</u>	<u>\$ 10,641</u>	<u>\$ 17,725</u>

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds-Capital Projects
Year Ended June 30, 2004
(In Thousands)

	Parks and Recreation	Emergency Services	Total
REVENUES			
Interest and investment income	\$ 367	\$ 59	\$ 426
Charges for services	-	-	-
Federal and state grants and subventions	-	-	-
Other	-	-	-
TOTAL REVENUES	<u>367</u>	<u>59</u>	<u>426</u>
EXPENDITURES			
Current:			
Elected and Appointed Officials:			
Mayor	-	-	-
Council	-	-	-
City Manager	-	-	-
City Attorney	18	-	18
City Clerk	-	-	-
Agencies/departments:			
Information Technology	-	-	-
Finance and Management	2,930	4	2,934
Police Services	-	141	141
Fire Services	-	-	-
Life Enrichment:			
Parks and Recreation	2	3	5
Library	-	3	3
Museum	-	-	-
Cultural Arts	-	-	-
Community and Economic Development	41	-	41
Public Works	616	212	828
Other	-	-	-
Capital outlay	1,238	4	1,242
Debt service	-	-	-
Principal repayment	-	-	-
Bond issuance cost	-	-	-
Interest charges	-	-	-
TOTAL EXPENDITURES	<u>4,845</u>	<u>367</u>	<u>5,212</u>
DEFICIENCY OF REVENUES			
UNDER EXPENDITURES	<u>(4,478)</u>	<u>(308)</u>	<u>(4,786)</u>
OTHER FINANCING USES			
Issuance of refunding bonds	-	-	-
Premiums on issuance of bonds	-	-	-
Payment to refunding bond escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	(65)	(65)
TOTAL OTHER FINANCING USES	<u>-</u>	<u>(65)</u>	<u>(65)</u>
NET CHANGE IN FUND BALANCE	<u>(4,478)</u>	<u>(373)</u>	<u>(4,851)</u>
Fund balances - beginning	<u>10,645</u>	<u>7,948</u>	<u>18,593</u>
FUND BALANCES - ENDING	<u>\$ 6,167</u>	<u>\$ 7,575</u>	<u>\$ 13,742</u>

CITY OF OAKLAND
Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004
(In Thousands)

	Parks and Recreation				Municipal Improvement Capital				Emergency Services			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES												
Interest and investment income	\$ -	\$ 1,346	\$ 367	\$ (979)	\$ -	\$ -	\$ 2,482	\$ 2,482	\$ -	\$ -	\$ 59	\$ 59
Charges for services	-	-	-	-	330	372	55	(317)	-	-	-	-
Federal and state grants and subventions	-	-	-	-	-	631	113	(518)	-	-	-	-
Other	-	-	-	-	-	8	4,657	4,649	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>1,346</u>	<u>367</u>	<u>(979)</u>	<u>330</u>	<u>1,011</u>	<u>7,307</u>	<u>6,296</u>	<u>-</u>	<u>-</u>	<u>59</u>	<u>59</u>
EXPENDITURES												
Current:												
Elected and Appointed Officials-												
Mayor	-	-	-	-	-	-	9	(9)	-	-	-	-
Council	-	-	-	-	-	-	313	(313)	-	-	-	-
City Manager	-	-	-	-	287	288	669	(381)	-	-	-	-
City Attorney	18	18	18	-	7	7	7	-	-	-	-	-
City Clerk	-	-	-	-	-	-	6	(6)	-	-	-	-
Agencies/Departments:												
Personnel Resource Management	-	-	-	-	-	(199)	-	(199)	-	-	-	-
Information Technology	-	-	-	-	106	25	1,812	(1,787)	-	-	-	-
Financial Services	-	-	2,930	(2,930)	245	586	40	546	-	-	4	(4)
Police Services	-	-	-	-	-	111	-	111	-	224	141	83
Fire Services	-	-	-	-	-	-	885	(885)	-	-	-	-
Life Enrichment:												
Parks and Recreation	-	-	2	(2)	-	12	-	12	-	-	3	(3)
Library	-	-	-	-	-	43	116	(73)	-	-	3	(3)
Museum	-	-	-	-	330	678	263	415	-	-	-	-
Cultural Arts	-	-	-	-	-	23	23	-	-	-	-	-
Community and Economic Development	-	44	41	3	249	3,386	155	3,231	-	-	-	-
Public Works	-	577	616	(39)	-	13,113	4,972	8,141	-	417	212	205
Other	-	-	-	-	8,540	60,444	1,500	58,944	-	-	4	(4)
Capital outlay	186	8,042	1,238	6,804	2,460	78,787	8,447	70,340	-	14,093	-	14,093
Debt service:												
Principal Repayment	-	-	-	-	-	-	495	(495)	-	-	-	-
Bond issuance cost	-	-	-	-	-	-	12,874	(12,874)	-	-	-	-
Interest Charges	-	-	-	-	-	-	3	(3)	-	-	-	-
TOTAL EXPENDITURES	<u>204</u>	<u>8,681</u>	<u>4,845</u>	<u>3,836</u>	<u>12,224</u>	<u>157,304</u>	<u>32,589</u>	<u>124,715</u>	<u>-</u>	<u>14,734</u>	<u>367</u>	<u>14,367</u>
DEFICIENCY OF REVENUES												
UNDER EXPENDITURES	(204)	(7,335)	(4,478)	2,857	(11,894)	(156,293)	(25,282)	131,011	-	(14,734)	(308)	14,426
OTHER FINANCING SOURCES (USES)												
Issuance of refunding bonds	-	-	-	-	-	-	188,650	188,650	-	-	-	-
Premiums on issuance of bonds	-	-	-	-	-	-	587	587	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	(96,395)	(96,395)	-	-	-	-
Transfers in	-	-	-	-	-	-	9,095	9,095	-	-	-	-
Transfers out	-	-	-	-	5,700	5,700	(6,757)	(12,457)	-	-	(65)	(65)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,700</u>	<u>5,700</u>	<u>95,180</u>	<u>89,480</u>	<u>-</u>	<u>-</u>	<u>(65)</u>	<u>(65)</u>
NET CHANGE IN FUND BALANCE	<u>(204)</u>	<u>(7,335)</u>	<u>(4,478)</u>	<u>2,857</u>	<u>(6,194)</u>	<u>(150,593)</u>	<u>69,898</u>	<u>220,491</u>	<u>-</u>	<u>(14,734)</u>	<u>(373)</u>	<u>14,361</u>
Fund balances - beginning	-	-	10,645	10,645	-	-	81,758	81,758	-	-	7,948	7,948
FUND BALANCES - ENDING	<u>\$ (204)</u>	<u>\$ (7,335)</u>	<u>\$ 6,167</u>	<u>\$ 13,502</u>	<u>\$ (6,194)</u>	<u>\$ (150,593)</u>	<u>\$ 151,656</u>	<u>\$ 302,249</u>	<u>\$ -</u>	<u>\$ (14,734)</u>	<u>\$ 7,575</u>	<u>\$ 22,309</u>

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CITY OF OAKLAND
Combining Statement of Net Assets
Internal Service Funds
June 30, 2004
(In Thousands)

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and Investments	\$ -	\$ 3,204	\$ -	\$ 296	\$ -	\$ 3,500
Inventories	-	-	-	-	1,206	1,206
Accounts receivable	18	108	(8)	2	-	120
Restricted cash and investments	<u>14,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,680</u>
Total Current assets:	<u>14,698</u>	<u>3,312</u>	<u>(8)</u>	<u>298</u>	<u>1,206</u>	<u>19,506</u>
Noncurrent assets:						
Capital assets:						
Land and other assets not being depreciated	-	-	310	-	-	310
Facilities and equipment, net of depreciation	<u>25,059</u>	<u>1,054</u>	<u>12</u>	<u>8</u>	<u>-</u>	<u>26,133</u>
Total noncurrent assets:	<u>25,059</u>	<u>1,054</u>	<u>322</u>	<u>8</u>	<u>-</u>	<u>26,443</u>
TOTAL ASSETS	<u>39,757</u>	<u>4,366</u>	<u>314</u>	<u>306</u>	<u>1,206</u>	<u>45,949</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	275	107	1,000	41	-	1,423
Due to other funds	5,560	-	10,097	-	6,307	21,964
Notes payable	<u>5,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,597</u>
Total current liabilities:	<u>11,432</u>	<u>107</u>	<u>11,097</u>	<u>41</u>	<u>6,307</u>	<u>28,984</u>
Noncurrent liabilities:						
Notes payable	<u>16,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,715</u>
Total noncurrent liabilities:	<u>16,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,715</u>
TOTAL LIABILITIES	<u>28,147</u>	<u>107</u>	<u>11,097</u>	<u>41</u>	<u>6,307</u>	<u>45,699</u>
NET ASSETS (DEFICIT)						
Invested in capital assets, net of related debt	2,747	1,054	322	8	-	4,131
Unrestricted (deficit)	<u>8,863</u>	<u>3,205</u>	<u>(11,105)</u>	<u>257</u>	<u>(5,101)</u>	<u>(3,881)</u>
TOTAL NET ASSETS (DEFICIT)	<u>\$ 11,610</u>	<u>\$ 4,259</u>	<u>\$ (10,783)</u>	<u>\$ 265</u>	<u>\$ (5,101)</u>	<u>\$ 250</u>

CITY OF OAKLAND
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2004
(In Thousands)

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Total</u>
OPERATING REVENUES						
Charges for services	\$ 11,824	\$ 1,473	\$ 15,298	\$ 1,133	\$ 2,053	\$ 31,781
Other	<u>95</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>104</u>
TOTAL OPERATING REVENUES	<u>11,919</u>	<u>1,473</u>	<u>15,307</u>	<u>1,133</u>	<u>2,053</u>	<u>31,885</u>
OPERATING EXPENSES						
Personnel	4,557	704	7,676	263	1,119	14,319
Supplies	3,108	40	1,066	48	371	4,633
Depreciation and amortization	5,081	352	10	1	-	5,444
Contractual services and supplies	173	-	91	9	12	285
Repairs and maintenance	637	127	1,298	67	1	2,130
General and administrative	1,225	56	2,177	228	186	3,872
Rental	337	140	479	450	19	1,425
Other	<u>-</u>	<u>-</u>	<u>5,034</u>	<u>2</u>	<u>747</u>	<u>5,783</u>
TOTAL OPERATING EXPENSES	<u>15,118</u>	<u>1,419</u>	<u>17,831</u>	<u>1,068</u>	<u>2,455</u>	<u>37,891</u>
OPERATING INCOME (LOSS)	(3,199)	54	(2,524)	65	(402)	(6,006)
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment income	50	63	-	3	-	116
Interest expense	(1,036)	-	(37)	-	(126)	(1,199)
Other, net	<u>164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(822)</u>	<u>63</u>	<u>(37)</u>	<u>3</u>	<u>(126)</u>	<u>(919)</u>
Changes in net assets	(4,021)	117	(2,561)	68	(528)	(6,925)
Total net assets (deficit) - beginning	<u>15,631</u>	<u>4,142</u>	<u>(8,222)</u>	<u>197</u>	<u>(4,573)</u>	<u>7,175</u>
TOTAL NET ASSETS (DEFICIT) - ENDING	<u>\$ 11,610</u>	<u>\$ 4,259</u>	<u>\$ (10,783)</u>	<u>\$ 265</u>	<u>\$ (5,101)</u>	<u>\$ 250</u>

CITY OF OAKLAND
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2004
(In Thousands)

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Stores</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers, including other funds and cash deposits	\$ 11,952	\$ 1,463	\$ 15,312	\$ 1,132	\$ 2,045	\$ 31,904
Cash paid to employees for services	(4,557)	(704)	(7,676)	(263)	(1,119)	(14,319)
Cash paid to suppliers for goods & services	(991)	(290)	(7,599)	(775)	(800)	(10,455)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>6,404</u>	<u>469</u>	<u>37</u>	<u>94</u>	<u>126</u>	<u>7,130</u>
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES						
Acquisition of capital assets	(1,174)	(317)	-	-	-	(1,491)
Repayment of long-term debt	(5,383)	-	-	-	-	(5,383)
Interest paid on long-term debt	(1,036)	-	(37)	-	(126)	(1,199)
NET CASH USED IN CAPITAL FINANCING ACTIVITIES	<u>(7,593)</u>	<u>(317)</u>	<u>(37)</u>	<u>-</u>	<u>(126)</u>	<u>(8,073)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income received	50	63	-	3	-	116
Other investing activities	164	-	-	-	-	164
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>214</u>	<u>63</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>280</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(975)	215	-	97	-	(663)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>15,655</u>	<u>2,989</u>	<u>-</u>	<u>199</u>	<u>-</u>	<u>18,843</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 14,680</u>	<u>\$ 3,204</u>	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ -</u>	<u>\$ 18,180</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (3,199)	\$ 54	\$ (2,524)	\$ 65	\$ (402)	\$ (6,006)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Depreciation	5,081	352	10	1	-	5,444
Receivables	33	(10)	5	(1)	(8)	19
Inventories	-	-	-	-	(186)	(186)
Accounts payable and accrued liabilities	(274)	73	289	29	19	136
Due to other funds	4,763	-	2,257	-	703	7,723
Total Adjustments	<u>9,603</u>	<u>415</u>	<u>2,561</u>	<u>29</u>	<u>528</u>	<u>13,136</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 6,404</u>	<u>\$ 469</u>	<u>\$ 37</u>	<u>\$ 94</u>	<u>\$ 126</u>	<u>\$ 7,130</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS						
Cash and investments	\$ -	\$ 3,204	\$ -	\$ 296	\$ -	\$ 3,500
Restricted cash and investments	14,680	-	-	-	-	14,680
TOTAL	<u>\$ 14,680</u>	<u>\$ 3,204</u>	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ -</u>	<u>\$ 18,180</u>

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CITY OF OAKLAND
Combining Statement of Fiduciary Net Assets
Pension Trust Funds - Fiduciary
June 30, 2004
(In Thousands)

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
ASSETS			
Cash and investments	\$ 215	\$ 22,449	\$ 22,664
Receivables:			
Interest and dividends	53	2,221	2,274
Investments and contributions	480	71,203	71,683
Restricted cash and investments	<u>10,732</u>	<u>692,779</u>	<u>703,511</u>
TOTAL ASSETS	<u>\$11,480</u>	<u>\$ 788,652</u>	<u>\$ 800,132</u>
LIABILITIES			
Due to other funds	\$ 2,376	\$ -	\$ 2,376
Accounts payable and accrued liabilities	1,117	123,513	124,630
Securities lending liability	<u>-</u>	<u>43,556</u>	<u>43,556</u>
TOTAL LIABILITIES	<u>3,493</u>	<u>167,069</u>	<u>170,562</u>
NET ASSETS			
HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 7,987</u>	<u>\$ 621,583</u>	<u>\$ 629,570</u>

CITY OF OAKLAND
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds - Fiduciary
Year Ended June 30, 2004
(In Thousands)

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Members	\$ 7	\$ 22	\$ 29
Total contributions	<u>7</u>	<u>22</u>	<u>29</u>
Investment Income:			
Net increase (decrease)			
in fair value of investments	1,173	63,449	64,622
Interest	142	11,600	11,742
Dividends	306	4,363	4,669
Securities lending income	<u>-</u>	<u>633</u>	<u>633</u>
Total investment income, net	1,621	80,045	81,666
Less investment expense	(43)	(1,736)	(1,779)
Borrowers' rebates and other agent fees and securities lending transactions	<u>-</u>	<u>(450)</u>	<u>(450)</u>
Net investment income (loss)	<u>1,578</u>	<u>77,859</u>	<u>79,437</u>
TOTAL ADDITIONS (LOSS), NET	<u>1,585</u>	<u>77,881</u>	<u>79,466</u>
DEDUCTIONS:			
Disbursements to members and beneficiaries:			
Retirement	904	43,765	44,669
Disability	136	24,452	24,588
Death	<u>2</u>	<u>2,117</u>	<u>2,119</u>
TOTAL DISBURSEMENTS TO MEMBERS AND BENEFICIARIES	1,042	70,334	71,376
Administrative expenses	353	889	1,242
Change in payable to City	(522)	-	(522)
Transfer to CALPERS	1,494	-	1,494
Termination refunds of employees' contributions	<u>-</u>	<u>180</u>	<u>180</u>
TOTAL DEDUCTIONS	<u>2,367</u>	<u>71,403</u>	<u>73,770</u>
Change in net assets	(782)	6,478	5,696
Net Assets - beginning	<u>8,769</u>	<u>615,105</u>	<u>623,874</u>
Net assets - ending	<u><u>\$ 7,987</u></u>	<u><u>\$ 621,583</u></u>	<u><u>\$ 629,570</u></u>

CITY OF OAKLAND STATISTICS

TABLE 1

GOVERNMENTAL REVENUES BY SOURCE⁽¹⁾ (In Thousands)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Property Tax	<u>\$120,027</u>	<u>\$122,297</u>	<u>\$119,813</u>	<u>\$135,605</u>	<u>\$140,029</u>	<u>\$155,941</u>	<u>\$162,895</u>	<u>\$163,130</u>	<u>\$193,738</u>	<u>\$ 200,646</u>
State Taxes										
Sales and Use	32,480	38,774	37,253	40,202	43,808	46,791	52,877	45,749	48,798	47,760
Motor Vehicle										
in-lieu	13,500	14,158	15,080	16,410	17,701	19,314	21,361	22,854	24,259	18,178
Gas	<u>6,831</u>	<u>6,935</u>	<u>7,056</u>	<u>7,209</u>	<u>7,389</u>	<u>8,052</u>	<u>10,419</u>	<u>7,705</u>	<u>6,387</u>	<u>6,968</u>
Total	<u>52,811</u>	<u>59,867</u>	<u>59,389</u>	<u>63,821</u>	<u>68,898</u>	<u>74,157</u>	<u>84,657</u>	<u>76,308</u>	<u>79,444</u>	<u>72,905</u>
Local Taxes										
Business License	26,205	28,705	31,935	31,198	31,825	35,845	38,738	42,094	42,020	44,223
Utility Consumption	34,067	32,818	32,783	35,695	36,938	41,592	48,703	49,547	46,581	48,056
Real Estate Transfer	12,317	13,660	17,645	22,716	28,892	34,359	38,309	37,272	42,088	55,665
Transient Occupancy	5,430	6,241	7,321	8,466	9,430	12,100	12,766	10,530	10,863	9,857
Parking	3,988	4,511	4,595	4,837	5,827	5,686	6,762	7,525	8,242	9,799
Voter Approved Tax	—	—	—	—	—	—	—	5,085	5,359	5,205
Franchise	<u>7,592</u>	<u>7,876</u>	<u>8,579</u>	<u>8,776</u>	<u>8,997</u>	<u>9,084</u>	<u>10,396</u>	<u>10,944</u>	<u>10,824</u>	<u>11,592</u>
Total	<u>89,599</u>	<u>93,811</u>	<u>102,858</u>	<u>111,688</u>	<u>121,909</u>	<u>138,666</u>	<u>155,674</u>	<u>162,997</u>	<u>165,977</u>	<u>184,397</u>
Total Taxes	<u>262,437</u>	<u>275,975</u>	<u>282,060</u>	<u>311,114</u>	<u>330,836</u>	<u>368,764</u>	<u>403,226</u>	<u>402,435</u>	<u>439,159</u>	<u>457,949</u>
Licenses and Permits	5,904	6,880	7,097	7,701	8,061	9,098	11,442	11,758	13,098	13,476
Fines and Penalties	9,722	8,875	10,218	12,494	14,736	15,625	17,111	17,806	20,645	28,189
Interest/Investment, net income	41,503	41,410	41,569	53,401	48,275	35,449	37,116	35,481	40,619	7,672
Charges for Services	26,658	28,373	33,449	34,510	38,192	41,181	50,310	60,840	65,324	67,176
Federal and State Grants and Subventions	77,674	82,114	77,659	85,346	61,334	83,759	75,701	48,234	72,483	79,918
Other	<u>16,257</u>	<u>15,870</u>	<u>20,601</u>	<u>25,312</u>	<u>40,580</u>	<u>17,159</u>	<u>22,001</u>	<u>61,391</u>	<u>70,027</u>	<u>48,608</u>
TOTAL⁽¹⁾	<u>\$440,155</u>	<u>\$459,497</u>	<u>\$472,653</u>	<u>\$529,878</u>	<u>\$542,014</u>	<u>\$571,035</u>	<u>\$616,907</u>	<u>\$637,945</u>	<u>\$721,355</u>	<u>\$ 702,988</u>

⁽¹⁾ Reflects revenues of the General, Special Revenue, Debt Service and Capital Projects Funds, and Oakland Redevelopment Agency.

Source: City of Oakland, Finance and Management Agency

CITY OF OAKLAND STATISTICS

TABLE 2

GOVERNMENTAL EXPENDITURES⁽¹⁾ (In Thousands)

	1995 ⁽²⁾	1996 ⁽³⁾	1997 ⁽⁴⁾	1998 ⁽⁵⁾	1999	2000	2001	2002	2003	2004
Elected and Appointed Officials:										
Mayor	\$ 857	\$ 954	\$ 864	\$ 893	\$ 1,044	\$ 934	\$ 986	\$ 1,433	\$ 1,444	\$ 1,980
Council	1,305	1,388	1,647	2,031	2,237	2,544	3,139	3,042	860	3,606
City Manager	2,784	3,647	2,973	2,790	4,674	6,817	8,904	11,539	10,473	8,594
City Attorney	4,939	4,468	5,692	4,460	4,773	5,259	6,820	9,089	10,081	10,369
City Auditor	596	615	713	902	1,075	1,079	1,025	1,078	1,099	1,016
City Clerk	920	1,355	2,093	2,014	2,103	2,235	2,108	1,961	1,849	2,024
Total	<u>11,401</u>	<u>12,427</u>	<u>13,982</u>	<u>13,090</u>	<u>15,906</u>	<u>18,868</u>	<u>22,982</u>	<u>28,142</u>	<u>25,806</u>	<u>27,589</u>
Personnel Resource Management	3,887	4,070	4,200	3,807	4,218	4,054	4,407	3,845	3,779	3,783
Marketing & Public Information	1,243	9	—	—	—	—	—	—	—	—
Retirement & Risk Administration	774	764	895	941	1,110	1,055	1,131	200	258	—
Communication & Information Services	5,945	6,618	7,365	6,435	7,932	7,712	6,818	9,202	9,522	10,853
General Services	6,076	176	—	—	—	—	—	—	—	—
Total	<u>17,925</u>	<u>11,637</u>	<u>12,460</u>	<u>11,183</u>	<u>13,260</u>	<u>12,821</u>	<u>12,356</u>	<u>13,247</u>	<u>13,559</u>	<u>14,636</u>
Agencies:										
Financial Services	6,521	8,240	8,938	12,166	13,565	15,978	15,327	16,637	17,025	22,339
Police Services ⁽⁷⁾	87,953	89,524	97,721	105,248	114,462	130,662	145,521	151,791	166,266	166,175
Fire Services	49,181	51,303	53,613	58,151	60,637	72,237	77,129	84,239	88,154	91,542
Total Public Safety	<u>137,134</u>	<u>140,827</u>	<u>151,334</u>	<u>163,399</u>	<u>175,099</u>	<u>202,899</u>	<u>222,650</u>	<u>236,030</u>	<u>254,420</u>	<u>257,717</u>
Life Enrichment Administration	—	—	—	—	—	—	1,693	561	660	1
Parks & Recreation	22,176	24,525	24,783	24,526	27,290	41,818	38,180	32,481	28,556	29,445
Library	10,364	11,776	12,906	13,425	14,314	13,871	15,178	16,540	17,096	18,460
Museum	4,485	4,377	4,557	4,815	4,597	5,512	5,707	7,278	7,561	8,327
Marketing	—	—	—	—	—	—	—	—	—	2,367
Aging	6,552	6,958	5,716	6,206	6,981	6,700	7,136	7,285	8,524	8,538
Cultural Arts ⁽⁶⁾	—	—	—	—	—	1,717	1,972	1,382	1,753	41
Health&Human Svcs	9,938	11,046	11,175	14,134	13,868	13,156	14,211	17,283	19,216	24,700
Total	<u>53,515</u>	<u>58,682</u>	<u>59,137</u>	<u>63,106</u>	<u>67,050</u>	<u>82,774</u>	<u>84,077</u>	<u>82,810</u>	<u>83,366</u>	<u>91,879</u>
Community & Economic Development	46,453	60,521	81,247	73,833	73,923	84,394	73,745	118,234	122,715	92,788
Public Works	43,154	47,162	47,618	46,768	42,527	48,504	60,835	52,841	51,458	60,328
Payment to unfunded pension	27,674	27,034	440,409	—	—	—	—	—	—	—
Other	20,515	41,524	23,363	30,906	55,054	48,313	46,773	41,471	36,652	30,372
Capital Outlay ⁽⁸⁾	45,894	58,584	85,054	82,702	64,108	18,606	14,397	22,055	27,056	24,779
Debt Service	67,667	68,250	85,365	107,831	104,867	109,887	126,000	101,955	109,588	137,602
Total	<u>204,904</u>	<u>242,554</u>	<u>681,809</u>	<u>268,207</u>	<u>266,556</u>	<u>225,310</u>	<u>248,005</u>	<u>218,322</u>	<u>224,754</u>	<u>253,081</u>
TOTAL EXPENDITURES ⁽¹⁾	<u>\$477,853</u>	<u>\$534,888</u>	<u>\$1,008,907</u>	<u>\$604,984</u>	<u>\$625,359</u>	<u>\$643,044</u>	<u>\$679,142</u>	<u>\$713,422</u>	<u>\$741,645</u>	<u>\$760,029</u>

CITY OF OAKLAND STATISTICS

- (1) Reflects expenditures of the General, Special Revenue, Debt Service and Capital Projects Funds, and Oakland Redevelopment Agency (ORA).
- (2) Significant changes from prior years were due to: major staff reduction/reorganization within the City Manager's Office, completion of restoration/construction activities required prior to re-occupancy of City Hall after the 1989 earthquake and the reclassification of public safety unfunded pension liability costs from the Police Department.
- (3) Significant changes from prior years were due to: the City's reorganization, hiring of new sworn personnel, additional staffing funded by the Enhanced Enterprise Community and Economic Development Initiative grants, the City Administration Building construction, Fire Underground District implementation, and cost of living adjustments.
- (4) Significant changes from prior years were due to: functional transfers between Agencies, staffing increases, additional loans made by Housing and Neighborhood Development grant programs, payments to PFRS' unfunded liability and construction of the City's Administration Complex.
- (5) Significant changes from prior year were due to functional transfers between agencies, addition of public safety staff, and reduction in annual funding of unfunded pension liability.
- (6) The Cultural Arts Department was established during the Fiscal Year 1999-00 budget process as one of Mayor Jerry Brown's major goals.
- (7) The main difference in the Police Services category is due to increased overtime in the FY2002-03 period.
- (8) The difference in Capital Outlay expenditures in FY2003 is mainly divided between an increase in Special Revenue Funds of \$4,800,000 and an increase in Capital Projects Funds of \$6,829,000.

Source: City of Oakland, Finance and Management Agency

CITY OF OAKLAND STATISTICS

TABLE 3

PROPERTY TAX LEVIES AND COLLECTIONS

(In Thousands)

1% TAX ROLL ⁽¹⁾	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Tax Levied ⁽⁴⁾	\$ 41,841	\$ 44,191	\$ 44,606	\$ 45,176	\$ 47,448	\$ 49,855	\$ 53,376	\$ 56,947	\$ 61,164	\$ 65,248
% of Increase (decrease)	(2.02%)	5.61%	0.93%	1.28%	5.03%	5.07%	7.06%	6.69%	7.41%	6.68%
Total Collected	\$ 40,810	\$ 42,830	\$ 43,276	\$ 43,948	\$ 46,138	\$ 47,921	\$ 51,120	\$ 55,270	\$ 59,276	\$ 63,546
% Collected to Total Tax Levied	97.54%	96.92%	97.02%	97.28%	97.24%	96.12%	95.77%	97.06%	96.91%	97.39%
Delinquent Collections ⁽²⁾	\$ 1,031	\$ 1,361	\$ 1,330	\$ 1,228	\$ 1,310	\$ 1,934	\$ 2,256	\$ 1,677	\$ 1,888	\$ 1,702
VOTER APPROVED										
DEBT TAX ROLL ⁽³⁾	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Tax Levied ⁽⁵⁾	\$ 26,665	\$ 30,675	\$ 29,115	\$ 35,745	\$ 35,848	\$ 45,245	\$ 42,225	\$ 49,024	\$ 48,441	\$ 61,760
% of Increase (decrease)	(5.14%)	15.04%	(5.05%)	22.77%	0.29%	26.21%	(6.67)%	16.10%	(.01189)%	27.50%
Total Collected	\$ 24,962	\$ 29,217	\$ 27,720	\$ 34,229	\$ 34,599	\$ 43,475	\$ 40,748	\$ 46,849	\$ 46,001	\$ 59,602
% Collected to Total Tax Levied	93.61%	95.25%	95.21%	95.76%	96.52%	96.09%	96.50%	95.56%	94.96%	96.51%
Delinquent Collections ⁽²⁾	\$ 1,703	\$ 1,458	\$ 1,395	\$ 1,516	\$ 1,249	\$ 1,770	\$ 1,477	\$ 2,174	\$ 2,440	\$ 2,158

⁽¹⁾ The maximum tax rate is 1% of the assessed value or \$1/\$100 of the assessed value, excluding the tax rate for debt service.

⁽²⁾ Includes delinquent tax, penalty, and interest.

⁽³⁾ Voter approved tax roll for debt is in addition to the 1% rate shown in note (1).

⁽⁴⁾ Includes Unitary Tax charge of \$1,993,328.

⁽⁵⁾ Includes Unitary Tax charge of \$6,745,982.

Source: County of Alameda, Office of the Auditor-Controller

**CITY OF OAKLAND
STATISTICS**

TABLE 4

ASSESSED VALUE OF PROPERTY
(In Thousands)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
ASSESSED VALUE ⁽¹⁾										
Land	\$ 5,638,015	\$ 5,699,770	\$ 5,741,638	\$ 5,848,619	\$ 6,000,890	\$6,293,257	\$ 6,645,913	\$ 7,200,754	\$7,725,624	\$ 8,374,188
Improvements	<u>10,573,856</u>	<u>10,867,072</u>	<u>11,036,651</u>	<u>11,385,631</u>	<u>11,816,263</u>	<u>12,756,685</u>	<u>13,862,254</u>	<u>15,231,115</u>	<u>16,906,517</u>	<u>18,571,148</u>
Total Real Property	\$16,211,871	\$16,566,842	\$16,778,289	\$17,234,250	\$ 17,817,153	\$19,049,942	\$20,508,167	\$22,431,869	\$24,632,141	\$ 26,945,336
Personal Property	<u>1,366,412</u>	<u>1,606,001</u>	<u>1,690,311</u>	<u>1,824,028</u>	<u>2,065,964</u>	<u>1,860,397</u>	<u>2,004,626</u>	<u>2,165,091</u>	<u>1,997,630</u>	<u>1,964,460</u>
TOTAL	\$17,578,283	\$18,172,843	\$18,468,600	\$19,058,278	\$19,883,117	\$20,910,339	\$22,512,793	\$ 24,596,960	\$26,629,771	\$ 28,909,796
EXEMPTIONS ⁽²⁾										
Homeowners'	\$ 370,141	\$ 370,119	\$ 367,809	\$ 367,393	\$ 364,255	\$ 365,882	\$ 369,566	\$ 372,971	\$ 372,195	\$ 368,855
Other	<u>1,184,535</u>	<u>1,227,280</u>	<u>1,244,458</u>	<u>1,300,280</u>	<u>1,206,055</u>	<u>1,334,358</u>	<u>1,422,194</u>	<u>1,293,998</u>	<u>1,456,065</u>	<u>1,495,035</u>
TOTAL	\$1,554,676	\$1,597,399	\$1,612,267	\$1,667,673	\$1,570,310	\$1,700,240	\$ 1,791,760	\$ 1,666,969	\$1,828,260	\$ 1,863,890
ASSESSED VALUE (Net of Exemptions)										
	\$16,023,607	\$16,575,444	\$16,856,333	\$17,390,605	\$18,312,807	\$19,210,099	\$ 20,721,033	\$22,929,991	\$24,801,511	\$27,045,906
Less:										
Redevelopment Tax										
Increments ⁽³⁾	<u>1,742,425</u>	<u>1,750,137</u>	<u>1,646,294</u>	<u>1,747,932</u>	<u>1,881,435</u>	<u>2,193,715</u>	<u>2,452,166</u>	<u>3,057,178</u>	<u>3,524,500</u>	<u>4,090,609</u>
NET ASSESSED VALUE	\$14,281,182	\$14,825,307	\$15,210,039	\$15,642,673	\$16,431,372	\$17,016,384	\$18,268,867	\$19,872,813	\$21,277,011	\$22,955,297
NET INCREASE (DECREASE)	\$ 632,274	\$ 544,125	\$ 384,732	\$ 432,634	\$ 788,699	\$ 585,012	\$ 1,252,483	\$ 1,603,946	\$1,404,198	\$ 1,678,286
% OF INCREASE (DECREASE)	4.63%	3.81%	2.60%	2.84%	5.04%	3.56%	7.36%	8.78%	7.07%	7.89%

⁽¹⁾ Assessed value (full cash value) of taxable property represents all property within the City. For fiscal year 1981-82 and thereafter, the assessed value is 100% of the full cash value in accordance with State legislation. The maximum tax rate is 1% of the full cash value or \$1/\$100 of the assessed value, excluding the tax rate for debt service.

⁽²⁾ Exemptions are summarized as follows:

- (a) Homeowners' exemption arises from Article XIII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3)(k).
- (b) Other exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).

⁽³⁾ Tax increments are allocations made to the Redevelopment Agency under authority of California Constitution, Article XVI.

Source: County of Alameda, Office of the Auditor-Controller

CITY OF OAKLAND STATISTICS

TABLE 5

PROPERTY TAX RATES Direct and Overlapping Governments (per \$1,000 Assessed Value)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
CITY OF OAKLAND										
General Fund	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%
1981 Pension Liability ⁽¹⁾	0.1575	0.1575	0.1575	0.1575	0.1575	0.1575	0.1575	0.1575	0.1575	0.1575
Debt Service Fund ⁽¹⁾	<u>0.0295</u>	<u>0.0275</u>	<u>0.0153</u>	<u>0.0629</u>	<u>0.0265</u>	<u>0.0756</u>	<u>0.0391</u>	<u>0.0553</u>	<u>0.0332</u>	<u>0.0751</u>
Total	0.5355	0.5335	0.5213	0.5689	0.5325	0.5816	0.5451	0.5613	0.5392	0.5811
OTHER GOVERNMENTS										
Alameda County	0.3086	0.3086	0.3086	0.3086	0.3086	0.3086	0.3086	0.3086	0.3086	0.3086
Education ⁽²⁾	0.2165	0.2165	0.2165	0.2165	0.2165	0.2165	0.2165	0.2165	0.2165	0.2165
Education Debt ⁽¹⁾⁽³⁾	0.0238	0.0352	0.0304	0.0332	0.0318	0.0274	0.0923	0.0959	0.0994	0.0923
BART and AC Transit	0.0517	0.0517	0.0517	0.0517	0.0517	0.0517	0.0517	0.0517	0.0517	0.0517
BART Debt ⁽¹⁾	0.0235	0.0230	0.0225	0.0220	0.0167	—	—	—	—	—
Other ⁽⁴⁾	0.0487	0.0487	0.0487	0.0505	0.0505	0.0505	0.0505	0.0505	0.0505	0.0505
East Bay Municipal Utility Debt	—	0.0108	0.0108	0.0096	0.0091	0.0087	0.0085	0.0084	0.0084	0.0079
East Bay Regional Parks District	0.0260	0.0260	0.0260	0.0242	0.0242	0.0242	0.0242	0.0242	0.0242	0.0242
East Bay Regional Parks District Debt ⁽¹⁾	<u>0.0066</u>	<u>0.0094</u>	<u>0.0080</u>	<u>0.0081</u>	<u>0.0092</u>	<u>0.0088</u>	<u>0.0065</u>	<u>0.0072</u>	<u>0.0065</u>	<u>0.0057</u>
TOTAL	1.2409%	1.2634%	1.2445%	1.2933%	1.2508%	1.2780%	1.3039%	1.3243%	1.3050%	1.3385%

⁽¹⁾ Voter approved debt.

⁽²⁾ The education levy is made up of the Peralta Community College District and the Oakland Unified School District.

⁽³⁾ Bonds issued by the Oakland Unified School District and the Peralta Community College District.

⁽⁴⁾ This category includes the Alameda County Flood Control District, Bay Area Air Quality Management District, Mosquito Abatement District, and the East Bay Municipal Utility District.

Source: County of Alameda, Office of the Auditor-Controller

**CITY OF OAKLAND
STATISTICS**

TABLE 6

**PRINCIPAL PROPERTY TAXPAYERS
June 30, 2004**

Property Taxpayer	Type of Business	2004 Assessed Valuation	Tax Levy	Percentage of Total Assessed Valuation⁽¹⁾
Oakland City Center LLC	Property Management	\$ 198,793,989	\$ 2,669,198	0.735
Kaiser Center, Inc.	Health	135,450,568	1,543,236	0.501
KSL Claremont Resort, Inc.	Hotel	126,056,775	1,718,015	0.466
Prentiss Properties Acquisition Partners LP	Property Management	122,546,253	1,681,958	0.453
Kaiser Foundation Health Plan	Health	110,137,298	1,504,719	0.407
1800 Harrison Foundation	Property Management	108,415,864	1,478,206	0.401
Lake Merritt Plaza	Property Management	99,774,190	1,362,508	0.369
555 Twelfth Street Venture LLC	Property Management	91,810,447	1,255,477	0.340
Clorox Company	Manufacturing	89,724,898	1,227,528	0.332
Webster Street Partners, Ltd.	Professional	<u>73,959,334</u>	<u>1,019,858</u>	<u>0.274</u>
ASSESSED PROPERTY VALUATION - NET		<u>\$ 1,156,669,616</u>	<u>\$ 15,460,703</u>	<u>4.278</u>

⁽¹⁾ Based on total assessed value of \$27,045,905,613

Source: County of Alameda, Office of the Auditor-Controller

CITY OF OAKLAND STATISTICS

TABLE 7

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS *(In Thousands)*

	1996	1997	1998	1999	2000	2001	2002	2003	2004
MEDICAL HILL									
Initial Tax Levied and Collected	\$ 271	\$ 273	\$ 274	\$ 275	\$ 278	\$ 276	\$ 278	\$ 275	\$ —
LIGHTING AND LANDSCAPING DISTRICT									
Initial Tax Levied	15,930	15,935	15,907	15,909	15,955	15,945	16,100	16,080	16,820
Adjustments	(12)	(40)	(15)	(27)	10	8	4	2	(15)
Net Tax Levied	\$ 15,918	\$ 15,895	\$ 15,892	\$ 15,882	\$ 15,965	\$ 15,953	\$ 16,104	\$ 16,082	\$ 16,805
TOTAL COLLECTED	\$ 14,938	\$ 14,903	\$ 14,987	\$ 15,010	\$ 15,190	\$ 15,158	\$ 15,258	\$ 15,324	\$ 16,055
TOTAL UNCOLLECTED	\$ 980	\$ 992	\$ 905	\$ 872	\$ 755	\$ 795	\$ 846	\$ 758	\$ 750
FIRE PREVENTION AND SUPPRESSION DISTRICT⁽¹⁾									
Initial Tax Levied	\$ 1,957	\$ 1,975	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Adjustment	2	(3)	—	—	—	—	—	—	—
Net Tax Levied	\$ 1,959	\$ 1,972	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
TOTAL COLLECTED	\$ 1,850	\$ 1,862	\$ —						
TOTAL UNCOLLECTED	\$ 109	\$ 110	\$ —						
LIBRARY SERVICES RETENTION									
Initial Tax Levied	\$ 4,303	\$ 4,309	\$ 4,433	\$ 4,518	\$ 4,559	\$ 4,667	\$ 4,909	\$ 5,148	\$ 5,293
Adjustment	(3)	(7)	(3)	—	(15)	(1)	—	—	—
Net Tax Levied	\$ 4,300	\$ 4,302	\$ 4,430	\$ 4,518	\$ 4,544	\$ 4,666	\$ 4,909	\$ 5,148	\$ 5,293
TOTAL COLLECTED	\$ 4,006	\$ 4,045	\$ 4,183	\$ 4,263	\$ 4,329	\$ 4,440	\$ 4,659	\$ 4,915	\$ 5,062
TOTAL UNCOLLECTED	\$ 294	\$ 257	\$ 247	\$ 255	\$ 215	\$ 226	\$ 250	\$ 233	\$ 231
UTILITIES SPECIAL ASSESSMENT									
Initial Tax Levied	\$ —	\$ 1,174	\$ 980	\$ 979	\$ 805	\$ 768	\$ 772	\$ 772	\$ 775
Adjustment	—	26	6	13	(1)	3	5	5	5
Net Tax Levied	\$ —	\$ 1,200	\$ 986	\$ 992	\$ 804	\$ 771	\$ 777	\$ 777	\$ 780
TOTAL COLLECTED	\$ —	\$ 1,109	\$ 911	\$ 933	\$ 769	\$ 742	\$ 739	\$ 734	\$ 741
TOTAL UNCOLLECTED	\$ —	\$ 91	\$ 75	\$ 59	\$ 35	\$ 29	\$ 38	\$ 43	\$ 39
MISCELLANEOUS ASSESSMENTS									
Initial Tax Levied	\$ —	\$ —	\$ 287	\$ 271	\$ 243	\$ 246	\$ 249	\$ 272	\$ 274
Adjustment	—	—	—	(1)	—	—	—	—	—
Net Tax Levied	\$ —	\$ —	\$ 287	\$ 270	\$ 243	\$ 246	\$ 249	\$ 272	\$ 274
TOTAL COLLECTED	\$ —	\$ —	\$ 247	\$ 230	\$ 241	\$ 243	\$ 245	\$ 261	\$ 263
TOTAL UNCOLLECTED	\$ —	\$ —	\$ 40	\$ 40	\$ 2	\$ 3	\$ 4	\$ 11	\$ 11
MEDICAL HILL, LIGHTING AND LANDSCAPING DISTRICT, LIBRARY SERVICES RETENTION, UTILITIES SPECIAL ASSESSMENTS AND FIRE PREVENTION AND SUPPRESSION DISTRICT									
Initial Tax Levied	\$ 22,461	\$ 23,666	\$ 21,881	\$ 21,952	\$ 21,840	\$ 21,902	\$ 22,308	\$ 22,547	\$ 23,162
Adjustments	(13)	(24)	(12)	(15)	(6)	10	9	7	(10)
Net Tax Levied	\$ 22,448	\$ 23,642	\$ 21,869	\$ 21,937	\$ 21,834	\$ 21,912	\$ 22,317	\$ 22,554	\$ 23,152
TOTAL COLLECTED	\$ 21,065	\$ 22,192	\$ 20,602	\$ 20,711	\$ 20,807	\$ 20,859	\$ 21,179	\$ 21,509	\$ 22,121
TOTAL UNCOLLECTED	\$ 1,383	\$ 1,450	\$ 1,267	\$ 1,226	\$ 1,027	\$ 1,053	\$ 1,138	\$ 1,045	\$ 1,031

⁽¹⁾ Fire Prevention and Suppression District Assessment expired in 1997.

Source: County of Alameda, Office of the Auditor-Controller

CITY OF OAKLAND
STATISTICS

TABLE 8

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2004

Total assessed valuation (net of exemptions)	\$ 27,045,905,613
Less redevelopment tax increments	<u>4,090,609,422</u>
Basis of levy ⁽¹⁾	<u>\$ 22,955,296,191</u>
Debt limit:	
3.75 percent of valuation subject to taxation	\$ 860,823,608
Less amount of debt applicable to debt limit	<u>232,045,000</u>
Legal debt margin	<u>\$ 628,778,608</u>

⁽¹⁾ County of Alameda, Office of the Auditor-Controller

**CITY OF OAKLAND
STATISTICS**

TABLE 9

**PERCENTAGE OF NET GENERAL OBLIGATION
BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Assessed Value ⁽¹⁾	\$ 17,578	\$ 18,173	\$ 18,468	\$ 19,058	\$ 19,883	\$ 20,910	\$ 22,513	\$ 24,597	\$ 26,630	\$ 28,910
Total Exemptions	_(1,554)	_(1,598)	_(1,612)	_(1,668)	_(1,570)	_(1,700)	_(1,792)	_(1,667)	_(1,828)	_(1,864)
Assessed Value ⁽¹⁾	\$ 16,024	\$ 16,575	\$ 16,856	\$ 17,390	\$ 18,313	\$ 19,210	\$ 20,721	\$ 22,930	\$ 24,802	\$ 27,046
Net Bonded Debt ⁽²⁾	\$ 74,025	\$ 71,465	\$ 138,315	\$ 136,135	\$ 132,960	\$ 129,665	\$ 137,080	\$ 133,295	\$ 167,350	\$ 232,045
Percentage of Net Bonded Debt to Assessed Value	0.462%	0.4312%	0.8206%	0.7828%	0.7260%	0.6750%	0.661%	0.5813%	0.6748%	0.8580%
Population ⁽³⁾	378,091	383,900	387,600	388,100	399,900	402,100	407,000	408,800	412,200	411,600
Net Bonded Debt per Capita	\$196	\$186	\$356	\$351	\$332	\$322	\$337	\$326	\$406	\$ 564

⁽¹⁾ In millions (see Table 4).

⁽²⁾ All general obligation debt; in thousands.

⁽³⁾ Estimated by State of California, Department of Finance; 1990 from the United States Census.

**CITY OF OAKLAND
STATISTICS**

TABLE 10

**PERCENTAGE OF ANNUAL DEBT SERVICE
EXPENDITURES TO TOTAL GENERAL GOVERNMENTAL
EXPENDITURES**

(In Thousands)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Debt Service⁽¹⁾										
Principal	\$ 20,645	\$ 20,080	\$ 22,846	\$ 26,664	\$ 30,457	\$ 36,144	\$ 50,351	\$ 39,686	\$ 50,356	\$ 61,831
Interest ⁽²⁾	<u>47,022</u>	<u>48,170</u>	<u>62,519</u>	<u>81,167</u>	<u>74,410</u>	<u>73,743</u>	<u>75,649</u>	<u>58,558</u>	<u>56,073</u>	<u>62,897</u>
Total Debt Service	\$ 67,667	\$ 68,250	\$ 85,365	\$ 107,831	\$ 104,867	\$ 109,887	\$ 126,000	\$ 98,224	\$ 106,429	\$ 124,728
Total Expenditures	\$ 477,853	\$ 534,888	\$ 1,008,907	\$ 603,984	\$ 625,359	\$ 654,007	\$ 679,142	\$ 713,422	\$ 738,187	\$ 760,029
Percentage of Debt Service to Total Expenditures	14.16%	12.76%	8.46%	17.85%	16.77%	16.80%	18.55%	13.77%	14.42%	16.41%

⁽¹⁾ Includes general, special revenue, debt service, and capital projects funds; excludes special assessment debt with government commitment.

⁽²⁾ Includes bond issuance costs where applicable.

Source: City of Oakland, Finance and Management Agency

CITY OF OAKLAND STATISTICS

TABLE 11

DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2004

	Percentage Applicable to City	City Share of Debt
DIRECT BONDED DEBT		
City of Oakland	100.	\$ 232,045,000
City of Oakland General Fund Obligations Lease Revenue Obligations	100.	600,183,025
City of Oakland 1915 Act Bond Obligations	100.	7,860,000
City of Oakland Pension Special Assessment Obligations	100.	<u>388,914,842</u>
Total Direct Bonded Debt		<u>\$ 1,229,002,867</u>
OVERLAPPING BONDED DEBT		
Alameda-Contra Costa Transit District Certificates of Participation	21.774	\$ 4,755,033
Alameda County Board of Education Public Facilities Corporation	18.458	508,518
Alameda County and Coliseum Authority General Fund Obligation	18.458	96,913,544
Alameda County Pension Obligations	18.458	65,839,351
East Bay Municipal Utility District	21.046	829,212
East Bay Municipal Utility District, Special District #1	52.924	21,338,957
East Bay Regional Park District	10.992	16,837,546
Chabot-Los Positas Community College District Certificates of Participation	1.761	157,521
Peralta Community College District	55.258	82,276,399
Berkeley & Castro Valley Unified School District	0.005 & 0.143	71,075
Oakland Unified School District	99.996	317,082,109
Oakland Unified School District Certificates of Participation	99.996	29,833,807
San Leandro Unified School District	16.164	9,391,609
San Leandro Unified School District Certificates of Participation	16.164	332,170
Castro Valley Unified School District Certificates of Participation	0.143	2,524
City of Emeryville 1915 Act Bonds	4.183	<u>523,712</u>
Total Overlapping Bonded Debt		<u>\$ 646,693,087</u>
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT⁽¹⁾		\$ 1,875,695,954
Less: East Bay M.U.D. (100% self-supporting)		829,212
East Bay M.U.D. Special District #1 (100% self supporting)		<u>21,338,957</u>
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		<u>\$ 1,853,527,785</u>

2003-04 ASSESSED VALUATION: \$22,955,296,191 (after deducting \$4,090,609,422 redevelopment incremental valuation)

2003-04 POPULATION: 411,600

				Ratio to Per Capita Assessed Value
DEBT RATIOS				
General Obligation Bonds	\$ 232,045,000			
Lease Revenue Bonds, Certificates of Participation and Pension Obligation	<u>989,097,867</u>			
Net Direct Debt	\$ 1,221,142,867	\$ 2,967		5.32%
Other Direct Debt	<u>7,860,000</u>			
Gross Direct Debt	<u>\$ 1,229,002,867</u>	\$ 2,986		5.35%
Total Gross Debt	\$ 1,875,695,954	\$ 4,557		8.17%
Total Net Debt	\$ 1,853,527,785	\$ 4,503		8.07%

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Sources: City of Oakland, Finance and Management Agency, California Municipal Statistics, Inc., San Francisco, CA, and County of Alameda, Office of the Auditor-Controller

CITY OF OAKLAND STATISTICS

TABLE 12

REVENUE BOND COVERAGE *(In Thousands)*

PORT OF OAKLAND

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Net Revenue Available for Debt Service	\$61,960	\$68,508	\$72,895	\$79,194	\$79,302	\$83,655	\$98,605	\$85,485	\$94,610	\$110,797
Debt Service Requirements:										
Principal	\$ 7,765	\$ 8,040	\$10,140	\$12,095	\$11,620	\$12,180	\$18,920	\$13,810	\$10,638	\$ 9,241
Interest	<u>24,166</u>	<u>28,063</u>	<u>24,843</u>	<u>25,564</u>	<u>26,039</u>	<u>25,496</u>	<u>18,757</u>	<u>39,380</u>	<u>46,323</u>	<u>50,124</u>
TOTAL	\$31,931	\$36,103	\$34,983	\$37,659	\$37,659	\$37,676	\$37,677	\$53,190	\$56,961	\$59,365
Debt Service Coverage	194.04%	189.76%	208.37%	210.29%	210.58%	222.04%	261.71%	160.72%	166.09%	186.63%

(1) Debt service is that which is defined in the Port's Master Indenture dated 4/1/89 and in subsequent Supplemental Indentures.

Source: Port of Oakland.

OMERS REVENUE BOND⁽¹⁾

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Net Revenue Available for Debt Service	\$ 896	\$ (670)	\$ (620)	\$ (230)	\$ (923)	\$ (964)	\$(1,053)	\$(1,181)	\$(1,116)	N/A
Debt Service Requirements:										
Principal	\$ 50	\$ 50	\$ 50	\$ 50	\$ 450	\$ 150	\$ 500	\$ 200	\$ 300	N/A
Interest	<u>108</u>	<u>105</u>	<u>101</u>	<u>99</u>	<u>79</u>	<u>65</u>	<u>45</u>	<u>24</u>	<u>9</u>	N/A
TOTAL	\$ 158	\$ 155	\$ 151	\$ 149	\$ 529	\$ 215	\$ 545	\$ 224	\$ 309	N/A
Debt Service Coverage	(567.09%)	(432.26)%	(410.60)%	(154.36)%	(174.48)%	(448.37)%	(193.21)%	(527.23)%	(361.17%)	

(1) Includes the 1974 and 1976 OMERS Revenue Bonds (the 1974 bonds were paid off in 1992).

Source: City of Oakland, Finance and Management Agency

CITY OF OAKLAND STATISTICS

TABLE 13

ECONOMIC INDICES

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Port Activity⁽¹⁾										
Imports ⁽²⁾	\$18,474	\$15,250	\$14,712	\$16,380	\$15,734	\$14,672	\$15,600	\$14,584	\$17,096	N/A
Exports ⁽²⁾	\$11,267	\$ 9,979	\$ 8,923	\$ 9,771	\$10,198	\$ 9,161	\$ 7,030	\$ 6,762	\$ 7,316	N/A
Revenue Tons	22,293,355	21,418,402	21,234,151	21,979,993	23,708,593	24,501,916	22,939,461	22,977,510	24,930,019	N/A
Containers	856,695	858,340	874,665	899,500	944,136	1,001,918	931,913	968,895	1,079,479	N/A
Airport Activity										
Freight ⁽³⁾	1,077,071	1,131,790	1,287,148	1,414,064	1,456,741	1,430,733	1,480,407	1,294,549	1,422,469	1,356,452
Air Mail ⁽³⁾	76,651	82,539	71,055	81,159	84,100	78,756	69,854	47,057	11,653	8,546
Building Permits										
Issued	9,692	12,154	12,459	12,545	14,860	16,725	16,879	15,805	15,910	16,424
Authorized New Dwelling Units	290	180	176	233	181	542	954	757	930	857
Commercial Value ⁽⁴⁾	\$132,865	\$99,844	\$202,995	\$302,080	\$117,410	\$195,270	\$481,635	\$165,731	\$260,000	\$156,669
Residential Value ⁽⁴⁾	\$ 47,129	\$79,278	\$ 39,425	\$121,006	\$175,115	\$272,170	\$138,570	\$317,792	\$170,527	\$268,600
Taxable Retail Sales ^{(1)&(5)}	\$ 2,588	\$ 2,667	\$ 2,840	\$ 2,901	\$ 3,138	\$ 3,504	\$ 3,385	\$ 3,352	\$ 3,387	N/A
Commercial Bank Activity⁽⁶⁾										
Deposits	\$8,663	\$9,821	\$9,545	\$10,095	N/A	N/A	N/A	N/A	N/A	N/A
No. of banks	33	28	27	29	N/A	N/A	N/A	N/A	N/A	N/A
No. of branches	193	195	176	180	N/A	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ Calendar year data.

⁽²⁾ In millions; does not include domestic offshore trade/calendar year data

⁽³⁾ In million pounds

⁽⁴⁾ Construction costs for labor and materials; in thousands

⁽⁵⁾ In millions

⁽⁶⁾ Alameda County (dollars in thousands)

Sources: Port of Oakland, Research Department
City of Oakland, Community & Economic Development Agency, Building Services
California State Board of Equalization
Federal Reserve Bank

**CITY OF OAKLAND
STATISTICS**

TABLE 14

DEMOGRAPHIC STATISTICS

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Population ⁽¹⁾	378,091	383,900	387,600	388,100	399,900	402,100	407,000	408,800	412,200	411,600
Per Capita Income ⁽²⁾	\$28,405	\$29,842	\$29,683	N/A	N/A	\$32,130	\$33,736	\$39,611	\$43,618	\$44,129
Public School Enrollment ⁽³⁾	50,805	52,452	53,273	53,564	54,191	54,867	55,525	53,108	52,629	49,334
Private School Enrollment ⁽⁴⁾	9,485	9,232	9,328	9,242	9,461	N/A	N/A	N/A	N/A	N/A
Alameda County Unemployment Rate ⁽⁵⁾	6.2%	5.1%	5.0%	4.2%	3.5%	2.8%	2.9%	6.7%	6.8%	6.1%

⁽¹⁾ Estimated by State of California, Department of Finance; 1990 from the United States Census

⁽²⁾ Demographics Now (website)

⁽³⁾ Oakland Unified School District

⁽⁴⁾ Alameda County Office of Education

⁽⁵⁾ State of California Employment Development Department

**CITY OF OAKLAND
STATISTICS**

TABLE 15

MISCELLANEOUS STATISTICS

June 30, 2004

Date of Incorporation as a Town	March 27, 1852
Date of Incorporation as a City.....	May 25, 1854
Form of government	Mayor/Council
Number of authorized full time employees	3,858
Elected Officials	11
Land area in square miles	53.8
Lake area in square miles	0.3
City of Oakland facilities and services	
Miles of streets.....	836
Number of street lights	33,229
Culture and Recreation	
Library branches	16
Library mobile units	1
Recreation centers.....	23
Parks	106
Park acreage.....	2,500
Golf courses.....	3
Swimming pools.....	5
Tennis courts.....	48
Playgrounds	12
Softball/baseball fields	47
Football and soccer fields.....	13
Headstart centers.....	18
Museums.....	2
Senior Centers.....	5
Fire Protection	
Number of stations.....	25
Number of firefighters	506
Number of civilians	81
Number of firefighters and civilians per thousand population.....	1.42
Number of calls answered	41,999
Number of commercial inspections conducted	1,070

**CITY OF OAKLAND
STATISTICS**

TABLE 15

Police Protection	
Number of stations and substations	2
Number of sworn officers and trainees.....	763
Number of civilians	443
Number of police officers and civilians per thousand population.....	2.89
Sewerage System	
Miles of sanitary sewers	1,300
Miles of storm drains.....	370
Amount of treatment in gallons daily average.....	72,000,000
Maximum daily capacity of treatment plant in gallons	415,000,000
Water System	
Number of fire hydrants	6,630
Daily average consumption in gallons per family	213
Maximum daily capacity of plant in gallons	385,000,000
Harbor Facilities	
Miles of waterfront	19
Berthing length at wharves.....	23,031 ft
Harbor area	770 acres
Aviation Facilities	
Airports operated	1
Paved airport runways	4
Total length of runways.....	24,520 ft
Area of airport	2,500 acres
Facilities and services not included in the reporting entity	
Education	
Oakland Unified School District	
Number of elementary schools.....	58
Number of secondary schools.....	16
Number of special education schools	2
Area community colleges	4
Area universities and colleges	3
Hospitals	
Number of hospitals.....	2

CITY OF OAKLAND STATISTICS

GENERAL INFORMATION

The City of Oakland is located on the eastern side of the Oakland/San Francisco Bay in the County of Alameda. Its western border offers 19 miles of coastline, while the rolling hills to the east present views of the Bay and the Pacific Ocean. In between are traditional, well-kept neighborhoods, a progressive downtown and superior cultural and recreational amenities. It is the administrative site for the County of Alameda, the regional seat for the federal government, the district location of primary state offices, and the *transportation hub and center of commerce* for the Bay Area.

With an estimated population of over 400,000, ranking the seventh 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

Less obvious to people passing through Oakland is the extraordinary number of individuals and groups of all ethnic backgrounds who work quietly, often voluntarily, usually with little public notice, to improve living conditions for everyone. There are about 150 neighborhood, community, and merchant organizations in Oakland, an unusually large number for any city.

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

GOVERNMENT

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

CITY OF OAKLAND STATISTICS

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 a growing skilled-crafts sector. Because it is considered the transportation hub of Northern California, the growth in its port and international airport activities have been unprecedented in the last five years driven by agricultural and high tech products shipped to and from the far east economies. In a March 18, 2004 press release, the Port moved \$1.2 billion in agricultural goods in 2003 and is the primary seaport for more than 70% of California wine, dried fruits, and other edible exports.

Oakland is abundant in resources that are available to its businesses and residents. State-of-the-art transportation, communications, and utility facilities keep the City running smoothly. Waterfront restaurants, shops, live performance venues, and a nine-screen movie theater makes Jack London Square a lively nighttime attraction. In addition, new office and retail buildings, public facilities, hotels, a convention center, park enhancements, and outdoor art have created a cosmopolitan environment in the downtown. The City’s increasingly robust neighborhood retail areas are expanding and being revitalized. Abandoned warehouses, foundries and long silent cigar, macaroni, and tent factories are being converted into live/work studios for crafts people.

City departments and processes are being streamlined, restructured, and customer focused to better serve the needs of the businesses and the community. A variety of incentives are available to companies located in its Enterprise, Foreign Trade, and Recycling Market Development Zones. The One-Stop Small Business Center links businesses with the many services available to them throughout

CITY OF OAKLAND STATISTICS

the area and serves as an ombudsman for companies dealing with the City. Neighborhood Commercial 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 seventh largest city is strategically positioned as the economic heart of the East Bay. Oakland is ready for the twenty-first century with a diverse business base and opportunities for expansion in business services, retail, and the cutting-edge advanced technology industries. Downtown Oakland offers competitively priced office space, a fiber optic infrastructure, and the amenities for both traditional and emerging enterprises.

As the economic, transportation, and civic hub of the East Bay, Oakland offers tremendous opportunity for retailers. The City's approximately 411,600 residents per capita income in 2004 averaged \$44,129. Portions of Oakland are among the wealthiest consumer markets in California; nearly one-quarter of the City's households report household income in excess of \$77,500. Estimated annual taxable sales were \$3.4 billion in 2004. Compared to other East Bay cities, Oakland sees a significant number of auto-related purchases, with opportunities available in consumer goods, building materials, and office products.

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

- "...4th Best commercial real estate market in the country" (Moody's Investors 2003);
- "...6th Best City to live in the U.S." (Money, Dec. 2002);
- "...7th Most Creative City in America." (Carnegie Mellon);
- "...8th Best Place for Business in the U.S." (Forbes 2002 Annual Survey); and
- "...uniquely positioned as an excellent point for international business." (Mickey Kanter, former U.S. Secretary of Commerce).

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

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.

CITY OF OAKLAND STATISTICS

The prospects for Oakland's economy are better than ever. Ranked the eighth best city for business in 2002 by *Forbes Magazine*, Oakland has experienced dramatic economic growth.

Mayor Jerry Brown's "Downtown 10K Initiative": A major initiative launched by Mayor Jerry Brown when he took office in 1999, the 10K Downtown Housing Initiative, is realizing its goal of attracting 10,000 new residents to downtown Oakland by encouraging the development of 6,000 market-rate housing units. A near perfect climate, California's best mass transit system, a central Bay Area location and a growing downtown workforce all contribute to make downtown Oakland a great place to live.

As of July 2004, the 10K Downtown Housing Initiative has resulted in the start and completion of 35 residential projects with 4,969 units. Fifteen projects (1,471 units) have been completed, five projects (350 units) are in construction, thirteen projects (1,436 units) have received planning approvals, and two projects (1,712 units) are in the planning process. The Initiative has literally altered Oakland's skyline with the construction of the Essex on Lake Merritt, the first high-rise residential construction in downtown Oakland in 20 years. To achieve the goal of 10,000 new residents, fewer than 1,200 more units are required.

To enhance the downtown for retail, the City/Redevelopment Agency is constructing \$7 million of sidewalk improvements and pedestrian and transit amenities along Broadway between 9th and 17th Streets. Another \$12.2 million has been budgeted for public improvements, façade improvement programs, site development, and merchant assistance. The Downtown Façade Improvement Program has: completed 33 projects; 27 projects under construction; 40 projects in design; and 6 preliminary applications.

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

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

The Mayor and City Council have achieved considerable success in their active recruitment of and support for new and existing companies in five major target industries: telecommunications, software/multimedia, biotechnology, transportation, and food processing. The Oakland metro region is now home to more than 2,145 high-tech companies employing more than 52,000 people.

CITY OF OAKLAND STATISTICS

As the Bay Area's economic boom spreads to Oakland, the City is also focusing its efforts on ensuring that more of its residents are able to enjoy the benefits of that boom. In conjunction with Freddie Mac and Bank of America, the City has launched an aggressive \$1 billion First-time Homebuyer Program targeted at helping Oakland residents buy their own home. Mayor Brown has set a goal of raising Oakland's home ownership rate by one percent every year for the next four years. Private mortgage lenders and community organizations are also helping to achieve this ambitious goal.

HISTORY

Oakland's first inhabitants, the Ohlone Indians, arrived about 1,200 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 chartered as a city in 1854, and construction of shipping wharves began immediately. Ferry service between Oakland and San Francisco had existed for years, but by building large wharves and dredging a shipping channel, Oakland became an independent destination. Oakland grew steadily through the 19th century. After the devastating earthquake in 1906, many people and businesses chose to relocate from San Francisco to Oakland. Oakland's population more than doubled between 1900 and 1910.

Oakland benefited from the general prosperity of the area through the 1920s. California farms expanded their markets, contributing to canning, processing, and shipping companies based in Oakland. Auto makers and steel companies led the industrial expansion throughout the East Bay. Construction businesses had plenty of work as homes went up south and east of the inner city, and new high-rise office buildings were built in downtown Oakland.

World War II brought tremendous changes to Oakland. Huge numbers of workers moved to the Bay Area to work in local shipyards, and many of these people, as well as large numbers of military

CITY OF OAKLAND STATISTICS

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.

Oakland International Airport

Oakland International is San Francisco Bay Area's most convenient airport and is a leader in on-time performance with 72.6% of its flights out on time. Strategically located at the center of the region, Oakland International handles nearly 13 million passengers and almost 700,000 metric tons of air cargo annually. 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).

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Between the two airfields, Oakland International handles more than a half million operations annually, making it the 8th busiest airport in the world. From South Field, there are more than 200 departures daily to domestic and international destinations. The passenger terminal complex consists of two terminals with 22 gates, including an international arrivals building for Oakland's growing international service to such destinations as Guadalajara, Morelia, Leon, Mexico, Paris, and Papeete, Tahiti and the Azores Islands. Service between Oakland and Hawaii was inaugurated in February 2000 and direct flights to New York, JFK and Newark, New Jersey was started. The airport employs approximately 15,900 people. United Airlines and Alaska Airlines operate maintenance facilities at Oakland International.

Air Cargo at Oakland International Airport

Oakland International handles nearly 700,000 metric tons of cargo annually, making it the 27th largest airport in the world in the amount of cargo handled. Five all-cargo carriers currently serve Oakland International. Additionally, air cargo is on the domestic and international passenger carriers that serve the airport. About one in every four employees works in a job related to cargo. FedEx, which currently doubled its operations in Oakland by opening a new 13-acre, 191,000 square foot complex, operates a regional sorting and international import clearance facility at Oakland, where nearly 2,100 people are employed. UPS employs 450 people in its airport sort facility and operates a regional distribution center at the nearby Oakland Airport Business Park.

Mass Transit

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

BART is a 95-mile, automated rapid transit system serving over 3 million people in the three BART counties of Alameda, Contra Costa, and San Francisco counties, as well as northern San Mateo County. Trains traveling up to 80 mph connect 17 Bay Area cities and 39 stations. Travel between Oakland and San Francisco averages only 20 minutes on BART. People in the Bay Area ride BART because it is a safe, reliable, economical, and energy-efficient means of transportation.

Other modes of transportation include the Alameda/Oakland Ferry Service that also links Oakland with San Francisco. Nine major U.S. and California highways pass through Oakland. Daily service to rail destinations throughout the U.S. is offered at the Oakland Amtrak Station. Greyhound Bus Lines likewise offers daily bus service to cities throughout the United States.

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EDUCATION

The Oakland Unified School District is governed by the Board of Education consisting of seven elected members and three mayoral appointees. The day-to-day operations are managed by the Superintendent of Schools.

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

There are two community colleges and four four-year institutions inside the city limits, with the world-renowned U.C. Berkeley campus located nearby. In addition, a variety of evening extension courses is offered in Oakland by other nine 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 to Community Policing by employing a new patrol reorganization plan. This plan emphasizes each officer's ability to utilize the Problem Oriented Policing and Problem Solving Teams approach in an effort to reduce Part 1 crimes in the coming years.

PARKS AND RECREATION

Sports, performing arts, boating, camping, gardens, and many other leisure activities are available at more than 140 parks, playgrounds, community centers, and other recreational facilities operated by the City. There are two public golf courses and a third driving range. Six outdoor pools offer seasonal lap and recreational swimming, instruction, and showers. The Parks and Recreation Department operates more than 50 tennis courts. It also operates Oakland's Feather River Camp, a family camp located in the Plumas National Forest. 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. The Oakland City Stables, managed by the Wildcat Canyon Ranch Program, provides horse riding lessons, year-round after

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school programs, an alternate education site for the school district, and summer internships for a number of Oakland Youth. The program serves 1,500 Oakland youth annually.

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.

CRAFTS AND 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; 36 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 Craft and Cultural Arts Department, Office of the Mayor, 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 Craft and Cultural Arts Department 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 \$1.5 million in contracts each year to Oakland-based nonprofit organizations and individual artists that collectively provide more than 5,000 arts and cultural activities to Oakland residents and visitors.

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

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, Alice Arts Center Windows Exhibition Series, the Art Places Program, and the Art & Soul Oakland Arts Festival.

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

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Art Night, through which art patrons can tour downtown galleries until 8pm on the third Thursdays, is a newly created program.

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

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

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

Kaiser Convention Center—This performing arts and entertainment site, managed by the City, features a 1,800-seat theater, indoor arena and smaller rooms for public and private events.

ARTSHIP—The ARTSHIP Foundation's floating arts and cultural center is currently moored at the 9th Avenue Terminal and will be converted into one of Oakland's most unique cultural centers, featuring a range of visual and performing arts productions.

The Oakland School of the Arts—This new Charter School will provide students with intensive pre-professional training in the arts, within a college-preparatory curriculum for grades 8-12, and will be located in the Alice Arts Center.

SPORTS

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

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In March 23 and 25, 2006, the University of San Francisco and the Oakland Arena will host the 2006 NCAA men's basketball West Regional Finals. According to the announcement, it is the first time the University of San Francisco has hosted this prestigious event and will be the first time since 1995 that the Oakland Arena will host the event.

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.