

CITY OF OAKLAND CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2001

PREPARED BY THE FINANCIAL SERVICES AGENCY

DEBORAH EDGERLY • DIRECTOR
WILLIAM E. NOLAND • CONTROLLER

PRINTED ON RECYCLED PAPER

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2001

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Transmittal Letter	ix
Organization Chart.....	xxvii
Directory of City Officials.....	xviii
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	
KPMG LLP.....	3
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit.....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	12
Combined Statement of Revenues and Expenditures - Budget and Actual on a Budgetary Basis - General Fund and Annually Budgeted Special Revenue and Debt Service Funds.....	18
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types and Discretely Presented Component Unit.....	22
Combined Statement of Cash Flows - All Proprietary Fund Types and Discretely Presented Component Unit.....	24
Combined Statement of Changes in Plan Net Assets - Pension Trust Funds.....	28

**Notes to Financial Statements**

(1) Organization and Definition of Reporting Entity	29
(2) Summary of Significant Accounting Policies.....	30
(3) Cash and Investments and Restricted Cash and Investments	40
(4) Due From/Due To Other Funds.....	46
(5) Memorandums of Understanding	47
(6) Notes and Loans Receivable.....	48
(7) Fixed Assets.....	49
(8) Property Held for Resale	50
(9) Tax and Revenue Anticipation Notes Payable	51
(10) Long-Term Obligations	51
(11) Contributed Capital.....	71
(12) Self-Insurance	71
(13) Reservations and Designations of Fund Balances	74
(14) Segment Information for Enterprise Funds	76
(15) Joint Venture.....	77
(16) Pension Plans.....	80
(17) Reconciliation of Operations on Modified Accrual Basis to Budgetary Basis.....	85
(18) Postemployment Benefits Other Than Pension Benefits.....	86
(19) Excess of Expenditures Over Appropriations.....	87
(20) Commitments and Contingent Liabilities.....	87
(21) Individual Fund Deficits	89
(22) Subsequent Events.....	89

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of Funding Progress - Oakland Municipal Employees' Retirement System.....	91
Schedule of Funding Progress - Police and Fire Retirement System.....	92

**COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP
FINANCIAL STATEMENTS AND SCHEDULES****General Fund**

Comparative Balance Sheets	95
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	96

	Page
Special Revenue Funds	
Description of Funds.....	101
Combining Balance Sheet.....	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	104
Combining Schedule of Revenues and Expenditures - Budget and Actual on a Budgetary Basis	110
 Debt Service Funds	
Description of Funds.....	115
Combining Balance Sheet.....	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	118
Combining Schedule of Revenues and Expenditures - Budget and Actual on a Budgetary Basis	120
 Capital Projects Funds	
Description of Funds.....	125
Combining Balance Sheet.....	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	128
 Enterprise Funds	
Description of Funds.....	137
Combining Balance Sheet.....	138
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	140
Combining Statement of Cash Flows	142
 Internal Service Funds	
Description of Funds.....	149
Combining Balance Sheet.....	150
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	152
Combining Statement of Cash Flows	154
 Trust and Agency Funds	
Description of Funds.....	161
Combining Balance Sheet.....	162
Combining Statement of Plan Net Assets - Pension Trust Funds	164
Combining Statement of Changes in Plan Net Assets - Pension Trust Funds.....	165
Combining Balance Sheet - Expendable Trust Funds	166
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Expendable Trust Funds	168
Statement of Changes in Assets and Liabilities - Agency Funds	172

**General Fixed Assets Account Group**

Schedule of General Fixed Assets by Function and Type.....	176
Schedule of Changes in General Fixed Assets by Function and Activity	176
Schedule of General Fixed Assets by Source	178

STATISTICAL SECTION

Governmental Revenues by Source.....	1	181
Governmental Expenditures	2	182
Property Tax Levies and Collections.....	3	184
Assessed Value of Property	4	185
Property Tax Rates	5	186
Principal Property Taxpayers	6	187
Special Assessment Billings and Collections.....	7	188
Computation of Legal Debt Margin	8	189
Percentage of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	9	190
Percentage of Annual Debt Service Expenditures to Total General Governmental Expenditures.....	10	191
Direct and Overlapping Bonded Debt	11	192
Revenue Bond Coverage		
Port of Oakland.....	12	193
OMERS Revenue Bond.....	12	193
Economic Indices.....	13	194
Demographic Statistics	14	195
Miscellaneous Statistics.....	15	196
General Information.....		198

INTRODUCTORY SECTION

CITY OF OAKLAND



LIONEL J. WILSON BUILDING • 150 FRANK H. OGAWA PLAZA, SUITE 5215 • OAKLAND, CALIFORNIA 94612

Deborah Edgerly
Agency Director

Financial Services Agency
Administration Office
(510) 238-2220
FAX (510) 238-6564
TDD (510) 839-6151

November 30, 2001

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 Financial Services Agency has prepared this report to present the financial position and the results of the City's operations for the fiscal year ended June 30, 2001, and the cash flows of its proprietary fund types for the year then ended. The general purpose 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 information about the organizational structure of the City, its accounting and budgetary systems, and its fund structure. This section also contains summarized data reflecting the City's financial condition, including an overview of the City and its economy, general government operations, enterprise operations, and debt administration.

The **Financial Section** includes the General Purpose Financial Statements as an overview of the City's entire financial operations. Combining and individual fund and account group statements present the separate funds and account groups that are material. Schedules provide other information and details of data summarized in the general purpose financial statements. These statements and schedules pertain to those operations which, when taken together, make up the reporting entity of the City. Also included in this section is the Independent Auditors' Report on the financial statements and schedules.

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

The accuracy of the City's general purpose financial statements and the completeness and fairness of their presentation, including all disclosures, are the responsibility of City management. We believe that the data, as presented, is accurate in all material respects and is reported in a manner that presents fairly the financial position and the results of operations of the City's various funds and account groups, and that the disclosures will provide the reader with a full understanding of the City's financial affairs for the fiscal year ended June 30, 2001.

THE REPORTING ENTITY AND ITS SERVICES

The City has defined its reporting entity in accordance with generally accepted accounting principles which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. This CAFR presents information on the activities of the reporting entity, including all of the fund types and account groups of the City and its component units.

GAAP require that the component units be separated into blended or discretely presented units for reporting purposes. Although legally separate entities, blended component units are, in substance, part of the City's operations. Therefore, they are reported as part of the Primary Government. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from City operations.

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. In addition to these general government activities, 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). The operations of the Port of Oakland (including the Oakland International Airport) is presented discretely. The Oakland-Alameda County Coliseum Authority (Authority) is a Joint Venture owned and operated by the City and the County of Alameda.

The Oakland Housing Authority, the Oakland Unified School District, and the Peralta Community College District were not included because they have limited relationships with the City and, therefore, did not meet the criteria for inclusion in the reporting entity. The City is also represented in six regional agencies which 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.

City Government

In November, 1998 the citizens of Oakland changed the form of government from Council-City Manager to Mayor-Council through a 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 Manager under the direction of the Mayor. The City Auditor is an elected official. Under the charter amendment, the City Attorney is now an elected official.

The 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. The City Manager, appointed by the Mayor, is responsible for day-to-day administrative and fiscal operations of the City.

Oakland's Economy

Under Mayor Jerry Brown and the Council members, the City of Oakland is transforming itself into one of the most desirable communities to live and do business in the country. The *Forbes Magazine* named the City of Oakland as the 5th best place to do business in the nation. It is testimony to the City's vibrancy, its business friendly public policies, its enormously skilled labor force, its incentives driven environment within which to do business, and a City administration that enthusiastically supports and embraces sustainable economic development. Moreover, transportation systems such as interstate highways, railroad, trucking, shipping, air transportation, and public transit converge in the City of Oakland to make it the hub of interstate and international commerce in the West Coast. Its strategic location and proximity to Silicon Valley and the highly acclaimed institutions of higher learning provides an excellent synergy for collaborative research and innovation for improved business products and services.

In recognition of the need for an integrated, broad-based strategy to enhance the development of the City's economy and an improved quality of life for its residents, Mayor Jerry Brown has identified four major goals for his administration: (1) crime reduction; (2) attraction of 10,000 new residents downtown; (3) celebration of the arts; and (4) improving education by encouraging more charter schools.

In downtown Oakland, over 1.8 million square feet of new office space is currently being developed including both new buildings and the renovation of vacant buildings. The Shorenstein Company is currently building a 20-story office tower that will house various new businesses when it opens in early 2002.

Three new hotels are now under development in the downtown area: the 215-room Hilton Garden Inn; the 162-room Courtyard by Marriott; and the 62-room expansion of the Waterfront Plaza Hotel at Jack London Square. These hotels will open in 2002. The new additions will enhance both the Oakland Convention Center and the downtown office environment.

Part of Oakland's economic public policy is to take advantage of its position as the transportation and communication "hub" of the Oakland-San Francisco Bay Area. To this end, both Oakland's Port and International Airport are undergoing major capital improvements. A \$1.4 billion capital investment program will enhance the state of the art operating facilities at both terminals. The International Airport will add 12 new passenger gates, a new terminal complex, new and expanded cargo facilities, a new roadway system, parking structure, and an automated shuttle linking the Airport to the Bay Area Rapid Transit System (BART).

Because of the collaborative effort of policy makers, the City of Oakland, and the federal government, the Port of Oakland will expand and modernize its maritime facilities and operations. The "Vision

2000 Program” will develop approximately 525 land and water acres of the former Fleet and Industrial Supply Center (FISCO). The program, which began construction during the spring of 1998, consists of five maritime container berths, terminals, and expanded cargo yards; the Joint Intermodal Terminal to accommodate two major transcontinental railways (handling rail-ship-truck transfers of cargo); new harbor roadways; and increased waterfront access for the public. In-process dredging will deepen the Oakland shipping channels to accommodate the new fleet of deep-hull container ships that will dock at Oakland in the future. Additionally, there are plans to develop 190 water acres into an Oakland Harbor Habitat for marine life and waterfowl. Completion of these activities will enable the Port of Oakland to continue its operations as a world leader among modern container handling ports of call for shippers and ships.

Public policy decisions have been made that will improve the quality and quantity of the technical work force ready to meet the challenges of the technological labor market place. The Oakland area public policy makers are working as a team to accomplish the common goal of retaining components of the current economic base and creating an economic environment that will attract and retain new businesses in growth industries. Some of the special programs and projects that have been created to accomplish this goal are as follows:

Oakland Enterprise Zone: This City of Oakland program offers businesses within its boundaries the opportunity to reduce their state business income tax through a variety of tax credits. Most commercial and industrial areas of the City are within the Enterprise Zone. Incentives include: a Hiring Tax Credit, Sales and Use Tax Credit, Business Expense Deduction for Real Property, Net Operating Loss Carry-over, Net Interest deduction for Lender, and Employee Tax Credit for Low Income Employees.

Oakland/Berkeley Recycling Market Development Zone: The California Integrated Waste Management Board designated the Oakland/Berkeley geographic area as a Recycling Market Development Zone (RMDZ) to foster end-use markets for recyclable materials. It includes the industrial areas of Oakland and West Berkeley, the Oakland Central Business District, and the Port of Oakland. Businesses in the area that use recyclable materials are eligible for program benefits such as loan and grant packaging, site selection assistance, permit processing assistance, employment referral and training coordination, low interest State RMDZ loans of up to \$1 million, Enterprise Zone Tax Credits, etc.

Small Business Incubator Program: The Incubator Program provides incentives-driven, hands-on technical support to Oakland based businesses. Qualified businesses can benefit from the program’s affordable lease space, shared office and support services, networking opportunities, and personalized business management assistance services. Eligible businesses are admitted to the program on a first-come, first-served basis. Professional service, advanced technology, and light industrial businesses are preferred. Businesses engaged in the manufacturing of products from recycled materials are also given preference. This City supported program has launched two incubators: (1) the Communications Technology Cluster (CTC) for communications start-ups, and (2) the Environmental Technologies Cluster (ETC).

Downtown Oakland Business Alert Program: This program focuses on building strong collaborations among downtown merchants, businesses, and City departments. The program

targets five designated areas in the Downtown District which includes City Center, Kaiser Center, Chinatown, Upper Broadway, and Jack London Square. These areas benefit from additional walking beat coverage as well as supplemental police and police cadet patrols. The targeted areas contribute to the program by reporting suspicious activities to police and in turn receive the most current crime prevention information. The City also provides additional hand cleaning crews, more frequent pony sweeping patrol, graffiti removal, and daily trash pick-ups.

Workforce Investment Board: The Oakland Workforce Investment Board (WIB) is the official oversight and policy-making body for federally funded employer services and employment and training programs in Oakland. The mission of the Oakland WIB is to oversee the articulation and implementation of comprehensive workforce development strategies, policies and performance outcomes of the City of Oakland's integrated service delivery system.

Public Safety

The Oakland Police Department (OPD) continues to use successful techniques to reduce crime in the City. OPD launched a reorganization of its Patrol Division merging Community Policing, Beat Health and Patrol to strengthen its commitment to innovative problem-solving strategies. As a result, OPD achieved a 7% reduction in sexual assaults which is the lowest since 1974, a 14% reduction in assaults with firearms, and an overall reduction of 4.62% in Part 1 crime offenses for fiscal year 2000-01.

Quality of Life

The City of Oakland enriches the lives of its citizens through a variety of cultural, recreational, educational, health and social services programs and projects. In fiscal year 2000-01, 250,000 adults, families and young people attended various exhibits, public programs and special events at the Oakland Museum. This is the second highest annual attendance in recent memory second only to 1997-98 during a six-month exhibit commemorating the 150th anniversary of the discovery of gold in California. Of the total attendance, 73,300 represented students and teachers participating in the Department of Education classes. The primary increase in attendance was attributed to the blockbuster exhibit "Secret World of the Forbidden City: Splendors from China's Imperial Palace" which recorded the highest average daily attendance ever for a special exhibition and opened the museum to large Chinese audience. Other exhibits which contributed to the high attendance were the "Capturing Light: Photographic Masterpieces from the Collection" and the "Half Past Autumn: the Art of Gordon Parks" which expanded the African American audience and brought the first ever collaboration with the Oakland East Bay Symphony in a grand opening concert at the Paramount Theater.

The City of Oakland's public library system, its community friendly, service driven parks and recreation programs, and its social services that embrace every resident in need by its dedicated health and human services components, contribute significantly to the tranquillity and quality of living in Oakland. In 2001, over 219,000 school age children participated in after school programs which included homework tutoring, book and chess clubs, youth jazz workshops, and entertainment programs that highlighted magic making and storytelling. Several community parks were renovated and new ones were added including 34 tot-lots completed in fiscal year 2001. In collaboration with the California State Department of Parks and Recreation, more than 200 Oakland youth spent a day on the ocean near Santa Cruz and experienced oceanography and marine studies to expose them to

conservation and environmental related programs. Head Start implemented the Leap Frog literacy program in 20 centers and six family child care homes. Senior Centers served over 6,000 elder residents throughout the City and provided 1,700 seniors and over 57,000 individual rides through its Paratransit Program. The Welfare to Work Program supported over 300 welfare recipients with services and placed 122 into unsubsidized employment. The Oakland Fund for Children and Youth awarded over \$7 million in grants to provide services for over 11,400 children and youth with over two million hours of service with emphasis on after school programs.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

The following significant events and accomplishments were among those reported within the City of Oakland during the 2000-01 fiscal year.

September 11, 2000 Events

In addition to other collaborative efforts by its public and private sectors, the City of Oakland responded by sending members of its Fire Department Urban Search and Rescue team to “Ground Zero” in New York City to assist in search and rescue work at the World Trade Center.

Banishing Bureaucracy Initiative Success Continues

This City Manager initiative essentially enables the City associates “to share and understand new technologies; provide incentives and mechanisms for innovations, service enhancements and cost savings; make assistance and support available to those who need it; and allow us to evaluate and celebrate city programs.” The continued reinvention strategy focused on coordinated crime reduction efforts of the Public Safety function, and geographically based service delivery to realize Community Oriented Government. These interrelated activities form the basis for continuous improvement in the efficiency and effectiveness of City government. To complement these efforts, the City Manager’s Office assumed management responsibility for Oakland Sharing the Vision (OSV), the City’s strategic planning process. The City Manager’s Office managed the City’s transition through the Year 2000 process, oversaw the continued implementation of the City’s integrated financial system, and completed the City’s third two-year budget cycle.

Other Major Developments

During fiscal year 2000-01, the City of Oakland attracted 80 companies generating 850 new jobs. Its aggressive economic development efforts helped retain 126 companies from moving to other locations, thus saving 2,300 local jobs. The City assisted 10 recycling companies resulting in 100 new jobs by providing site location assistance, technical assistance in loan packaging under the State Recycling Market Development Zone Loan Program and the Alameda County Recycling Board Revolving Loan Fund.

From a neighborhood commercial revitalization perspective, the City coordinated \$2.55 million in public/private investments which included 113 Façade Improvement projects. In addition, the City coordinated the annual “Shop Oakland” holiday campaign and established the Neighborhood Business Improvement (BID) program. It also developed proposals for the Metropolitan Transportation

Commission (MTC) that resulted in an award of \$3.5 million in grants for streetscape projects in the Fruitvale and Eastlake Neighborhood Commercial Revitalization (NCR) districts.

The City's One-Stop Small Business Center (OSSBC) was a focal point for lending and technical assistance efforts surrounding Oakland's Enhanced Enterprise Community. The unit financed the relocation and expansion of Just Desserts, Inc., Hilton Homewood Suites Hotel, Niman Ranch Meats, and expansion of Negherbon Auto Dealership. The OSSBC originated 12 small business loans totaling \$4 million, counseled and referred more than 1,368 clients to the Business Skills Development Training Program, and managed eight economic development loan funds with total capitalization of \$50,000,000.

As part of the Mayor's 10K project, the City entered into an Exclusive Negotiation Agreement with Forest City to develop 2,000 units for sale and rental housing in the Uptown area including 10,000 square feet of retail space, 45,000 square feet for a grocery store, and 3,500 parking spaces. As of last year, the 10K program completed 767 units, 561 units under construction, and 2,996 new units in planning review for a total of 4,324 units since the program began. The Downtown Façade Improvement Program provided matching grants for 12 completed projects with 61 projects currently in development, resulting in over \$1.7 million of improvements. The renovation of Swans Market has been completed and re-leasing will be finalized shortly.

Further developments in the City's economy included the approval of 348 new housing units outside of the downtown area, approval of a new major chain store near Interstate 880, advanced Transit Village Projects at five Oakland BART stations under the smart growth concept, established a One Stop Career Center system that served more than 4,700 clients and executed 1,307 job placements through programs funded by the City, and improved the employability of 2,662 youths through coordinated education, pre-employment training and vocational skills development.

FINANCIAL INFORMATION

Financial Controls

An Oracle based system replaced the City's Financial Management System (FMS) effective in fiscal year 1999-2000. The new system provides an internal control structure for the proper recording of revenues and expenditures, and maintains budgetary control for the allocation of available resources. These financial controls are designed to provide reasonable, but not absolute, assurance that: (1) assets are safeguarded against waste, fraud and inefficient use; and (2) the City's financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Single Audit

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to comply with applicable laws and regulations related to those

programs. This internal control structure is subject to periodic evaluation by management, the elected City Auditor's staff, and the independent external auditors selected competitively by the City.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Non-Profit Organizations." As part of this audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial awards programs, as well as to determine that the City has complied with applicable laws and regulations.

Budgetary Controls

The City's budget is a detailed operating plan which 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 City Council are adopted, implemented and controlled. Note 2 to the General Purpose Financial Statements summarizes the budgetary roles of various City officials and the timetable for their budgetary actions according to the City Charter. On June 29, 2000, the City Council approved the City's second two-year budget for fiscal years 1999-00 and 2000-01. Before the conclusion of the fiscal year 1999-00 budget, the City Council conducted its mid-year review for potential adjustments to the fiscal year 2000-01 budget necessitated by revised forecasts of economic conditions and/or legal mandates. The City Council approved and adopted the revised fiscal year 2000-01 budget on June 30, 2000.

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 Manager is authorized to administer the budget and may transfer monies from one department, 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 year are added to the budget adopted by City Council for that year.

GENERAL GOVERNMENTAL FUNCTIONS

General governmental activities are accounted for in the general, special revenue, debt service and capital projects funds. These funds account for the major portion of the City's operating revenues and expenditures.

Revenues for general governmental activities totaled \$616,907,000 in fiscal year 2000-01, an increase of approximately 8.03% over the prior fiscal year total of \$571,035,000. The schedule below presents the amount of revenue from specific sources, as well as increases or decreases in relation to the prior fiscal year.

Revenue Classified By Source Governmental Fund Types (In Thousands)					
	FY1999-00 Amount	FY2000-01 Amount	Percent of Total	Increase (Decrease) Over Previous Year	
				Amount	Percent
Taxes:					
Property	\$ 155,941	\$ 162,895	26.41%	\$ 6,954	4.46%
State					
Sales and Use	46,791	52,877	8.57	6,086	13.01
Motor Vehicle	19,314	21,361	3.46	2,047	10.60
Gas	8,052	10,419	1.69	2,367	29.40
Total	<u>74,157</u>	<u>84,657</u>	<u>13.72</u>	<u>10,500</u>	14.16
Local					
Business License	35,845	38,738	6.28	2,893	8.07
Utility Consumption	41,592	48,703	7.89	7,111	17.10
Real Estate Transfer	34,359	38,309	6.21	3,950	11.50
Transient Occupancy	12,100	12,766	2.07	666	5.50
Parking	5,686	6,762	1.10	1,076	18.92
Franchise	9,084	10,396	1.69	1,312	14.44
Total	<u>138,666</u>	<u>155,674</u>	<u>25.23</u>	<u>17,008</u>	12.27
Licenses and permits	9,098	11,442	1.85	2,344	25.76
Fines and penalties	15,625	17,111	2.77	1,486	9.51
Interest/investment	35,449	37,116	6.02	1,667	4.70
Charges for services	41,181	50,310	8.16	9,129	22.17
Federal and state grants and subventions	83,759	75,701	12.27	(8,058)	(9.62)
Other	<u>17,159</u>	<u>22,001</u>	<u>3.57</u>	<u>4,842</u>	28.22
TOTAL	<u>\$ 571,035</u>	<u>\$ 616,907</u>	<u>100.00%</u>	<u>\$45,872</u>	8.03%

Property tax revenues, including voter approved special taxes, increased 4.5% (\$7.0 million) primarily due to increased assessed valuations from increased real estate property sales transactions.

State tax revenues increased 14.2% (\$10.5 million). Sales and Use tax revenue increased 13.0% (\$6.1 million) due to continued economic growth in the Auto and Transportation sector, the City's largest sales tax generating sector. Motor vehicle license fees increased 10.6% (\$2.0 million) due to the increase in new vehicle sales. The increase of 29.4% (\$2.4 million) in state gasoline tax revenues is attributable to increased gasoline prices and the net increase in the number of cars driven.

Local tax revenues increased 12.3% (\$17.0 million). Business License tax revenue increased 8.1% (\$2.9 million) due to an increase of 80 in new businesses locating in Oakland, creating approximately 850 local jobs. Utility consumption taxes increased 17.1% (\$7.1 million) due to increased utility rates approved by the California Public Utilities Commission in April 2001 and again in May 2001, and growth in the telecommunication sector activity. The significant increase in Real Estate Transfer tax revenue by 11.5% (\$4.0 million) is due to a strong real estate property turnover driven by economic growth in general and favorable interest rates in particular. Transient Occupancy tax revenues increased 5.5% (\$0.7 million) due to higher hotel occupancy and increased room rates.

License and permit revenue increased by 25.8% (\$2.3 million) due mainly to increased construction permits, grading and excavation permits, sewer permits, encroachment permits, and environmental impact report permits generated by development construction projects underway in the City. Fines and penalties revenue increased 9.5% (\$1.5 million) due to increased enforcement collection efforts.

Interest income increased 4.7% (\$1.7 million) due primarily to an improved return on investments.

Grants and subventions decreased 9.6% (\$8.1 million) due to the reduced Measure D funds from the County of Alameda and a \$6 million adjustment related to prior year grants.

The increase in Other Revenue of 28.2% (\$4.8 million) reflects the receipt of a one-time Educational Relief Allocation Formula rebate payment from the State, the increase in Motor Vehicle in Lieu backfill receipts from the State, as well as additional revenue from Banc One and the State Office of Emergency Services.

Expenditures for fiscal year 2000-01 general governmental functions totaled \$679,142,000, an increase of 5.6% over the preceding fiscal year total of \$643,044,000. The increase is due primarily to an annual increase in debt service of 14.7% for the lease financing, an 11.4% and 6.8% in Police and Fire respectively, a 25.4% increase in capital projects for Public Works, and a 4% to 6% increase in personnel costs as a result of negotiated union contracts for City employees, public safety overtime, project expenditures, and normal inflation. Expenditures by departments within major service areas, and the increases or decreases in relation to the prior fiscal year, are shown in the schedule on the following page.

**Expenditures Classified by Major Service Area
Governmental Fund Types
(In Thousands)**

	<u>FY1999-00 Amount</u>	<u>FY2000-01 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over Previous Year</u>	
				<u>Amount</u>	<u>Percent</u>
Elected and Appointed Officials:					
Mayor	\$ 934	\$ 986	0.15%	\$ 52	5.57%
Council	2,544	3,139	0.46	595	23.39
City Manager	6,817	8,904	1.31	2,087	30.61
City Attorney	5,259	6,820	1.00	1,561	29.68
City Auditor	1,079	1,025	0.15	(54)	(5.00)
City Clerk	<u>2,235</u>	<u>2,108</u>	<u>0.31</u>	<u>(127)</u>	<u>(5.68)</u>
Total	<u>18,868</u>	<u>22,982</u>	<u>3.38</u>	<u>4,114</u>	<u>21.80</u>
Agencies/Departments:					
Personnel Resource					
Management	<u>4,054</u>	<u>4,407</u>	<u>0.65</u>	<u>353</u>	<u>8.71</u>
Retirement and Risk					
Administration	<u>1,055</u>	<u>1,131</u>	<u>0.17</u>	<u>76</u>	<u>7.20</u>
Information Technology	<u>7,712</u>	<u>6,818</u>	<u>1.00</u>	<u>(894)</u>	<u>(11.59)</u>
Financial Services	<u>15,978</u>	<u>15,327</u>	<u>2.26</u>	<u>(651)</u>	<u>(4.07)</u>
Police	<u>130,662</u>	<u>145,521</u>	<u>21.43</u>	<u>14,859</u>	<u>11.37</u>
Fire	<u>72,237</u>	<u>77,129</u>	<u>11.36</u>	<u>4,892</u>	<u>6.77</u>
Life Enrichment					
Administration	1,717	1,693	0.25	(24)	(1.40)
Parks & Recreation	40,101	38,180	5.62	(1,921)	(4.79)
Library	13,871	15,178	2.23	1,307	9.42
Museum	5,512	5,707	0.84	195	3.54
Aging	6,700	7,136	1.05	436	6.51
Health and Human Services	13,156	14,211	2.09	1,055	8.02
Cultural Arts	<u>1,717</u>	<u>1,972</u>	<u>0.29</u>	<u>255</u>	<u>14.85</u>
Total	<u>82,774</u>	<u>84,077</u>	<u>12.37</u>	<u>1,303</u>	<u>(1.57)</u>
Community and Economic					
Development	84,394	73,745	10.86	(10,649)	(12.62)
Public Works	48,504	60,835	8.96	12,331	25.42
Other	48,313	46,773	6.89	(1,540)	(3.19)
Capital outlay	18,606	14,397	2.12	(4,209)	(22.62)
Debt service	<u>109,887</u>	<u>126,000</u>	<u>18.55</u>	<u>16,113</u>	<u>14.67</u>
TOTAL	<u>\$ 643,044</u>	<u>\$ 679,142</u>	<u>100.00%</u>	<u>\$ 36,098</u>	<u>5.61%</u>

Expenditures for Elected and Appointed Officials increased 21.8% (\$4.1 million) during the 2000-01 fiscal year. Mayor's Office expenditures increased 5.6% (\$0.05 million) due to normal salary increases and cost of operations. Council Office expenditures increased 23.4% (\$0.60 million) due to the pay-as-you-go program which provided funding allocation to each Councilmember for capital projects in their respective districts. City Manager expenditures increased 30.6% (\$2.1 million) due to the transfer of the KTOP to the City Manager's Office. City Attorney expenditures increased 29.7% (\$1.56 million) due mainly to the increase in in-house staff. City Clerk expenditures decreased 5.7% (\$0.13 million) due to the transfer of KTOP to the City Manager's Office while the City Auditor's Office decreased its expenditures by 5.0%.

Office of Information Technology expenditures decreased 11.6% (\$0.90 million) due to the delay in project implementation resulting in savings in contractual services.

Financial Services expenditures decreased 4.1% (\$0.65 million) primarily due to salary savings from vacancies and support costs related to implementing the City's new financial management system.

Police and Fire expenditures increased 11.4% (\$14.9 million) and 6.8% (\$4.9 million) respectively. The major portion of these increases is due to staff overtime costs, negotiated salary increases, and the addition of civilian personnel to cover functions previously assumed by sworn officers. Fire increased its expenditures as a result of negotiated salary increases and overtime costs by sworn officers.

Life Enrichment expenditures decreased 1.6% (\$1.3 million) due primarily to decreased expenditures for Parks and Recreation project improvements.

Community and Economic Development expenditures decreased 12.6% (\$10.6 million) due primarily to the reduction in Municipal Lending Services activities.

Public Works expenditures increased 25.4% (\$12.3 million) due to increase in newly funded capital projects.

Other expenditures decreased 3.2% (\$1.5 million) due mainly to the reclassification of costs under debt service.

Capital outlay expenditures decreased 22.6% (\$4.2 million) due to a reduction of expenditures for the City's computerized financial system.

Debt Service increased 14.7% (\$16.1 million) due primarily to the payment of bond principal and interest due on the City's lease financing obligations.

General Fund Balance

The total fund balance of the General Fund decreased by \$9.4 million to \$22.8 million. The reserved portion decreased by \$2.0 million to \$1.7 million due to decreased year-end encumbrances. The unreserved designated portion decreased by \$3.3 million to \$7.8 million while the undesignated portion decreased by \$4.1 million to \$13.3 million.

PROPRIETARY OPERATIONS

Enterprise Funds are used to account for public service operations that are financed and operated similarly to private businesses. The costs, including depreciation, of providing goods or services are recovered in whole or in part through user charges. The following schedule shows actual revenues, expenses, including depreciation, and results of operations for the fiscal year ended June 30, 2001.

Revenues, Expenses, and Results of Operations

Enterprise Funds
(In Thousands)

	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Operating Income</u>
Parks and Recreation	\$ 128	\$ 317	\$ (189)
Sewer Service	<u>18,738</u>	<u>12,697</u>	<u>6,041</u>
TOTAL	<u>\$ 18,866</u>	<u>\$ 13,014</u>	<u>\$ 5,852</u>

Internal Service Funds are used to account for operations that provide goods or services to other departments and agencies of the City on a cost-reimbursement basis. Internal service funds should break even over the long term and therefore will have net losses from time to time to offset net income. The following table shows actual revenues, expenses, including depreciation, and results of operations for the fiscal year ended June 30, 2001.

Revenues, Expenses, and Results of Operations
Internal Service Funds
(In Thousands)

	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Operating Income (Loss)</u>
Equipment	\$ 13,773	\$ 13,509	\$ 264
Radio	1,521	1,395	126
Facilities	15,623	16,231	(608)
Reproduction	1,035	1,316	(281)
Central Stores	<u>1,813</u>	<u>2,342</u>	<u>(529)</u>
TOTAL	<u>\$ 33,765</u>	<u>\$ 34,793</u>	<u>\$ (1,028)</u>

Fiduciary Operations

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

The City maintains two pension systems: the Oakland Municipal Employees' Retirement System (OMERS) for civilian employees hired before September 1970; and Oakland Police and Fire Retirement System (PFRS) for uniformed employees hired before July 1976. All other full-time employees belong to the California Public Employees' Retirement System (PERS) administered by the State of California. The City also holds in trust monies for employees who elect to have a portion of their earnings placed in a deferred compensation plan.

OMERS and PFRS had overfunded actuarial accrued liabilities of \$8.0 million and \$55.9 million, respectively, based on actuarial valuations as of June 30, 1998. On an annual basis, the City is funding the amounts that have been actuarially determined to meet the required obligations by July 1, 2020, for

OMERS and by July 1, 2026, for PFRS. The City issued pension obligation bonds in February 1997 to fund the PFRS until the year 2011. Bond proceeds in the amount of \$417.2 million were transferred to the plan for investment. This information will be reflected in the next actuarial valuation. The PERS overfunded liability as of June 30, 1997, was \$67.9 million.

The City has fiduciary responsibility for various expendable trust funds, including the Oakland Redevelopment Agency Projects Fund, the Pension Annuity Fund, the Other Expendable Trusts Fund, and the Parks, Recreation and Cultural Trust Fund.

DEBT ADMINISTRATION

The City and Redevelopment Agency have various types of debts outstanding in the Long Term Obligations Account Group. The City has over \$1.0 billion in long-term bonds outstanding, which include General Obligation Bonds, Lease Revenue/COP Financings, the Pension Obligation Bonds, and Medical Hill Special Assessment Bonds. The Redevelopment Agency has approximately \$219 million in bonds outstanding. The City has an additional \$9.3 million in Special Assessment debt outstanding, which is administered by the City but supported by special property tax assessments.

General Obligation Bonds - The City has a total of \$137,080,000 in General Obligation Bonds outstanding. The City received authorization to issue \$60 million in General Obligation bonds under "Measure K" on the November 6, 1990 general election. On February 19, 1991, the City issued \$12,000,000 of General Obligation Bonds Series 1991A. On March 1, 1995, the City issued a second series under Measure K, \$15,000,000 General Obligation Bonds Series 1995B. On April 1, 1997, the City issued a third series, \$22,250,000 General Obligation Bonds Series 1997C. On July 25, 2000, the City issued the fourth in Series 2000D in the amount of \$10,750,000 and defeased and reissued the 1991A Series with 2000E in the amount of \$9,000,000. The City also has issued an additional \$95,420,000 in General Obligation bonds: \$50,000,000 General Obligation Bonds, Series 1992, and \$45,420,000 General Obligation Bonds.

Lease Revenue/COP Financings - The City has issued seven lease financing issues: for the Civic Improvement Corporation in 1985; the Oakland Museum and Convention Centers Projects in 1992; the Administration Buildings in 1996; and Lease Revenue Bonds in 1998. The last two were issued through the Oakland Joint Powers Authority. More recently, the City has issued debt via Master Lease/Purchase Programs in 1998 and 2000. As of June 30, 2001, there was \$487,726,000 in lease financing outstanding.

Pension Obligation Bonds - In 1997, the City issued \$436,290,000 in Pension Obligation Bonds (Series A & B) to fund a portion of the City's accrued pension liability. These bonds are supported by a special pension override tax. As of June 30, 2001, there were \$390,535,000 in bonds outstanding.

Short Term Borrowing - In addition to its long-term debt, the City issues short-term Tax and Revenue Anticipation Notes (TRANs) to cover working capital needs of the General Fund during the fiscal year. The City issued a \$65 million TRAN for fiscal year ended June 30, 2001. The notes received the highest short-term ratings from the rating agencies: MIG-1 (Moody's), SP-1+ (S&P), and F-1+ (Fitch). The notes were paid off as of June 30, 2001.

Proprietary and Fiduciary Funds – Proprietary and fiduciary fund obligations are not included in the General Long-Term Obligations Account Group. The City's Proprietary Funds had \$32.7 million in long-term obligations as of June 30, 2001, which are comprised of \$8.3 million for Sewer Fund loans issued for construction projects and \$24.4 million in lease financing for the Equipment Fund to purchase badly needed equipment to replace the City's antiquated equipment inventory. In addition, there is \$505,000 in OMERS Revenue Bonds outstanding, classified under a Fiduciary Fund. These bonds were issued in 1976 to repay a loan made by the City to OMERS.

Special Assessment – The City has four special assessment district bonds outstanding, which includes 1994 Medical Hill refunding bonds, the 1996 and 1997 Special Assessment Pooled Revenue Bonds, and the Oakland Joint Powers Financing Authority Revenue Bonds of 1999. The City administers all of the special assessment district bonds; however, debt service payments are supported solely by special assessments levied on property holders in each district.

Redevelopment Agency of the City of Oakland – The Agency has a total of \$247,494,000 in bonds outstanding as of the end of the fiscal year, June 30, 2001. The majority of the Agency's debt constitutes tax allocation bonds issued to finance numerous projects in the Central District Redevelopment Project Area. The Agency has issued one senior and four subordinate tax allocation bonds for the Central District totaling \$278 million, of which approximately \$179 million remain outstanding. The Agency also issued a \$600,000 general obligation note, via private placement, for the Tribune Towers in 1998, of which \$500,000 in principal remains outstanding. In 2000, the Agency issued \$39 million in Subordinated Housing Set-Aside Bonds to finance new and renovated housing for low-income households and the entire amount remains outstanding as of June 30, 2001.

Port of Oakland – The Port of Oakland, a discretely presented component unit has numerous revenue bonds, Port certificates, and other notes of indebtedness. These debts have been issued to finance various Port activities. The Port has a total of \$1,018,819,000 in long-term bonds and obligations outstanding as of June 30, 2001.

CASH MANAGEMENT

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 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, Moody'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.

INDEPENDENT AUDIT

An independent audit by certified public accountants is important in determining the reliability of these general purpose financial statements and supporting records. The importance of such verification has been recognized by the federal government, the State government, the City's Charter, bond holders and sellers, and the general public. The certified public accounting firm of KPMG LLP was selected to perform this audit beginning with fiscal year 1996-97. Their report on the General Purpose Financial Statements and schedules is included in the financial section of this CAFR. Additionally, the Port of Oakland, the Oakland Municipal Employees Retirement System, the Police and Fire Retirement System, the Oakland-Alameda County Coliseum Authority, and the Oakland Redevelopment Agency were separately audited by other independent certified public accounting firms.

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, 1999. 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.

A Certificate of Achievement is valid for a period of one year only. The City of Oakland has received a Certificate of Achievement for the consecutive years (fiscal years ended 1988-1999). The City's Fiscal Year 2000-01 CAFR will be submitted to GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting.

The City also received the GFOA's Award for Distinguished Budget Presentation for its biennium budget beginning July 1, 1997. The City's budget document was judged to be proficient in several categories including policy documentation, financial planning and effective communication. The 1997-

99 Adopted Policy Budget was unanimously rated "outstanding" as a policy document and operations guide. The award is likewise valid for two years. The City of Oakland has received the Distinguished Budget Presentation Award for ten consecutive years. We believe our second biennium budget representing fiscal years 2001-02 and 2002-03 continues to conform to program requirements, and we have submitted it to GFOA to determine its eligibility for another award.

ACKNOWLEDGMENTS

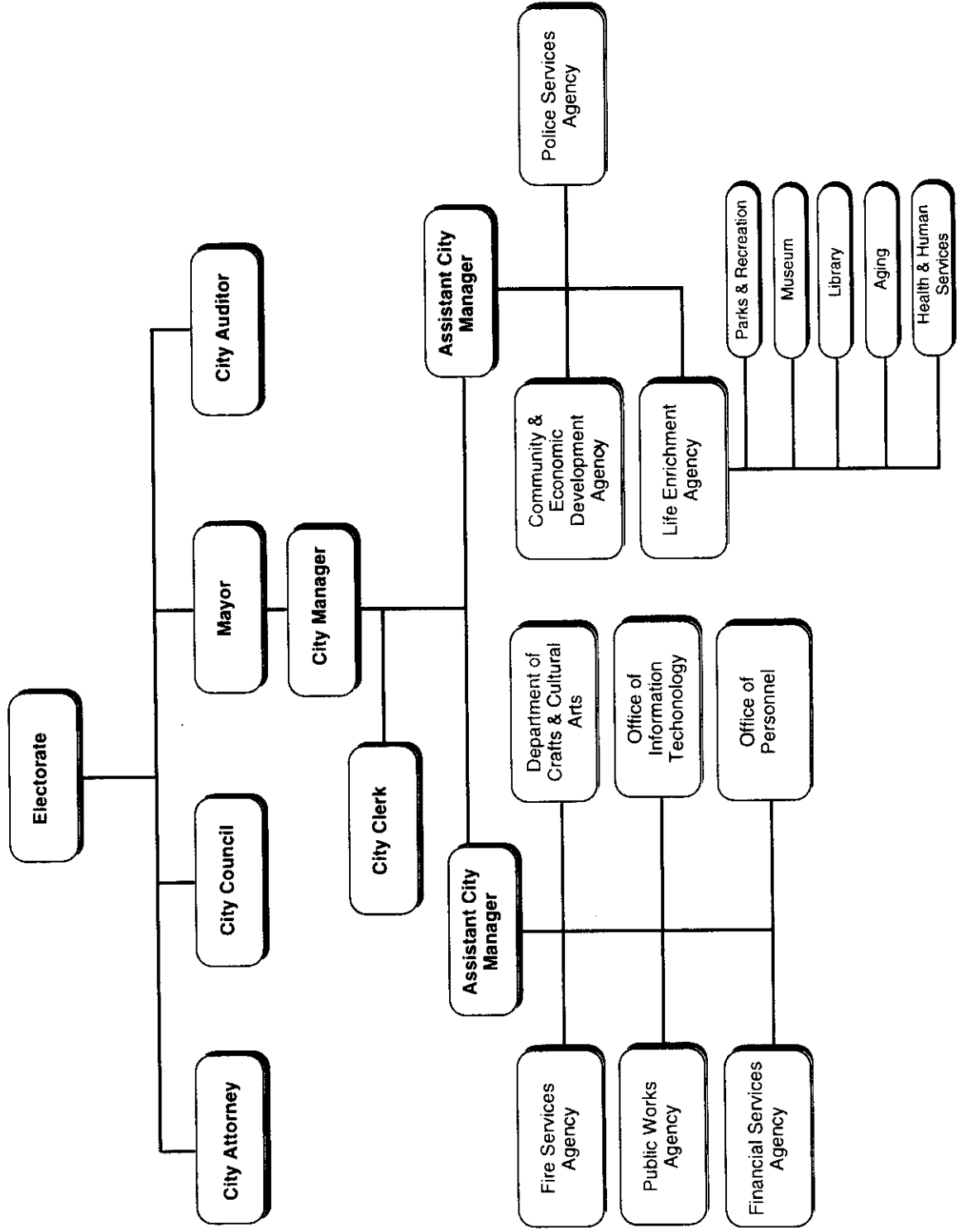
I would like to express my appreciation to the entire staff of the Financial Services Agency, and most particularly the Accounting Division for their professionalism, dedication and efficiency in the preparation of this report. I also thank KPMG LLP for their assistance and guidance. Finally, I would like to thank the Mayor, members of the City Council, and the City Manager for their interest and continuing support in planning and conducting the City's financial operations in a responsible and progressive manner.

Respectfully submitted,



Deborah Edgerly, Director
Financial Services Agency

CITY OF OAKLAND ORGANIZATION CHART





**DIRECTORY OF CITY OFFICIALS
MAYOR/COUNCIL FORM OF GOVERNMENT
June 30, 2001**

MAYOR

Jerry Brown

MEMBERS OF THE CITY COUNCIL

Ignacio De La Fuente, *President (District 5)*
Jane Brunner., *Vice-Mayor (District 1)*

At-large - Henry Chang, Jr.
District 4 - Dick Spees

District 2 - Danny Wan
District 6 - Moses Mayne

District 3 - Nancy Nadel
District 7 - Larry Reid

APPOINTED OFFICERS

Robert C. Bobb, *City Manager*

Ceda Floyd, *City Clerk*

ELECTED OFFICERS

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

ASSISTANT CITY MANAGERS

Dolores E. Blanchard
George G. Musgrove

AGENCY DIRECTORS

Financial Services
Police Services
Fire Services
Life Enrichment
Public Works
Community and Economic Development

Deborah Edgerly
Richard Word
Gerald A. Simon
Gail Waiters
Claudette R. Ford
William Claggett

FINANCIAL SECTION



Three Embarcadero Center
San Francisco, CA 94111

Independent Auditors' Report

Honorable Mayor and Members of the City Council
City of Oakland:

We have audited the accompanying general purpose financial statements of the City of Oakland, California (the City) as of and for the year ended June 30, 2001, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of management of the City. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Oakland Municipal Employees' Retirement System, the Police and Fire Retirement System or the Oakland Redevelopment Agency, whose statements reflect total assets and total revenues which represent 2% and 1%, respectively, of the combined totals of the Special Revenue Funds; 31% and 14% of the combined totals of the Debt Service Funds; 65% and 82% of the combined totals of the Capital Projects Funds; 85% and 13% of the combined totals of the Fiduciary Fund Types and 17% of the combined total liabilities of the General Long-Term Obligations Account Group. We also did not audit the financial statements of the Port of Oakland, a discretely presented component unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for such entities in the Special Revenue, Debt Service, Capital Projects, Fiduciary Fund Types, the General Long-Term Obligations Account Group, and the discretely presented component unit, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Oakland, California, as of June 30, 2001, and the results of its operations and the changes in plan assets of the pension trust funds and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.





As described in note 2 to the general purpose financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

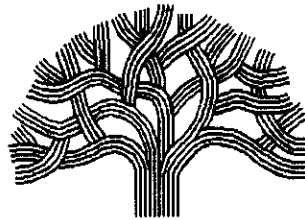
The schedules of funding progress on pages 91 and 92 are not a required part of the general purpose financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied to the schedules of funding progress certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents, which are also the responsibility of the management of the City, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such additional information has been subjected to the auditing procedures applied in our audit and the other auditors' audits of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG LLP

December 28, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS



CITY OF OAKLAND



**ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNIT
COMBINED BALANCE SHEET**

June 30, 2001

(In Thousands)

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
ASSETS AND OTHER DEBITS						
Assets						
Cash and investments	\$ 8,073	\$ 34,700	\$ 16,073	\$ 83,066	\$ 258	\$ 10,173
Receivables (net of allowance for uncollectibles):						
Accrued interest and dividends	108	342	108	1,838	—	—
Property taxes	17,411	4,353	3,907	1,689	—	—
Accounts receivable	58,739	2,287	—	283	1,849	353
Grants receivable	—	35,575	—	—	—	—
Receivable from Port of Oakland	12,172	837	—	—	—	—
Due from other funds	83,758	5,561	94	3,435	—	—
Due from other governments	—	—	—	6	—	—
Notes and loans receivable	28,295	81,927	—	33,570	—	—
Restricted cash and investments	9	—	78,590	150,071	—	16,811
Inventories	—	—	—	—	—	787
Fixed assets (net, where applicable, of accumulated depreciation)	—	—	—	—	86,019	24,603
Property held for resale	—	—	21,447	53,506	—	—
Other	1,498	25	460	2,410	—	—
Other Debits						
Amount available in debt service funds	—	—	—	—	—	—
Amount to be provided for long-term obligations	—	—	—	—	—	—
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 210,063</u>	<u>\$ 165,607</u>	<u>\$ 120,679</u>	<u>\$ 329,874</u>	<u>\$ 88,126</u>	<u>\$ 52,727</u>

GENERAL PURPOSE FINANCIAL STATEMENTS

Fiduciary Fund Types	Account Groups		Total (Memorandum Only)	Component Unit	Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	Primary Government	Port of Oakland	Reporting Entity
\$1,051,949	\$ —	\$ —	\$1,204,292	\$ 52,185	\$1,256,477
5,309	—	—	7,705	4,235	11,940
—	—	—	27,360	—	27,360
30,556	—	—	94,067	48,193	142,260
—	—	—	35,575	—	35,575
—	—	—	13,009	—	13,009
5,427	—	—	98,275	—	98,275
—	—	—	6	—	6
—	—	—	143,792	—	143,792
229,544	—	—	475,025	318,136	793,161
—	—	—	787	—	787
—	756,444	—	867,066	1,330,101	2,197,167
—	—	—	74,953	—	74,953
—	—	—	4,393	38,161	42,554
—	—	94,063	94,063	—	94,063
—	—	<u>1,396,198</u>	<u>1,396,198</u>	—	<u>1,396,198</u>
<u>\$1,322,785</u>	<u>\$ 756,444</u>	<u>\$1,490,261</u>	<u>\$4,536,566</u>	<u>\$1,791,011</u>	<u>\$6,327,577</u>

(continued)



**ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNIT**

COMBINED BALANCE SHEET, continued

June 30, 2001

(In Thousands)

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
LIABILITIES, EQUITY AND OTHER CREDITS						
Liabilities						
Accounts payable and accrued liabilities	\$ 101,479	\$ 10,529	\$ 732	\$ 8,486	\$ 1,728	\$ 2,564
Due to other funds	1,474	28,111	20,515	24,396	1,779	6,320
Payable to primary government	—	—	—	—	—	—
Deferred revenue	83,971	90,208	1,952	59,200	—	—
Interest payable	—	—	—	—	—	—
Long-term obligations	—	—	—	269	8,303	24,374
Due to bond holders	—	—	3,417	—	—	—
Securities lending liability	—	—	—	—	—	—
Other	<u>343</u>	<u>6</u>	<u>—</u>	<u>1,282</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>187,267</u>	<u>128,854</u>	<u>26,616</u>	<u>93,633</u>	<u>11,810</u>	<u>33,258</u>
Equity and Other Credits						
Investment in general fixed assets	—	—	—	—	—	—
Contributed capital	—	—	—	—	—	17,382
Retained earnings	—	—	—	—	76,316	2,087
Fund balances:						
Reserved	1,664	36,753	94,063	236,241	—	—
Unreserved:						
Designated	7,808	—	—	—	—	—
Undesignated	<u>13,324</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total equity and other credits	<u>22,796</u>	<u>36,753</u>	<u>94,063</u>	<u>236,241</u>	<u>76,316</u>	<u>19,469</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 210,063</u>	<u>\$ 165,607</u>	<u>\$ 120,679</u>	<u>\$ 329,874</u>	<u>\$ 88,126</u>	<u>\$ 52,727</u>

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

GENERAL PURPOSE FINANCIAL STATEMENTS

Fiduciary Fund Types	Account Groups		Total (Memorandum Only)	Component Unit	Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	Primary Government	Port of Oakland	Reporting Entity
\$ 49,363	\$ —	\$ —	\$ 174,881	\$ 71,241	\$ 246,122
15,680	—	—	98,275	—	98,275
—	—	—	—	13,009	13,009
—	—	—	235,331	4,635	239,966
—	—	—	—	27,033	27,033
505	—	1,490,261	1,523,712	1,018,819	2,542,531
8,622	—	—	12,039	—	12,039
236,405	—	—	236,405	—	236,405
8	—	—	1,639	46,838	48,477
<u>310,583</u>	<u>—</u>	<u>1,490,261</u>	<u>2,282,282</u>	<u>1,181,575</u>	<u>3,463,857</u>
—	756,444	—	756,444	—	756,444
—	—	—	17,382	191,056	208,438
—	—	—	78,403	418,380	496,783
1,012,202	—	—	1,380,923	—	1,380,923
—	—	—	7,808	—	7,808
—	—	—	13,324	—	13,324
<u>1,012,202</u>	<u>756,444</u>	<u>—</u>	<u>2,254,284</u>	<u>609,436</u>	<u>2,863,720</u>
<u>\$ 1,322,785</u>	<u>\$ 756,444</u>	<u>\$ 1,490,261</u>	<u>\$ 4,536,566</u>	<u>\$ 1,791,011</u>	<u>\$ 6,327,577</u>

(concluded)



ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Year ended June 30, 2001

(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Taxes:				
Property	\$ 95,440	\$ 24,984	\$ 9,831	\$ 32,640
State:				
Sales and Use	42,256	10,621	—	—
Motor Vehicle In-lieu	21,361	—	—	—
Gas	—	10,419	—	—
Local:				
Business License	38,738	—	—	—
Utility Consumption	48,703	—	—	—
Real Estate Transfer	38,309	—	—	—
Transient Occupancy	12,766	—	—	—
Parking	6,762	—	—	—
Franchise	10,396	—	—	—
Licenses and permits	11,418	24	—	—
Fines and penalties	16,150	938	23	—
Interest and investment income	6,530	2,164	10,808	17,614
Charges for services	40,962	3,036	—	6,312
Federal and state grants and subventions	5,385	70,316	—	—
Pension annuity distribution	—	—	—	—
Other	<u>11,056</u>	<u>9,030</u>	<u>1,040</u>	<u>875</u>
TOTAL REVENUES	<u>\$406,232</u>	<u>\$131,532</u>	<u>\$21,702</u>	<u>\$57,441</u>

GENERAL PURPOSE FINANCIAL STATEMENTS

Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
\$ —	\$162,895
—	52,877
—	21,361
—	10,419
—	38,738
—	48,703
—	38,309
—	12,766
—	6,762
—	10,396
—	11,442
—	17,111
4,624	41,740
2	50,312
365	76,066
17,125	17,125
<u>1,475</u>	<u>23,476</u>
<u>\$ 23,591</u>	<u>\$640,498</u>

(continued)



ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES, continued

Year ended June 30, 2001

(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	\$ 970	\$ —	\$ —	\$ 16
Council	2,060	116	—	963
City Manager	5,259	1,772	—	1,873
City Attorney	6,321	481	—	18
City Auditor	1,025	—	—	—
City Clerk	2,089	2	—	17
Agencies/Departments:				
Personnel Resource Management	4,396	3	—	8
Retirement and Risk Administration	1,131	—	—	—
Information Technology	6,488	42	—	288
Financial Services	14,371	444	407	105
Police Services	133,729	11,687	—	105
Fire Services	73,663	3,342	—	124
Life Enrichment				
Administration	1,653	40	—	—
Parks and Recreation	15,247	14,869	—	8,064
Library	9,576	5,404	—	198
Museum	5,460	20	—	227
Aging	2,869	4,267	—	—
Health and Human Services	433	13,778	—	—
Cultural Arts	1,911	31	—	30
Community and Economic Development	20,288	24,637	—	28,820
Public Works	24,185	28,343	—	8,307
Other	32,038	14,100	493	142
Capital outlay	1,074	9,223	—	4,100
Debt service:				
Principal repayment	—	—	50,351	—
Interest charges	364	—	75,285	—
TOTAL EXPENDITURES	<u>366,600</u>	<u>132,601</u>	<u>126,536</u>	<u>53,405</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>\$ 39,632</u>	<u>\$ (1,069)</u>	<u>\$ (104,834)</u>	<u>\$ 4,036</u>

GENERAL PURPOSE FINANCIAL STATEMENTS

<u>Fiduciary Fund Type</u> Expendable Trust	Total (Memorandum Only)
\$ 88	\$ 1,074
395	3,534
200	9,104
1,039	7,859
—	1,025
45	2,153
—	4,407
5	1,136
—	6,818
171	15,498
—	145,521
1,281	78,410
—	1,693
24	38,204
81	15,259
83	5,790
—	7,136
—	14,211
—	1,972
7,487	81,232
92	60,927
1,144	47,917
—	14,397
—	50,351
—	<u>75,649</u>
<u>12,135</u>	<u>691,277</u>
<u>\$ 11,456</u>	<u>\$ (50,779)</u>

(continued)



ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES, continued
Year Ended June 30, 2001
(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES, BROUGHT FORWARD	<u>\$39,632</u>	<u>\$ (1,069)</u>	<u>\$(104,834)</u>	<u>\$ 4,036</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	1,573	158	151,644	10,537
Payment to refunded bond escrow agent	—	—	(149,310)	—
Property sale proceeds	104	6	—	—
Operating transfers in	8,514	6,998	109,476	525
Operating transfers out	<u>(59,261)</u>	<u>—</u>	<u>(4,741)</u>	<u>(46,613)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(49,070)</u>	<u>7,162</u>	<u>107,069</u>	<u>(35,551)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(9,438)	6,093	2,235	(31,515)
Fund balances at beginning of year	<u>32,234</u>	<u>30,660</u>	<u>91,828</u>	<u>267,756</u>
FUND BALANCES AT END OF YEAR	<u>\$22,796</u>	<u>\$36,753</u>	<u>\$ 94,063</u>	<u>\$236,241</u>

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

GENERAL PURPOSE FINANCIAL STATEMENTS

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Total (Memorandum Only)</u>
<u>\$ 11,456</u>	<u>\$ 50,779</u>
—	163,912
—	(149,310)
—	110
9,439	134,952
<u>(23,678)</u>	<u>(134,293)</u>
<u>(14,239)</u>	<u>15,371</u>
(2,783)	(35,408)
<u>177,517</u>	<u>599,995</u>
<u>\$174,734</u>	<u>\$ 564,587</u>
	(concluded)



**GENERAL FUND AND ANNUALLY BUDGETED SPECIAL REVENUE
AND DEBT SERVICE FUNDS**

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL ON A BUDGETARY BASIS**

Year ended June 30, 2001

(In Thousands)

		General Fund	
	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES			
Taxes:			
Property	\$ 86,261	\$ 95,440	\$ 9,179
State:			
Sales and Use	39,600	42,256	2,656
Motor Vehicle In-lieu	19,647	21,361	1,714
Gas	8	—	(8)
Local:			
Business License	38,845	38,738	(107)
Utility Consumption	41,882	48,703	6,821
Real Estate Transfer	21,929	38,309	16,380
Transient Occupancy	11,799	12,766	967
Parking	5,766	6,762	996
Franchise	10,071	10,396	325
Licenses and permits	9,258	11,418	2,160
Fines and penalties	17,996	16,150	(1,846)
Interest and investment income	3,992	5,890	1,898
Charges for services	43,751	40,962	(2,789)
Federal and state grants and subventions	2,336	5,385	3,049
Other	<u>12,329</u>	<u>11,056</u>	<u>(1,273)</u>
TOTAL REVENUES	<u>\$365,470</u>	<u>\$405,592</u>	<u>\$40,122</u>

GENERAL PURPOSE FINANCIAL STATEMENTS

Annually Budgeted Special Revenue Funds			Annually Budgeted Debt Service Funds		
Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
\$ 16,413	\$19,292	\$ 2,879	\$10,996	\$ 9,124	\$ (1,872)
5,663	10,621	4,958	—	—	—
—	—	—	—	—	—
9,926	10,419	493	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
8	24	16	—	—	—
270	439	169	—	23	23
388	1,441	1,053	—	1,726	1,726
688	219	(469)	—	—	—
4,504	5,224	720	—	—	—
55	25	(30)	3,414	1,040	(2,374)
<u>\$ 37,915</u>	<u>\$47,704</u>	<u>\$ 9,789</u>	<u>\$14,410</u>	<u>\$11,913</u>	<u>\$ (2,497)</u>

(continued)



GENERAL FUND AND ANNUALLY BUDGETED SPECIAL REVENUE AND DEBT SERVICE FUNDS

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL ON A BUDGETARY BASIS, continued

Year ended June 30, 2001

(In Thousands)

		General Fund	
	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
EXPENDITURES			
Current:			
Elected and Appointed Officials:			
Mayor	\$ 973	\$ 970	\$ 3
Council	2,296	2,060	236
City Manager	6,471	5,259	1,212
City Attorney	5,043	6,321	(1,278)
City Auditor	1,039	1,025	14
City Clerk	1,900	2,089	(189)
Agencies/Departments:			
Personnel Resource Management	3,824	4,396	(572)
Retirement and Risk Administration	1,229	1,131	98
Information Technology	7,400	6,488	912
Financial Services	16,228	14,371	1,857
Police Services	119,896	133,729	(13,833)
Fire Services	77,375	73,663	3,712
Life Enrichment			
Administration	1,800	1,653	147
Parks and Recreation	15,102	15,247	(145)
Library	9,599	9,576	23
Museum	4,987	5,460	(473)
Aging	4,241	2,869	1,372
Health and Human Services	484	433	51
Cultural Arts	1,911	1,911	0
Community and Economic Development	23,914	20,288	3,626
Public Works	29,192	24,185	5,007
Other	31,815	32,038	(223)
Capital outlay	4,804	1,074	3,730
Debt service:			
Principal repayment	—	—	—
Interest charges	318	364	(46)
TOTAL EXPENDITURES	<u>371,841</u>	<u>366,600</u>	<u>5,241</u>
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) EXPENDITURES	<u>\$ (6,371)</u>	<u>\$ 38,992</u>	<u>\$ 45,363</u>

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

GENERAL PURPOSE FINANCIAL STATEMENTS

Annually Budgeted Special Revenue Funds			Annually Budgeted Debt Service Funds		
Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
128	98	30	—	—	—
92	91	1	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
25	25	—	—	—	—
94	93	1	—	—	—
—	1	(1)	438	405	33
—	—	—	—	—	—
—	—	—	—	—	—
2	2	—	—	—	—
14,540	14,348	192	—	—	—
—	—	—	—	—	—
—	19	(19)	—	—	—
786	864	(78)	—	—	—
—	2	(2)	—	—	—
—	—	—	—	—	—
66	28	38	—	—	—
27,508	20,231	7,277	—	—	—
—	3	(3)	32	4	28
8,499	3,538	4,961	—	—	—
—	—	—	28,334	27,507	827
—	—	—	42,471	42,252	219
51,740	39,343	12,397	71,275	70,168	1,107
<u>\$ (13,825)</u>	<u>\$ 8,361</u>	<u>\$ 22,186</u>	<u>\$ (56,865)</u>	<u>\$ (58,255)</u>	<u>\$ (1,390)</u>

(concluded)



**ALL PROPRIETARY FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

Year Ended June 30, 2001

(In Thousands)

	Proprietary Fund Types	
	Enterprise	Internal Service
OPERATING REVENUES		
Rental	\$ 103	\$ —
Charges for services	18,759	33,285
Interest	—	—
Other	<u>4</u>	<u>480</u>
TOTAL OPERATING REVENUES	<u>18,866</u>	<u>33,765</u>
OPERATING EXPENSES		
Personnel	5,605	12,308
Supplies	244	5,760
Depreciation and amortization	2,981	4,126
Contractual services and supplies	1,543	447
Repairs and maintenance	—	1,825
General and administrative	1,895	3,827
Rental	746	1,315
Other	<u>—</u>	<u>5,185</u>
TOTAL OPERATING EXPENSES	<u>13,014</u>	<u>34,793</u>
OPERATING INCOME (LOSS)	<u>5,852</u>	<u>(1,028)</u>
NON-OPERATING REVENUES (EXPENSES)		
Federal and state grants	36	—
Interest	(293)	—
Other, net	<u>—</u>	<u>542</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(257)</u>	<u>542</u>
INCOME BEFORE OPERATING TRANSFERS	<u>5,595</u>	<u>(486)</u>
Operating transfers out	<u>(659)</u>	<u>—</u>
NET INCOME (LOSS)	<u>4,936</u>	<u>(486)</u>
Depreciation of fixed assets acquired with contributed capital	<u>—</u>	<u>—</u>
Retained earnings at beginning of year	<u>71,380</u>	<u>2,573</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 76,316</u>	<u>\$ 2,087</u>

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

GENERAL PURPOSE FINANCIAL STATEMENTS

Total (Memorandum Only) Primary Government	Component Unit Port of Oakland	Total (Memorandum Only) Reporting Entity
\$ 103	\$ 197,170	\$ 197,273
52,044	—	52,044
—	—	—
<u>484</u>	<u>—</u>	<u>484</u>
<u>52,631</u>	<u>197,170</u>	<u>249,801</u>
17,913	47,951	65,864
6,004	—	6,004
7,107	36,835	43,942
1,990	—	1,990
1,825	22,933	24,758
5,722	33,358	39,080
2,061	—	2,061
<u>5,185</u>	<u>—</u>	<u>5,185</u>
<u>47,807</u>	<u>141,077</u>	<u>188,884</u>
<u>4,824</u>	<u>56,093</u>	<u>60,917</u>
36	32,082	32,118
(293)	(26,323)	(26,616)
<u>542</u>	<u>22,799</u>	<u>23,341</u>
<u>285</u>	<u>28,558</u>	<u>28,843</u>
<u>5,109</u>	<u>84,651</u>	<u>89,760</u>
<u>(659)</u>	<u>—</u>	<u>(659)</u>
<u>4,450</u>	<u>84,651</u>	<u>89,101</u>
—	7,296	7,296
<u>73,953</u>	<u>326,433</u>	<u>400,386</u>
<u>\$ 78,403</u>	<u>\$ 418,380</u>	<u>\$ 496,783</u>



**ALL PROPRIETARY FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF CASH FLOWS**

Year ended June 30, 2001

(In Thousands)

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 5,852	\$ (1,028)	\$ 4,824
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation and amortization	2,981	4,126	7,107
Changes in assets and liabilities:			
Receivables	(276)	(159)	(435)
Inventories	—	98	98
Other assets	—	—	—
Accounts payable and accrued liabilities	—	(1,040)	(1,040)
Deferred revenue	—	—	—
Other liabilities	—	—	—
Other	<u>—</u>	<u>—</u>	<u>—</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>8,557</u>	<u>1,997</u>	<u>10,554</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Inter-fund (repayments) borrowings	1,779	558	2,337
Operating transfers to other funds	<u>(659)</u>	<u>—</u>	<u>(659)</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ 1,120</u>	<u>\$ 558</u>	<u>\$ 1,678</u>

GENERAL PURPOSE FINANCIAL STATEMENTS

<u>Component Unit</u> Port of Oakland	<u>Total (Memorandum Only)</u> Reporting Entity
\$ 56,093	\$ 60,917
36,835	43,942
(15,951)	(16,386)
—	98
(13,912)	(13,912)
5,674	4,634
1,789	1,789
554	554
<u>7,698</u>	<u>7,698</u>
<u>78,780</u>	<u>89,334</u>
—	2,337
<u>—</u>	<u>(659)</u>
\$ <u>—</u>	\$ <u>1,678</u>

(continued)



**ALL PROPRIETARY FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNIT
COMBINED STATEMENT OF CASH FLOWS, continued**

Year ended June 30, 2001

(In Thousands)

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	Primary Government
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Long-term debt:			
New borrowings	\$ —	\$ —	\$ —
Repayment of principal	(620)	(4,386)	(5,006)
Payment of interest	(314)	(1,495)	(1,809)
Proceeds from sale of fixed assets	—	—	—
Acquisition and construction of capital assets	(9,002)	(12,451)	(21,453)
Grants from governmental agencies	36	—	36
Passenger facility charges	—	—	—
Other	<u>21</u>	<u>2,266</u>	<u>2,287</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(9,879)</u>	<u>(16,066)</u>	<u>(25,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	—	—	—
Proceeds from sales of investments	—	—	—
Interest on investments	<u>—</u>	<u>—</u>	<u>—</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>—</u>	<u>—</u>	<u>—</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(202)	(13,511)	(13,713)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>460</u>	<u>40,495</u>	<u>40,955</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 258</u>	<u>\$ 26,984</u>	<u>\$ 27,242</u>

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

GENERAL PURPOSE FINANCIAL STATEMENTS

<u>Component Unit</u> <u>Port of Oakland</u>	<u>Total (Memorandum Only)</u> <u>Reporting Entity</u>
\$ 477,890	\$ 477,890
(473,592)	(478,598)
(30,784)	(32,593)
7,485	7,485
(275,851)	(297,304)
32,082	32,118
18,840	18,840
<u>—</u>	<u>2,287</u>
<u>(243,930)</u>	<u>(269,875)</u>
(51,430)	(51,430)
187,366	187,366
<u>10,555</u>	<u>10,555</u>
<u>146,491</u>	<u>146,491</u>
(18,659)	(32,372)
<u>70,844</u>	<u>111,799</u>
<u>\$ 52,185</u>	<u>\$ 79,427</u>
	(concluded)



PENSION TRUST FUNDS
COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
Year ended June 30, 2001
(In Thousands)

ADDITIONS:

Members contributions	\$ 662
Investment income:	
Net depreciation in fair value of investments	(34,600)
Interest	30,009
Dividends	<u>7,307</u>
Total	2,716
Less investment expense	<u>(2,924)</u>
Net investment income	<u>(208)</u>
TOTAL ADDITIONS	<u>454</u>

DEDUCTIONS:

Disbursements to members and beneficiaries:	
Retirement	\$ 40,187
Disability	22,401
Death	<u>1,896</u>
Total	<u>64,484</u>
Administrative expenses	937
Interest expense - bonds	40
Changes in payable to City	1,998
Termination refunds of employees' contributions	<u>103</u>
TOTAL DEDUCTIONS	<u>67,562</u>
EXCESS OF ADDITIONS OVER DEDUCTIONS	(67,108)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year, restated (Note 16)	<u>904,576</u>
End of year	<u>\$837,468</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

(1) ORGANIZATION AND DEFINITION OF REPORTING ENTITY

The City of Oakland, California, (the City) 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 Manager.

The City has defined its reporting entity in accordance with generally accepted accounting principles (GAAP) which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The general purpose financial statements present information on the activities of the reporting entity, including all of the fund types and account groups of the City (the primary government) and its component units.

GAAP require that the component units be separated into blended or discretely presented units for reporting purposes. Although legally separate entities, blended component units are, in substance, part of the City's operations. Therefore, they are reported as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City.

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 special revenue, capital projects and expendable trust funds.

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

Financial Services Agency, Accounting Division
City of Oakland
150 Frank H. Ogawa Plaza, Suite 6353
Oakland, CA 94612-2093



The Civic Improvement Corporation (Corporation) was created to provide a lease financing arrangement for the City. It is reported as a debt service fund.

The Oakland Joint Powers Financing Authority (JPFA) was formed to assist in the financing of public capital improvements. JPFA is a joint exercise agency organized under the laws of the State of California and is composed of the City and the Agency. JPFA transactions are recorded in the capital projects and debt service funds, and the general long-term obligations account group.

Discretely Presented Component Units

The Port of Oakland (Port) is a public entity 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. The Port is governed by a seven-member Board of Port Commissioners (the Board) which 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.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds and account groups are summarized by type in the general purpose financial statements. Fund types and account groups used by the City are described below.

Governmental Fund Types

Governmental Fund Types are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in Proprietary Fund Types) are accounted for through Governmental Fund Types. The measurement focus is based upon determination of financial position and changes in financial position, rather than upon net income determination. The following are the City's Governmental Fund Types:

The **General Fund** is the primary operating fund of the City. It accounts for normal recurring activities traditionally associated with governments which are not required to be accounted for in another fund. These activities are funded principally by property taxes, sales and use taxes,

NOTES TO FINANCIAL STATEMENTS

business and utility taxes, interest and rental income, charges for services, and federal and state grants.

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

Debt Service Funds account for the accumulation of resources to be used for the payment of general long-term debt principal and interest as well as related costs.

Capital Projects Funds account for financial resources to be used for the acquisition, construction or improvement of major capital facilities (other than those financed through the proprietary fund types).

Proprietary Fund Types

Proprietary Fund Types are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector and are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City adopts all applicable FASB Statements and Interpretations issued on or before November 30, 1989, in accounting and reporting for its proprietary operations unless those pronouncements conflict with or contradict Government Accounting Standards Board pronouncements. The measurement focus is based upon determination of net income, financial position and changes in cash flows. The following are the City's Proprietary Fund Types:

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

Fiduciary Fund Types

Trust and Agency Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include the pension trust, expendable trust, and agency funds. Operations of the pension trust funds are accounted for in the same manner as the proprietary fund types. Operations of expendable trust funds are accounted for in essentially the same manner as governmental fund types. Agency funds are custodial in nature and do not involve measurement of results of operations.



Account Groups

The **General Fixed Assets Account Group** accounts for recorded fixed assets of the City, other than those accounted for in the proprietary fund types.

The **General Long-Term Obligations Account Group** accounts for all long-term obligations, including claim liabilities and vested compensation and sick leave of the City, except for those obligations accounted for in the proprietary fund types.

Basis of Accounting

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Operating statements for these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary fund types and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

Modified Accrual Basis of Accounting

The modified accrual basis of accounting is followed in the governmental fund types and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, when both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on general long-term obligations, are recorded when the fund liability is incurred and is expected to be liquidated with expendable available resources. The exception to the general modified accrual expenditure recognition criteria is that principal and interest on general long-term obligations are recorded when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Intergovernmental revenues, which are primarily grants and subventions received as reimbursement for specific purposes or projects, are recognized when all applicable eligibility requirements are met. Intergovernmental revenues which are virtually unrestricted as to purpose of expenditure and revocable only for failure to meet prescribed compliance

NOTES TO FINANCIAL STATEMENTS

requirements are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

Property taxes receivable within the governmental fund types which have been collected within sixty days following fiscal year-end are considered measurable and available and are recognized as revenues in the funds.

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 March 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 March 1 of the following calendar year, and are delinquent after December 10 and April 10, respectively. Since the passage of California's Proposition 13, beginning with fiscal year 1978-79, 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 fiscal year ended June 30, 2001.

Special assessments are recorded as revenues and receivables to the extent installments are considered current. The estimated installments receivable not considered current are recorded as receivables and offset by deferred revenue.

Other major revenues are susceptible to accrual and are also recognized as revenue when they are collected within 60 days of fiscal year-end. These include interest, utility consumption taxes, franchise fees, transient occupancy taxes, and certain rentals. Real estate transfer taxes on assessed properties transferred prior to the fiscal year-end and held by Alameda County, and sales and use taxes and motor vehicle in-lieu taxes held by the State at year-end on behalf of the City are also recognized as revenue.

Major revenues that are determined not to be susceptible to accrual because either they are not available soon enough to pay liabilities of the current period or are not objectively measurable include delinquent property taxes, licenses (other than business licenses), permits, fines and forfeitures.

Accrual Basis of Accounting

The accrual basis of accounting is utilized in all proprietary fund types and pension trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Deferred Revenue

Deferred revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records deferred revenue



related to: uncollected property taxes; estimated special assessments not yet payable; intergovernmental revenues (primarily grants and subventions) received but not earned (qualifying expenditures not yet incurred); long-term contracts; and notes or loans receivable arising from loan subsidy programs which are charged to operations upon funding and recognized as revenue upon receipt.

Governmental Accounting Standards Board statement No. 33

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This statement establishes accounting and financial reporting standards for nonexchange transactions involving financial and capital resources such as taxes and grants. In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. This is different from an exchange transaction, in which each party receives and gives up essentially equal values. This statement affects the timing of recognition of nonexchange transactions—that is, when governments recognize them in the financial statements. Adoption of Statement No. 33 did not impact reported fund balances.

Governmental Accounting Standards Board statement No. 36

The City adopted the provisions of GASB Statement No. 36, *Receipt Reporting for Certain Shared Nonexchange Revenues*. This statement amends GASB Statement No. 33 with respect to the manner in which shared nonexchange revenues are accounted for by recipient governments. Accordingly, the City considered the effects of this statement when adopting the provisions of GASB Statement No. 33 as previously described.

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.

On June 29, 1999, the City Council voted unanimously to adopt the City's second two-year budget for fiscal years July 1, 1999 through June 30, 2001. 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.

NOTES TO FINANCIAL STATEMENTS

The revised budgetary data presented in the accompanying "General Fund and Annually Budgeted Special Revenue and Debt Service Funds—Combined Schedule of Revenues and Expenditures—Budget and Actual on a Budgetary Basis," reflect approved changes to the original 1999-00 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 Manager.

Transfers of appropriations between funds and departments 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 Manager. Revised budget amounts reported in the accompanying general purpose financial statements reflect both the appropriation changes approved by the City Council and the transfers approved by the City Manager.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental fund types. Encumbrances outstanding at fiscal year end are reported as reservations of fund balances and the related appropriation is automatically carried forward into the next fiscal year. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

Budgetary Basis of Accounting

The City adopts budgets each fiscal year on a basis of accounting which is substantially the same as GAAP. The area of difference is discussed in Note 17.

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:

Special Revenue Funds

- Federal and State Grants
- Other Assessment Districts
- Other Special Revenues
- Oakland Redevelopment Agency



Debt Service Funds

- Tax Allocation Bonds
- Lease Financings
- Civic Improvement
- JPFA Fund

Capital Projects Funds

- Parks and Recreation Fund
- Municipal Improvement
- Emergency Services Fund
- Oakland Redevelopment Agency

In addition, the Lease Financings Debt Service Fund is not budgeted by the City because the fund is reported for financial statement purposes only, and includes the results of certain lease financings between the City and the Agency and between the City and the California Statewide Communities Development Authority. Any financial activity related to these financings is budgeted on a basis consistent with the form of the transactions, whereas for reporting purposes the financial activity is recorded in a manner consistent with the substance of the transaction.

While the City adopts budgets for all funds, the budget to actual comparisons for the following funds have not been shown due to some projects and programs being adopted on a multi-year basis and the complexity of the presentation.

Enterprise Funds

- Park and Recreation Fund
- Sewer Service Fund

Internal Service

- Equipment Fund
- Radio Fund
- Facilities Fund
- Reproduction Fund
- Central Stores Fund

Pension Trust Funds

- OMERS
- PFRS

Expendable Trust Funds

- Oakland Redevelopment Agency Project Fund
- Parks, Recreation and Cultural Trust Fund
- Pension Annuity Fund
- Other Expendable Trust Funds

Agency Fund

- Housing Finance Revenue Bond Fund

Cash and Investments

The City follows the practice of pooling cash of all operating funds for investment, except for the Oakland Redevelopment Agency funds, agency fund types, 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 income.

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

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds."

Restricted Cash and Investments

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

Other Assets

Other assets primarily include prepaid expenses for governmental funds and bond discounts and issuance costs for proprietary fund type debt which are deferred and amortized over the term of the bonds under the interest method. Bond discounts and issuance costs for governmental fund type debt are recognized as expenditures when incurred.

Inventories

Inventories, consisting of materials and supplies held for consumption, are stated at cost. Cost is generally calculated using the first-in, first-out method. Inventory items are considered expensed when used.



General Fixed Assets

General fixed assets are those acquired for general governmental purposes. Such assets currently purchased or constructed are recorded as expenditures in the governmental fund types and are capitalized at cost in the General Fixed Assets Account Group, with the exception of certain assets acquired prior to July 1, 1984, which have been recorded at estimated historical cost. Donated fixed assets are recorded at estimated fair market value at the time of receipt.

Public domain infrastructure (general fixed assets consisting of certain improvements other than buildings) is not capitalized and is not included in the General Fixed Assets Account Group. These assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets. Such assets normally are immovable and of value only to the City; therefore, stewardship for capital expenditures is satisfied without recording such assets.

No depreciation is provided on general fixed assets.

Fixed Assets - Proprietary Fund Types and Discretely Presented Component Unit

Fixed assets in the proprietary fund types and the Port are generally stated at cost, with the exception of certain assets acquired prior to July 1, 1984, which have been recorded at estimated historical cost. Depreciation is provided using the straight-line method based on the estimated useful life of the asset as follows:

Facilities, sewers and improvements	5-50 years
Container cranes	25 years
Furniture, machinery and other equipment	3-10 years

Land Held for Resale

The Agency charges capital outlay expenditures for the full cost of developing and administering its projects. Land held for resale is recorded as an asset at the lower of cost or estimated net realizable value, with an equal amount recorded as a reservation of fund balance.

Vacation and Sick Leave Pay

Vacation pay may be accumulated and is payable upon retirement or termination of an employee. Sick leave vests to an employee upon being employed for at least ten years with the City. Upon termination, a vested employee is entitled to one-third of the sick leave accumulated to the date of termination.

Vested vacation, sick leave and compensatory time are accrued, as appropriate, for all funds. With respect to obligations of the governmental fund types, amounts expected to be paid

monetarily or by way of compensatory time off are accrued in the appropriate fund if current resources are expected to be used. The remainder is recorded in the General Long-Term Obligations Account Group.

Retirement Plans

The City has 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 forms of the Plans. Refer to Note 16 for additional information.

Claims and Judgments

The costs of claims and judgments estimated to be paid with current expendable resources are accrued as current liabilities of the General Fund when the liability is incurred and the amount can be reasonably estimated. The remaining estimated costs are recorded in the General Long-Term Obligations Account Group (Note 12).

Contributed Capital

Primary Government

Contributed capital in the proprietary fund types represents the accumulation of contributions in the form of cash or other assets which generally do not have to be returned to the contributor. Such contributions through June 30, 2000, were recorded directly to contributed capital and, accordingly, are not recognized as revenue. The following transactions are recorded to contributed capital in the proprietary fund types:

Cash and other asset transfers of equity from the primary government or other funds.

Fixed assets contributed from the primary government or other funds.

Discretely Presented Component Unit

As required by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, effective July 1, 2000, the Port changed its method of accounting for Grants from Government Agencies (Grants) and Passenger Facility Charges (PFCs) from capital contributions to restricted non-operating revenues. In accordance with GASB No. 33, Grants and PFCs are required to be included in the determination of net income resulting in an increase in net revenue of \$32,082,000 and \$18,840,000, respectively, for the year ended June 30, 2001. For the year ended June 30, 2000, the change in accounting principle would have resulted in net revenue from Grants and PFCs of \$3,896,000 and \$14,180,000, respectively,



and an equity reclassification from Grants and PFCs to reserved retained earnings of the same amounts.

Fund Equity

Reservations of fund balances indicate those portions of fund equity which are not available for appropriation or expenditure or which have been legally restricted to a specific use (Note 13).

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.

Total Columns on Combined Financial Statements

Total columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not purport to present financial position, results of operations, or cash flows of the City in conformity with GAAP. Such data is not comparable to a consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) CASH AND INVESTMENTS AND RESTRICTED CASH AND INVESTMENTS

Primary Government

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

- 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;

NOTES TO FINANCIAL STATEMENTS

- negotiable certificates of deposit;
- certificates of deposit;
- 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. As of June 30, 2001, the City was in compliance with the above stated investment requirements.

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

The retirement systems' investment policies allow the following:

Obligations of the United States Government, any agency of the United States Government, common stocks, mutual funds, preferred stocks and securities convertible into common stocks, Federal Housing Administration mortgages, certificates and shares of state or federal chartered savings and loan associations, equity or mortgage debt investments in existing real property or in property to be constructed, except that no mortgage investments may be funded until the improvements on the property are substantially complete.

Total deposits and investments (in thousands):

	City	Port	Total
Deposits	\$ 262,827	\$ 16,520	\$ 279,347
Investments	<u>1,416,490</u>	<u>353,801</u>	<u>1,770,291</u>
TOTAL	<u>\$1,679,317</u>	<u>\$370,321</u>	<u>\$2,049,638</u>



These are classified on the Combined Balance Sheet as (in thousands):

	City	Port	Total
Cash and investments	\$1,204,163	\$ 52,185	\$1,256,348
Restricted cash and investments	<u>475,154</u>	<u>318,136</u>	<u>793,290</u>
TOTAL	<u>\$1,679,317</u>	<u>\$370,321</u>	<u>\$2,049,638</u>

Deposits

At June 30, 2001, the carrying amount of the City's deposits was \$262,827,000 and the bank balance was \$259,389,000. The difference between the carrying amount and the bank balance was primarily due to deposits in transit and outstanding checks. Deposits include checking accounts, interest earning savings accounts, money market funds, and nonnegotiable certificates of deposit. Of the bank balance, \$1,500,000 was FDIC insured and \$257,889,000 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

The City's investments are categorized to give an indication of the level of custodial 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 unregistered investments, with the securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments, with the securities held by the counterparty or by its trust department or agent but not in the City's name.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2001, investments included the following (in thousands):

	Category 1	Carrying Value
Subject to Custodial Risk Categorization		
U.S. Treasury securities	\$ 296,907	\$ 296,907
Federal agency issues	282,768	282,768
Municipal bonds	5,000	5,000
Commercial paper	17,583	17,583
Corporate stocks and bonds	404,652	404,652
Medium term corporate notes	246,868	246,868
Long-term repurchase and investment agreements	<u>232,684</u>	<u>232,684</u>
Total	<u>\$1,486,462</u>	<u>1,486,462</u>
Investments Not Subject to Custodial Risk Categorization		
Real estate deeds		8,211
Real estate mortgage loans/investments		124
Local Agency Investment Fund		39,089
Investments held by broker-dealers under securities loans		<u>236,405</u>
Total		<u>283,829</u>
TOTAL INVESTMENTS		1,770,291
Less Port of Oakland Investments		<u>(353,801)</u>
TOTAL CITY INVESTMENTS		<u>\$1,416,490</u>

Securities Lending Transactions

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

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

As of June 30, 2001, PFRS had securities on loan with a market value of approximately \$228,749,000 for cash collateral of \$236,405,000.



PFRS' securities lending income for the year ending June 30, 2001, is as follows:

Gross Income	\$ 16,484,475
Expenses:	
Borrower rebates	15,451,959
Administration fees	413,007
Total Expenses	<u>15,864,966</u>
NET INCOME FROM SECURITIES LENDING	<u>\$ 619,509</u>

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, 2001.

Discretely Presented Component Unit

The Port's cash and investments are reported as follows at June 30, 2001 (in thousands):

Cash and investments:	
Cash and investments with the City	\$ 49,896
Cash on hand	3
Cash in bank accounts	<u>2,286</u>
TOTAL CASH AND INVESTMENTS	<u>52,185</u>
Restricted cash and investments:	
Sinking fund and reserve deposits with fiscal agents	77,813
Unexpended bond proceeds restricted for construction	172,070
Deposits in escrow	12,052
Cash and investments with City:	
Passenger facility charges	54,093
Other	1,826
Restricted deposits with fiscal agents for current debt service	<u>282</u>
TOTAL RESTRICTED CASH AND INVESTMENTS	<u>318,136</u>
TOTAL	<u>\$370,321</u>

The carrying amount of Port cash and investments is as follows at June 30, 2001 (in thousands):

Cash on hand and at bank	\$ 14,342
Government securities money market mutual funds	2,179
U.S. Treasury obligations	29,113
Guaranteed investment contracts	218,872
Cash and investments with the City of Oakland	<u>105,815</u>
TOTAL	<u>\$370,321</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. All investments deposited in the City treasury are insured or registered, or held by the City or its agent in the City's name.

Restricted Cash and Investments

Port bond resolutions authorize the investment of restricted cash, including deposits, with fiscal agents for debt service. Authorized investment securities are specified in the various bond indentures. All indentures permit investments in U.S. Treasury obligations and bank certificates of deposit. Certain indentures also permit investments in 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 \$2,289,000 at June 30, 2001. Bank balances of \$601,000 at June 30, 2001, is insured or collateralized with securities held by the pledging financial institution's trust departments in the Port's name.

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 City's name.

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

**(4) DUE FROM/DUE TO OTHER FUNDS**

The following were the current interfund balances at June 30, 2001 (in thousands):

	Due from	Due to
General Fund	<u>\$ 83,758</u>	<u>\$ 1,474</u>
Special Revenue Funds		
Federal and State Grants	3,260	26,866
Other Special Revenue	1,926	1,105
Oakland Redevelopment Agency	<u>375</u>	<u>140</u>
	<u>5,561</u>	<u>28,111</u>
Debt Service Funds		
Tax Allocation Bonds	—	20,381
Lease Financings	—	106
Civic Improvement	94	5
JPFA Fund	—	19
Special Revenue Bonds	<u>—</u>	<u>4</u>
	<u>94</u>	<u>20,515</u>
Capital Projects Funds		
Municipal Improvement Capital	1,474	99
Emergency Services	—	114
Oakland Redevelopment Agency	<u>1,961</u>	<u>24,183</u>
	<u>3,435</u>	<u>24,396</u>
Enterprise Funds		
Sewer Service	<u>—</u>	<u>1,779</u>
	<u>—</u>	<u>1,779</u>
Internal Service Funds		
Facilities	—	2,912
Central Stores	<u>—</u>	<u>3,408</u>
	<u>—</u>	<u>6,320</u>
Trust and Agency Funds		
Pension Trust Funds - OMERS	—	5,782
Expendable Trust Funds		
Oakland Redevelopment Agency Projects	<u>5,427</u>	<u>9,898</u>
	<u>5,427</u>	<u>15,680</u>
TOTAL	<u>\$ 98,275</u>	<u>\$ 98,275</u>

(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, 2001, \$8,920,000 in Special Services expenditures have 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, 2001, \$589,000 and \$1,000,000, 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.

**(6) NOTES AND LOANS RECEIVABLE**

Notes and loans receivable at June 30, 2001, consisted of the following (in thousands):

Grant-in-aid loans at various interest rates and due dates (0% to 10% at June 30, 2001)	\$ 41,715
Oakland Hotel Associates, Ltd., bearing interest at 7.67%, principal and interest due July 1, 2013, or earlier under certain provisions of the note	7,986
Mar Associates, bearing interest at 8%, principal and interest due March 9, 2002	3,473
Oakland Hotel Associates, Ltd., bearing interest at Bank of America reference rate (0% at June 30, 2001), no principal and interest payable until December 30, 2026	3,379
Foothill Plaza Partnership, bearing interest at 3%, principal and interest payable in equal monthly installments through July 20, 2017	1,117
Oakland Renaissance Ltd., bearing interest at 7.72%, principal and interest due August 12, 2031	1,770
Oakland Business Development Corporation Neighborhood Economic Development Fund revolving loan program, non-interest bearing, various borrowers	1,235
Harrison Hotel Associates, bearing interest at 6%, principal and interest due December 15, 2048	2,387
Woodrow Hotel, bearing interest at 6.50%, principal and interest due December 3, 2023	1,698
Other pass-thru loans at various interest rates and maturities (0% to 10% at June 30, 2001)	7,836
Other notes and loans receivable at various interest rates and maturities	36,098
E.M. Health Service, bearing interest at 8.75%, principal and interest payable in equal monthly installments through April 1, 2004	1,100
Cahon, Inc., bearing interest at 6%, through June 30, 1993, and zero interest thereafter, principal and interest due December 31, 2000, or earlier under certain provisions of the note. Note is currently under process of being extended.	1,100
Women's Economic Agenda, bearing interest at 6%, principal and interest due August 14, 2025	2,395
Eastmont Town Center, bearing interest at 9.51%, principal and interest payable in equal monthly installments through April 1, 2008	3,700
Alvingroom Court, bearing interest at 3.0%, principal and interest due December 24, 2026	2,560
Fruitvale Development Corporation bearing interest at 6.0%, interest only payments until June 1, 2002, principal and interest payable in equal monthly installments through June 1, 2016	1,160
Allen Temple Housing Corporation IV bearing interest at 6.0%, principal and interest due November 7, 2035	1,219
Negherbon Lincoln-Mercury, Inc., bearing interest at 7.50%, principal and interest due May 1, 2011	1,049
McArthur Park Development Association, bearing zero interest, principal and interest due November 8, 2003	2,957
Subordinated Housing Set Aside N/R	6,241
Just Real Estate, LLC, \$800,000 bearing interest at 8% and \$650,000 bearing interest at 3%, both principal and interest due August 1, 2012	1,450
Oakland Renaissance Associates, bearing interest at 10%, due and payable December 30, 2026	7,820
Cahon Associates, bearing interest at 3%, due and payable April 20, 2019	2,347
TOTAL	<u>\$ 143,792</u>

NOTES TO FINANCIAL STATEMENTS

(7) FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 2001, follows (in thousands):

	Balance July 1, 2000	Transfers/ Additions	Deletions	Balance June 30, 2001
Land	\$ 71,148	\$ 3,270	\$ —	\$ 74,418
Facilities and improvements	604,611	13,960	—	618,571
Furniture, machinery and equipment	37,746	15,017	—	52,763
Investments in joint venture (Note 15)	31,183	—	(31,183)	—
Construction in progress	<u>14,892</u>	<u>6,618</u>	<u>(10,818)</u>	<u>10,692</u>
TOTAL	<u>\$759,580</u>	<u>\$38,865</u>	<u>\$(42,001)</u>	<u>\$756,444</u>

A summary of property and equipment at June 30, 2001, for proprietary fund types and discretely presented component units follows (in thousands):

	Enterprise Funds	Internal Service Funds	<u>Component Unit Port of Oakland</u>
Land	\$ 220	\$ 310	\$ 206,718
Facilities and improvements	—	210	1,050,911
Container cranes	—	—	112,331
Furniture, machinery and equipment	109,157	72,531	32,729
Construction in progress	<u>—</u>	<u>—</u>	<u>329,373</u>
	109,377	73,051	1,732,062
Less accumulated depreciation and amortization	<u>(23,358)</u>	<u>(48,448)</u>	<u>(401,961)</u>
TOTAL	<u>\$ 86,019</u>	<u>\$24,603</u>	<u>\$1,330,101</u>

**(8) PROPERTY HELD FOR RESALE**

Property held for resale at June 30, 2001, consisted of the following (in thousands):

Chinatown	\$ 840
City Center	2,543
Coliseum Shoreline	2,749
Housewives Market	1,611
Multi-Service Center	5,100
Swans Market	4,425
Taldan Site	1,302
City Hall Annex	2,875
Preservation Park	6,448
City Center Garage West	21,447
Fox Theater	3,000
11th-12th Broadway & Franklin	2,694
U.S. Ice Skating Rink	10,588
819 Clay Street	141
Acorn Shopping Center	2,970
529—20th Street, 1901 Telegraph Avenue, 538-544 & 562-570 William Street	1,791
550 William Street	192
562-570 William Street	196
574 William Street	121
584 William Street	36
811 Clay Street	312
Evelyn Rose Family Housing (Conveyance)	1,049
1608-1616 San Pablo Avenue	256
1818-1824 San Pablo Avenue	301
1826-1840 San Pablo Avenue (Res. 99-49)	607
728—73rd Avenue	365
1975 Telegraph Avenue	21
1975 Teletraph Avenue	891
602, 604 & 608 William Street	<u>82</u>
Total	<u>\$74,953</u>

The Agency acquired the Preservation Park project, which was developed by a joint venture between the Agency and Bramalea Pacific, Inc., by credit bid at a foreclosure sale. On January 5, 1996, under an Assumption Agreement between the City and the Agency, the Agency assumed the \$6,448,000 obligation of the Preservation Park project.

NOTES TO FINANCIAL STATEMENTS

On May 8, 1991, the Agency entered into a joint venture agreement with Bramalea Pacific, Inc. under the name of City Center Garage West Associates (Associates). The purpose of the joint venture was to construct and operate a multi-level parking structure and other related stores and offices. Associates entered into a loan agreement with the City for \$22,000,000 to construct the garage. On May 23, 1995, due to the Canadian bankruptcy of Bramalea's parent company, the City took title to the garage in settlement of the loan obligation of Associates. On October 12, 1995, the City transferred the title of the garage to the Agency to hold as property held for resale and will operate for the purpose of facilitating the future development of the City Center Project. In acceptance of the title to the garage, the Agency acquired the City's loan to Associates. The Agency agreed to repay the City's loan balance of \$21,447,000.

(9) TAX AND REVENUE ANTICIPATION NOTES PAYABLE

During the fiscal year ended June 30, 2001, 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 4.00%. Principal and interest were due and repaid on June 30, 2001.

(10) LONG-TERM OBLIGATIONS

General Long-Term Obligations

The following is a summary of changes in general long-term obligations for the year ended June 30, 2001 (in thousands):

	Balance at July 1, 2000	Additional Obligations and Net Increases	Maturities and Retirements	Balance at June 30, 2001
General obligation bonds	\$ 129,665	\$ 19,750	\$ 12,335	\$ 137,080
Tax allocation bonds	216,279	10,729	8,360	218,648
Lease financings	502,613	136,168	151,055	487,726
Special assessment debt with governmental commitment	9,725	—	440	9,285
Special revenue bonds	407,280	—	16,745	390,535
Notes payable	25,940	672	4,262	22,350
Accrued vacation and sick leave	29,314	—	271	29,043
Self-insurance liability for workers' compensation	44,380	—	—	44,380
Estimated claims payable	22,506	27,333	—	49,839
Contingent liability for Authority debt (Note 15)	103,023	—	1,648	101,375
TOTAL	\$1,490,725	\$194,652	\$195,116	\$1,490,261



General long-term obligations at June 30, 2001, consisted of the following (in thousands):

	Maturities (Calendar Year)	Interest Rates	Balance at June 30, 2001
General Obligation Bonds			
General Obligation Bonds Series 1991A (a)	2002-2015	5.50%-8.50%	\$ 800
General Obligation Bonds Series 1995B (a)			
Serial bonds	2002-2013	5.30%-8.25%	7,285
Term bonds	2015	5.875%	1,760
Term bonds	2019	5.875%	4,190
General Obligation Bonds Series 1997C (a)			
Serial bonds	2002-2019	5.50%-6.00%	16,215
Term bonds	2022	5.90%	4,660
General Obligation Bonds Series 2000D (a)	2002-2025	4.75%-5.50%	10,750
General Obligation Bonds Series 2000E (a)	2002-2015	4.75%-5.20%	9,000
General Obligation Bonds Series 1992 (b)			
Serial bonds	2002-2012	4.25%-6.00%	15,065
Term bonds	2017	6.00%	10,435
Term bonds	2022	6.00%	14,460
General Obligation Bonds Series 1997 (c)			
Serial bonds	2002-2016	5.25%-5.75%	25,300
Term bonds	2019	5.75%	5,075
Term bonds	2022	5.85%	12,085
			<u>137,080</u>
Tax Allocation Bonds			
Acorn Refunding Series 1988 (d)			
Term bonds	2007	7.40%	1,845
Central District Tax Allocation Refunding Series 1989A (e)			
Capital appreciation bonds	2002-2009	6.60%-6.65%	22,658
Central District Senior Tax Allocation Refunding Series 1992 (f)			
Serial bonds	2002-2008	5.10%-6.00%	34,305
Term bonds	2009-2014	5.50%-6.15%	35,910
Central District Subordinated Tax Allocation Refunding Series 1992A (g)	2002-2019	5.95%	52,600
Central District Subordinated Tax Allocation Series 1993A (h)			
Serial bonds	2002-2004	4.00%-4.90%	2,620
Term bonds	2005-2009	5.30%	4,075
Term bonds	2010-2013	5.00%	4,080
Term bonds	2014-2021	5.00%	11,025
Central District Subordinated Tax Allocation Bonds, Series 1995A (i)			
Serial bonds	2001	5.50%	225
Term bonds	2008	7.20%	1,010
Term bonds	2015	7.50%	1,340
Term bonds	2021	7.60%	7,060
General Obligations - Tribune Tower	2011	5.643%	500
Subordinated Housing Set Aside Revenue (j) Bond Series 2000T			
Serial bonds	2003	7.39%	1,325
Serial bonds	2004	7.39%	1,425
Serial bonds	2010	7.82%	11,160
Serial Bonds	2015	7.93%	14,065
Serial Bonds	2018	8.03%	11,420
			<u>218,648</u>

NOTES TO FINANCIAL STATEMENTS

	Maturities (Calendar Year)	Interest Rates	Balance at June 30, 2001
Lease Financings			
Oakland JPFA Lease Revenue Bonds, Series 1996 (k)			
Serial bonds	2002-2011	4.60%-5.50%	\$ 26,370
Term bonds	2016	5.90%	18,395
Term bonds	2021	5.75%	24,610
Term bonds	2026	5.75%	32,815
Oakland JPFA - Oakland Convention Center (l)			
Serial bonds	2002-2015	4.50%-5.050%	114,615
Bifurcated serial bonds	2002-2014	3.00%-4.50%	20,275
Oakland Museum 1992 Series A (m)			
Serial bonds	2002-2003	5.60%-6.00%	4,465
Term bonds	2005	6.25%	5,020
Term bonds	2012	6.00%	15,900
Capital appreciation bonds	2006-2007	6.45%-6.55%	3,461
Civic Improvement Corporation (n)	2000-2015	Variable	41,100
Oakland JPFA Lease Revenue Bonds, Series 1998 (o)			
Swapped	2002-2021	5.6775%	163,200
Variable Rate	2002-2021	Variable	<u>17,500</u>
			<u>487,726</u>
Special Assessment Debt with Governmental Commitment			
Medical Hill Parking District Refunding Improvement Bonds 1994 (p)			
Term bonds	2004	6.00%	940
Oakland JPFA Reassessment Revenue Bonds (q)			
Serial bonds	2002-2010	3.70-5.15%	1,880
Term bonds	2018	5.40%	2,465
Term bonds	2024	5.50%	2,620
Oakland JPFA Special Assessment Pooled Revenue Bonds 1996 Series A (r)	2002-2020	4.20-6.70%	355
Oakland Special Assessment Pooled Revenue Bonds 1997 (s)			
Serial Bonds	2002-2007	4.20-5.20%	515
Term bonds	2012	5.65%	<u>510</u>
			<u>9,285</u>
Special Revenue Bonds			
Taxable Pension Obligation Bonds Series 1997 (t)	2002-2010	5.63%-7.31%	<u>390,535</u>
Notes Payable			
Koch Financial Corporation (u)	2002-2003	4.11%	5,973
Department of Housing Urban Development (v)	N/A	N/A	15,095
Light-Emitting Diode Traffic Signal Conversion Project (x)			714
Bank One Lease	2002-2004	N/A	<u>568</u>
			<u>22,350</u>
Other Long-Term Liabilities			
Accrued vacation and sick leave			29,043
Self-insurance liability for workers' compensation (Note 12)			44,380
Estimated claims payable (Note 12)			49,839
Contingent liability for Authority debt (Note 15)			<u>101,375</u>
			<u>224,637</u>
TOTAL GENERAL LONG-TERM OBLIGATIONS			<u><u>\$1,490,261</u></u>



General Obligation Bonds

(a) General Obligation Bonds Series 1991A, Series 1995B and Series 1997C, 2000D and 2000E

The City received authorization to issue \$60 million of General Obligation Bonds by a two-thirds vote of the electorate at the November 6, 1990, general election. The bonds were authorized for the purpose of financing the acquisition of land and to expand and develop park and recreation facilities. On February 19, 1991, the City issued \$12,000,000 of General Obligation Bonds Series 1991A. On March 1, 1995, the City issued a second series, \$15,000,000 General Obligation Bonds Series 1995B. On April 1, 1997, the City issued a third series, \$22,250,000 General Obligation Bonds Series 1997C, leaving the authorized but unissued amount of \$10,750,000.

On July 11, 2000, the final \$10,750,000 was issued by General Obligation Bonds Series 2000D. In conjunction with Series 2000D, General Obligation Bonds Series 2000E was issued to refund a portion of the Series 1991A Bonds in an amount of \$9,000,000. The City is obligated to levy ad valorem taxes upon all property subject to taxation within the City, without limitation of rate or amount, for the payment of the principal and interest of the bonds.

(b) General Obligation Bonds Series 1992

On July 15, 1992, the City issued \$50 million of General Obligation Bonds Series 1992. The City received authorization to issue these bonds by two-thirds vote of the electorate at the June 2, 1992, primary election. Bond proceeds were used for enhancement of the City's emergency response capabilities and for seismic reinforcement of essential public facilities and infrastructure.

(c) General Obligation Bonds Series 1997

On March 15, 1997, the City issued \$45,420,000 of General Obligation Bonds Series 1997 to repair, construct, acquire and improve libraries, museums and other cultural and recreational facilities throughout the City. The bonds represent the first and only series of bonds within the authorization approved by the voters of the City on November 5, 1996. The City is obligated to levy ad valorem taxes upon all property subject to taxation within the City, without limitation of rate or amount, for the payment of the principal and interest on the bonds.

Tax Allocation Bonds**(d) Acorn Tax Allocation Refunding Bonds Series 1988**

On November 1, 1988, the Agency issued the \$3,375,000 of Acorn Tax Allocation Refunding Bonds Series 1988 to advance refund \$2,895,000 of Acorn Tax Allocation Refunding Bonds. The bonds are a limited obligation of the Agency and are payable from and secured by a pledge of a portion of tax revenues assessed on property within the Central District Redevelopment Project Area allocable to the Agency pursuant to Redevelopment Law. Bonds maturing in 2007 are subject to mandatory sinking fund requirements commencing May 1, 2001, and are subject to prior redemption.

(e) Central District Tax Allocation Refunding Bonds Series 1989A

On August 1, 1989, the Agency issued \$92,399,000 of Central District Tax Allocation Refunding Bonds Series 1989A were issued by the Agency. Proceeds of the bonds are being used by the Agency to finance projects and improvements in the Central District Redevelopment Project Area. The bonds are a limited obligation of the Agency and are payable from and secured by a pledge of a portion of tax revenues assessed on property within the Central District Redevelopment Project Area, allocable to the Agency pursuant to Redevelopment Law.

As discussed under Central District Subordinated Tax Allocation Refunding Series 1992A, the Agency refunded all of the \$51,600,000 term portion and \$2,000,000 of the serial portion of the Series 1989A bonds. The increase of \$10,729,000 represents the annual interest on the series 1989A capital appreciation bonds.

(f) Central District Senior Tax Allocation Refunding Bonds Series 1992

On November 15, 1992, the Agency issued \$97,655,000 of Central District Senior Tax Allocation Refunding Bonds Series 1992 at an effective interest cost of 6.25%. The bonds were issued to defease in substance all of the Agency's Central District Tax Allocation Refunding Bonds Series 1986 in the amount of \$84,325,000. The bonds are secured on a senior basis by tax increment revenue of the Agency. The Series 1992 Senior Tax Allocation Refunding Bonds are a limited obligation of the Agency and are payable from and secured by a pledge of a portion of tax revenues assessed on property within the Central District Redevelopment Project Area, allocable to the Agency pursuant to Redevelopment Law.

(g) Central District Subordinated Tax Allocation Refunding Bonds Series 1992A

On July 9, 1992, the Agency issued \$53,600,000 of Central District Subordinated Tax Allocation Refunding Bonds Series 1992A, at an interest rate of 5.95% to provide a bond equivalent yield of 6.02%. These bonds were used to refund the \$51,600,000 term bond portion and \$2,000,000 of the serial bond portion of the Agency's Central District Tax



Allocation Refunding Bonds Series 1989A. These bonds are on parity with the Central District Subordinated Tax Allocation Bonds Series 1993A and Central District Tax Allocation Refunding Bonds Series 1989A. These bonds are a limited obligation of the Agency and are payable from and secured by a pledge of a portion of tax revenues assessed on property within the Central District Redevelopment Project Area allocable to the Agency pursuant to Redevelopment Law.

(h) Central District Subordinated Tax Allocation Bonds Series 1993A

On March 1, 1993, the Agency issued \$25,000,000 of Central District Subordinated Tax Allocation Bonds Series 1993A. A portion of the proceeds of the bonds is intended to be used to finance the renovation and reconstruction of the Oakland City Hall and other redevelopment projects in the Central District Redevelopment Project Area. The remaining proceeds were used to establish a capitalized interest account to pay interest charges through March 1, 1995, and to establish a reserve account. The bonds are on parity with the Central District Tax Allocation Refunding Bonds Series 1989A and Central District Subordinated Tax Allocation Refunding Series 1992A bonds, and are a limited obligation of the Agency payable from and secured by a pledge of a portion of tax revenues assessed on property within the Central District Redevelopment Project Area allocable to the Agency pursuant to Redevelopment Law.

(i) Central District Subordinated Tax Allocation Series 1995A

On August 1, 1995, the Agency issued \$10,000,000 of Central District Redevelopment Project Subordinated Tax Allocation Bonds Series 1995A, at an interest cost of 7.80%. The bonds mature on September 1, 2021. Proceeds of the bonds provide the Agency's portion of the construction costs of the City Administration facilities. Remaining proceeds may be used for other capital expenditures within the Central District Project. These bonds are issued on parity with the Redevelopment Agency's Central District Redevelopment Project Subordinated Tax Allocation Bonds Series 1993A, the Agency's Subordinated Tax Allocation Refunding Bonds, Series 1992A and the Agency's Central District Subordinated Tax Allocation Refunding Bonds Series 1989A.

(j) Subordinated Housing Set-Aside Revenue Bonds Series 2000T

On May 1, 2000, the Agency issued Subordinated Housing Set Aside Revenue Bonds, Series 2000T in aggregate principal amount of \$39,395,000 at interest rates ranging from 7.39% to 8.03%, which will mature on September 1, 2018. Proceeds of the bonds will be used by the Agency to increase, improve, and preserve the supply of housing within the City of Oakland available at affordable housing cost to persons or families of low or very low income. The bonds are secured by portion of the 20% housing set-aside tax increment revenues from the City's six redevelopment project areas. These bonds were issued on a federally taxable basis to provide the greatest flexibility on the use of proceeds. A portion of the proceeds (\$1,028,641) was used to pay for closing costs such as: cost of issuance, underwriter's discount, insurance premium, and surety bond.

Lease Financings**(k) Oakland JPFA Lease Revenue Bonds Series 1996**

On March 15, 1996, the Oakland Joint Power Financing Authority (JPFA) issued Lease Revenue Bonds Series 1996 in the amount of \$103,947,000. Bond proceeds were used for the design, construction, rehabilitation and equipping of two buildings which will be part of the administrative center of the City of Oakland. The bonds are payable from revenue consisting primarily of lease payments to be made by the City to the JPFA for certain real property and improvements thereon under a lease agreement.

(l) Oakland Joint Powers Financing Authority Bonds (Convention Centers) Series 2001

On May 23, 2001, the Oakland Joint Powers Financing Authority issued \$134,890,000 of 2001 Lease Revenue Bonds to refund the 1992 Lease Revenue Bonds (City of Oakland Convention Centers Project) issued by the California Statewide Communities Development Authority.

The City is making lease payments to the Authority pursuant to the Second Amended and Restated Lease and Sublease Agreement Relating to the Convention Centers dated as of May 1, 2001, between the City and Authority for the use and possession of the Henry J. Kaiser Convention Center and the George P. Scotlan Memorial Convention Center.

(m) Oakland Museum 1992 Series A

On May 15, 1992, the Agency issued \$39,408,000 of Refunding Certificates of Participation (Certificates) with an effective interest cost of 6.442% to legally defease the Oakland Museum Certificates of Participation 1987 Series A.

The Agency has leased the Museum's facilities and site to the City under a lease agreement. The Agency is not obligated to make any payments in respect to the Certificates except from the payments by or on behalf of the City pursuant to the lease agreement.

Due to the substance of the financing transaction, the effect of the issuance of the Certificates was recorded directly as an issuance of debt by the City to finance the reacquisition of the Museum. Accordingly, the Certificates are recorded by the City in the General Long-Term Obligations Account Group. The Agency's direct financing lease receivable and City's capital lease obligation are not reflected in the City's general purpose financial statements.



(n) Civic Improvement Corporation

On December 1, 1985, the City entered into various simultaneous agreements to finance the acquisition and construction of capital improvements on City property, such as traffic control devices, street resurfacing, parking lots, garages and the rehabilitation of various City buildings. The following is a summary of the agreements that have been entered into.

Certificates of Participation—The Civic Improvement Corporation (Corporation), a not-for-profit corporation, issued \$52,300,000 variable rate demand certificates of participation evidencing the proportionate interests of the owners thereof in lease payments to be made by the City for certain property pursuant to a master lease agreement with the Corporation.

Master Lease Agreement—The City entered into a lease agreement with the Corporation whereby the Corporation agreed to provide financing for certain proposed capital improvements. Under the terms of the agreement, the City agreed to supervise and provide for the construction and improvement of certain City properties. The improvements were paid by the Corporation from the proceeds of the certificates that were held by the Trustee. Once the improvements are completed, the Corporation has agreed to lease the projects to the City. The lease payments to be received by the Corporation are equal to the related principal and interest payments on the certificates.

Letter of Credit—The Letter of Credit (LC) is an irrevocable direct-pay obligation of Landesbank Hessen-Thüringen Girozentrale. The LC expires August 2, 2002. In aggregate, the City has available under the LC \$41,964,876 as of June 30, 2001, of which \$41,100,000 may be drawn for the payment of the unpaid principal amount of the certificates and \$864,876 may be drawn for payment of interest accrued on the certificates. In order to obtain the LC, the City became obligated to pay commission fees of one-quarter of one percent per annum on the available amount outstanding on the LC. For the year ended June 30, 2001, the City paid a total letter of credit fee of approximately \$117,000.

(o) Oakland Joint Powers Financing Authority, Series 1998

The 1998 bonds were issued by the Joint Powers Authority on August 3, 1998, to refund the City of Oakland's Special Refunding Revenue Bonds (Pension Financing), Series 1988A. The bonds were sold in a variable-rate mode, in two series: \$131,500,000 Series A-1 and \$56,000,000 Series A-2, with a final maturity of August 1, 2021. The bonds are limited obligations of the Authority, payable by base rental payments from the City's General Fund, in exchange for the right to use and possession of a portion of the City's sewer system. The City entered into a \$170,000,000 forwarding-starting, floating-to-fixed "synthetic-fixed-rate" swap, at a 5.6775% interest rate, with Goldman Sachs, which commenced on July 31, 1998, and

terminates on July 31, 2021. The swap entitles the City to receive variable rate payments equal to the Bond Market Association Municipal Swap Index in exchange for a fixed rate payment to Goldman Sachs. The notional value of the swap declines in accord with the outstanding principal on the bonds.

Special Assessment Debt with Governmental Commitment

(p) Medical Hill Parking District Refunding Improvement Bonds 1994

In April 1994, the City issued \$2,020,000 of 1994 Refunding Improvement Bonds Medical Hill Parking Assessment District, Series 3 (Refunding Bonds) at an interest rate of 6.237%. The Refunding Bonds are payable from assessments levied against property owners in the Medical Hill District. In the event of continuing delinquencies in the payment of the property owners' installments, the City, in the absence of any other bidder, is obligated to purchase the delinquent property owner's property at a delinquent assessment sale and pay delinquent and future installments of assessments and interest thereon until the land is resold or bonds are redeemed.

(q) Oakland JPFA Reassessment Revenue Bonds

On July 5, 1999, the Oakland Joint Powers Financing Authority issued bonds in order to refinance the local obligation bonds for two special assessment districts: (1) for a portion of the costs of construction of new underground support services and for repaving the street surfaces in conjunction with the undergrounding of utility lines in the area affected by the October 1991 firestorm (Fire Area Utility Underground Assessment District No. 1994-1), and (2) for a portion of the costs of providing new, enlarged water delivery lines and higher-flow fire hydrants in the upper Rockridge area (Rockridge Water Area Improvements District No. 1994-2). The bonds are rated A- by Standards & Poors Corporation. The bonds are payable from revenues derived from the reassessments levied on the properties in the original two assessment districts.

(r) Oakland JPFA Special Assessment Pooled Revenue Bonds 1996 Series A

In August 1996, the Oakland Joint Powers Financing Authority ("JPFA") issued \$465,000 of Special Assessment Pooled Revenue Bonds 1996 Series A. The Bonds were issued pursuant to Resolution No. 96-02 of the JPFA to provide funds for a loan to the City (pursuant to City Resolution No. 72830) for the purpose of funding (1) the installation of certain underground utilities and street light fixtures within four districts in the City of Oakland, and (2) the construction of a sewer line in the Skyline Sewer District. Loan repayment will be secured exclusively by the unpaid portion of special assessments levied upon the properties benefited by the improvements acquired and constructed with the loan proceeds.



(s) Oakland Special Assessment Pooled Revenue Bonds 1997

In December 1997, the Oakland Joint Powers Authority ("JPFA") issued \$1,250,000 of Special Assessment Pooled Revenue Bonds, Series 1997. The bonds were issued pursuant to Resolution No. 97-01 of the JPFA to finance the purchase by the JPFA from the City of Oakland Assessment Bonds issued by the City of Oakland. Each issue of Assessment Bonds were issued for the purpose of funding the installation of undergrounding certain utilities and the construction of street lighting within five districts of the City of Oakland. The Assessment Bonds are payable from the unpaid assessments levied upon real property within the five districts.

Special Revenue Bonds

(t) Taxable Pension Obligation Bonds Series 1997

On February 1, 1997, the City issued Taxable Pension Obligation Bonds Series 1997, Sub-series A, comprised of \$393,790,000 of Current Interest Bonds and \$26,705,000 of Capital Appreciation Bonds and Sub-series B in the amount of \$15,795,000 Current Interest Bonds. The proceeds of the bonds were used to fund (1) a portion of the current balance of the City's unfunded actuarial accrued liability (UAAL) for retirement benefits to members of the Oakland Police and Fire Retirement System (PFRS), (2) a portion of the City's current normal contribution to PFRS for the fiscal year ended June 30, 1997, and (3) pay costs of issuance of the Bonds. The payment to PFRS in the amount of \$417,173,000 equals the present value of the payments the City would otherwise be required to make to amortize the current balance of the City's UAAL through June 30, 2011, and a portion of the City's normal contribution as stated in (2) above.

In March 1997, the City entered into a debt service deposit agreement with a third party whereby the City received \$8,147,000 in exchange for forgoing its right to receive investment earnings on the amounts deposited with the trustee in advance of the date that the Pension Obligation Bonds debt service payment is due to the bondholders. The compensation the City received has been recorded in the General Fund as deferred revenue and is being amortized over the 14 year life of the agreement using the effective interest method.

Notes Payable

(u) Koch Financial Corporation

The City entered into a financing agreement with Oracle Credit Corporation in March 1998 for financing costs associated with implementing a new financial and human resources/payroll system. That agreement was subsequently assigned to Koch Financial Corporation. This project will be financed over a five-year period with quarterly payments of \$894,950 beginning August 1, 1998, at an interest rate of 4.11%. The total amount to be financed is \$15.8 million. The City made an initial down payment of \$2.0 million in March 1998. As of June 30, 2001, \$15.7 million in costs had been incurred

NOTES TO FINANCIAL STATEMENTS

related to implementing these new systems. The balance of the loan as of June 30, 2001, was \$5,973,000.

(v) Department of Housing and Urban Development

On July 14, 1995, the City of Oakland and IDG/Banner Urban Ventures, a California Corporation, entered into a Disposition and Development Agreement pursuant to which the City agreed to sell City-owned real property located on Martin Luther King, Jr. Way. The agreement provided that the developer would acquire and renovate the core and shell of buildings on the property. The City borrowed Housing and Urban Development (HUD), Section 108 loan funds in its own name to finance the project. On February 9, 1996, the City terminated the Disposition and Development Agreement with IDG/Banner Urban Ventures and assumed full responsibility in the development of the property to commercial and high technology oriented companies. The total amount of the note was \$10,945,000. On July 28, 1998, the City Council passed Resolution No. 12074 C.M.S. authorizing the sale of the property to Children's Hospital Oakland. The balance of the note as of June 30, 2001 was \$5,620,000.

In addition to the above note to the City, an additional \$9,475,000 remain outstanding in Section 108 loans provided to private sector recipients for housing, business enterprises, and other eligible purposes. These loans are secured by Community Development Block Grant (CDBG) funds with the City.

As of June 30, 2001, the total balance outstanding under the HUD Section loan program was \$15,095,000.

(w) Light-Emitting Diode Traffic Signal Conversion Project

The City entered into a financing agreement with Banc One Leasing Corporation in November 1998 for financing costs associated with replacement of incandescent traffic light bulbs. The notes carry an interest rate of 4.3% and a final maturity of July 15, 2003. The total balance outstanding as of June 30, 2001, is \$714,000.

(x) Banc One Master Lease

On October 4, 2000, the City of Oakland entered into a Master Lease with Banc One Leasing for \$673,000 for fire breathing apparatus. A total of six semiannual lease payments with a stated interest rate of 5.651% of \$123,000 which started on April 30, 2001, and will end on October 30, 2003, with final payment of \$123,000 and a termination payment of \$1.00. As of June 30, 2001, \$568,000 remains outstanding.



Current Year Defeasance

In July 2000, the City of Oakland issued \$9,000,000 of General Obligation Refunding Bonds, Series 2000E that was used to refund a portion of the General Obligation Bonds Series 1991A, specifically, the maturities from 2003 to 2015. The refunding produced an economic gain (net present value of savings) of \$452,000.

In May 2001, the Oakland Joint Powers Financing Authority sold \$134,890,000 of lease revenue bonds to refund the outstanding California Statewide Communities Development Authority's Lease Revenue Bonds issued on November 1, 1992. The refunding produced an economic gain (net present value of savings) of \$6,906,000.

Prior Year Defeasance

In prior years, the City defeased the Fire Area Utility Underground 1994-1 Series B. The amount outstanding as of June 30, 2001, was \$2,490,000.

In prior years, the City defeased its 1976 Pension Revenue Bonds. A portion of the proceeds of the refunding issue was placed in an irrevocable trust to provide for debt service on the defeased bonds. At June 30, 2001, \$500,000 of the 1976 Pension Revenue Bonds remained outstanding.

Proprietary and Fiduciary Fund Long-Term Debt

Proprietary and fiduciary fund long-term debt at June 30, 2001, was as follows (in thousands):

	Maturity	Interest Rates	Balance at June 30, 2001
Sewer Service Enterprise Fund			
Construction Loans	1992-2011	3.50%	\$ 4,471
	1992-2011	3.50%	646
	1993-2015	3.00%	<u>3,186</u>
			\$ 8,303
Internal Service Fund - Master Equipment			
Lease			
Schedule No. 1	2001-2003	5.46%	\$ 3,490
Schedule No. 2	2001-2005	5.40%	3,605
Schedule No. 3	2001-2007	5.39%	9,950
Schedule No. 4	2001-2010	5.43%	<u>7,329</u>
			\$24,374
Pension Trust Fund			
Oakland Municipal Employees'			
Retirement System Revenue			
Bonds 1976	2002	6.50%	\$ 505

In March 1990, the City and East Bay Municipal Utility District (EBMUD) entered into an agreement to secure financing for the rehabilitation of the City's sewer system through the California State Revolving Fund Loan Program.

During the fiscal year ended June 30, 1992, construction was completed on the sewer projects. Upon completion of these projects, the City became liable for its share of the completed project costs. The liability will be repaid, together with interest thereon, to EBMUD in equal annual installments through 2015. The main source of repayment comes from monthly sewer service charges collected from property owners within the EBMUD service area.

In April 2000, the City entered into a Master Lease Purchase Agreement for \$28,760,000 in equipment leases. The lease provide funding for the replacement of City vehicles and equipment. The four lease schedules bear interest rates of 5.39% to 5.46% and a final maturity of April 26, 2010.



Discretely Presented Component Unit - Port of Oakland

The Port of Oakland debt at June 30, 2001, was as follows (in thousands):

	Maturity	Interest Rates	Balance at June 30, 2001
Parity Bonds (a)			
1990 Revenue Bonds Series D	2003	6.125-8.00%	\$ 19,575
1992 Revenue Bonds Series E	2022	5.00-6.50%	138,315
1993 Revenue Bonds Series F	2009	2.75-5.75%	31,472
1997 Revenue Bonds Series G	2025	3.60-6.00%	82,760
1997 Revenue Bonds Series H	2015	3.60-5.50%	75,595
1997 Revenue Bonds Series I	2019	5.40-5.60%	84,820
1997 Revenue Bonds Series J	2026	5.50%	14,845
2000 Revenue Bonds Series K	2030	5.00-5.88%	<u>400,000</u>
Total Parity Bonds			<u>847,382</u>
Department of Boating and Waterways (DBW) Loans (b)			
Small Craft Harbor Revenue Bonds Series A-D	2009	4.50%	1,492
Small Craft Harbor Revenue Bonds Series 1981	2010	4.50%	1,052
Small Craft Harbor Revenue Bonds Series 1982	2019	4.50%	903
Small Craft Harbor Revenue Bonds Series 1983	2020	4.50%	362
Small Craft Harbor Revenue Bond Series 1993	2029	4.50%	7,378
1991 Marina Planning Loan	2002	4.70%	<u>23</u>
Total DBW Loans			<u>11,210</u>
GE Capital Tax Exempt Loan (c)	2005	4.89%	3,350
Taxable Commercial Paper 1998 Series A (d)	2003	2.40%-4.10%	85,340
Taxable Commercial Paper 1998 Series B (d)	2003	2.355-5.15%	33,780
Special Facilities Revenue Bonds 1992 Series A (e)	2019	5.00%-6.80%	47,500
Unamortized Bond Discount/Premium			<u>(9,743)</u>
TOTAL PORT OF OAKLAND LONG-TERM DEBT			<u>\$1,018,819</u>

(a) Parity Bonds

The 1990 Series D Bonds, the 1992 Series E Bonds, the 1993 Series F Bonds, and the 1997 Series G, Series H, Series I, Series J and 2000 Series K Bonds (collectively the Parity Bonds) are payable solely from and secured by a pledge of "Pledged Revenues." The 1989 Indenture and the Supplemental Trust Ninth Indenture, dated February 1, 1997 (the Ninth Supplemental Trust Indenture) define Pledged Revenues as substantially all revenues and other cash receipts of the Port, including amounts held in the Port Revenue Fund and the lesser of Oakland Portside Associate's (OPA) net revenues or \$3,300,000, but excluding amounts received from certain taxes, certain insurance proceeds and special facilities revenues. Pledged revenues do not include cash received from Passenger Facility Charges (PFC) unless projects included in a financing are determined to be PFC eligible, in which case PFCs can be pledged for debt service on the bonds. Currently the Port has not included any of these type of projects in a bond issuance. In addition, payment of bond principal and interest on the Parity Bonds when due is guaranteed by municipal bond insurance policies.

NOTES TO FINANCIAL STATEMENTS

The Port has covenanted to achieve Pledged Revenues sufficient to pay: the sum of principal and interest on the outstanding Parity Bonds as they become due and payable in each year; all payments for compliance with terms of the Indenture and Supplemental Indentures, including but not limited to required deposits to any Reserve Fund; all other payments necessary to meet ongoing legal obligations of the Port payable from Pledged Revenues; and all current Operation and Maintenance Expenses (as defined).

The Port has covenanted in the 1989 Indenture to achieve in each fiscal year Net Revenues (as defined) of at least 125% of the actual debt service (as defined) becoming due on the outstanding Parity Bonds less debt service paid in such year from the proceeds of other borrowings. For the year ended June 30, 2001, Net Revenues exceeded this requirement.

The Port has also covenanted in the 1989 Indenture not to issue any additional obligations payable from or secured by Pledged Revenues, which would rank superior to the 1989 Bonds and any outstanding bonds (as defined) under the Ninth Supplemental Trust Indenture. The 1990 Bonds, 1992 Bonds, 1993 Bonds, 1997 Bonds, and 2000 Bonds have been issued at parity. Additional bonds may be issued on a parity or subordinate basis with the outstanding bonds subject to certain debt service coverage ratios and other requirements.

(b) Department of Boating and Waterways Loans

The California Department of Boating and Waterways (DBW) and the Port entered into a loan and operation contract on February 21, 1994, amended on February 20, 1995, September 11, 1995, and September 16, 1996, whereby DBW agreed to make a construction loan to the Port in the amount of \$7,176,000. The purpose of the loan is to develop the boating facilities of the Jack London Square marinas. The loan will bear compound interest at the rate of 4.5% per annum and will be paid over twenty-eight years. As of June 30, 2001, \$192,000 of accrued interest has been added to the loan due to construction period drawdowns. The current balance of the loan is \$7,378,000. Repayment of the loan will begin on August 1, 2001.

Department of Boating and Waterway Loans were issued pursuant to various resolutions of the Board of Port Commissioners and are subordinate to the Parity Bonds.

(c) GE Capital Loan

The Port of Oakland entered into a tax-exempt financing agreement with GE Capital for the purchase of five 40-foot Gillig AirBART shuttle buses and fifteen 35-foot Gillig parking lot shuttle buses. The loan is for \$5,000,000 effective November 9, 1998, at the rate of 4.89% for a seven-year term. GE Capital is the lien holder on the buses' title. BART has agreed to share the costs and revenues of the AirBART shuttle service, including the debt service payments.



(d) Commercial Paper

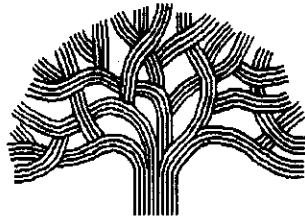
The Port Board authorized a \$300,000,000 Commercial Paper program in September 1998. The maximum maturity of the notes is 270 days and the maximum interest rate is 12%. The notes will be issued in three series: tax exempt AMT, tax exempt non-AMT and taxable. \$150,000,000 of the notes is backed as to credit and liquidity by an irrevocable letter of credit issued jointly by Commerzbank AG and The Bank of Nova Scotia for a five-year period beginning October 14, 1998. This will allow the Port to refinance the borrowings on a long-term basis. The Port also signed a second letter of credit for an additional \$150,000,000 with Bank of America on September 1, 1999, for a three-year period ending September 16, 2002. As of June 30, 2001, the Port had \$119,120,000 outstanding under the commercial paper program.

(e) Special Facilities Revenue Bonds 1992 Series A

The Port issued the Special Facilities Bonds 1992 Series A pursuant to a trust indenture dated June 1, 1992. The Special Facilities Bonds were issued to finance the design and construction of certain facilities and improvements on premises situated in the Seventh Street Marine Terminal area.

The Special Facilities Bonds are limited obligations of the Port payable from and secured by the Bond Payment Obligation (as defined) derived by the Port under the Non-exclusive Preferential Assignment Agreement (the Agreement) between the Port and Mitsui O.S.K. Lines, Ltd. (MOL). MOL's rights and obligations under the Agreement have been assigned to and assumed by Trans Pacific Container Service Corp. (TraPac), an affiliate of MOL. TraPac's obligations under the Agreement, including its obligation to make payments sufficient to pay the principal and interest on the Special Facilities Bonds, have also been guaranteed by MOL.

Principal and interest on the bonds when due is also collateralized by an irrevocable direct-pay letter of credit expiring July 1, 2002, issued by The Industrial Bank of Japan, Ltd., Los Angeles Agency. If the letter of credit expires or terminates without being replaced or renewed, the bonds will be subject to mandatory redemption.



CITY OF OAKLAND



Repayment Schedule

The annual requirements to amortize all long-term debt as of June 30, 2001, are as follows (in thousands):

Years Ending June 30,	General Long-Term Debt			Special Assessment Debt with Governmental Commitment
	General Obligation Bonds	Tax Allocation Bonds	Lease Financings	
2002	\$ 11,536	\$ 22,628	\$ 46,151	\$ 971
2003	11,416	22,498	45,033	952
2004	11,398	23,709	44,605	951
2005	11,350	23,691	45,921	944
2006	11,281	23,540	45,219	678
Thereafter	<u>180,532</u>	<u>262,048</u>	<u>556,090</u>	<u>11,105</u>
	237,513	378,114	783,019	15,601
Less amounts representing interest and discounts	<u>(100,433)</u>	<u>(159,466)</u>	<u>(295,293)</u>	<u>(6,316)</u>
Principal due at June 30, 2001	<u>\$ 137,080</u>	<u>\$ 218,648</u>	<u>\$ 487,726</u>	<u>\$ 9,285</u>

Interest rates related to the Civic Improvement Corporation Certificates of Participation included in the Lease Financings are adjustable. Estimates of future debt service payments included in the schedule above were determined by utilizing the maximum rate allowed under the terms of the Certificates of twelve percent.

NOTES TO FINANCIAL STATEMENTS

Special Revenue Bonds	Notes Payable	Enterprise Fund Debt	Internal Service Fund Debt	Pension Trust Fund Debt	Total Primary Government	Component Unit Port of Oakland
\$ 44,437	\$ 6,050	\$ 915	\$ 5,881	\$ 230	\$ 138,799	\$ 185,644
46,884	4,274	915	5,881	318	138,171	67,008
49,461	2,275	915	4,016	—	137,330	66,990
52,181	2,627	915	4,016	—	141,645	66,995
55,051	1,470	915	3,001	—	141,155	73,301
<u>324,159</u>	<u>13,125</u>	<u>5,473</u>	<u>6,126</u>	<u>—</u>	<u>1,358,658</u>	<u>1,458,572</u>
572,173	29,821	10,048	28,921	548	2,055,758	1,918,510
 <u>(181,638)</u>	 <u>(7,471)</u>	 <u>(1,745)</u>	 <u>(4,547)</u>	 <u>(43)</u>	 <u>(756,957)</u>	 <u>(899,691)</u>
 <u>\$ 390,535</u>	 <u>\$ 22,350</u>	 <u>\$ 8,303</u>	 <u>\$24,374</u>	 <u>\$ 505</u>	 <u>\$1,298,801</u>	 <u>\$1,018,819</u>



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 in the General Long-Term Obligations Account Group. The debt issued and outstanding at June 30, 2001, follows (in thousands):

	Authorized and Issued	Maturity	Outstanding at June 30, 2001
Housing Mortgage Programs			
Housing Revenue Bonds Series D, 1991	\$ 112,890	2010-2024	\$ 7,425
City of Oakland Insured Refunding Revenue Bonds (Children's Hospital Medical Center of Northern California), 1994 Series A	19,490	05/01/09	13,345
City of Oakland Kaiser Permanente Insured Revenue Bonds 1999A	64,425	01/01/39	63,425
City of Oakland Kaiser Permanente Insured Revenue Bonds 1999B	15,720	01/01/39	15,720
City of Oakland Liquidity Facility Revenue Bonds (Association of Bay Area Governments), Series 1984	3,300	12/01/09	1,705
City of Oakland Health Facility Revenue Bonds (Children's Hospital Medical Center of Northern California), 1988	23,000	07/01/08	14,275
City of Oakland Insured Health Facility Revenue Bonds (East Oakland Health Center Project), Series 1990	2,500	10/01/20	2,225
City of Oakland Refunding Revenue Bonds (Oakland YMCA Project), Series 1996	8,650	06/01/10	6,685
City of Oakland Variable Economic Development Revenue Bond 1997 Series A (Allen Temple Family Life Center Project)	5,000	08/01/04	<u>4,700</u>
TOTAL			<u>\$ 129,505</u>

(11) CONTRIBUTED CAPITAL

A summary of changes in contributed capital for the year ended June 30, 2001, follows (in thousands):

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Internal Service Funds</u>	<u>Port of Oakland</u>
BALANCE AT JUNE 30, 2000	\$ 17,382	\$202,903
Depreciation of property and equipment acquired with contributed capital	<u>—</u>	<u>(11,847)</u>
BALANCE AT JUNE 30, 2001	<u>\$ 17,382</u>	<u>\$191,056</u>

(12) SELF-INSURANCE

Changes in the balances of claims liabilities for all self-insured claims for the years ended June 30, 2001 and 2000, are as follows (in thousands):

	2001	2000
Unpaid claims, beginning of fiscal year	\$ 86,550	\$79,854
Current year claims and changes in estimates	44,674	20,799
Claim payments	<u>(13,583)</u>	<u>(14,103)</u>
Unpaid claims, end of fiscal year (see Note 10)	<u>\$117,641</u>	<u>\$86,550</u>

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 to 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.

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 10 years, there have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded commercial insurance coverage.



General Liability

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2001, the amount of liability determined to be probable of occurrence is approximately \$62,144,000. Of this amount, claims and litigation approximating \$12,305,000 are estimated to be payable with current expendable resources and are included as accrued liabilities of the General Fund (\$11,530,000), the Capital Fund (\$200,000), and the Sewer Fund (\$575,000). The remainder of \$49,839,000 is included in the General Long-Term Obligations Account Group. 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 Agency is 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 Agency or its operations.

The City is self-insured for general liability. 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. The City had an actuarial review of its self-insured workers' compensation program in the Fall of 1999. The following information is from the resulting report by the independent actuaries, dated October 5, 1999, and reflects the program as of June 30, 2001. The amount of workers' compensation liability determined to be probable is approximately \$55,497,000. Of this amount, approximately \$11,117,000 workers' compensation is estimated to be payable with expendable resources and is included as accrued liabilities of the General Fund. The remaining amount of \$44,380,000 is included in the General Long-Term Obligations Account Group.

Discretely Presented Component Unit

Workers' Compensation

The Port is exposed to risk of loss related to injuries to employees. The Port is self-insured and self-administered for workers' compensation up to a maximum of \$350,000 per accident. Effective February 7, 1997, the Port carries commercial insurance for claims in excess of \$350,000.

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

	2001	2000
Workers' compensation liability at beginning of fiscal year	\$ 3,000	\$3,000
Current year claims and changes in estimates	854	830
Claim payments	<u>(854)</u>	<u>(830)</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 \$100,000 in the aggregate up to a maximum of \$200,000,000. For the harbor area, coverage is provided in excess of \$100,000 per occurrence up to \$150,000,000. Liabilities are recorded as accrued expense when it is determined that a loss to the Port is probable and the amount is estimable.

**(13) RESERVATIONS AND DESIGNATIONS OF FUND BALANCES**

The components of the City's reserved and unreserved-designated fund balances at June 30, 2001, follow (in thousands):

	General Fund	Special Revenue Funds	Debt Service Funds
RESERVED			
Trust obligations	\$ —	\$ —	\$ —
Capital projects	—	26,040	—
Property held for resale	—	—	21,447
Employees' retirement systems	—	—	—
Debt service	—	—	72,616
Encumbrances	<u>1,664</u>	<u>10,713</u>	<u>—</u>
TOTAL RESERVED FUND BALANCES	<u><u>\$ 1,664</u></u>	<u><u>\$ 36,753</u></u>	<u><u>\$ 94,063</u></u>
UNRESERVED-DESIGNATED			
Capital improvement projects	\$ 7,808	\$ —	\$ —

NOTES TO FINANCIAL STATEMENTS

Capital Projects Funds	Pension Trust Funds	Total
\$ —	\$ 174,734	\$ 174,734
182,735	—	208,775
53,506	—	74,953
—	837,468	837,468
—	—	72,616
—	—	12,377
<u>\$236,241</u>	<u>\$1,012,202</u>	<u>\$1,380,923</u>
\$ —	\$ —	\$ 7,808

**(14) SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City accounts for operations which provide parks and recreation programs and sewage treatment as enterprise funds. These operations are financed by user charges or interest income. Segment information as of and for the year ended June 30, 2001, follows (in thousands):

	Parks and Recreation	Sewer Service	Total Enterprise Funds
For Year Ended June 30, 2001			
Operating revenues	\$ 128	\$ 18,738	\$ 18,866
Operating income (loss)	(189)	6,041	5,852
Depreciation and amortization	—	2,981	2,981
Operating transfers out	—	(659)	(659)
Interest and other non-operating revenues (expenses), net	21	(278)	(257)
Net income (loss)	(168)	5,104	4,936
Property and equipment - additions (deletions)	(3)	(8,999)	9,002
As of June 30, 2001			
Net working capital	\$ 240	\$ (1,640)	\$ (1,400)
Total assets	491	87,635	88,126
Total equity	469	75,847	76,316
Long-term obligations and advances - Payable from operating revenues	—	8,303	8,303

Parks and Recreation

The City owns and operates two golf courses. The City's policy is to fund these operations through golf course fees and other golf revenues without reliance on the General Fund.

Sewer Service

The City maintains sewer service facilities between the private property hookups and the main collection system operated by the East Bay Municipal Utility District. The City's policy is to fund operations through user charges and/or operating transfers from the General Fund.

(15) JOINT VENTURE**Oakland-Alameda County Coliseum**

The City is a participant with the County of Alameda (the County) in a joint exercise of powers agreement known as the Oakland-Alameda County Coliseum Authority (the Authority), which was formed on July 1, 1995, to assist the City and County in the financing of public capital improvements in the Oakland-Alameda County Coliseum Complex (Coliseum Complex) pursuant to the Mark-Roos Local Bond Pooling Act of 1985. The Oakland-Alameda County Coliseum Financing Corporation (the Corporation) is reported as a blended component unit of the Authority. The Board of Directors of the Authority and the Corporation consists of two council members from the City and two members of the Board of Supervisors from the County. 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 operations of the Coliseum Complex, to finance the costs of remodeling the stadium portion of the Coliseum complex as well as relocating the Raiders to the City.

The Stadium Bonds are limited obligations 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 Agreement) among the Warriors, the City, the County, Coliseum Inc. and the Authority.



Under the original 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 payments from the Warriors of up to \$7,428,000 annually from premium seating revenues, the sale of personal seat licenses by the Authority, concessionaire payments and the Arena naming rights. If necessary to prevent a default, additional premium seating revenues up to \$10,000,000 may be pledged to service Arena debt. If the above revenues 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 would have to pay up to \$19,000,000 annually in the event of default by the County.

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

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 has 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 for damages to \$1.1 billion related to claims of fraudulent inducement. The City is optimistic that it will prevail against Raider Management claims.

In November 1998, the Authority brought an arbitration proceeding against the Golden State 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 seeks 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 arbitration was divided into two phases. In the first phase on the collection

NOTES TO FINANCIAL STATEMENTS

issues, on October 6, 1999, the arbitrator found that the Golden State Warriors owed in excess of \$17 million to the Authority, net of some \$720,000 in offsets granted to the Warriors. The 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 confirmed the arbitrator's awards and entered a judgment against the Warriors for the full amount of the award. The Warriors are currently appealing the judgment.

In fiscal year 1997, the Authority entered an interest rate swap agreement for portions of the bonds issued to finance the Arena improvements. The interest rate swap is for \$84,000,000 of the variable rate Arena bonds at a fixed rate of 6.85%. The agreement expires on September 1, 2001, and will not be renewed. The market value loss of the swap at June 30, 2001, is \$638,734.

Based on the swap agreements, the Authority owes interest calculated at the fixed rates stated above to the counterparty of the swap. In return, the counterparties owe the Authority interest based on a variable rate that matches the rate required by the variable rate bonds. Only the net difference in interest payments is actually exchanged with the counterparties. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The Authority continues to pay interest to the bond holders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Authority effectively pays a fixed rate on the debt. The Authority will be exposed to variable rates if the counterparties to the swaps default or if the swaps are terminated. A termination of any swap agreement may also result in the Authority's making or receiving a termination payment. The Authority is exposed to credit losses in the event of non-performance by any counterparty to these interest rate swaps, but has no off-balance sheet credit risk of accounting loss. The Authority anticipates, however, that each counterparty will be able to fully satisfy its obligations under the respective agreement.

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

Years Ending June 30,	Stadium Debt	Arena Debt
2002	\$ 12,816	\$ 10,517
2003	12,810	10,589
2004	12,903	10,649
2005	12,876	10,597
2006-2010	61,631	53,522
2011-2015	62,838	54,237
2016-2020	65,274	54,862
2021-2025	68,931	56,258
2026 on	—	11,497
Less interest	<u>(107,329)</u>	<u>(140,028)</u>
Total	<u>\$202,750</u>	<u>\$132,700</u>



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

The City has a 50% equity interest in the Joint Venture, which has been written off during the current year. 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, to the extent such funding is necessary. During the year ended June 30, 2001, the City made contributions of approximately \$13,000,000 to fund its share of operating deficits, as well as its share of the final construction costs of the Arena.

The Authority has anticipated a deficit for 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 \$11,500,000 for the 2001-02 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 contingent liability to fund the Authority deficit in the General Long-Term Obligations Account Group at an amount equal to its contingent share (50%) of the outstanding Stadium bonds in the amount of \$101,375,000. The City has not established a contingent liability for the Arena debt because management is of the opinion that revenues from the Arena, including payments from the Warriors, will be sufficient to cover the debt payments.

(16) PENSION PLANS

The City has three defined benefit retirement plans: Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS) and California Public Employees' Retirement System (PERS). PFRS and OMERS are closed plans which 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 General Purpose 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, and benefits and refunds are recognized when payable.

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.

NOTES TO FINANCIAL STATEMENTS

Investments representing 5% or more of the fair value of the OMERS net assets for pension benefits as of June 30, 2001, are as follows:

Stocks	Shares	Market Value
J B Morgan Chase & Company	12,750	\$ 568,650
Phillips Petroleum Company	10,000	570,000
SBC Communications	13,000	520,780
Varian Medical Systems	8,000	<u>572,000</u>
		<u>\$2,231,430</u>

No investments in any one non-federal organization represented 5% or more of PFRS net assets for pension benefits as of June 30, 2001.

Complete financial statements of the Plans can be obtained from:

William E. Noland, Controller
City of Oakland
150 Frank H. Ogawa Plaza, Suite 6353
Oakland, CA 94612

	PFRS	OMERS	PERS
Type of plan	Single employer	Single employer	Agent multi-employer
Reporting entity	City	City	State
Last complete actuarial study	July 1, 2000	June 30, 2000	June 30, 2000

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.

	PFRS	OMERS	PERS
General wage increase:			
Inflation	4.0%	3.0%	3.5%
Post-retirement benefit increase	4.0%	4.5%	3.8%
Investment return	8.0%	8.0%	8.3%



	PFRS	OMERS	PERS	Total
Employees covered as of June 30, 2001				
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not currently receiving them	1,486	134	1,962	3,582
Current employees—vested	143	2	2,598	2,743

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).

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 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 benefit obligation. The City contributed \$22,868,000 to the PFRS during the fiscal year ended June 30, 1997, at an actuarially determined contribution rate of 60.49%. 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, 2001, employee contributions to PFRS totaling \$655,561 were made in accordance with actuarially determined contribution requirements.

NOTES TO FINANCIAL STATEMENTS

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.

Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual Required Contributions (\$ in millions)	Percentage (%) Contributed
1999	—*	—
2000	—*	—
2001	—*	—

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

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.

Employee contributions to OMERS totaling \$6,258,000 were made during 2001 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. For the years ended June 30, 2001, 2000 and 1999, the City, in accordance with actuarially determined contribution requirements, was not required to make contributions to OMERS. The actuarial calculations are computed using the projected unit credit 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. The most recent actuarial valuation determined the funding status to be 190%.



Prior Period Adjustment

The net assets held in trust for pension benefits as of July 1, 2000, have been restated to correct an error that occurred in prior years. The correction of this error eliminated the previously-recorded payable to PERS and recorded a liability to the City for its payments to PERS on behalf of former Retirement System participants that transferred to PERS.

Retirement System participants had the option of transferring to PERS at various times prior to 1971. When these participants elected to transfer to PERS, the Retirement System elected not to liquidate assets to transfer to PERS, but instead established a liability to PERS in lieu of an immediate transfer of assets. This liability to PERS was paid by the City in the form of increased pension contribution rates since 1971.

Accordingly, the payable to PERS as of July 1, 2000, has been eliminated, and a payable to the City has been recorded as of this date. This payable is equal to the net assets held in trust for pension benefits in excess of 125% of the sum of: 1) actuarially-determined benefits payable as of July 1, 1999, and 2) all other liabilities as of June 30, 2000.

Had the error not been made, deductions during the year ended June 30, 2000, would have been reduced by \$1,786,895, and the excess of additions over deductions would have been \$426,193.

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.

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 3.57% for non-safety employees and 6.2564% for police and fire employees, of annual covered payroll. The contribution requirements of the plan members and the City are established and may be amended by PERS.

NOTES TO FINANCIAL STATEMENTS

Annual Pension Cost

For 2000-01, the City's annual pension cost of \$24,024,670 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, 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 Information for PERS (in millions)

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1999	\$19.4	100%	\$ 0
2000	23.6	100	0
2001	24.0	100	0

(17) RECONCILIATION OF OPERATIONS ON MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS

The "All Governmental Fund Types and Expendable Trust Funds Combined Statement of Revenues, Expenditures and Changes in Fund Balances" has been prepared on the modified accrual basis of accounting in accordance with GAAP. The General Fund Combined Schedule of Revenues and Expenditures - Budget and Actual on a Budgetary Basis" has been prepared on the budgetary basis, which is different from GAAP.

The budgetary process is based upon accounting for certain transactions on a basis other than generally accepted accounting principles (GAAP). The results of operations are presented in the budget to actual comparison statement 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 March 1997, the City entered into a debt service deposit agreement with a third party whereby the City received approximately \$8.1 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 1997 when received on a budgetary basis. On a GAAP



basis, the revenue was deferred and is being recognized over the 14-year life of the agreement. Amortization for the year ended June 30, 2001, was \$640,000.

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

	General Fund
Excess of revenues over expenditures - GAAP basis	\$ 39,632
Amortization of debt service deposit agreement	<u>(640)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - budgetary basis	<u>\$ 38,992</u>

The General Fund Balance on a Budgetary Basis reconciled to that on a GAAP basis as of June 30, 2001, is as follows (in thousands):

	General Fund
Fund Balance, June 30, 2001 - GAAP Basis	\$ 22,796
Prior year debt service deposit agreement recorded on Budgetary Basis in the year of receipt	<u>5,602</u>
Fund Balance, June 30, 2001 - Budgetary Basis	<u>\$ 28,398</u>

General Fund Budgetary Basis Fund Balance at June 30, 2001, is composed of the following (in thousands):

	General Fund
Reserved	\$ 1,664
Unreserved, designated	7,808
Unreserved, undesignated	<u>18,926</u>
Fund Balance, June 30, 2001 - Budgetary Basis	<u>\$ 28,398</u>

(18) 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. Approximately \$1,030,749 was paid on behalf of 488 retirees under this program for the year ended June 30, 2001.

(19) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2001, no funds reported excess expenditures over appropriations.

(20) COMMITMENTS AND CONTINGENT LIABILITIES**Grants and Subventions**

Receipts from federal and state financial assistance programs are subject to review and audit by representatives of the federal and state governments to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations. The City believes that no significant liabilities will result from such review and audits.

Due to the nature of the various grant agreements and of the City's grants billing process, certain amounts included in grants receivables have not yet been billed to the granting agencies. Management believes that any amounts ultimately uncollectible on such unbilled grants receivable will not be material to the financial statements.

Construction Commitments***Primary Government***

The City has committed funding in the amount of \$115,317,930 to a number of capital improvement projects for fiscal years 2001-02 to 2002-03.

Discretely Presented Component Unit

The Port anticipates spending a \$1.6 billion (in actual dollars) over the next five years in its capital improvement program. The most significant projects include the development and construction of new container terminals, 50-foot deepening of the channel, roadway improvements, a new airport terminal, and a new airport parking garage and surface parking lots.

As of June 30, 2001, the Port has firm commitments for the acquisition and construction of assets as follows (in thousands):

Maritime	\$178,702
Aviation	165,094
Commercial real estate	<u>3,653</u>
	<u>\$347,449</u>



Other Contingencies

Primary Government

As of June 30, 2001, the Agency has entered into contractual commitments of approximately \$6,117,510 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.

At June 30, 2001, the Agency was committed to fund \$4,964,630 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.

The Port's management believes the total environmental accrual provides for all significant sites containing hazardous substances and petroleum products that are currently considered probable to require investigation and remediation and for which the potential liability can be estimated.

NOTES TO FINANCIAL STATEMENTS

A summary of the environmental liability accounts, included within the Combined Balance Sheet at June 30, is as follows:

	2001
Environmental remediation	\$ 10,162
Miscellaneous compliance	<u>1,606</u>
Total environmental liabilities	<u>\$ 11,768</u>

The Port is presently responsible for remediation and clean-up of three major sites; namely, Keep On Trucking, Seabreeze and Ringsby. The accrued liability associated with these three sites at June 30, 2001, amount to \$4,580,000, \$1,148,000, and \$1,456,000 respectively. These amounts are included in the environmental remediation liability amount of \$10,162,000 above. The three sites were all the subject of litigation with parties responsible for the contamination, which resulted in the establishment of a fund from which the Port could meet its regulatory obligations. The remediation of all three sites is currently in the planning phase.

(21) INDIVIDUAL FUND DEFICITS

As of June 30, 2001, the following funds reported deficits in fund balances and/or retained earnings (in thousands):

Internal Service

Facilities	\$ 4,910
Central Stores	3,282

The City's Facilities and Central Stores deficit are expected to be funded through increased user charges for the costs incurred in each fund.

Expendable Trust

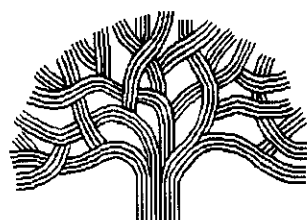
Oakland Redevelopment Agency Projects	\$ 4,798
---------------------------------------	----------

The City's Expendable Trust Oakland Redevelopment Agency deficit is expected to be funded by reimbursements from the Agency.

(22) SUBSEQUENT EVENT

Tax and Revenue Anticipation Notes

On July 26, 2001, 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 2.6%. Principal and interest are due and payable on July 25, 2002.



CITY OF OAKLAND

REQUIRED SUPPLEMENTAL SCHEDULES

OAKLAND MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**SCHEDULE OF FUNDING PROGRESS****(unaudited)***(In Millions)*

Actuarial Valuation Date July 1,	Actuarial Value (\$) of Plan Assets⁽¹⁾ (a)	Accrued Actuarial Liability (\$) (AAL) (b)	Funded Ratio (%) (a/b)	Actuarial Surplus (AS) (\$) (b-a)	Covered Payroll (\$) (c)	AS as a Percentage (%) of Covered Payroll [(b-a)/c]
1994	16.2	12.0	135	(4.2)	.119	(3529)
1995 ⁽²⁾	N/A	N/A	N/A	N/A	N/A	N/A
1996	16.9	11.8	143	(5.1)	.124	(4113)
1997 ⁽²⁾	N/A	N/A	N/A	N/A	N/A	N/A
1998	18.8	10.8	174	(8.0)	.137	(5839)
1999	18.2	9.6	190	(8.6)	.150	(5734)
2000 ^(a)	N/A	N/A	N/A	N/A	N/A	N/A

Note: (a) Based on GASB 25, paragraph 35, footnote 17.

⁽¹⁾At market.⁽²⁾Actuarial valuation conducted biennially.



**POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

(unaudited)

(In Millions)

Actuarial Valuation Date July 1,	Actuarial Value (\$) of Plan Assets ⁽¹⁾ (a)	Accrued Actuarial Liability (\$) (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded/ (Overfunded) AAL (\$) (UAAL) (b-a)	Covered Payroll (\$) (c)	UAAL as a Percentage (%) of Covered [(b-a)/c]
1994	304.3	947.4	32.1	643.1	20.1	3200
1995 ⁽²⁾	N/A	N/A	N/A	N/A	N/A	N/A
1996	359.2	983.2	36.5	624.0	19.6	3184
1997 ⁽²⁾	N/A	N/A	N/A	N/A	N/A	N/A
1998	861.4	805.5	106.9	(55.9)	19.0	(294.2)
1999 ⁽²⁾	N/A	N/A	N/A	N/A	N/A	N/A
2000 ^(a)	N/A	N/A	N/A	N/A	N/A	N/A
2001 ^(a)	N/A	N/A	N/A	N/A	N/A	N/A

Note: (a) Based on GASB 25, paragraph 35, footnote 17.

⁽¹⁾At market.

⁽²⁾Actuarial valuation conducted biennially.

GENERAL FUND

The General Fund is the primary operating fund of the City. It accounts for normal recurring activities traditionally associated with governments which are not required to be accounted for in another fund. These activities are funded principally by property taxes, sales and use taxes, business and utility taxes, interest and rental income, and federal and state grants.

GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000
(In Thousands)

	2001	2000
ASSETS		
Cash and investments	\$ 8,073	\$ 19,613
Receivables (net of allowance for uncollectibles of: 2001, \$2,240; 2000, \$1,586):		
Accrued interest and dividends	108	170
Property taxes	17,411	4,582
Accounts receivable	58,739	53,733
Receivable from Port of Oakland	12,172	10,263
Due from other funds	83,758	82,415
Notes and loans receivable	28,295	13,709
Restricted cash and investments	9	24
Other	<u>1,498</u>	<u>1,509</u>
TOTAL ASSETS	<u>\$210,063</u>	<u>\$186,018</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accrued liabilities	\$101,479	\$ 77,905
Due to other funds	1,474	12,124
Deferred revenue	83,971	62,869
Other	<u>343</u>	<u>886</u>
Total liabilities	<u>187,267</u>	<u>153,784</u>
Fund Balance		
Reserved for:		
Encumbrances	1,664	3,708
Unreserved:		
Designated	7,808	11,111
Undesignated	<u>13,324</u>	<u>17,415</u>
Total fund balance	<u>22,796</u>	<u>32,234</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$210,063</u>	<u>\$186,018</u>



GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Years ended June 30, 2001 and 2000
(In Thousands)

	2001	2000
REVENUES		
Taxes:		
Property	\$ 95,440	\$ 85,872
State:		
Sales and Use	42,256	38,470
Motor Vehicle In-lieu	21,361	19,314
Local:		
Business License	38,738	35,845
Utility Consumption	48,703	41,592
Real Estate Transfer	38,309	34,359
Transient Occupancy	12,766	12,100
Parking	6,762	5,686
Franchise	10,396	9,084
Licenses and permits	11,418	9,088
Fines and penalties	16,150	14,129
Interest and investment income	6,530	10,019
Charges for services	40,962	36,506
Federal and state grants and subventions	5,385	7,265
Other	<u>11,056</u>	<u>8,813</u>
TOTAL REVENUES	<u>\$406,232</u>	<u>\$368,142</u>

(continued)

GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES, continued
Years ended June 30, 2001 and 2000
(In Thousands)

	2001	2000
EXPENDITURES		
Current:		
Elected and Appointed Officials:		
Mayor	\$ 970	\$ 918
Council	2,060	2,350
City Manager	5,259	3,910
City Attorney	6,321	4,824
City Auditor	1,025	1,079
City Clerk	2,089	2,171
Agencies/Departments:		
Personnel Resource Management	4,396	3,898
Retirement and Risk Administration	1,131	1,055
Information Technology	6,488	7,024
Financial Services	14,371	14,016
Police Services	133,729	121,542
Fire Services	73,663	69,240
Life Enrichment		
Administration	1,653	610
Parks and Recreation	15,247	12,160
Library	9,576	9,089
Museum	5,460	5,268
Aging	2,869	2,512
Health and Human Services	433	579
Cultural Arts	1,911	1,531
Community and Economic Development	20,288	18,954
Public Works	24,185	25,050
Other	32,038	22,596
Capital outlay	1,074	866
Debt Service		
Interest charges	<u>364</u>	<u>581</u>
TOTAL EXPENDITURES	<u>366,600</u>	<u>331,823</u>
EXCESS OF REVENUES		
OVER EXPENDITURES	<u>\$39,632</u>	<u>\$36,319</u>

(continued)



GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES, continued
Years ended June 30, 2001 and 2000
(In Thousands)

	2001	2000
OTHER FINANCING SOURCES (USES)		
Property sale proceeds	\$ 104	\$ 79
Bond proceeds	1,573	1,166
Operating transfers in	8,514	116,700
Operating transfers out	<u>(59,261)</u>	<u>(164,902)</u>
TOTAL OTHER FINANCING USES	<u>(49,070)</u>	<u>(46,957)</u>
DEFICIENCY OF REVENUES AND		
OTHER FINANCING SOURCES UNDER		
EXPENDITURES AND OTHER FINANCING USES	(9,438)	(10,638)
Fund balance at beginning of year	<u>32,234</u>	<u>42,872</u>
FUND BALANCE AT END OF YEAR	<u>\$22,796</u>	<u>\$ 32,234</u>

(concluded)

SPECIAL REVENUE FUNDS

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

SPECIAL REVENUE FUNDS

Federal and State Grants Funds account for various Federal and State grants used or expended for a specific purpose, activity or program.

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

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

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

Other Assessment Districts Funds account for monies restricted to specific improvements that beneficially affect a well defined and limited area of land.

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

Oakland Redevelopment Agency Funds account for monies not restricted to specific projects or activities but limited to redevelopment purposes.



**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

June 30, 2001

With comparative totals as of June 30, 2000

(In Thousands)

	Federal and State Grants	Traffic Safety and Control	State Gas Tax	Landscape and Lighting Assessment District
ASSETS				
Cash and investments	\$ —	\$12,077	\$ 9,405	\$ 1,701
Receivables:				
Accrued interest and dividends	—	114	81	30
Property taxes	108	—	—	4,114
Accounts receivable (net of allowance for uncollectibles of: 2001, \$494; 2000, \$0)	53	1,424	704	—
Grants receivable	35,575	—	—	—
Receivable from Port of Oakland	—	—	—	837
Due from other funds	3,260	—	—	—
Notes and loans receivable	74,416	—	—	—
Other	25	—	—	—
TOTAL ASSETS	<u>\$113,437</u>	<u>\$13,615</u>	<u>\$ 10,190</u>	<u>\$ 6,682</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 7,146	\$ 207	\$ 240	\$ 506
Due to other funds	26,866	—	—	—
Deferred revenue	79,425	—	—	795
Other	—	—	—	—
Total liabilities	<u>113,437</u>	<u>207</u>	<u>240</u>	<u>1,301</u>
Fund balances				
Reserved	—	13,408	9,950	5,381
Total fund balances	<u>—</u>	<u>13,408</u>	<u>9,950</u>	<u>5,381</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$113,437</u>	<u>\$13,615</u>	<u>\$ 10,190</u>	<u>\$ 6,682</u>

SPECIAL REVENUE FUNDS

Other Assessment Districts	Other Special Revenue	Oakland Redevelopment Agency	Total	
			2001	2000
\$ 532	\$ 8,233	\$ 2,752	\$ 34,700	\$ 32,624
4	113	—	342	422
—	131	—	4,353	1,578
104	2	—	2,287	1,499
—	—	—	35,575	48,556
—	—	—	837	—
—	1,926	375	5,561	5,632
—	7,511	—	81,927	79,787
—	—	—	25	26
<u>\$ 640</u>	<u>\$17,916</u>	<u>\$ 3,127</u>	<u>\$165,607</u>	<u>\$170,124</u>
\$ —	\$ 2,410	\$ 20	\$ 10,529	\$ 12,830
—	1,105	140	28,111	36,932
—	9,613	375	90,208	89,695
—	—	6	6	7
—	<u>13,128</u>	<u>541</u>	<u>128,854</u>	<u>139,464</u>
<u>640</u>	<u>4,788</u>	<u>2,586</u>	<u>36,753</u>	<u>30,660</u>
<u>640</u>	<u>4,788</u>	<u>2,586</u>	<u>36,753</u>	<u>30,660</u>
<u>\$ 640</u>	<u>\$17,916</u>	<u>\$ 3,127</u>	<u>\$165,607</u>	<u>\$170,124</u>



SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year ended June 30, 2001

With comparative totals as of June 30, 2000

(In Thousands)

	Federal and State Grants	Traffic Safety and Control	State Gas Tax	Landscape and Lighting Assessment District
REVENUES				
Taxes:				
Property	\$ 4,356	\$ —	\$ —	\$ 19,292
State:				
Sales and Use	—	10,621	—	—
Gas	—	—	10,419	—
Licenses and permits	—	—	—	24
Fines and penalties	463	439	—	—
Interest and investment income	—	776	517	148
Charges for services	475	189	—	30
Federal and state grants and subventions	58,355	5,204	20	—
Other	<u>7,814</u>	<u>—</u>	<u>21</u>	<u>4</u>
TOTAL REVENUES	<u>\$71,463</u>	<u>\$17,229</u>	<u>\$10,977</u>	<u>\$19,498</u>

SPECIAL REVENUE FUNDS

Other Assessment Districts	Other Special Revenue	Oakland Redevelopment Agency	Total	
			2001	2000
\$ 132	\$ 1,204	\$ —	\$ 24,984	\$ 23,243
—	—	—	10,621	8,321
—	—	—	10,419	8,052
—	—	—	24	10
—	36	—	938	1,432
32	531	160	2,164	1,001
4	2,338	—	3,036	2,504
—	6,737	—	70,316	75,986
11	327	853	9,030	4,246
<u>\$ 179</u>	<u>\$ 11,173</u>	<u>\$ 1,013</u>	<u>\$131,532</u>	<u>\$124,795</u>

(continued)



SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES, continued
Year ended June 30, 2001
With comparative totals as of June 30, 2000
(In Thousands)

	Federal and State Grants	Traffic Safety and Control	State Gas Tax	Landscape and Lighting Assessment District
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	\$ —	\$ —	\$ —	\$ —
Council	116	—	—	—
City Manager	303	—	—	98
City Attorney	217	—	—	91
City Clerk	2	—	—	—
Agencies/Departments:				
Personnel Resource Management	3	—	—	—
Information Technology	17	—	—	25
Financial Services	303	—	—	93
Police Services	11,234	—	—	1
Fire Services	309	—	—	—
Life Enrichment				
Administration	—	—	—	2
Parks and Recreation	326	—	—	14,348
Library	5,276	—	—	—
Museum	1	—	—	19
Aging	3,240	864	—	—
Health and Human Services	13,345	2	—	—
Cultural Arts	31	—	—	—
Community and Economic Development	21,917	28	—	—
Public Works	7,475	8,753	8,959	2,519
Other	1,821	—	1	2
Capital outlay	<u>5,685</u>	<u>3,288</u>	<u>—</u>	<u>250</u>
TOTAL EXPENDITURES	<u>71,621</u>	<u>12,935</u>	<u>8,960</u>	<u>17,448</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>\$ (158)</u>	<u>\$ 4,294</u>	<u>\$ 2,017</u>	<u>\$ 2,050</u>

SPECIAL REVENUE FUNDS

Other Assessment Districts	Other Special Revenue	Oakland Redevelopment Agency	Total	
			2001	2000
\$ —	\$ —	\$ —	\$ —	\$ 1
—	—	—	116	52
—	1,371	—	1,772	1,548
—	173	—	481	409
—	—	—	2	—
—	—	—	3	30
—	—	—	42	26
—	48	—	444	206
—	452	—	11,687	9,041
33	3,000	—	3,342	2,845
—	38	—	40	5
—	195	—	14,869	14,099
—	128	—	5,404	4,527
—	—	—	20	18
—	163	—	4,267	4,188
—	431	—	13,778	12,577
—	—	—	31	97
—	2,692	—	24,637	29,666
13	624	—	28,343	16,393
—	12,106	170	14,100	23,402
—	—	—	9,223	1,762
46	21,421	170	132,601	120,892
\$ 133	\$ (10,248)	\$ 843	\$ (1,069)	\$ 3,903

(continued)



SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES, continued
Year ended June 30, 2001
With comparative totals as of June 30, 2000
(In Thousands)

	Federal and State Grants	Traffic Safety and Control	State Gas Tax	Landscape and Lighting Assessment District
OTHER FINANCING SOURCES (USES)				
Bond proceeds	\$ 158	\$ —	\$ —	\$ —
Property sale proceeds	—	—	6	—
Operating transfers in	—	—	—	—
TOTAL OTHER FINANCING SOURCES	<u>158</u>	<u>—</u>	<u>6</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	—	4,294	2,023	2,050
Fund balances (deficit) at beginning of year	<u>—</u>	<u>9,114</u>	<u>7,927</u>	<u>3,331</u>
FUND BALANCES AT END OF YEAR	<u>\$ —</u>	<u>\$ 13,408</u>	<u>\$ 9,950</u>	<u>\$ 5,381</u>

SPECIAL REVENUE FUNDS

Other Assessment Districts	Other Special Revenue	Oakland Redevelopment Agency	Total	
			2001	2000
\$ —	\$ —	\$ —	\$ 158	\$ 143
—	—	—	6	205
<u>—</u>	<u>6,998</u>	<u>—</u>	<u>6,998</u>	<u>6,842</u>
<u>—</u>	<u>6,998</u>	<u>—</u>	<u>7,162</u>	<u>7,190</u>
133	(3,250)	843	6,093	11,093
<u>507</u>	<u>8,038</u>	<u>1,743</u>	<u>30,660</u>	<u>19,567</u>
<u>\$ 640</u>	<u>\$ 4,788</u>	<u>\$ 2,586</u>	<u>\$36,753</u>	<u>\$30,660</u>

(concluded)



SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL ON A BUDGETARY BASIS

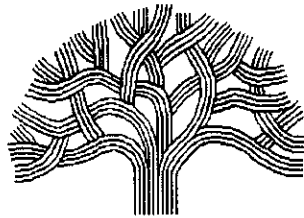
Year ended June 30, 2001

(In Thousands)

	<u>Traffic Safety and Control</u>			<u>State Gas Tax</u>		
	<u>Revised</u>	<u>Actual on</u>	<u>Variance -</u>	<u>Revised</u>	<u>Actual on</u>	<u>Variance -</u>
	<u>Budget</u>	<u>a Budgetary</u>	<u>Favorable</u>	<u>Budget</u>	<u>a Budgetary</u>	<u>Favorable</u>
		<u>Basis</u>	<u>(Unfavorable)</u>		<u>Basis</u>	<u>(Unfavorable)</u>
REVENUES						
Taxes:						
Property	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
State:						
Sales and Use	5,663	10,621	4,958	—	—	—
Gas	—	—	—	9,926	10,419	493
Licenses and permits	—	—	—	—	—	—
Fines and penalties	270	439	169	—	—	—
Interest and investment income	200	776	576	188	517	329
Charges for services	688	189	(499)	—	—	—
Federal and state grants and subventions	4,500	5,204	704	—	20	20
Other	40	—	(40)	—	21	21
TOTAL REVENUES	<u>11,361</u>	<u>17,229</u>	<u>5,868</u>	<u>10,114</u>	<u>10,977</u>	<u>863</u>
EXPENDITURES						
Elected and Appointed Officials:						
Mayor	—	—	—	—	—	—
Council	—	—	—	—	—	—
City Manager	—	—	—	13	—	13
City Attorney	—	—	—	—	—	—
Agencies/Departments:						
Personnel Resource Management	—	—	—	—	—	—
Information Technology	—	—	—	—	—	—
Financial Services	—	—	—	—	—	—
Police Services	—	—	—	—	—	—
Fire Services	—	—	—	—	—	—
Life Enrichment						
Administration	—	—	—	—	—	—
Parks and Recreation	—	—	—	—	—	—
Library	—	—	—	—	—	—
Museum	—	—	—	—	—	—
Aging	786	864	(78)	—	—	—
Health & Human Svcs	—	2	(2)	—	—	—
Cultural Arts	—	—	—	—	—	—
Community & Economic Development	64	28	36	2	—	2
Public Works	14,486	8,753	5,733	10,243	8,959	1,284
Other	—	—	—	—	1	(1)
Capital outlay	8,242	3,288	4,954	—	—	—
TOTAL EXPENDITURES	<u>23,578</u>	<u>12,935</u>	<u>10,643</u>	<u>10,258</u>	<u>8,960</u>	<u>1,298</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (12,217)</u>	<u>\$ 4,294</u>	<u>\$ 16,511</u>	<u>\$ (144)</u>	<u>\$ 2,017</u>	<u>\$ 2,161</u>

SPECIAL REVENUE FUNDS

Landscape and Lighting Assessment District			Total Special Revenue Funds		
Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
\$ 16,413	\$ 19,292	\$ 2,879	\$ 16,413	\$ 19,292	\$ 2,879
—	—	—	5,663	10,621	4,958
—	—	—	9,926	10,419	493
8	24	16	8	24	16
—	—	—	270	439	169
—	148	148	388	1,441	1,053
—	30	30	688	219	(469)
4	—	(4)	4,504	5,224	720
15	4	(11)	55	25	(30)
<u>16,440</u>	<u>19,498</u>	<u>3,058</u>	<u>37,915</u>	<u>47,704</u>	<u>9,789</u>
—	—	—	—	—	—
—	—	—	—	—	—
115	98	17	128	98	30
92	91	1	92	91	1
—	—	—	—	—	—
25	25	—	25	25	—
94	93	1	94	93	1
—	1	(1)	—	1	(1)
—	—	—	—	—	—
2	2	—	2	2	—
14,540	14,348	192	14,540	14,348	192
—	—	—	—	—	—
—	19	(19)	—	19	(19)
—	—	—	786	864	(78)
—	—	—	—	2	(2)
—	—	—	—	—	—
—	—	—	66	28	38
2,779	2,519	260	27,508	20,231	7,277
—	2	(2)	—	3	(3)
257	250	7	8,499	3,538	4,961
<u>17,904</u>	<u>17,448</u>	<u>456</u>	<u>51,740</u>	<u>39,343</u>	<u>12,397</u>
<u>\$ (1,464)</u>	<u>\$ 2,050</u>	<u>\$ 3,514</u>	<u>\$ (13,825)</u>	<u>\$ 8,361</u>	<u>\$ 22,186</u>



CITY OF OAKLAND

DEBT SERVICE FUNDS

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

DEBT SERVICE FUNDS

The **General Obligation Bonds Fund** accounts for monies received in connection with the Series 1991A, Series 1992, and Series 1995B General Obligation Bonds and the related payments on such debt. Proceeds from the Series 1991A and 1995B bonds are to be used by the City to expand and develop park and recreation facilities. Proceeds from the Series 1992 bonds are to be used for enhancing the City's emergency response capabilities and for seismic reinforcement of essential public facilities and infrastructure.

The **Tax Allocation Bonds Fund** accounts for tax increment revenues and payment of principal and interest on bonded and other indebtedness related to projects of the Oakland Redevelopment Agency.

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

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

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

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

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

**DEBT SERVICE FUNDS
COMBINING BALANCE SHEET****June 30, 2001****With comparative totals as of June 30, 2000***(In Thousands)*

	General Obligation Bonds	Tax Allocation Bonds	Lease Financings
ASSETS			
Cash and investments	\$ 5,434	\$ 3,386	\$ 424
Receivables:			
Accrued interest and dividends	87	4	—
Property taxes	2,390	23	—
Due from other funds	—	—	—
Restricted cash and investments	1,228	12,032	13,488
Property held for resale	—	21,447	—
Other	—	—	—
TOTAL ASSETS	<u>\$ 9,139</u>	<u>\$36,892</u>	<u>\$ 13,912</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 703	\$ —	\$ —
Due to other funds	—	20,381	106
Deferred revenue	446	12	—
Interest payable	—	3,341	76
Total liabilities	<u>1,149</u>	<u>23,734</u>	<u>182</u>
Fund balances			
Reserved for debt service	<u>7,990</u>	<u>13,158</u>	<u>13,730</u>
Total fund balances	<u>7,990</u>	<u>13,158</u>	<u>13,730</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,139</u>	<u>\$36,892</u>	<u>\$ 13,912</u>

DEBT SERVICE FUNDS

Civic Improvement	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total	
				2001	2000
\$ —	\$ —	\$ 1,625	\$ 5,204	\$ 16,073	\$ 9,364
—	—	17	—	108	156
—	—	1,494	—	3,907	2,488
94	—	—	—	94	10,063
26,348	5,880	794	18,820	78,590	71,416
—	—	—	—	21,447	21,447
—	—	—	460	460	460
<u>\$ 26,442</u>	<u>\$ 5,880</u>	<u>\$ 3,930</u>	<u>\$ 24,484</u>	<u>\$120,679</u>	<u>\$115,394</u>
\$ —	\$ 3	\$ 3	\$ 23	\$ 732	\$ 151
5	19	—	4	20,515	20,492
—	—	1,494	—	1,952	2,128
—	—	—	—	3,417	794
<u>5</u>	<u>22</u>	<u>1,497</u>	<u>27</u>	<u>26,616</u>	<u>23,565</u>
<u>26,437</u>	<u>5,858</u>	<u>2,433</u>	<u>24,457</u>	<u>94,063</u>	<u>91,829</u>
<u>26,437</u>	<u>5,858</u>	<u>2,433</u>	<u>24,457</u>	<u>94,063</u>	<u>91,829</u>
<u>\$ 26,442</u>	<u>\$ 5,880</u>	<u>\$ 3,930</u>	<u>\$ 24,484</u>	<u>\$120,679</u>	<u>\$115,394</u>



DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year ended June 30, 2001

With comparative totals for the year ended June 30, 2000

(In Thousands)

	General Obligation Bonds	Tax Allocation Bonds	Lease Financings
REVENUES			
Property taxes	\$ 9,124	\$ 707	\$ —
Fines and penalties	18	—	—
Interest and investment income	453	2,248	5,040
Other	<u>—</u>	<u>—</u>	<u>—</u>
TOTAL REVENUES	<u>9,595</u>	<u>2,955</u>	<u>5,040</u>
EXPENDITURES			
Current:			
Financial Services	18	—	—
Other	4	30	268
Debt service:			
Principal repayment	3,462	8,390	11,163
Interest charges	<u>7,709</u>	<u>16,005</u>	<u>9,862</u>
TOTAL EXPENDITURES	<u>11,193</u>	<u>24,425</u>	<u>21,293</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,598)</u>	<u>(21,470)</u>	<u>(16,253)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	9,218	—	142,426
Payment to refunded bond escrow agent	(9,216)	—	(140,094)
Operating transfers in	—	23,908	15,234
Operating transfers out	<u>—</u>	<u>(142)</u>	<u>(4,599)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2</u>	<u>23,766</u>	<u>12,967</u>
EXCESS (DEFICIENCY) OF REVENUES AND AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(1,596)</u>	<u>2,296</u>	<u>(3,286)</u>
Fund balances at beginning of year	<u>9,586</u>	<u>10,862</u>	<u>17,016</u>
FUND BALANCES AT END OF YEAR	<u>\$ 7,990</u>	<u>\$ 13,158</u>	<u>\$ 13,730</u>

DEBT SERVICE FUNDS

Civic Improvement	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total	
				2001	2000
\$ —	\$ —	\$ —	\$ —	\$ 9,831	\$ 16,143
—	—	5	—	23	64
1,609	185	85	1,188	10,808	10,598
—	—	1,040	—	1,040	1,220
<u>1,609</u>	<u>185</u>	<u>1,130</u>	<u>1,188</u>	<u>21,702</u>	<u>28,025</u>
—	2	32	355	407	642
191	—	—	—	493	1,414
1,536	1,755	500	23,545	50,351	36,144
<u>1,373</u>	<u>5,793</u>	<u>521</u>	<u>34,022</u>	<u>75,285</u>	<u>73,162</u>
<u>3,100</u>	<u>7,550</u>	<u>1,053</u>	<u>57,922</u>	<u>126,536</u>	<u>111,362</u>
<u>(1,491)</u>	<u>(7,365)</u>	<u>77</u>	<u>(56,734)</u>	<u>(104,834)</u>	<u>(83,337)</u>
—	—	—	—	151,644	7,255
—	—	—	—	(149,310)	(7,125)
1,659	7,219	—	61,456	109,476	122,426
—	—	—	—	(4,741)	(24,625)
<u>1,659</u>	<u>7,219</u>	<u>—</u>	<u>61,456</u>	<u>107,069</u>	<u>97,931</u>
168	(146)	77	4,722	2,235	14,594
<u>26,269</u>	<u>6,004</u>	<u>2,356</u>	<u>19,735</u>	<u>91,828</u>	<u>77,235</u>
<u>\$ 26,437</u>	<u>\$ 5,858</u>	<u>\$ 2,433</u>	<u>\$ 24,457</u>	<u>\$ 94,063</u>	<u>\$ 91,829</u>



DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL ON A BUDGETARY BASIS

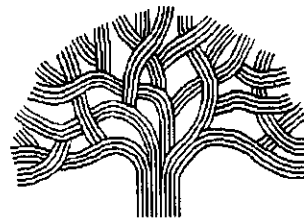
Year ended June 30, 2001

(In Thousands)

	<u>General Obligation Bonds</u>			<u>Other Assessment Bonds</u>		
	<u>Revised</u>	<u>Actual on</u>	<u>Variance -</u>	<u>Revised</u>	<u>Actual on</u>	<u>Variance -</u>
	<u>Budget</u>	<u>a Budgetary</u>	<u>Favorable</u>	<u>Budget</u>	<u>a Budgetary</u>	<u>Favorable</u>
		<u>Basis</u>	<u>(Unfavorable)</u>		<u>Basis</u>	<u>(Unfavorable)</u>
REVENUES						
Property taxes	\$ 10,996	\$ 9,124	\$ (1,872)	\$ —	\$ —	\$ —
Fines and penalties	—	18	18	—	5	5
Interest and investment income	—	453	453	—	85	85
Other	—	—	—	<u>1,331</u>	<u>1,040</u>	<u>(291)</u>
TOTAL REVENUES	<u>10,996</u>	<u>9,595</u>	<u>(1,401)</u>	<u>1,331</u>	<u>1,130</u>	<u>(201)</u>
EXPENDITURES						
Current:						
Agencies:						
Financial Services	—	18	(18)	38	32	6
Other	26	4	22	—	—	—
Debt service:						
Principal repayments	3,435	3,462	(27)	399	500	(101)
Interest charges	<u>7,535</u>	<u>7,709</u>	<u>(174)</u>	<u>759</u>	<u>521</u>	<u>238</u>
TOTAL EXPENDITURES	<u>10,996</u>	<u>11,193</u>	<u>(197)</u>	<u>1,196</u>	<u>1,053</u>	<u>143</u>
EXCESS (DEFICIENCY) OF						
REVENUES OVER (UNDER)						
EXPENDITURES	<u>\$ —</u>	<u>\$ (1,598)</u>	<u>\$ (1,598)</u>	<u>\$ 135</u>	<u>\$ 77</u>	<u>\$ (58)</u>

DEBT SERVICE FUNDS

Special Revenue Bonds			Total Debt Service Funds		
Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
\$ —	\$ —	\$ —	\$ 10,996	\$ 9,124	\$(1,872)
—	—	—	—	23	23
—	1,188	1,188	—	1,726	1,726
<u>2,083</u>	<u>—</u>	<u>(2,083)</u>	<u>3,414</u>	<u>1,040</u>	<u>(2,374)</u>
<u>2,083</u>	<u>1,188</u>	<u>(895)</u>	<u>14,410</u>	<u>11,913</u>	<u>(2,497)</u>
400	355	45	438	405	33
6	—	6	32	4	28
24,500	23,545	955	28,334	27,507	827
<u>34,177</u>	<u>34,022</u>	<u>155</u>	<u>42,471</u>	<u>42,252</u>	<u>219</u>
<u>59,083</u>	<u>57,922</u>	<u>1,161</u>	<u>71,275</u>	<u>70,168</u>	<u>1,107</u>
<u>\$(57,000)</u>	<u>\$(56,734)</u>	<u>\$ 266</u>	<u>\$(56,865)</u>	<u>\$(58,255)</u>	<u>\$(1,390)</u>



CITY OF OAKLAND

CAPITAL PROJECTS FUNDS

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

CAPITAL PROJECTS FUNDS

The **Park and Recreation Fund** accounts for monies from the issuance of the Series 1991A General Obligation Bonds to be used for financing the acquisition of land and to expand, develop, and rehabilitate park and recreational facilities.

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

The **Emergency Services Fund** accounts for monies from the issuance of the Series 1992 General Obligation Bonds to be used for financing the enhancement of emergency response capabilities and seismic reinforcement of essential public facilities and infrastructures.

Oakland Redevelopment Agency Funds account for federal grants, land sales, rents and other revenues relating to redevelopment projects. Expenditures are comprised of land acquisition and improvements and all other costs inherent to redevelopment activities.



**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET**

June 30, 2001

With comparative totals as of June 30, 2000

(In Thousands)

	Park and Recreation	Municipal Improvement Capital
ASSETS		
Cash and investments	\$ —	\$ —
Receivables:		
Accrued interest and dividends	18	—
Property taxes	—	70
Accounts receivable	—	—
Due from other funds	—	1,474
Due from other governments	—	—
Notes and loans receivable (net of allowance for uncollectible of: 2001, \$201; 2000, \$144)	—	70
Restricted cash and investments	16,597	78,430
Property held for resale	—	—
Other	<u>—</u>	<u>2,405</u>
TOTAL ASSETS	<u>\$16,615</u>	<u>\$82,449</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	\$ 180	\$ 2,672
Due to other funds	—	99
Deferred revenue	—	1,615
Long-term obligations	—	—
Other	<u>—</u>	<u>1,132</u>
Total liabilities	<u>180</u>	<u>5,518</u>
Fund balances		
Reserved for capital projects	<u>16,435</u>	<u>76,931</u>
Total equity	<u>16,435</u>	<u>76,931</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$16,615</u>	<u>\$82,449</u>

CAPITAL PROJECTS FUNDS

Emergency Services	Oakland Redevelopment Agency	Total	
		2001	2000
\$ —	\$ 83,066	\$ 83,066	\$ 75,592
—	1,820	1,838	1,228
—	1,619	1,689	1,689
—	283	283	3,067
—	1,961	3,435	3,951
—	6	6	110
—	33,500	33,570	24,193
16,473	38,571	150,071	185,839
—	53,506	53,506	53,492
4	1	2,410	2,407
<u>\$16,477</u>	<u>\$214,333</u>	<u>\$329,874</u>	<u>\$351,568</u>
\$ 939	\$ 4,695	\$ 8,486	\$ 7,204
114	24,183	24,396	23,816
—	57,585	59,200	49,548
—	269	269	—
—	150	1,282	3,244
<u>1,053</u>	<u>86,882</u>	<u>93,633</u>	<u>83,812</u>
<u>15,424</u>	<u>127,451</u>	<u>236,241</u>	<u>267,756</u>
<u>15,424</u>	<u>127,451</u>	<u>236,241</u>	<u>267,756</u>
<u>\$16,477</u>	<u>\$214,333</u>	<u>\$329,874</u>	<u>\$351,568</u>



CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Year ended June 30, 2001

With comparative totals for the year ended June 30, 2000

(In Thousands)

	Park and Recreation	Municipal Improvement Capital
REVENUES		
Property taxes	\$ —	\$ —
Interest and investment income	1,053	8,238
Charges for services	—	313
Federal and state grants and subventions	—	—
Other	—	131
TOTAL REVENUES	<u>\$ 1,053</u>	<u>\$ 8,682</u>

CAPITAL PROJECTS FUNDS

Emergency Services	Oakland Redevelopment Agency	Total	
		2001	2000
\$ —	\$ 32,640	\$ 32,640	\$ 30,683
684	7,639	17,614	13,831
—	5,999	6,312	2,171
—	—	—	508
—	744	875	2,880
<u>\$ 684</u>	<u>\$ 47,022</u>	<u>\$ 57,441</u>	<u>\$ 50,073</u>

(continued)



CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES, continued
Year ended June 30, 2001
With comparative totals for the year ended June 30, 2000
(In Thousands)

	Park and Recreation	Municipal Improvement Capital
EXPENDITURES		
Current:		
Elected and Appointed Officials:		
Mayor	\$ —	\$ 16
Council	—	765
City Manager	—	1,790
City Attorney	13	5
City Clerk	—	17
Agencies/Departments:		
Personnel Resource Management	—	8
Retirement and Risk Administration	—	—
Information Technology	—	284
Financial Services	—	105
Police Services	—	64
Fire Services	—	62
Life Enrichment		
Parks and Recreation	3,696	171
Library	153	10
Museum	—	227
Cultural Arts	30	—
Community and Economic Development	—	1,635
Public Works	268	7,598
Other	—	142
Capital outlay	<u>403</u>	<u>1,621</u>
TOTAL EXPENDITURES	<u>4,563</u>	<u>14,520</u>
EXCESS (DEFICIENCY) OF REVENUES OVER		
(UNDER) EXPENDITURES	<u>\$(3,510)</u>	<u>\$(5,838)</u>

CAPITAL PROJECTS FUNDS

Emergency Services	Oakland Redevelopment Agency	Total	
		2001	2000
\$ —	\$ —	\$ 16	\$ 15
198	—	963	142
83	—	1,873	1,359
—	—	18	26
—	—	17	64
—	—	8	126
—	—	—	—
4	—	288	662
—	—	105	1,114
41	—	105	79
62	—	124	152
4,197	—	8,064	14,944
35	—	198	255
—	—	227	226
—	—	30	89
—	27,185	28,820	35,774
441	—	8,307	7,061
—	—	142	901
<u>2,076</u>	<u>—</u>	<u>4,100</u>	<u>15,978</u>
<u>7,137</u>	<u>27,185</u>	<u>53,405</u>	<u>78,967</u>
<u>\$ (6,453)</u>	<u>\$ 19,837</u>	<u>\$ 4,036</u>	<u>\$(28,894)</u>

(continued)



CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES, continued

Year ended June 30, 2001

With comparative totals for the year ended June 30, 2000

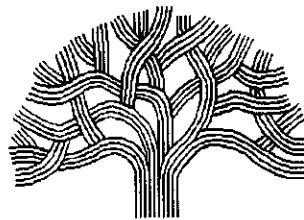
(In Thousands)

	Park and Recreation	Municipal Improvement Capital
OTHER FINANCING SOURCES (USES)		
Bond proceeds	\$ 10,532	\$ 5
Property sale proceeds	—	—
Operating transfers in	—	383
Operating transfers out	—	(13,265)
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,532</u>	<u>(12,877)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	7,022	(18,715)
Fund balances at beginning of year	<u>9,413</u>	<u>95,646</u>
FUND BALANCES AT END OF YEAR	<u>\$ 16,435</u>	<u>\$ 76,931</u>

CAPITAL PROJECTS FUNDS

Emergency Services	Oakland Redevelopment Agency	Total	
		2001	2000
\$ —	\$ —	\$ 10,537	\$ 39,493
—	—	—	4,573
—	142	525	12,901
—	(33,348)	(46,613)	(61,308)
—	(33,206)	(35,551)	(4,341)
(6,453)	(13,369)	(31,515)	(33,235)
<u>21,877</u>	<u>140,820</u>	<u>267,756</u>	<u>300,991</u>
<u>\$ 15,424</u>	<u>\$127,451</u>	<u>\$236,241</u>	<u>\$267,756</u>

(concluded)



CITY OF OAKLAND

ENTERPRISE FUNDS

Enterprise funds account for public service operations that are financed and operated like private businesses.

ENTERPRISE FUNDS

Parks and Recreation Funds account for monies received and expended for the three golf courses operated by Parks and Recreation and Cultural Affairs.

The **Sewer Service Fund** was created by Council Ordinance 6551 CMS to provide the levy of a service charge based on the use of water. The proceeds are used for construction and maintenance of sanitary sewers and the administration costs of the program.



**ENTERPRISE FUNDS
COMBINING BALANCE SHEET**

June 30, 2001

With comparative totals as of June 30, 2000

(In Thousands)

	Parks and Recreation	Sewer Service
ASSETS		
Cash and investments	\$ 258	\$ —
Receivables		
Property taxes	—	—
Accounts receivable	4	1,845
Fixed assets, net of accumulated depreciation	<u>229</u>	<u>85,790</u>
TOTAL ASSETS	<u><u>\$ 491</u></u>	<u><u>\$87,635</u></u>
LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts payable and accrued liabilities	\$ 22	\$ 1,706
Due to other funds	—	1,779
Long-term obligations	<u>—</u>	<u>8,303</u>
Total liabilities	<u>22</u>	<u>11,788</u>
Fund equity		
Retained earnings	<u>469</u>	<u>75,847</u>
Total equity	<u>469</u>	<u>75,847</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 491</u></u>	<u><u>\$87,635</u></u>

ENTERPRISE FUNDS

Total	
2001	2000
\$ 258	\$ 460
—	4
1,849	1,569
<u>86,019</u>	<u>79,998</u>
<u>\$ 88,126</u>	<u>\$ 82,031</u>
\$ 1,728	\$ 1,728
1,779	—
<u>8,303</u>	<u>8,923</u>
<u>11,810</u>	<u>10,651</u>
<u>76,316</u>	<u>71,380</u>
<u>76,316</u>	<u>71,380</u>
<u>\$ 88,126</u>	<u>\$ 82,031</u>



ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS

Year ended June 30, 2001

With comparative totals for the year ended June 30, 2000

(In Thousands)

	Parks and Recreation	Sewer Service
OPERATING REVENUES		
Rental	\$ 103	\$ —
Interest	—	—
Charges for services	25	18,734
Other	<u>—</u>	<u>4</u>
TOTAL OPERATING REVENUES	<u>128</u>	<u>18,738</u>
OPERATING EXPENSES		
Personnel	—	5,605
Supplies	9	235
Depreciation and amortization	—	2,981
Contractual services and supplies	296	1,247
Repairs and maintenance	—	—
General and administrative	—	1,895
Rental	12	734
Other	<u>—</u>	<u>—</u>
TOTAL OPERATING EXPENSES	<u>317</u>	<u>12,697</u>
OPERATING INCOME (LOSS)	<u>(189)</u>	<u>6,041</u>
NON-OPERATING REVENUES (EXPENSES)		
Federal and state grants	—	36
Interest	<u>21</u>	<u>(314)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>21</u>	<u>(278)</u>
INCOME BEFORE OPERATING TRANSFERS	(168)	5,763
Operating transfers out	<u>—</u>	<u>(659)</u>
NET INCOME (LOSS)	(168)	5,104
Retained earnings at beginning of year	<u>637</u>	<u>70,743</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 469</u>	<u>\$ 75,847</u>

ENTERPRISE FUNDS

<u>Total</u>	
<u>2001</u>	<u>2000</u>
\$ 103	\$ 121
—	3
18,759	18,313
<u>4</u>	<u>6</u>
<u>18,866</u>	<u>18,443</u>
5,605	8,581
244	346
2,981	2,800
1,543	1,317
—	80
1,895	1,619
746	553
<u>—</u>	<u>96</u>
<u>13,014</u>	<u>15,392</u>
<u>5,852</u>	<u>3,051</u>
36	—
<u>(293)</u>	<u>(315)</u>
<u>(257)</u>	<u>(315)</u>
5,595	2,736
<u>(659)</u>	<u>(659)</u>
4,936	2,077
<u>71,380</u>	<u>69,303</u>
<u>\$ 76,316</u>	<u>\$ 71,380</u>



ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2001
With comparative totals for the year ended June 30, 2000
(In Thousands)

	Parks and Recreation	Sewer Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ (189)	\$ 6,041
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	—	2,981
Changes in assets and liabilities:		
Receivables	—	(276)
Accounts payable and accrued liabilities	<u>(1)</u>	<u>1</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(190)</u>	<u>8,747</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:		
Inter-fund receipts	—	—
Inter-fund (repayments) borrowings	—	1,779
Operating transfers to other funds	<u>—</u>	<u>(659)</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ —</u>	<u>\$ 1,120</u>

ENTERPRISE FUNDS

<u>Total</u>	
<u>2001</u>	<u>2000</u>
\$ 5,852	\$ 3,051
2,981	2,800
(276)	1,559
<u>—</u>	<u>526</u>
<u>8,557</u>	<u>7,936</u>
<u>—</u>	7
1,779	(293)
<u>(659)</u>	<u>(659)</u>
<u>\$ 1,120</u>	<u>\$ (945)</u>

(continued)



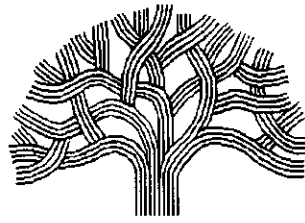
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS, continued
Year ended June 30, 2001
With comparative totals for the year ended June 30, 2000
(In Thousands)

	Parks and Recreation	Sewer Service
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Long-term debt:		
Repayment of principal	\$	\$ (620)
Repayment of interest		(314)
Acquisition and construction of capital assets	(3)	(8,999)
Grants from governmental agencies	<u>—</u>	36
Other	<u>21</u>	<u>—</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>18</u>	<u>(9,897)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(172)	(30)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>430</u>	<u>30</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 258</u>	<u>\$ —</u>

ENTERPRISE FUNDS

<u>Total</u>	
<u>2001</u>	<u>2000</u>
\$ (620)	\$ (599)
(314)	(315)
(9,002)	(7,892)
36	—
<u>21</u>	<u>—</u>
<u>(9,879)</u>	<u>(8,806)</u>
(202)	(1,815)
<u>460</u>	<u>2,275</u>
<u>\$ 258</u>	<u>\$ 460</u>

(concluded)



CITY OF OAKLAND

INTERNAL SERVICE FUNDS

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

INTERNAL SERVICE FUNDS

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

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

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

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

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

**INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET****June 30, 2001****With comparative totals as of June 30, 2000***(In Thousands)*

	Equipment	Radio	Facilities
ASSETS			
Cash and investments	\$ 7,816	\$ 2,207	\$ —
Receivables:			
Accounts receivable	176	172	—
Restricted cash and investments	16,811	—	—
Inventories	—	—	—
Fixed assets, net of accumulated depreciation	<u>22,886</u>	<u>1,352</u>	<u>352</u>
TOTAL ASSETS	<u>\$47,689</u>	<u>\$ 3,731</u>	<u>\$ 352</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable and accrued liabilities	\$ 670	\$ 21	\$ 1,722
Due to other funds	—	—	2,912
Long-term obligations	<u>24,374</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>25,044</u>	<u>21</u>	<u>4,634</u>
Fund Equity			
Contributed capital	15,057	1,023	628
Retained earnings (deficit)	<u>7,588</u>	<u>2,687</u>	<u>(4,910)</u>
Total fund equity (deficit)	<u>22,645</u>	<u>3,710</u>	<u>(4,282)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$47,689</u>	<u>\$ 3,731</u>	<u>\$ 352</u>

INTERNAL SERVICE FUNDS

Reproduction	Central Stores	Total	
		2001	2000
\$ 150	\$ —	\$ 10,173	\$ 11,645
5	—	353	194
—	—	16,811	28,850
—	787	787	885
13	—	24,603	16,278
<u>\$ 168</u>	<u>\$ 787</u>	<u>\$ 52,727</u>	<u>\$ 57,852</u>
\$ 27	\$ 124	\$ 2,564	\$ 3,604
—	3,408	6,320	5,533
—	—	24,374	28,760
<u>27</u>	<u>3,532</u>	<u>33,258</u>	<u>37,897</u>
137	537	17,382	17,382
<u>4</u>	<u>(3,282)</u>	<u>2,087</u>	<u>2,573</u>
141	(2,745)	19,469	19,955
<u>\$ 168</u>	<u>\$ 787</u>	<u>\$ 52,727</u>	<u>\$ 57,852</u>



INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
Year ended June 30, 2001
With comparative totals for the year ended June 30, 2000
(In Thousands)

	Equipment	Radio	Facilities
OPERATING REVENUES			
Charges for services	\$13,687	\$ 1,521	\$15,229
Other	<u>86</u>	<u>—</u>	<u>394</u>
TOTAL OPERATING REVENUES	<u>13,773</u>	<u>1,521</u>	<u>15,623</u>
OPERATING EXPENSES			
Personnel	4,226	463	6,645
Supplies	3,272	277	1,031
Depreciation and amortization	3,705	401	19
Contractual services and supplies	209	—	150
Repairs and maintenance	676	53	1,038
General and administrative	1,074	57	2,179
Rental	429	91	503
Interest	—	—	—
Other	<u>(82)</u>	<u>53</u>	<u>4,666</u>
TOTAL OPERATING EXPENSES	<u>13,509</u>	<u>1,395</u>	<u>16,231</u>
OPERATING INCOME (LOSS)	264	126	(608)
NON-OPERATING REVENUES (EXPENSES)			
Other, net	<u>790</u>	<u>96</u>	<u>(229)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>790</u>	<u>96</u>	<u>(229)</u>
NET INCOME (LOSS)	1,054	222	(837)
Retained earnings (deficit) at beginning of year	<u>6,534</u>	<u>2,465</u>	<u>(4,073)</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	<u>\$ 7,588</u>	<u>\$ 2,687</u>	<u>\$ (4,910)</u>

INTERNAL SERVICE FUNDS

Reproduction	Central Stores	Total	
		2001	2000
\$1,035	\$ 1,813	\$33,285	\$31,108
<u> </u>	<u> </u>	<u>480</u>	<u>326</u>
<u>1,035</u>	<u>1,813</u>	<u>33,765</u>	<u>31,434</u>
303	671	12,308	11,887
379	801	5,760	5,220
1	—	4,126	2,821
—	88	447	1,181
45	13	1,825	1,985
314	203	3,827	3,526
273	19	1,315	1,211
—	—	—	259
<u>1</u>	<u>547</u>	<u>5,185</u>	<u>5,345</u>
<u>1,316</u>	<u>2342</u>	<u>34,793</u>	<u>33,435</u>
(281)	(529)	(1,028)	(2,001)
<u>14</u>	<u>(129)</u>	<u>542</u>	<u>727</u>
<u>14</u>	<u>(129)</u>	<u>542</u>	<u>727</u>
(267)	(658)	(486)	(1,274)
<u>271</u>	<u>(2,624)</u>	<u>2,573</u>	<u>3,847</u>
<u>\$ 4</u>	<u>\$ (3,282)</u>	<u>\$ 2,087</u>	<u>\$ 2,573</u>



INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended June 30, 2001
With comparative totals for the year ended June 30, 2000
(In Thousands)

	Equipment	Radio	Facilities
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 264	\$ 126	\$ (608)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,705	401	19
Changes in assets and liabilities:			
Receivables	(54)	(111)	6
Inventories	—	—	—
Accounts payable and accrued liabilities	<u>(1,303)</u>	<u>(277)</u>	<u>683</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>2,612</u>	<u>139</u>	<u>100</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Inter-fund receipts	—	—	—
Inter-fund (repayments) borrowings	<u>—</u>	<u>—</u>	<u>(101)</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (101)</u>

INTERNAL SERVICE FUNDS

Reproduction	Central Stores	Total	
		2001	2000
\$ (281)	\$ (529)	\$ (1,028)	\$ (2,001)
1	—	4,126	2,821
—	—	(159)	(102)
—	98	98	253
<u>(44)</u>	<u>(99)</u>	<u>(1,040)</u>	<u>228</u>
<u>(324)</u>	<u>(530)</u>	<u>1,997</u>	<u>1,199</u>
—	—	—	174
<u>—</u>	<u>659</u>	<u>558</u>	<u>1,904</u>
\$ <u>—</u>	\$ <u>659</u>	\$ <u>558</u>	\$ <u>2,078</u>

(continued)



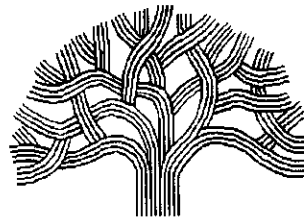
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS, continued
Year ended June 30, 2001
With comparative totals for the year ended June 30, 2000
(In Thousands)

	Equipment	Radio	Facilities
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
New borrowings	\$ —	\$ —	\$ —
Repayment of principal	(4,386)	—	—
Repayment of interest	(1,495)	—	—
Acquisition and construction of capital assets	(12,452)	—	1
Other	<u>2,285</u>	<u>96</u>	<u>—</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(16,048)</u>	<u>96</u>	<u>1</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(13,436)	235	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>38,063</u>	<u>1,972</u>	<u>—</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$24,627</u>	<u>\$ 2,207</u>	<u>\$ —</u>

INTERNAL SERVICE FUNDS

Reproduction	Central Stores	Total	
		2001	2000
\$ —	\$ —	\$ —	\$ 28,760
—	—	(4,386)	—
—	—	(1,495)	—
—	—	(12,451)	(4,284)
<u>14</u>	<u>(129)</u>	<u>2,266</u>	<u>727</u>
<u>14</u>	<u>(129)</u>	<u>(16,066)</u>	<u>25,203</u>
(310)	—	(13,511)	28,480
<u>460</u>	<u>—</u>	<u>40,495</u>	<u>12,015</u>
<u>\$ 150</u>	<u>\$ —</u>	<u>\$ 26,984</u>	<u>\$ 40,495</u>

(concluded)



CITY OF OAKLAND

TRUST AND AGENCY FUNDS

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

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

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

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

EXPENDABLE TRUST FUNDS

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

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

The **Pension Annuity Fund** accounts for monies held in trust by the Police and Fire Retirement System. The monies are primarily invested in guaranteed insurance annuity contracts. The distributions received from the contracts are transferred out to meet the City's current debt service requirements for the Special Revenue Refunding Bonds.

Other Expendable Trust Funds account for the operations of certain trust funds, such as the Major Gifts Funds or the Youth Opportunity Program Fund, that are not related to Oakland Redevelopment Agency projects or parks, recreation or cultural activities.

AGENCY FUNDS

The **Housing Finance Revenue Bond Fund** accounts for monies held in trust for holders of Housing Finance Revenue Bonds Series B, C, and D.

**TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET****June 30, 2001***(In Thousands)*

	Pension Trust	Expendable Trust
ASSETS		
Cash and investments	\$1,045,650	\$ 6,299
Receivables:		
Accrued interest and dividends	5,239	70
Accounts receivable	30,448	108
Due from other funds	—	5,427
Restricted cash and investments	<u>47,575</u>	<u>173,347</u>
TOTAL ASSETS	<u>\$1,128,912</u>	<u>\$185,251</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	\$ 48,752	\$ 611
Due to other funds	5,782	9,898
Long-term obligations	505	—
Due to bond holders	—	—
Other	—	8
Securities lending liability	<u>236,405</u>	<u>—</u>
Total liabilities	<u>291,444</u>	<u>10,517</u>
Fund balances		
Reserved for pension benefits	837,468	—
Reserved for trust obligations	<u>—</u>	<u>174,734</u>
Total fund balances	<u>837,468</u>	<u>174,734</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,128,912</u>	<u>\$185,251</u>

TRUST AND AGENCY FUNDS

Agency	Total
\$ —	\$1,051,949
—	5,309
—	30,556
—	5,427
<u>8,622</u>	<u>229,544</u>
<u>\$ 8,622</u>	<u>\$1,322,785</u>
\$ —	\$ 49,363
—	15,680
—	505
8,622	8,622
—	8
<u>—</u>	<u>236,405</u>
<u>8,622</u>	<u>310,583</u>
—	837,468
<u>—</u>	<u>174,734</u>
<u>—</u>	<u>1,012,202</u>
<u>\$ 8,622</u>	<u>\$1,322,785</u>



PENSION TRUST FUNDS
COMBINING STATEMENT OF PLAN NET ASSETS

June 30, 2001

(In Thousands)

	OMERS	PFRS	Total
ASSETS			
Cash and investments	\$ 14,872	\$1,030,778	\$1,045,650
Receivables:			
Interest and dividends	82	5,157	5,239
Investments and contributions	54	30,394	30,448
Restricted cash and investments	<u>1,147</u>	<u>46,428</u>	<u>47,575</u>
TOTAL ASSETS	<u>\$16,155</u>	<u>\$1,112,757</u>	<u>\$1,128,912</u>
LIABILITIES			
Due to other funds	\$ 5,782	\$ —	\$ 5,782
Accounts payable and accrued liabilities	—	48,752	48,752
Securities lending liability	—	236,405	236,405
Long-term obligations	<u>505</u>	<u>—</u>	<u>505</u>
Total Liabilities	<u>6,287</u>	<u>285,157</u>	<u>291,444</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 9,868</u>	<u>\$ 827,600</u>	<u>\$ 837,468</u>

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
Year ended June 30, 2001
(In Thousands)

	OMERS	PFRS	Total
ADDITIONS:			
Contributions:			
Members	\$ 6	\$ 656	\$ 662
Total	<u>6</u>	<u>656</u>	<u>662</u>
Investment Income:			
Net appreciation (depreciation) in fair value of investments	563	(35,163)	(34,600)
Interest	443	29,566	30,009
Dividends	<u>198</u>	<u>7,109</u>	<u>7,307</u>
Total	1,204	1,512	2,716
Less investment expense	<u>(46)</u>	<u>(2,878)</u>	<u>(2,924)</u>
Net investment income	<u>1,158</u>	<u>(1,366)</u>	<u>(208)</u>
TOTAL ADDITIONS	<u>\$ 1,164</u>	<u>\$ (710)</u>	<u>\$ 454</u>
DEDUCTIONS:			
Disbursements to members and beneficiaries:			
Retirement	\$ 1,099	\$ 39,088	\$ 40,187
Disability	167	22,234	22,401
Death	<u>7</u>	<u>1,889</u>	<u>1,896</u>
Total	<u>1,273</u>	<u>63,211</u>	<u>64,484</u>
Administrative expenses	185	752	937
Interest expense - bonds	40	—	40
Change in payable to City	1,998	—	1,998
Termination refunds of employees' contributions	<u>—</u>	<u>103</u>	<u>103</u>
TOTAL DEDUCTIONS	<u>3,496</u>	<u>64,066</u>	<u>67,562</u>
EXCESS (DEFICIT) OF ADDITIONS OVER (UNDER) DEDUCTIONS	(2,332)	(64,776)	(67,108)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Beginning of year, (Note 16)	<u>12,200</u>	<u>892,376</u>	<u>904,576</u>
End of year	<u>\$ 9,868</u>	<u>\$ 827,600</u>	<u>\$ 837,468</u>



**EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET**

June 30, 2001

With comparative totals as of June 30, 2000

(In Thousands)

	Oakland Redevelopment Agency Projects	Parks, Recreation, and Cultural Trust	Pension Annuity
ASSETS			
Cash and investments	\$ —	\$ 1,573	\$ 1,773
Receivables:			
Accrued interest and dividends	—	16	18
Accounts receivable	2	106	—
Due from other funds	5,427	—	—
Restricted cash and investments	<u>—</u>	<u>—</u>	<u>173,347</u>
TOTAL ASSETS	<u><u>\$ 5,429</u></u>	<u><u>\$ 1,695</u></u>	<u><u>\$175,138</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 329	\$ 38	\$ —
Due to other funds	9,898	—	—
Other	<u>—</u>	<u>1</u>	<u>—</u>
Total liabilities	<u><u>10,227</u></u>	<u><u>39</u></u>	<u><u>—</u></u>
Fund balances (deficit)			
Reserved for trust obligations	<u>(4,798)</u>	<u>1,656</u>	<u>175,138</u>
Total fund balances (deficit)	<u><u>(4,798)</u></u>	<u><u>1,656</u></u>	<u><u>175,138</u></u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u><u>\$ 5,429</u></u>	<u><u>\$ 1,695</u></u>	<u><u>\$175,138</u></u>

TRUST AND AGENCY FUNDS

Other Expendable Trusts	Total	
	2001	2000
\$ 2,953	\$ 6,299	\$ 6,272
36	70	70
—	108	5
—	5,427	3,829
—	<u>173,347</u>	<u>174,934</u>
<u>\$ 2,989</u>	<u>\$185,251</u>	<u>\$185,110</u>
\$ 244	\$ 611	\$ 592
—	9,898	6,993
<u>7</u>	<u>8</u>	<u>8</u>
<u>251</u>	<u>10,517</u>	<u>7,593</u>
<u>2,738</u>	<u>174,734</u>	<u>177,517</u>
<u>2,738</u>	<u>174,734</u>	<u>177,517</u>
<u>\$ 2,989</u>	<u>\$185,251</u>	<u>\$185,110</u>



EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Year ended June 30, 2001

With comparative totals for the year ended June 30, 2000

(In Thousands)

	Oakland Redevelopment Agency Projects	Parks, Recreation, and Cultural Trust	Pension Annuity
REVENUES			
Property tax revenue	\$ —	\$ —	\$ —
Interest and investment income	—	82	4,366
Charges for services	—	2	—
Federal and state grants and subventions	30	335	—
Pension annuity distribution	—	—	17,125
Other	—	225	—
TOTAL REVENUES	<u>\$ 30</u>	<u>\$ 644</u>	<u>\$ 21,491</u>
EXPENDITURES			
Current:			
Elected and Appointed Officials:			
Mayor	\$ 85	\$ 3	\$ —
Council	395	—	—
City Manager	199	1	—
City Attorney	1,039	—	—
City Clerk	45	—	—
Agencies/Departments:			
Retirement and Risk Administration	5	—	—
Financial Services	171	—	—
Fire Services	—	—	—
Police Services	628	—	—
Life Enrichment			
Parks and Recreation	—	24	—
Library	—	81	—
Museum	—	83	—
Community and Economic Development	7,391	96	—
Public Works	92	—	—
Other	—	—	—
Capital outlay	—	—	—
TOTAL EXPENDITURES	<u>10,050</u>	<u>288</u>	<u>—</u>
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) EXPENDITURES	<u>\$ (10,020)</u>	<u>\$ 356</u>	<u>\$ 21,491</u>

TRUST AND AGENCY FUNDS

Other Expendable Trusts	Total	
	2001	2000
\$ —	\$ —	\$ 149
176	4,624	1,458
—	2	1
—	365	136
—	17,125	17,600
<u>1,250</u>	<u>1,475</u>	<u>878</u>
<u>\$1,426</u>	<u>\$ 23,591</u>	<u>\$20,222</u>
\$ —	\$ 88	\$ 118
—	395	376
—	200	147
—	1,039	984
—	45	43
—	5	—
—	171	149
—	—	35
653	1,281	874
—	24	51
—	81	206
—	83	62
—	7,487	7,796
—	92	152
1,144	1,144	687
<u>—</u>	<u>—</u>	<u>383</u>
<u>1,797</u>	<u>12,135</u>	<u>12,063</u>
<u>\$ (371)</u>	<u>\$ 11,456</u>	<u>\$ 8,159</u>

(continued)



EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES, continued
Year ended June 30, 2001
With comparative totals for the year ended June 30, 2000
(In Thousands)

	Oakland Redevelopment Agency Projects	Parks, Recreation, and Cultural Trust	Pension Annuity
OTHER FINANCING SOURCES (USES)			
Operating transfers in	\$ 9,439	\$ —	\$ —
Operating transfers out	<u>(741)</u>	<u>—</u>	<u>(22,937)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,698</u>	<u>—</u>	<u>(22,937)</u>
EXCESS ((DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,322)	356	(1,446)
Fund balances (deficit) at beginning of year	<u>(3,476)</u>	<u>1,300</u>	<u>176,584</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ (4,798)</u>	<u>\$ 1,656</u>	<u>\$175,138</u>

TRUST AND AGENCY FUNDS

Other Expendable Trusts	Total	
	2001	2000
\$ —	\$ 9,439	\$ 10,963
<u>—</u>	<u>(23,678)</u>	<u>(18,338)</u>
<u>—</u>	<u>(14,239)</u>	<u>(7,375)</u>
(371)	(2,783)	784
<u>3,109</u>	<u>177,517</u>	<u>176,733</u>
<u>\$ 2,738</u>	<u>\$174,734</u>	<u>\$177,517</u>
		(concluded)



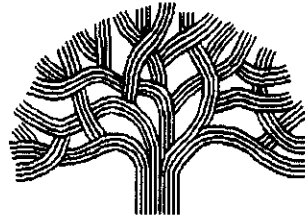
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2001
(In Thousands)

Housing Finance Revenue Bond Fund

	Balance June 30, 2000	Additions	Deductions	Balance June 30, 2001
ASSETS				
Restricted cash and investments	<u>\$ 12,397</u>	<u>\$ —</u>	<u>\$3,785</u>	<u>\$ 8,622</u>
LIABILITIES				
Due to bond holders	<u>\$ 12,397</u>	<u>\$ —</u>	<u>\$3,785</u>	<u>\$ 8,622</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for fixed assets other than those accounted for in the proprietary type funds. The City does not include infrastructure in its General Fixed Assets Account Group. Examples of such infrastructure would be roads, curbs and gutters, streets and sidewalks, and similar assets that are immovable and of value only to the City.



CITY OF OAKLAND

**SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND TYPE****June 30, 2001***(In Thousands)*

	Land	Facilities and Improvements	Furniture, Machinery and Equipment
General Government	\$ —	\$ 24,363	\$ 25,051
Public Safety	477	115,051	10,309
Public Works	34,699	347,067	14,314
Life Enrichment	25,743	115,168	2,083
Community and Economic Development	<u>13,499</u>	<u>16,922</u>	<u>1,006</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 74,418</u>	<u>\$ 618,571</u>	<u>\$ 52,763</u>

**SCHEDULE OF CHANGES IN GENERAL FIXED
ASSETS BY FUNCTION AND ACTIVITY****Year ended June 30, 2001***(In Thousands)*

	Balance July 1, 2000	Transfers/ Additions	Deletions
General Government	\$ 34,991	\$ 14,423	\$ —
Public Safety	125,071	766	—
Public Works	396,343	16,411	(8,536)
Life Enrichment	140,155	6,998	(2,282)
Community and Economic Development	31,837	267	—
Investment in joint venture (Note 15)	<u>31,183</u>	<u>—</u>	<u>(31,183)</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 759,580</u>	<u>\$ 38,865</u>	<u>\$ (42,001)</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

Construction in Progress

\$ —	\$ 49,414
—	125,837
8,138	404,218
1,877	144,871
<u>677</u>	<u>32,104</u>
<u>\$10,692</u>	<u>\$756,444</u>

Balance June 30, 2001

\$ 49,414
125,837
404,218
144,871
32,104
<u>—</u>
<u>\$756,444</u>



SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

June 30, 2001

(In Thousands)

Investment in general fixed assets acquired prior to July 1, 1987	\$405,372
Source of funding for general fixed assets acquired from July 1, 1987 through June 30, 2001:	
General fund	22,948
Special revenue funds	74,305
Capital projects funds	<u>253,819</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$756,444</u>

STATISTICAL SECTION

TABLE 1

GOVERNMENTAL REVENUES BY SOURCE⁽¹⁾
(In Thousands)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Property Tax	<u>\$114,920</u>	<u>\$115,393</u>	<u>\$114,869</u>	<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>
State Taxes										
Sales and Use	30,440	29,674	31,073	32,480	38,774	37,253	40,202	43,808	46,791	52,877
Motor Vehicle In-lieu	12,800	13,316	15,004	13,500	14,158	15,080	16,410	17,701	19,314	21,361
Cigarette	275	43	— ⁽²⁾	—	—	—	—	—	—	—
Gas	<u>4,794</u>	<u>4,530</u>	<u>4,710</u>	<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>
Total	<u>48,309</u>	<u>47,563</u>	<u>50,787</u>	<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>
Local Taxes										
Business License	23,841	24,555	25,583	26,205	28,705	31,935	31,198	31,825	35,845	38,738
Utility Consumption	26,343	29,052	33,133	34,067	32,818	32,783	35,695	36,938	41,592	48,703
Real Estate Transfer	10,270	10,364	13,491	12,317	13,660	17,645	22,716	28,892	34,359	38,309
Transient Occupancy	5,384	4,894	5,554	5,430	6,241	7,321	8,466	9,430	12,100	12,766
Parking	—	3,000 ⁽³⁾	3,581	3,988	4,511	4,595	4,837	5,827	5,686	6,762
Franchise	<u>5,617</u>	<u>7,411</u>	<u>6,605</u>	<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>
Total	<u>71,455</u>	<u>79,276</u>	<u>87,947</u>	<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>
Total Taxes	<u>234,684</u>	<u>242,232</u>	<u>253,603</u>	<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>
Licenses and Permits	5,745	6,535	6,064	5,904	6,880	7,097	7,701	8,061	9,098	11,442
Fines and Penalties	7,138	7,579	8,495	9,722	8,875	10,218	12,494	14,736	15,625	17,111
Interest/Investment, net income	41,228	48,842	50,415	41,503	41,410	41,569	53,401	48,275	35,449	37,116
Charges for Services	26,135	24,330	24,494	26,658	28,373	33,449	34,510	38,192	41,181	50,310
Federal and State Grants and Subventions	89,383	73,449	84,945	77,674	82,114	77,659	85,346	61,334	83,759	75,701
Other	<u>8,951</u>	<u>12,054</u>	<u>10,913</u>	<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>
TOTAL⁽¹⁾	<u>\$413,264</u>	<u>\$415,021</u>	<u>\$438,929</u>	<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>

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

(2) The State cigarette tax is no longer distributed to the City. (after 1993)

(3) A parking tax was instituted to replace the parking stall fee which had been included in Charges for Services. (1993)

Source: City of Oakland, Financial Services Agency



TABLE 2

GOVERNMENTAL EXPENDITURES⁽¹⁾

(In Thousands)

	1992 ⁽²⁾	1993 ⁽³⁾	1994 ⁽⁴⁾	1995 ⁽⁵⁾	1996 ⁽⁶⁾	1997 ⁽⁷⁾	1998 ⁽⁸⁾	1999	2000	2001 ⁽¹⁰⁾
Elected and Appointed Officials:										
Mayor	\$ 1,828	\$ 7,429	\$ 7,378	\$ 857	\$ 954	\$ 864	\$ 893	\$ 1,044	\$ 934	\$ 986
Council	714	1,056	1,385	1,305	1,388	1,647	2,031	2,237	2,544	3,139
City Manager	6,707	11,639	10,562	2,784	3,647	2,973	2,790	4,674	6,817	8,904
City Attorney	5,076	5,480	5,192	4,939	4,468	5,692	4,460	4,773	5,259	6,820
City Auditor	548	629	716	596	615	713	902	1,075	1,079	1,025
City Clerk	967	1,156	965	920	1,355	2,093	2,014	2,103	2,235	2,108
Total	15,840	27,389	26,198	11,401	12,427	13,982	13,090	15,906	18,868	22,982
Personnel Resource Management	5,415	5,323	4,838	3,887	4,070	4,200	3,807	4,218	4,054	4,407
Marketing & Public Information	431	670	1,208	1,243	9	—	—	—	—	—
Retirement & Risk Administration	542	931	511	774	764	895	941	1,110	1,055	1,131
Communication & Information Services	6,882	7,319	6,876	5,945	6,618	7,365	6,435	7,932	7,712	6,818
General Services	5,284	6,657	7,103	6,076	176	—	—	—	—	—
Total	18,554	20,900	20,536	17,925	11,637	12,460	11,183	13,260	12,821	12,356
Agencies:										
Financial Services	7,539	6,963	6,844	6,521	8,240	8,938	12,166	13,565	15,978	15,327
Police Services	96,130	102,958	101,835	87,953	89,524	97,721	105,248	114,462	130,662	145,521
Fire Services	51,373	56,849	59,366	49,181	51,303	53,613	58,151	60,637	72,237	77,129
Total Public Safety	147,503	159,807	161,201	137,134	140,827	151,334	163,399	175,099	202,899	222,650
Life Enrichment										
Administration	—	—	—	—	—	—	—	—	—	1,693
Parks & Recreation	25,576	20,827	23,506	22,176	24,525	24,783	24,526	27,290	41,818	38,180
Library	8,652	8,955	9,142	10,364	11,776	12,906	13,425	14,314	13,871	15,178
Museum	5,715	5,621	5,170	4,485	4,377	4,557	4,815	4,597	5,512	5,707
Aging	5,484	6,762	6,875	6,552	6,958	5,716	6,206	6,981	6,700	7,136
Cultural Arts ⁽⁹⁾	—	—	—	—	—	—	—	—	1,717	1,972
Health & Human Services	30	7,509	7,941	9,938	11,046	11,175	14,134	13,868	13,156	14,211
Total	45,457	49,674	52,634	53,515	58,682	59,137	63,106	67,050	82,774	84,077
Community & Economic Development	47,718	43,829	44,573	46,453	60,521	81,247	73,833	73,923	84,394	73,745
Public Works	44,846	36,852	42,369	43,154	47,162	47,618	46,768	42,527	48,504	60,835
Payment to unfunded pension	—	—	—	27,674	27,034	440,409	—	—	—	—
Other	16,700	8,694	7,130	20,515	41,524	23,363	30,906	55,054	48,313	46,773
Capital Outlay	48,901	47,416	65,573	45,894	58,584	85,054	82,702	64,108	18,606	14,397
Debt Service	46,532	43,570	62,260	67,667	68,250	85,365	107,831	104,867	109,887	126,000
Total	156,979	136,532	177,332	204,904	242,554	681,809	268,207	266,556	225,310	248,005
TOTAL EXPENDITURES⁽¹⁾	\$439,590	\$445,094	\$489,318	\$477,853	\$534,888	\$1,008,907	\$604,984	\$ 625,359	\$643,044	\$679,142

- (1) Reflects expenditures of the General, Special Revenue, Debt Service and Capital Projects Funds.
- (2) Significant changes from the prior year were due to: the addition of a Drugs and Crime program in the Mayor's Office; the establishment of Oakland Hills Fire recovery management in the City Manager's Office; public information staff in different departments being consolidated into Marketing and Public Information; the transfer of the Communications Division from General Services to Communication and Information Services; general obligation bond expenditures for expansion of parks and recreation facilities; and in the Other category, the decrease in state grants and federal and state subventions was offset by a one-time salary accrual not allocated to individual departments.
- (3) Significant changes from the prior year were due to: Joint Training and Partnership Act grant expenditures being transferred from Economic Development and Employment to the Mayor's Office; the Community Restoration and Development Center for rebuilding after the Hills Fire being established under the City Manager; Risk Administration being consolidated with the Retirement Department; the Head Start program in Parks and Recreation and the Community Services Block Grant program in Housing and Neighborhood Development being transferred to the new Health and Human Services department; and the consolidation of Public Works' Developmental Services Division, Housing and Neighborhood Development's Code Compliance Division and the Office of City Planning into the new Planning and Building department; and the salary adjustment recorded in the Other category in the prior year was allocated to individual departments (see 4 above).
- (4) Significant changes from the prior year were due to: the addition of Council member assistants to staff the new District Offices; the consolidation of all marketing and public information programs within the new Marketing and Public Information Department; the transfer of the Cultural & Arts Division from the Office of the City Manager to the Office of Parks and Recreation; the consolidation of all City planning and building functions, including those of the CRDC into the Office of Planning and Building; the implementation of three new programs—Contract Compliance, Recycling, and Comprehensive Clean-Up—by the Office of Public Works; additional loans made from Economic Development and Employment grant programs; Capital Outlay for City Hall repairs, purchase of a fireboat and other fire suppression equipment, installation of new traffic signals, and construction of a new fire station; and the City making its first [delayed] principal payments on various debt issues.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) 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.
- (9) The Cultural Arts Department was established during the Fiscal Year 1999-00 budget process as one of Mayor Jerry Brown's major goals.
- (10) Significant changes between FY2000-01 and FY1999-00 were attributed to increases in personnel costs ranging from 3-6% as a result of negotiated contracts with employee unions and payment of bond principal and interest in connection with the Oakland Convention Center bond issue and refunding.

Source: City of Oakland, Financial Services Agency



TABLE 3

PROPERTY TAX LEVIES AND COLLECTIONS*(In Thousands)*

1% TAX ROLL⁽¹⁾	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Total Tax Levied	\$48,897	\$45,204	\$42,703	\$41,841	\$44,191	\$44,606	\$45,176	\$47,448	\$49,855	\$53,376
% of Increase (decrease)	6.17%	(7.55%)	(5.53%)	(2.02%)	5.61%	0.93%	1.28%	5.03%	5.07%	7.06%
Total Collected	\$46,358	\$42,976	\$40,830	\$40,810	\$42,830	\$43,276	\$43,948	\$46,138	\$47,921	\$51,120
% Collected to Total Tax Levied	94.81%	95.07%	95.61%	97.54%	96.92%	97.02%	97.28%	97.24%	96.12%	95.77%
Delinquent Collections⁽²⁾	\$ 2,539	\$ 2,228	\$ 1,873	\$ 1,031	\$ 1,361	\$ 1,330	\$ 1,228	\$ 1,310	\$ 1,934	\$ 2,256
VOTER APPROVED										
DEBT TAX ROLL⁽³⁾	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Total Tax Levied	\$23,290	\$24,646	\$28,110	\$26,665	\$30,675	\$29,115	\$35,745	\$35,848	\$45,245	\$42,225
% of Increase (Decrease)	14.98%	5.82%	14.06%	(5.14%)	15.04%	(5.05%)	22.77%	0.29%	26.21%	(6.67)%
Total Collected	\$21,450	\$22,994	\$26,152	\$24,962	\$29,217	\$27,720	\$34,229	\$34,599	\$43,475	\$40,748
% Collected to Total Tax Levied	92.10%	93.30%	93.03%	93.61%	95.25%	95.21%	95.76%	96.52%	96.09%	96.50%
Delinquent Collections⁽²⁾	\$ 1,840	\$ 1,652	\$ 1,958	\$ 1,703	\$ 1,458	\$ 1,395	\$ 1,516	\$ 1,249	\$ 1,770	\$ 1,477

⁽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).

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

TABLE 4

ASSESSED VALUE OF PROPERTY (In Thousands)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
ASSESSED VALUE⁽¹⁾										
Land	\$ 5,072,036	\$ 5,201,540	\$ 5,433,041	\$ 5,638,015	\$ 5,699,770	\$ 5,741,638	\$ 5,848,619	\$ 6,000,890	\$ 6,293,257	\$ 6,645,913
Improvements	<u>9,172,668</u>	<u>9,470,527</u>	<u>10,051,559</u>	<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>
Total Real Property	\$14,244,704	\$14,672,067	\$15,484,600	\$16,211,871	\$16,566,842	\$16,778,289	\$17,234,250	\$17,817,153	\$19,049,942	\$20,508,167
Personal Property	<u>1,425,536</u>	<u>1,375,119</u>	<u>1,421,620</u>	<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>
TOTAL	\$15,670,240	\$16,047,186	\$16,906,220	\$17,578,283	\$18,172,843	\$18,468,600	\$19,058,278	\$19,883,117	\$20,910,339	\$22,512,793
EXEMPTIONS⁽²⁾										
Homeowners'	\$ 371,926	\$ 357,088	\$ 362,801	\$ 370,141	\$ 370,119	\$367,809	\$367,393	\$ 364,255	\$ 365,882	\$ 369,566
Other	<u>835,727</u>	<u>793,998</u>	<u>899,071</u>	<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>
TOTAL	1,207,653	\$1,151,086	\$1,261,872	\$1,554,676	\$1,597,399	\$1,612,267	\$1,667,673	\$1,570,310	\$ 1,700,240	\$ 1,791,760
ASSESSED VALUE (Net of Exemptions)	\$14,462,587	\$14,896,100	\$15,644,348	\$16,023,607	\$16,575,444	\$16,856,333	\$17,390,605	\$18,312,807	\$19,210,099	\$20,721,033
Less:										
Redevelopment Tax Increments ⁽³⁾	<u>1,854,492</u>	<u>1,893,525</u>	<u>1,995,440</u>	<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>
NET ASSESSED VALUE	\$12,608,095	\$13,002,575	\$13,648,908	\$14,281,182	\$14,825,307	\$15,210,039	\$15,642,673	\$16,431,372	\$17,016,384	\$18,268,867
NET INCREASE (DECREASE)	\$ 855,705	\$ 394,480	\$ 646,333	\$ 632,274	\$ 544,125	\$ 384,732	\$ 432,634	\$788,699	\$ 585,012	\$ 1,252,483
% OF INCREASE (DECREASE)	7.28%	3.13%	4.97%	4.63%	3.81%	2.60%	2.84%	5.04%	3.56%	7.36%

(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



TABLE 5

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

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
CITY OF OAKLAND										
General Fund	0.3485%	0.3484%	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>0.0138</u>	<u>0.0163</u>	<u>0.0287</u>	<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>
Total	0.5198	0.5222	0.5347	0.5355	0.5335	0.5213	0.5689	0.5325	0.5816	0.5451
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⁾	0.0384	0.0368	0.0298	0.0238	0.0352	0.0304	0.0332	0.0318	0.0274	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⁾	0.0251	0.0258	0.0240	0.0235	0.0230	0.0225	0.0220	0.0167	—	—
Other ⁽⁴⁾	0.0487	0.0488	0.0487	0.0487	0.0487	0.0487	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
East Bay Regional Parks District	0.0260	0.0260	0.0260	0.0260	0.0260	0.0260	0.0242	0.0242	0.0242	0.0242
East Bay Regional Parks District Debt ⁽¹⁾	<u>0.0028</u>	<u>0.0074</u>	<u>0.0069</u>	<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>
TOTAL	1.2376%	1.2438%	1.2469%	1.2409%	1.2634%	1.2445%	1.2933%	1.2508%	1.2780%	1.3039%

⁽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

TABLE 6

PRINCIPAL PROPERTY TAXPAYERS**June 30, 2001**

Property Taxpayer	Type of Business	2001 Assessed Valuation	Tax Levy	Percentage of Total Assessed Valuation⁽¹⁾
Oakland City Center LLC	Property Management	\$189,277,179	\$ 2,464,542	0.914
Prentiss Properties Acquisition Partners LP	Property Management	115,478,070	1,546,290	0.557
Kaiser Foundation Hospitals	Health	113,678,377	1,510,609	0.549
1800 Harrison Foundation	Property Management	102,162,894	1,333,753	0.493
Clorox Company	Manufacturing	90,236,918	1,202,754	0.436
Kaiser Center, Inc.	Health	99,064,709	1,144,415	0.478
Lake Merritt Plaza	Property Management	82,113,550	1,097,160	0.395
Owens Illinois Glass Container, Inc.	Manufacturing	62,894,332	847,780	0.304
Webster Street Partners, Ltd.	Professional	61,675,200	829,915	0.298
KSL Claremont Resort, Inc.	Hotel	<u>58,658,060</u>	<u>789,581</u>	<u>0.283</u>
ASSESSED PROPERTY VALUATION - NET		<u>\$975,239,289</u>	<u>\$12,766,799</u>	<u>4.708</u>

⁽¹⁾Based on total assessed value of \$20,721,033.407

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



TABLE 7

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

(In Thousands)

	1993	1994	1995	1996	1997	1998	1999	2000	2001
MEDICAL HILL									
Initial Tax Levied and Collected	\$ 495	\$ 492	\$ 449	\$ 271	\$ 273	\$ 274	\$ 275	\$ 278	\$ 276
LIGHTING AND LANDSCAPING DISTRICT									
Initial Tax Levied	14,771	16,000	15,931	15,930	15,935	15,907	15,909	15,955	15,945
Adjustments	(8)	(35)	(9)	(12)	(40)	(15)	(27)	10	8
Net Tax Levied	\$14,763	\$15,965	\$15,922	\$15,918	\$15,895	\$15,892	\$15,882	\$15,965	\$15,953
TOTAL COLLECTED	\$13,704	\$14,818	\$14,865	\$14,938	\$14,903	\$14,987	\$15,010	\$15,190	\$15,158
TOTAL UNCOLLECTED	\$ 1,059	\$ 1,147	\$ 1,057	\$ 980	\$ 992	\$ 905	\$ 872	\$ 775	\$ 795
FIRE PREVENTION AND SUPPRESSION DISTRICT⁽¹⁾									
Initial Tax Levied	—	\$ 1,977	\$ 1,968	\$ 1,957	\$ 1,975	—	—	—	—
Adjustment	—	—	2	2	(3)	—	—	—	—
Net Tax Levied	—	\$ 1,977	\$ 1,970	\$ 1,959	\$ 1,972	—	—	—	—
TOTAL COLLECTED	—	\$ 1,859	\$ 1,855	\$ 1,850	\$ 1,862	—	—	—	—
TOTAL UNCOLLECTED	—	\$ 118	\$ 115	\$ 109	\$ 110	—	—	—	—
LIBRARY SERVICES RETENTION									
Initial Tax Levied	—	—	\$ 2,505	\$ 4,303	\$ 4,309	\$ 4,433	\$ 4,518	\$ 4,559	\$ 4,667
Adjustment	—	—	—	(3)	(7)	(3)	—	(15)	(1)
Net Tax Levied	—	—	\$ 2,505	\$ 4,300	\$ 4,302	\$ 4,430	\$ 4,518	\$ 4,544	\$ 4,666
TOTAL COLLECTED	—	—	\$ 2,326	\$ 4,006	\$ 4,045	\$ 4,183	\$ 4,263	\$ 4,329	\$ 4,440
TOTAL UNCOLLECTED	—	—	\$ 179	\$ 294	\$ 257	\$ 247	\$ 255	\$ 215	\$ 226
UTILITIES SPECIAL ASSESSMENT									
Initial Tax Levied	—	—	—	—	\$ 1,174	\$ 980	\$ 979	\$ 805	\$ 768
Adjustment	—	—	—	—	26	6	13	(1)	3
Net Tax Levied	—	—	—	—	\$ 1,200	\$ 986	\$ 992	\$ 804	\$ 771
TOTAL COLLECTED	—	—	—	—	\$ 1,109	\$ 911	\$ 933	\$ 769	\$ 742
TOTAL UNCOLLECTED	—	—	—	—	\$ 91	\$ 75	\$ 59	\$ 35	\$ 29
MISCELLANEOUS ASSESSMENTS									
Initial Tax Levied	—	—	—	—	—	\$ 287	\$ 271	\$ 243	\$ 246
Adjustment	—	—	—	—	—	—	(1)	—	—
Net Tax Levied	—	—	—	—	—	\$ 287	\$ 270	\$ 243	\$ 246
TOTAL COLLECTED	—	—	—	—	—	\$ 247	\$ 230	\$ 241	\$ 243
TOTAL UNCOLLECTED	—	—	—	—	—	\$ 40	\$ 40	\$ 2	\$ 3
MEDICAL HILL, LIGHTING AND LANDSCAPING DISTRICT, LIBRARY SERVICES RETENTION, UTILITIES SPECIAL ASSESSMENTS AND FIRE PREVENTION AND SUPPRESSION DISTRICT									
Initial Tax Levied	\$15,266	\$18,469	\$20,853	\$22,461	\$23,666	\$21,881	\$21,952	\$21,840	\$21,902
Adjustments	(8)	(35)	(7)	(13)	(24)	(12)	(15)	(6)	10
Net Tax Levied	\$15,258	\$18,434	\$20,846	\$22,448	\$23,642	\$21,869	\$21,937	\$21,834	\$21,912
TOTAL COLLECTED	\$14,199	\$17,169	\$19,945	\$21,065	\$22,192	\$20,602	\$20,711	\$20,807	\$20,859
TOTAL UNCOLLECTED	\$ 1,059	\$ 1,265	\$ 1,351	\$ 1,383	\$ 1,450	\$ 1,267	\$ 1,226	\$ 1,027	\$ 1,053

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

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

TABLE 8

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2001

Total assessed valuation (net of exemptions)	\$ 20,721,033,407
Less redevelopment tax increments	<u>2,452,166,465</u>
Basis of levy ⁽¹⁾	<u>\$ 18,268,866,942</u>
Debt limit:	
3.75 percent of valuation subject to taxation	\$ 685,082,511
Less amount of debt applicable to debt limit	<u>137,080,000</u>
Legal debt margin	<u>\$ 548,002,511</u>

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



TABLE 9

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

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Total Assessed Value⁽¹⁾	\$15,670	\$16,047	\$16,906	\$17,578	\$18,173	\$18,468	\$19,058	\$19,883	\$20,910	\$ 22,513
Total Exemptions	<u>(1,208)</u>	<u>(1,151)</u>	<u>(1,262)</u>	<u>(1,554)</u>	<u>(1,598)</u>	<u>1,612</u>	<u>1,668</u>	<u>1,570</u>	<u>1,700</u>	<u>1,792</u>
Assessed Value⁽¹⁾	\$14,462	\$14,896	\$15,644	\$16,024	\$16,575	\$16,856	\$17,390	\$18,313	\$19,210	\$ 20,721
Net Bonded Debt⁽²⁾	\$12,000	\$62,000	\$60,520	\$74,025	\$71,465	\$138,315	\$136,135	\$132,960	\$129,665	\$137,080
Percentage of Net Bonded Debt to Assessed Value	0.083%	0.416%	0.387%	0.462%	0.4312%	0.8206%	0.7828%	0.7260%	0.6750%	0.661%
Population⁽³⁾	380,200	382,700	384,100	378,091	383,900	387,600	388,100	399,900	402,100	407,000
Net Bonded Debt per Capita	\$32	\$162	\$158	\$196	\$186	\$356	\$351	\$332	\$322	\$337

⁽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.

TABLE 10

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

(In Thousands)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Debt Service⁽¹⁾										
Principal	\$ 4,993	\$ 2,625	\$ 15,450	\$ 20,645	\$ 20,080	\$ 22,846	\$ 26,664	\$ 30,457	\$ 36,144	\$ 50,351
Interest ⁽²⁾	<u>41,539</u>	<u>39,031</u>	<u>42,602</u>	<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>
Total Debt Service	\$ 46,532	\$ 41,656	\$ 58,052	\$ 67,667	\$ 68,250	\$ 85,365	\$ 107,831	\$104,867	\$109,887	\$126,000
Total Expenditures	\$439,590	\$444,734	\$489,318	\$477,853	\$534,888	\$1,008,907	\$ 603,984	\$625,359	\$654,007	\$679,142
Percentage of Debt Service to Total Expenditures	10.59%	9.37%	11.86%	14.16%	12.76%	8.37%	17.09%	16.77%	16.80%	18.55%

⁽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, Financial Services Agency

TABLE 11
DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2001

	Percentage Applicable to City	City Share of Debt
DIRECT BONDED DEBT		
City of Oakland	100.	\$ 137,080,000
City of Oakland General Fund Obligations Lease Revenue Obligations	100.	654,193,025
City of Oakland 1915 Act Bond Obligations	100.	9,385,000
City of Oakland Pension Special Assessment Obligations	100.	<u>390,534,659</u>
Total Direct Bonded Debt		<u>\$ 1,191,192,684</u>
OVERLAPPING BONDED DEBT		
Alameda-Contra Costa Transit District Certificates of Participation	21.572	\$ 5,107,171
Alameda County Board of Education Public Facilities Corporation	18.476	1,022,647
Alameda County and Coliseum Authority General Fund Obligation	18.476	112,337,096
Alameda County Pension Obligations	18.476	89,544,523
East Bay Municipal Utility District	20.660	1,305,712
East Bay Municipal Utility District, Special District #1	52.484	23,549,571
East Bay Regional Park District	11.039	19,212,828
Chabot-Los Positas Community College District Certificates of Participation	2.357	117,496
Peralta Community College District	54.347	45,309,094
Oakland Unified School District	99.996	236,935,572
Oakland Unified School District Certificates of Participation	99.996	47,918,083
San Leandro Unified School District	18.795	4,280,561
San Leandro Unified School District Certificates of Participation	18.795	3,072,043
Other Unified School Districts and Certificates of Participation	0.006-0.057	17,768
City of Emeryville 1915 Act Bonds	4.183	<u>584,156</u>
Total Overlapping Bonded Debt		<u>\$ 590,314,321</u>
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT⁽¹⁾		\$ 1,781,507,005
Less: East Bay M.U.D. (100% self-supporting)		1,305,712
East Bay M.U.D. Special District #1 (100% self supporting)		<u>23,549,571</u>
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		<u>\$ 1,756,651,722</u>

2000-01 ASSESSED VALUATION: \$18,268,866,942 (after deducting \$2,452,166,465 redevelopment incremental valuation)

2000-01 POPULATION: 407,000

DEBT RATIOS		Per Capita	Ratio to Assessed Value
General Obligation Bonds	\$ 137,080,000		
Lease Revenue Bonds, Certificates of Participation and Pension Obligation	<u>1,044,727,684</u>		
Net Direct Debt	\$ 1,181,807,864	\$2,904	6.47%
Other Direct Debt	<u>9,385,000</u>		
Gross Direct Debt	<u>\$ 1,191,192,684</u>	\$2,927	6.52%
Total Gross Debt	\$ 1,781,507,005	\$4,378	9.75%
Total Net Debt	\$ 1,756,651,722	\$4,316	9.62%

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

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

TABLE 12

REVENUE BOND COVERAGE

(In Thousands)

PORT OF OAKLAND

	1992 ⁽¹⁾	1993 ⁽¹⁾	1994 ⁽¹⁾	1995	1996	1997	1998	1999	2000	2001
Net Revenue Available for Debt Service	\$ 54,276	\$ 68,624	\$59,325	\$61,960	\$68,508	\$70,797	\$73,744	\$75,302	\$91,441	\$91,107
Debt Service Requirements:										
Principal	\$ 5,170	\$ 5,510	\$ 1,135	\$ 7,765	\$ 8,040	\$10,640	\$12,630	\$11,560	\$12,180	\$15,796
Interest	<u>18,526</u>	<u>24,601</u>	<u>24,056</u>	<u>24,166</u>	<u>28,063</u>	<u>27,206</u>	<u>30,299</u>	<u>26,192</u>	<u>25,496</u>	<u>27,033</u>
TOTAL	\$23,696	\$30,111	\$25,191	\$31,931	\$36,103	\$37,846	\$42,929	\$37,752	\$37,676	\$42,829
Debt Service Coverage	229.05%	227.90%	235.50%	194.04%	189.76%	187.06%	171.78%	190.91%	242.70%	212.00%

⁽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⁾

	1992 ⁽¹⁾	1993 ⁽¹⁾	1994 ⁽¹⁾	1995	1996	1997	1998	1999	2000	2001
Net Revenue Available for Debt Service	\$(1,649)	\$ (752)	\$(1,363)	\$ 896	\$ (670)	\$ (620)	\$ (230)	\$ (923)	\$ (964)	\$ (1,053)
Debt Service Requirements:										
Principal	\$2,050	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 450	\$ 150	\$ 500
Interest	<u>244</u>	<u>120</u>	<u>117</u>	<u>108</u>	<u>105</u>	<u>101</u>	<u>99</u>	<u>79</u>	<u>65</u>	<u>45</u>
TOTAL	\$2,294	\$ 170	\$ 167	\$ 158	\$ 155	\$ 151	\$ 149	\$ 529	\$ 215	\$ 545
Debt Service Coverage	(71.88)%	(442.35)%	(816.17)%	567.09%	(432.26)%	(410.60)%	(154.44)%	(174.48)%	(448.37)%	(193.21)%

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

Source: City of Oakland, Financial Services Agency

TABLE 13
ECONOMIC INDICES

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Port Activity⁽¹⁾										
Imports ⁽²⁾	\$14,887	\$16,600	\$18,885	\$18,474	\$15,250	\$14,712	\$16,380	N/A	\$ 15,734	\$14,672
Exports ⁽²⁾	\$9,248	\$10,137	\$11,835	\$11,267	\$ 9,979	\$ 8,923	\$ 9,771	N/A	10,198	9,161
Revenue Tons	18,101,290	18,579,467	20,976,711	22,293,355	21,418,402	21,234,151	21,979,993	N/A	23,708,593	24,501,916
Containers	753,559	757,293	856,583	856,695	858,340	874,665	899,500	N/A	944,136	1,001,918
Airport Activity										
Freight ⁽³⁾	608,519	791,929	950,779	1,077,071	1,131,790	1,287,148	1,414,064	1,456,741	1,430,733	1,390,606
Air Mail ⁽³⁾	72,445	59,534	79,500	76,651	82,539	71,055	81,159	84,100	78,756	82,304
Building Permits Issued										
	6,900	5,814	8,557	9,692	12,154	12,459	12,545	14,860	16,725	16,879
Authorized New Dwelling Units										
	205	165	243	290	180	176	233	181	542	954
Commercial Value⁽⁴⁾										
	\$118,853	\$178,728	\$96,004	\$132,865	\$99,844	\$202,995	\$302,080	\$117,410	\$195,270	\$481,635
Residential Value⁽⁴⁾										
	\$101,598	\$71,659	\$51,710	\$47,129	\$79,278	\$ 39,425	\$121,006	\$175,115	\$272,170	\$138,570
Taxable Retail Sales⁽⁵⁾										
	\$2,384	\$2,768	\$1,556	\$1,596	\$2,596	\$3,132	\$3,250	\$3,812	\$ 3,591	\$4,038
Commercial Bank Activity⁽⁶⁾										
Deposits	\$9,543	\$10,577	\$9,286	\$8,663	\$9,821	\$9,545	\$10,095	N/A	N/A	N/A
Number of banks	31	31	32	33	28	27	29	N/A	N/A	N/A
Number of branches	210	192	190	193	195	176	180	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, Office of Public Works
California State Board of Equalization
Federal Reserve Bank

TABLE 14

DEMOGRAPHIC STATISTICS

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Population⁽¹⁾	380,200	382,700	384,100	378,091	383,900	387,600	388,100	399,900	402,100	407,000
Per Capita Income⁽²⁾	\$25,382	\$26,083	\$26,910	\$28,405	\$29,842	\$29,683	N/A	N/A	32,130	33,736
Public School Enrollment⁽³⁾	52,788	51,234	51,748	50,805	52,452	53,273	53,564	54,191	54,867	55,525
Private School Enrollment⁽⁴⁾	9,396	9,076	9,494	9,485	9,232	9,328	9,242	9,461	N/A	N/A
Alameda County Unemployment Rate⁽⁵⁾	7.1%	7.1%	6.8%	6.2%	5.1%	5.0%	4.2%	3.5%	2.8%	2.9%

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

(2) U.S. Bureau of Economic Analysis, Regional Economic

(3) Oakland Unified School District

(4) Alameda County Office of Education

(5) State of California Employment Development Department

**TABLE 15****MISCELLANEOUS STATISTICS****June 30, 2001**

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	4,218
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	35,180
Culture and Recreation	
Library branches	16
Library mobile units	1
Recreation centers	23
Parks	106
Park acreage	2,500
Golf courses	2
Swimming pools	5
Tennis courts	48
Playgrounds	12
Softball/baseball fields	47
Football and soccer fields	13
Headstart centers	20
Museums	2
Senior Centers	4
Fire Protection	
Number of stations	26
Number of firefighters	492
Number of civilians	66
Number of firefighters and civilians per thousand population	1.39
Number of calls answered	62,453
Number of commercial inspections conducted	5,636

TABLE 15

Police Protection	
Number of stations and substations	2
Number of sworn officers and trainees.....	747
Number of civilians	494
Number of police officers and civilians per thousand population	3.05
Sewerage System	
Miles of sanitary sewers	1,800
Miles of storm sewers.....	304
Amount of treatment in gallons daily average.....	75,000,000
Maximum daily capacity of treatment plant in gallons	415,000,000
Water System	
Number of fire hydrants.....	6,550
Daily average consumption in gallons per family	282.0
Maximum daily capacity of plant in gallons	365,000,000
Harbor Facilities	
Miles of waterfront	19
Berthing length at wharves	20,645 ft
Harbor area	668 acres
Aviation Facilities	
Airports operated	1
Paved airport runways	4
Total length of runways.....	24,520 ft
Area of airport.....	2,580 acres
Facilities and services not included in the reporting entity	
Education	
Oakland Unified School District	
Number of elementary schools	63
Number of secondary schools.....	29
Number of special education schools	1
Area community colleges	5
Area universities and colleges	9
Hospitals	
Number of hospitals.....	12



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 407,000, 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-AMERICA 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 changed 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 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.

Oakland is also the seat of Alameda County, which is one of California's largest counties.

COMMERCIAL SECTORS

Over the last 28 years, Oakland has made significant gains in diversifying its economic base. While manufacturing jobs have decreased, the economy now offers a healthy mix of trade, government, high tech, financial, medical, publishing and service-oriented occupations. It also has a growing skilled-crafts sector.

Oakland is abundant in resources that are available to its businesses and residents. State-of-the-art transportation, law enforcement and utility facilities keep the City running smoothly. Waterfront restaurants, shops, and a nine-screen movie theater make Jack London Square a lively night-time 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 through its Banishing Bureaucracy Program initiative 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 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.

Industrial Oakland is well positioned to welcome a mix of advanced industries and value oriented retail. The Oakland trade area is an under-served market with a population of 2,257,800, 40.9% of whom have an average annual income of \$50,000. Portions of Oakland are among the wealthiest untapped consumer markets in California. Oakland's effective buying income is \$5.7 billion and estimated annual taxable sales are \$3.0 billion dollars. Also strategically positioned as the economic, transportation and civic center of the East Bay, Oakland's consumer market strength makes it ready for business.



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 freeways, 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.

The prospects for Oakland's economy are better than ever. Ranked the fifth best city by *Forbes Magazine* last year, Oakland has experienced dramatic economic growth.

In downtown Oakland, over 1.8 million square feet of new office space is currently being developed—including both new buildings and the renovation of vacant buildings. Meanwhile, the vacancy rate for high quality ("Class A") office space dropped to less than 1.0%. The Shorenstein Company is currently building a 20-story office tower that will house various businesses when it opens in early 2002. Other corporate additions include: Valuestar, Via Novus, Morgan Stanley Dean Witter, eSupportNow, Rainin Instruments, Just Desserts, and Scientific Learning. Citywide, approximately 10,000 new jobs have been created over the past 24 months.

Interest is so strong for office space in downtown Oakland, developers are launching speculative projects for the first time in half a century. Historic buildings that have stood empty since the Loma Prieta earthquake of 1989 are now being renovated. These include the Rotunda Building, the Tribune Tower, the Latham Building, the Unity Building, the Old Sears Building, 1440 Broadway and 1404 Franklin Street. Most of these projects are now completed and almost fully occupied.

Mayor Jerry Brown launched his initiative to bring 10,000 new residents into downtown Oakland within the next five years. This will require the development of 6,000 new residential units. To date, three housing projects have been completed (113 units), nine more are under construction (1,199 units) and 18 projects are in planning (3,876 units). These projects will meet 86% of the Mayor's goal. The vast majority of these are market-rate, non-subsidized developments.

Three new hotels are now under development in the downtown area: the 215-room Hilton Garden Inn, the 162-room Courtyard by Marriott, and the 62-room expansion of the Waterfront Plaza Hotel. These hotels will open between mid-2001 and early-2002, and they will enhance both the Oakland Convention center and the downtown office environment.

Both Oakland's Maritime and International Airport operations are undergoing major capital improvements. A \$1.4 billion capital investment program will enhance the state of the art operating facilities at both terminals. The Airport will add 12 new passenger gates, a new terminal complex, new and expanded cargo facilities, a new roadway system, parking structure, and an automated shuttle linking the Airport to the Bay Area's Rapid Transit System (BART).

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. According to a recent study by the American Electronics Association, Oakland is one of California's top five cyber cities.

OAKLAND METRO REGION

High-tech employment	53,297
High-tech establishment	2,145
High-tech payroll	\$3 billion
Average high-tech wage	\$56,824

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, rabbit, bear and wildcat roamed the woods. Creeks tumbled into a Bay filled with salmon, crab, sturgeon, smelt, lobsters, clams and mussels. The marsh that would become Lake Merritt was alive with wildfowl.

Spain established a Presidio and Mission on the west side of the Bay in 1776 and Mission San Jose (south of Oakland) is what is now Fremont in 1797. 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 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, freeway 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 20 in the world. It is served by two railroad companies: the Burlington Northern Santa Fe and the Union Pacific.

The Port handles over 97 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 700 acres of developed terminal facilities and container storage areas with an additional 531 acres under construction. Thirty-one ship-to-shore container cranes are in operation, and four new container cranes are en route to Oakland's 1st new Vision 2000 container terminal slated to open during January 2001. Currently under construction, the Vision 2000 program consists of two container terminals, a 150-acre Joint Intermodal

Terminal to accommodate the Port's two major transcontinental railways, a new harbor roadway, and increased waterfront access for the public.

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 10.2 million passengers and 665,500 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). 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 158 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 10,500 people. United Airlines and Alaska Airlines operate maintenance facilities at Oakland International.

Air Cargo at Oakland International Airport

Oakland International handles nearly 665,500 metric tons of cargo annually, making it the 26th 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.

The 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. Plans for extending BART services include a new station at the San Francisco International Airport. Travel between



Oakland and San Francisco averages only 20 minutes of BART. People in the Bay Area ride BART because it is a safe, reliable, economical, and energy-efficient means of transportation.

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

EDUCATION

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

The District operates 63 elementary, 17 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 on-going.

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 are 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 continuing to use successful techniques to reduce crime in the City. As the Department strengthens its commitment to Community Policing and uses innovative problem-solving strategies, it continues to see reductions in overall Part I crimes. Compared to the same period in 2000, January to June 2001 crimes show an overall reduction by 4.62%. The rate of homicide dropped 2.70% and the number of reported rapes is 27.32% lower than the same period last year. The exceptions to this trend are in aggravated assault and arson, which show increases of 8.94% and 18.84%, respectively. Property crimes reflect marked declines, with a drop in robberies of 13.13%, and decreases in larceny-theft of 1.59% and vehicle theft of 1.39%.

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 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 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 ArtPlaces 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 Art Night, through which art patrons can tour downtown galleries until 8pm on the third Thursdays in 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 Baltimore Ravens in 2001. The Oakland Ice Rink, located in downtown City Center area, is one of the most technologically advanced ice rinks in the nation.

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.