

# CITY OF OAKLAND

## CALIFORNIA

### COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2002

PREPARED BY THE FINANCIAL SERVICES AGENCY

DEBORAH EDGERLY • DIRECTOR  
WILLIAM E. NOLAND • CONTROLLER

PRINTED ON RECYCLED PAPER

**CITY OF OAKLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2002

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# INTRODUCTORY SECTION

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May 2, 2003

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, 2002, and the cash flows of its proprietary fund types for the year then ended. The basic financial statements and supporting schedules have been prepared in compliance with Section 809 of the City Charter, with California Government Code Sections 25250 and 25253, and in accordance with generally accepted accounting principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB).

Our Comprehensive Annual Financial Report is presented in three sections:

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

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

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

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh

their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by a group of independent auditing firms that are licensed certified public accountants. The objective of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2002. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

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

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

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

The City has implemented GASB 34 for the first time in its financial reporting history. GASB 34 was established on June 30, 1999, by the Governmental Accounting Standards Board. It stipulates that state and local governments with annual revenues exceeding \$100 million must convert to the new reporting model for periods beginning after June 15, 2001. *This new framework for reporting is the biggest single change in the history of governmental accounting and financial reporting.*

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

- Government-wide financial reporting;
- Additional long-term focus for governmental activities;
- Management discussion and analysis (MD&A);
- Information on major funds; and
- Expanded budgetary reporting.

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

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

Accordingly, we have included the operations of the Oakland Municipal Employees' Retirement System (OMERS), the Police and Fire Retirement System (PFRS), and the Oakland Redevelopment Agency (Agency) as blended component units. The operations of the Port of Oakland (including the Oakland International Airport) is presented discretely. The Oakland-Alameda County Coliseum Authority (Authority) is a Joint Venture owned and operated by the City and the County of Alameda.

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

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

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

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

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

The City's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes: (1) the programs, projects, services, and activities to be carried out during the fiscal year; (2) the estimated revenue available to finance the operating plan; and (3) the estimated spending requirements for the operating plan. The budget represents a process wherein policy decisions by the Mayor and the City Council are adopted, implemented and controlled. The notes to the required supplementary information summarizes the budgetary roles of various City officials and the timetable for their budgetary actions according to the City Charter. On June 29, 2001, the City Council approved the City's third two-year budget for fiscal years 2001-02 and 2002-03. Before the conclusion of the fiscal year 2001-02, the City Council conducted its mid-year review for potential adjustments to the fiscal year 2002-03 budget necessitated by revised forecasts of economic conditions and/or legal mandates. The City Council approved and adopted the revised fiscal year 2002-03 budget on June 28, 2002.

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 activity program or project to another within the same agency and fund. Supplemental appropriations or transfers of appropriations between funds or agencies must be approved by the City Council.

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

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

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

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

- "...8<sup>th</sup> Best Place for Business in the U.S." (Forbes 2002 Annual Survey);
- "...7<sup>th</sup> Most Creative City in America" (Carnegie Mellon);

- “....6<sup>th</sup> Best City to live in the U.S.” (Money, Dec. 2002);
- “....leader among America’s top ten technology cities.” (Newsweek, April 30, 2001); and
- “....uniquely positioned as an excellent point for international business.” (Mickey Kanter, former U.S. Secretary of Commerce)

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

Oakland occupies 56 square miles of land with 19 miles of coastline to the west and magnificent rolling hills to the east. It is the eighth largest city in California with a population of 399,484. Its economy ranks in the top 20 economies in the United States and the 84<sup>th</sup> largest in the world. In 2001, the City of Oakland’s Gross Metropolitan Product (GMP) was estimated at \$99.6 billion. Total employment growth saw a moderate gain of 1.4 percent in 2001. Over the next decade, real GMP is expected to expand at an annual rate of 3.4 percent. Other factors evidencing the continued economic growth of the City of Oakland are:

- Total retail sales increased from \$2.3 billion in 2001 to \$2.4 billion in 2002;
- Ranked 3<sup>rd</sup> in the nation in percentage of women-owned businesses;
- Per capita income is \$21,936 for a total household income of nearly \$9 billion;
- Approximately 10,000 new jobs have been created since 1999.

Two primary engines that drive the economies of the City in particular and Northern California in general are the Port of Oakland and the Oakland International Airport. Both entities celebrated their 75<sup>th</sup> anniversaries in 2002 with pride and enthusiasm in meeting the challenges of the new century. Both are investing billions of dollars in major expansion programs in anticipation of the new challenges. Finally, both entities have significant impacts on the City’s and the region’s economies. For example, the Port of Oakland:

- Supports some 1,000 direct and 44,000 indirect and induced jobs;
- Generates \$7 billion in annual business activity;
- Has 98% share of the Northern California container freight market;
- Welcomes 30 shipping lines connecting the U.S. with the rest of the world; and
- Acquired 12 of the world’s largest cranes in 2002, each capable of moving 30 containers per hour.



And when the Port of Oakland's Vision 2000 maritime expansion program is completed, it will:

- Add approximately 9,000 new jobs in the region;
- Generate an additional \$2 billion in annual business activity; and
- Increase state and local tax revenues by an estimated \$62 million annually.

The second entity, the Oakland International Airport, is among the busiest airports in Northern California. Its accomplishments include:

- Serving 11.4 million passengers in 2002, a 6.3% increase over 2001;
- Handling 200 daily flights on 12 domestic and international carriers;
- Short-haul market grew at an annual rate of 6.8%;
- Air cargo grew at an annual rate of 12.5%;
- Share of air cargo market increased from 28% to 45%; and
- Employs approximately 15,900 in the Oakland area.

During and after the \$1.6 billion Airport Development Program, it is anticipated that significant annual increases will occur in the following categories:

- 4,000 construction jobs will be created during the course of the project;
- Employment will increase from 15,900 to 18,600;
- Approximately 13.8 million passengers will be accommodated;
- An additional 1 million tons of air cargo will be handled;
- Direct and induced employment will generate \$600 million in personal income;
- \$2 billion in additional business revenue will be generated; and
- An additional \$76 million in state and local tax revenues will be realized.

Downtown Oakland remains the largest center for office development in the East Bay with 15.3 million square feet of office space and 70,000 day time workers. The Shorenstein Company recently completed a 20-story, 450,000 square foot office tower in the City Center that is occupied by various businesses.

Two new hotels have recently opened in the downtown area: the 162-room Courtyard by Marriott and the 62-room expansion of the Waterfront Plaza Hotel at Jack London Square. The new additions will enhance both the Oakland Convention Center and the downtown office environment.

During fiscal year 2001-02, the City of Oakland attracted 75 companies that will eventually create 10,000 new jobs, which translates into \$158 million in new annual disposal income. Its aggressive economic development efforts helped keep 186 companies from moving to other locations, thus saving 9,255 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.

The City's One-Stop Small Business Center (OSSBC) is a focal point for lending and technical assistance efforts surrounding Oakland's Enhanced Enterprise Community. The OSSBC

approved financing for a skateboard manufacturer, a new long-term auto dealership in Auto Row, a local printing company, and a rapidly growing catering company. The OSSBC originated five small business loans totaling \$1.4 million, counseled and referred more than 1,200 clients to the various business skills development training programs, and managed eight economic development loan funds with total capitalization of over \$50,000,000.

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. The Oakland area 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 taxes 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 Employer Tax Credit for hiring Low Income Employees.

**Oakland/Berkeley Recycling Market Development Zone:** The California Integrated Waste Management Board has 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 areas 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 \$2 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. This City supported program has launched the Communications Technology Cluster (CTC) for communications start-ups.

**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 that includes City Center, Kaiser Center, Chinatown, Upper Broadway, and Jack London Square. These areas benefit from additional walking police beat coverage as well as supplemental police and police cadet patrols. Target area business operators 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.

### ***Other Significant Accomplishments***

**Moving Oakland Forward!:** In the fall of 2001, the City Manager hired a consultant to perform a review of many of the City's internal and external services. From this review and analysis, a plan for *Improving Performance while Living within our Means* was prepared and presented to the City Council in April 2002. During the spring and summer 2002, 35 teams involving over 250 staff members were convened to develop specific recommendations on how the City could improve performance while reducing costs. Topics under review by staff included: (a) how to reduce liability/workers compensation costs; (b) how to reduce overtime; (c) implementation of a new program-based and performance-based budgeting system; (d) improving neighborhood services; and (e) outdoor maintenance. At the close of the fiscal year, the teams' recommendations were nearly finalized. During fiscal year 2002-03, the recommendations will be presented to the City Council and implementation will begin upon approval by City Council and management.

**Housing:** The City continued its efforts to provide a range of housing opportunities and improve housing conditions for residents of all economic levels. A total of 99 affordable homeownership and rental units for working families were completed, with 878 additional units in the pipeline. Another 175 rental units for seniors and persons with disabilities were completed, and 186 other units are underway. City loan programs assisted 85 first-time homebuyers and provided financing for rehabilitation and repairs to 382 units.

**Neighborhood Commercial Revitalization:** The Neighborhood Commercial Revitalization (NCR) completed 33 projects under the Commercial Property Façade Improvement Program (CPFIP) representing approximately \$1 million in public and private investment. The CPFIP received 89 applications during fiscal year 2001-02. Of these, 29 projects have been granted Agreements for Reimbursement and are currently in the construction phase. Other program impacting the NCR efforts are listed below:

- Merchants Association Assistance Program assisted 700 businesses;
- Over \$13 million in Streetscape & Pedestrian projects in final design phase;
- Streetscape & Pedestrian projects to begin construction in late 2002;
- Over 200 decorative street banners designed & installed in commercial districts; and
- Completed planning/design studies for West Oakland Transit Village, Adams Point Urban, and Postmark Temescal.

In addition to the above, two community development corporations (CDC) provided \$100,000 to implement the California Main Street Program (CSMP) in the Eastlake and Fruitvale districts. The Local Initiative Support Corporation contributed \$50,000 leveraging the CDC resources for the Main Street Program to \$150,000.

Lastly, four Business Improvement Districts (BID) were established/re-established in four commercial districts including Fruitvale, Montclair, Rockridge and Lakeshore. The BID's generated approximately \$600,000 for investment in clean and safe promotional activities in these four commercial areas.

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

**Mayor's 10K Project:** As part of the Mayor's 10K project, the City entered into an Exclusive Negotiation Agreement with Forest City Enterprises 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. 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.

**Oakland Base Reuse Authority:** The Oakland Base Reuse Authority (OBRA) is a Joint Powers Authority (JPA) representing the City of Oakland, Oakland Redevelopment Agency (ORA), and the County of Alameda (County). OBRA is responsible for the planning and conversion of closed military bases in Oakland to civilian uses. A nine-member board governs OBRA; Mayor Jerry Brown is the Chairperson and four City Council members serve as directors. OBRA's total operating budget for fiscal year 2002-03 is \$9.3 million, which includes all staffing, administrative, professional services, insurance, operation of the OBRA Leasing Program, and payment toward key City/ORA services and staffing. OBRA has strategically built an operating reserve of \$14.7 million restricted to the future reuse and redevelopment of the former Army Base. These restricted funds will be transferred to the ORA to a restricted account established in accordance with the Economic Development Conveyance (EDC) Memorandum of Agreement (MOA) requirements. The MOA with the Army requires that any sale, lease or equivalent proceeds generated from the EDC property be restricted to specific redevelopment activities for a term of seven years following conveyance.

In September 2002, OBRA entered into the EDC agreements with the U.S. Department of the Army for the transfer of 366 acres of the Oakland Army Base through a \$0 acquisition. The Army has additionally committed \$13 million in funding towards the environmental restoration requirements of the EDC property with major remediation activities to begin by late 2006, when the property will begin its redevelopment activities. Until then, OBRA will continue to operate its interim Leasing Program which currently has a 98% occupancy rate and generates over \$6 million in gross revenues. The Leasing Program has 70 tenants over 3.6 million square feet of warehouse and open space. The Leasing Program will continue to operate until mid 2006 when the property arrangements with the Port of Oakland (Port) become effective. It is anticipated that OBRA will continue to add at least \$5 million more to its operating reserves.

In mid 2006, redevelopment of the former Army Base will begin on 169 acres by the ORA and on 226 acres by the Port. The ORA, the City, the OBRA, and the Port have agreed to business terms that will result in the Port's purchase of the Knight Rail Yard for \$30 million (net present value of \$13 million) from the ORA. Other agreements between the ORA and the Port include equally sharing (1) the remediation funding gap of \$11.2 million, (2) the homeless relocation, (3) the establishment of a Community Trust Fund of \$4 million, and (4) other financial and programmatic benefits.

The ORA will be responsible for the selection of and contracting with a Master Developer for the development of the City's property that is projected to be about three (3) million square feet of mixed-use commercial and industrial activities. The goal is to create 8,000 new jobs by 2010. The Port intends to expand its maritime facilities by 2020.

The Oakland Army Base is part of the 1,200 acre Oakland Army Base Redevelopment Area adopted by the ORA in July 2001.

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

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

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

### ***Risk Management***

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

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

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

## *Awards*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

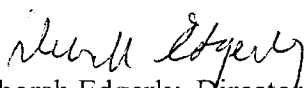
The Certificate of Achievement is valid for a period of one year only. The City of Oakland has received a Certificate of Achievement for thirteen of the last fourteen years. The City's Fiscal Year 2001-02 CAFR will be submitted to GFOA for consideration for the Certificate of Achievement for Excellence 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 valid for two years. The City of Oakland has received the Distinguished Budget Presentation Award for ten consecutive years. We believe our third 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.

## *Acknowledgements*

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oakland,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

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



*William Patrick Harte*  
President

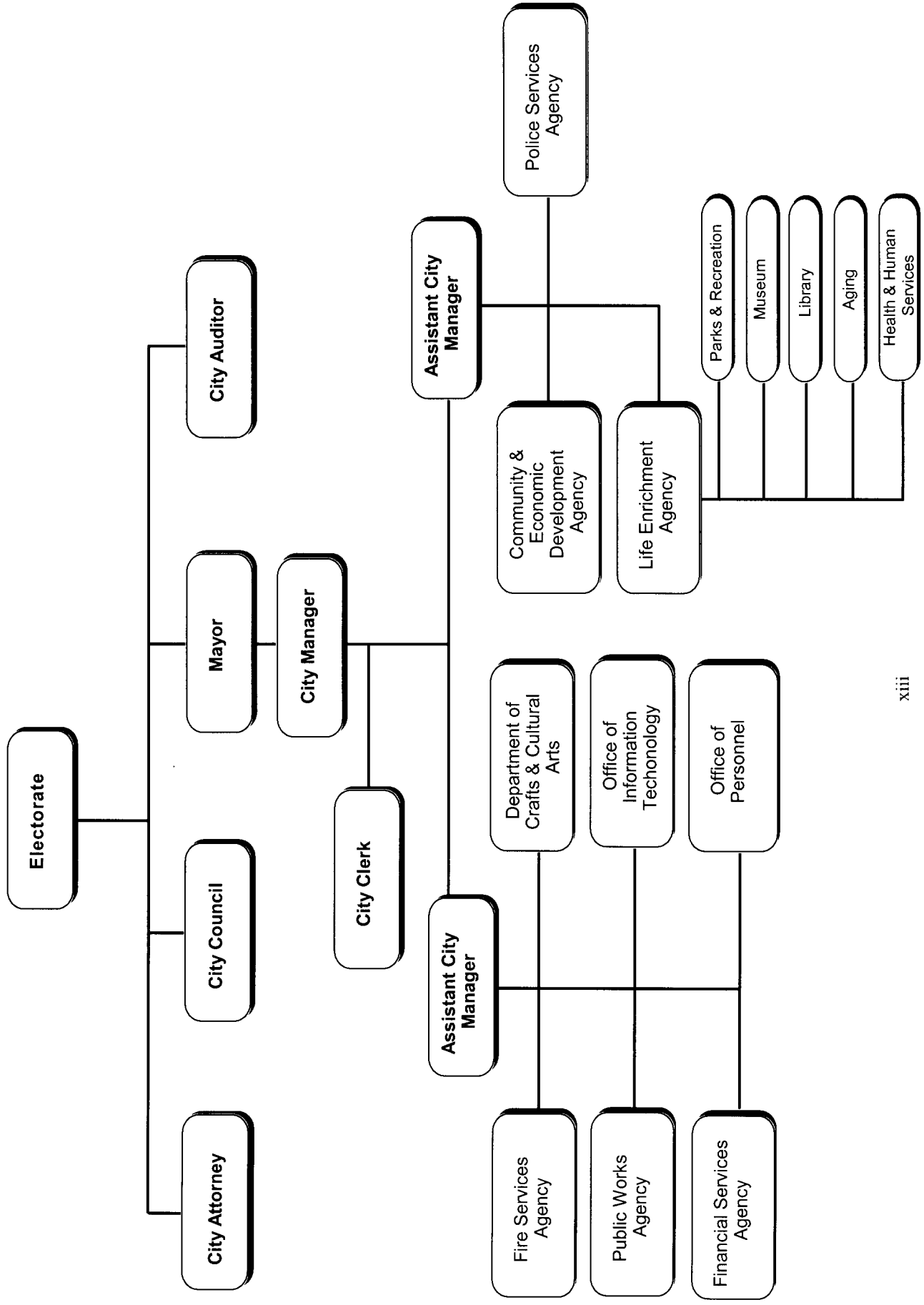
*Jeffrey L. Esler*  
Executive Director

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 government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report 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 last twelve consecutive years (fiscal years ended 1988-1999), and fiscal year 2001. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

# CITY OF OAKLAND ORGANIZATION CHART





**DIRECTORY OF CITY OFFICIALS  
MAYOR/COUNCIL FORM OF GOVERNMENT  
June 30, 2002**

**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

**COUNCIL APPOINTED OFFICERS**

Robert C. Bobb, *City Manager*

Ceda Floyd, *City Clerk*

**ELECTED OFFICERS**

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

**ASSISTANT CITY MANAGER**

George G. Musgrove

**CITY OF OAKLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**PROJECT TEAM**

Deborah A. Edgerly  
*Director*  
*Financial Services Agency*

William E. Noland  
*Controller*

**AUDIT/FINANCIAL STATEMENT COORDINATOR**

Gregory O. Lawson, *Assistant Controller*

**FINANCIAL STATEMENT PREPARATION**

**CAFR Section Leaders**

Ernie Calilung  
*Accountant III (GL Lead)*

Mercy David  
*Accountant III*

Ace Tago  
*Principal Grants Coordinator*

**Accounting Team (GL & ORA)**

Myrna Bangloy  
Mercy David  
Bruce Levitch  
Rony Yambao

Ernie Calilung  
George Emperador  
Norma Torres

Esther Concepcion  
Ming Emperador  
David Warner

**CLERICAL SUPPORT**

Novette G. Flores, *Administrative Assistant*

**SPECIAL ASSISTANCE**

Marvin Dozier (KPMG)  
Ponce Flores  
Katano Kasaine  
Harry Schrauth

Manuel Elepano  
Sharon Holman  
Kathy Larsen  
Donna Treglown

Jeffrey Fearn  
David Jones  
Theo London

**SPECIAL ASSISTANCE – DEPARTMENTS & OFFICES**

City Manager's Office

City Attorney's Office  
Community & Economic Development Agency  
Risk Management

FSA-Treasury Division

# FINANCIAL SECTION

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Three Embarcadero Center  
San Francisco, CA 94111

## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oakland, California (the City), as of and for the year ended June 30, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oakland Redevelopment Agency (the Agency), the Oakland Municipal Employees' Retirement System (OMERS), the Police and Fire Retirement System (PFRS), the Port of Oakland (the Port) and the City of Oakland Housing Finance Revenue Bonds Issue D1 and D2 (the Agency Fund), which represents \$245.8 million and \$58.2 million, respectively, of the assets and revenues of the governmental activities and Oakland Redevelopment Agency major fund, \$994.8 million and (\$19.8) million, respectively, of the assets and revenues/additions of the aggregate remaining fund information, and \$1.9 billion and \$281.7 million, respectively, of the assets and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Agency, OMERS, PFRS, the Agency Fund, and the Port in the governmental activities, the Oakland Redevelopment Agency major fund, aggregate remaining fund information, and discretely presented component unit, respectively, are based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oakland, California, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.





As described in Note 2, the City has implemented a new financial reporting model, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as of July 1, 2001. The City has also adopted the provisions of GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*; as of July 1, 2001.

The management’s discussion and analysis, OMERS and PFRS schedules of funding progress, and budgetary comparison schedule, on pages 3 through 16, 88 through 89, and 90 through 94, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

May 2, 2003

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

This section of the City of Oakland's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2002. We encourage readers to consider the information presented here in conjunction with the additional information contained in the City's financial statements and related notes and our letter of transmittal that precedes this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **FINANCIAL HIGHLIGHTS**

- The City's total assets exceeded its liabilities by \$106.5 million as of June 30, 2002. Of this amount, \$98.9 million represent net assets for business type activities which is primarily invested in capital assets.
- The government's total net assets decreased by \$11.4 million during the fiscal year. The majority of this decrease was due primarily to lower revenue collections and significant overtime costs in public safety personnel in governmental activities.
- Governmental funds reported combined ending fund balances of \$546.0 million at June 30, 2002. The majority of this amount is committed to fund ongoing projects of the City.
- At June 30, 2002, the unreserved fund balance for the general fund was \$29.7 million or 7.7% of total general fund expenditures of \$386.4 million.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

statement of revenues, expenditures, and changes in fund balances for the general fund, federal and state grant fund, and Oakland Redevelopment Agency fund, all of which are considered to be major funds. Data from the remaining funds are combined in a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

## **Notes to the Financial Statements**

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



## **Other Information**

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

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

## **Government-wide Financial Analysis**

This is the first year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis (MD&A) – for State and Local Governments*. Because the reporting model changes significantly both the recording and presentation of financial data, the City has not restated prior fiscal years for the purpose of providing comparative information for MD&A. In future years, when prior-year information is available, a comparative analysis of government-wide data will be included in this report.

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. The City's total assets exceeded its liabilities for the year ended June 30, 2002 by \$106.5 million.

The largest portion of the City's net assets (468%) reflect its investment of \$498.5million in capital assets (e.g. land, buildings, machinery equipment, and infrastructure), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Oakland's Net Assets**  
**June 30, 2002**  
*(In Thousands)*

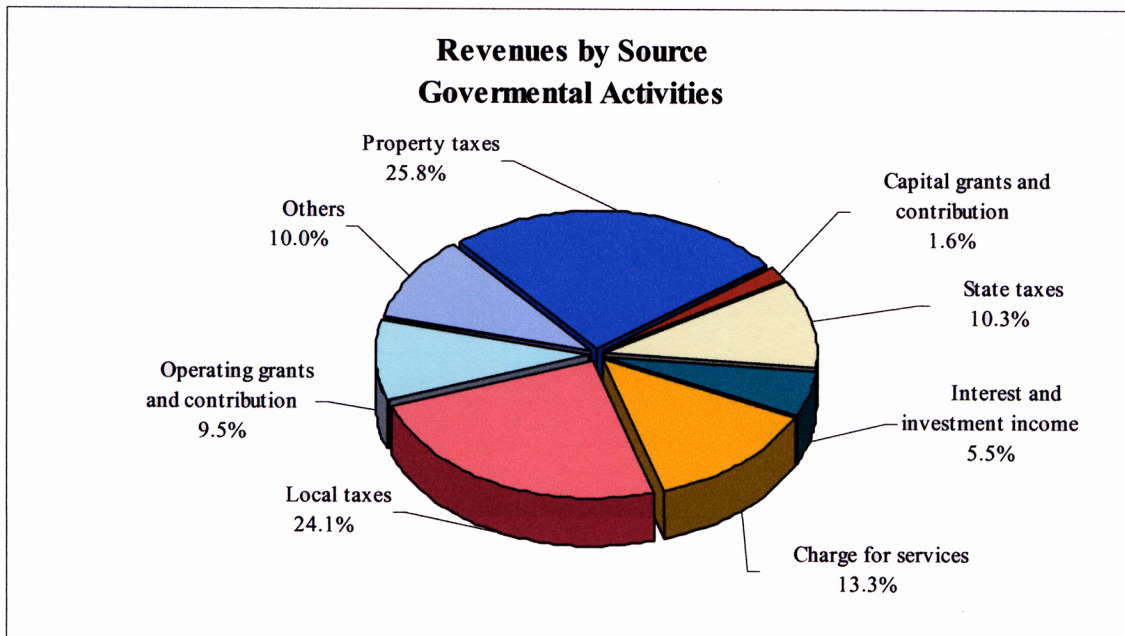
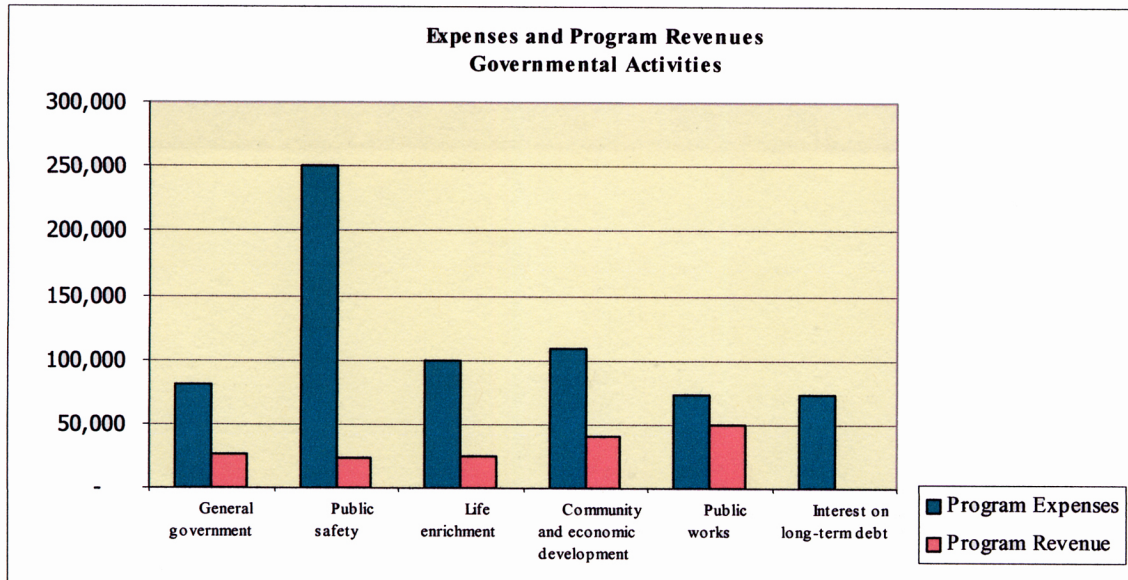
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 877,634	\$ (2,798)	\$ 874,836
Capital assets	<u>823,968</u>	<u>110,860</u>	<u>934,828</u>
Total assets	<u>1,701,602</u>	<u>108,062</u>	<u>1,809,664</u>
Long-term liabilities outstanding	1,559,244	7,663	1,566,907
Other liabilities	<u>134,758</u>	<u>1,489</u>	<u>136,247</u>
Total liabilities	<u>1,694,002</u>	<u>9,152</u>	<u>1,703,154</u>
Net assets:			
Invested in capital assets, net of related debt	395,311	103,197	498,508
Restricted net assets:			
Debt service	82,366	—	82,366
Capital projects funds	74,918	—	74,918
Urban redevelopment and housing	64,778	—	64,778
Other purposes	24,861	—	24,861
Unrestricted	<u>(634,634)</u>	<u>(4,287)</u>	<u>(638,921)</u>
Total net assets	<u>\$ 7,600</u>	<u>\$ 98,910</u>	<u>\$ 106,510</u>

An additional portion of the City's net assets (209%) represents resources that are subject to external restrictions on how they may be used. The remaining negative balance in unrestricted net assets of \$638.9 million is primarily attributed to (1) debt issues related to pension benefits for which no corresponding City assets are created, and (2) allowances for doubtful accounts in grants and notes and loans receivables.

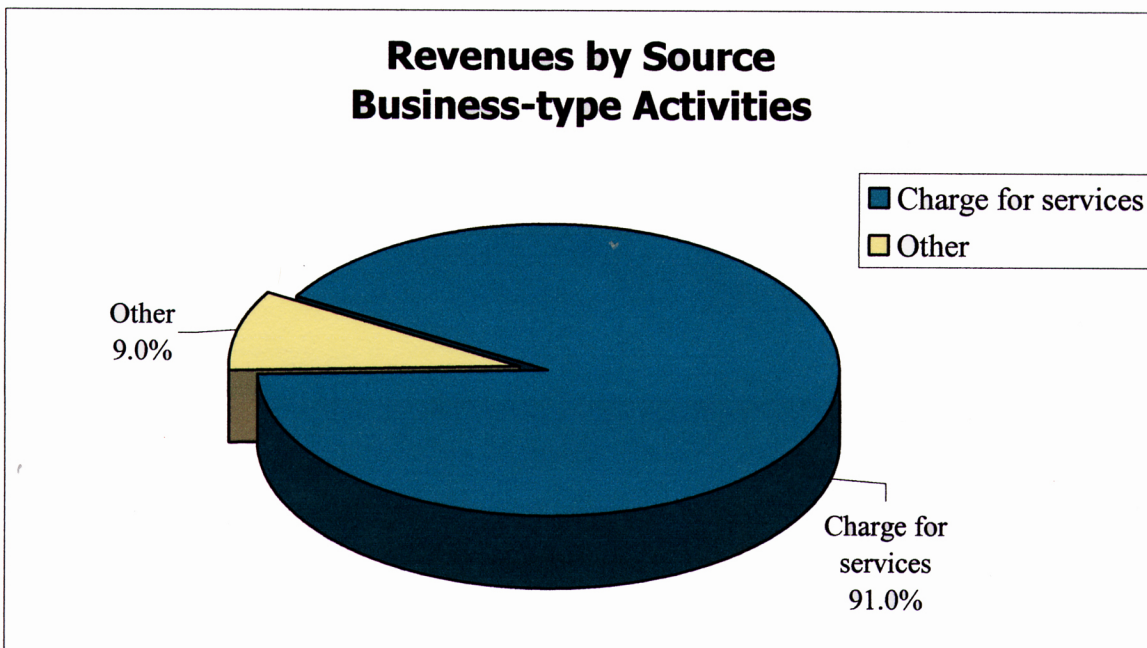
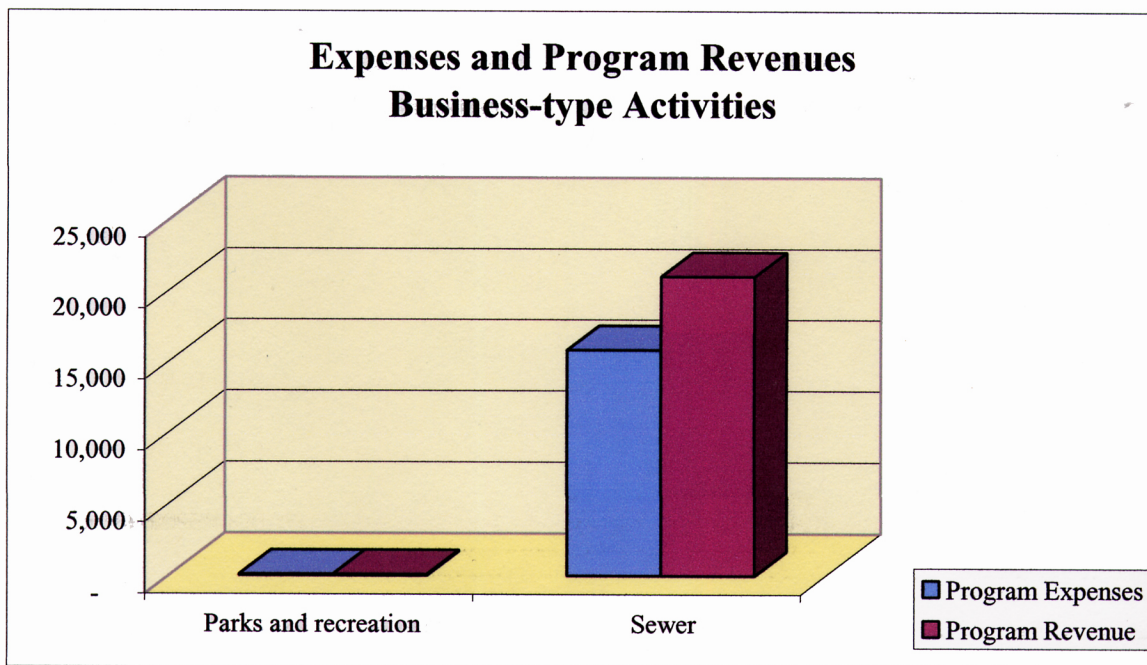
**Governmental activities.** Governmental activities decreased the City's net assets by \$16.0 million. The key elements of this decrease are explained below.

**Changes in Net Assets**  
**June 30, 2002**  
*(In Thousands)*

	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 88,394	\$ 19,253	\$107,647
Operating grants and contributions	63,235	19	63,254
Capital grants and contributions	10,553	—	10,553
General revenues:			
Property taxes	172,029	—	172,029
State taxes	68,603	—	68,603
Local taxes	160,729	—	160,729
Interest and investment income	36,463	10	36,473
Other	<u>66,883</u>	<u>1,891</u>	<u>68,774</u>
Total revenues	<u>666,889</u>	<u>21,173</u>	<u>688,062</u>
<b>Expenses:</b>			
General government	80,170	—	80,170
Public safety	250,503	—	250,503
Life enrichment	99,223	—	99,223
Community & economic development	108,101	—	108,101
Public works	72,639	—	72,639
Interest on long-term debt	72,924	—	72,924
Sewer	—	15,848	15,848
Parks and recreation	<u>—</u>	<u>94</u>	<u>94</u>
Total expenses	<u>683,560</u>	<u>15,942</u>	<u>699,502</u>
Change in net assets before transfers	(16,671)	5,231	(11,440)
Transfers	<u>659</u>	<u>(659)</u>	<u>—</u>
Change in net assets	(16,012)	4,572	(11,440)
Net assets at beginning of year	<u>23,612</u>	<u>94,338</u>	<u>117,950</u>
Net assets at end of year	<u>\$ 7,600</u>	<u>\$ 98,910</u>	<u>\$106,510</u>



- The primary decrease in net assets of \$16.0 million in governmental activities is attributed to unforeseen overtime costs in public safety personnel (\$11.9 million) combined with a slower growth in revenue collections due to economic slowdown in the region in particular and the nation in general. Sales and Transient Occupancy (Hotel) Taxes were strongly affected by the events of September 11, 2001 and were \$5.5 million under expected levels.



**Business-type activities.** Business-type activities contributed \$4.6 million to the City's net assets. Key elements of the contribution from Business-type activities are as follows:

- The increase is attributed to improved performance by both enterprise entities to the extent that their operating revenues exceeded operating expenses by 36% for the twelve months ending June 30, 2002.

## **Financial Analysis of the Government's Funds**

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

As of June 30, 2002, the City's governmental funds reported combined ending fund balances of \$546.0 million, a decrease of \$53.2 million in comparison with the prior year. The majority of this amount is committed to fund ongoing approved projects, provide for future debt service and reserve the portion of fund balance that is invested in property held for resale.

The general fund is the City's chief operating fund. At June 30, 2002, its fund balance totaling \$225.7 million is comprised of \$29.7 million in unreserved/undesignated funds, \$181.7 million in reserved funds primarily for debt service, and \$14.4 million for outstanding encumbrances and approved projects.

The City's general fund balance increase of \$5.2 million is attributed to actual revenue collections exceeding budgeted revenues by \$20.3 million and general fund expenditures were \$15.1 million over the final approved appropriations. Strong revenue collections in motor vehicle-in-lieu, business licenses, utility consumption tax, real estate transfer, parking fees, and interest and investment income accounted for all of the revenue increases while property taxes, sales and use taxes, and transient occupancy taxes came in below projections due to current economic conditions created by the downturn in the dot.com industry and the aftermath of the 9/11 tragedy.

At June 30, 2002, the Federal/State Grant Fund had a negative fund balance of \$21.8 million. The negative fund balance is due to City advances to pay for grant activities for which the City had not processed billings for reimbursement by the grantor agencies at year end.

The Oakland Redevelopment Agency Capital Project Fund had a fund balance of \$150.3 million as of June 30, 2002, which represented a decrease of 4.7% over the prior fiscal year. The decrease of \$7.4 million was primarily related to the net increase in debt service payments for principal and interest.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements under the *business-type* column but in more detail.

The portion of net assets invested in capital assets, net of related debt of the Sewer Service Fund, amounted to \$103.0 million as of June 30, 2002. During the fiscal year, the City invested an additional \$9.3 million in sewer system capital assets and incurred an additional \$2.5 million in depreciation. The majority of the \$6.8 million in net investment included \$1.3 million to rehabilitate the Crest, 82<sup>nd</sup> Avenue and Golf Links Road sewer lines, and \$4.2 million for the rehabilitation of sewer infrastructure in various City locations including major relocations and improvements at the Oakland International Airport area.

**City of Oakland**  
**Summary of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2002**  
*(In Thousands)*

	Operating Revenues	Operating Expenses	Net Operating Income (Loss)	Non- Operating Revenues (Expenses)	Interfund Transfers	Changes in Net Assets
Sewer	\$ 21,044	\$ 15,452	\$ 5,592	\$ (377)	\$ (659)	\$4,556
Parks and Recreation	100	94	6	10	—	16
Internal Service Fund	<u>32,122</u>	<u>35,732</u>	<u>(3,610)</u>	<u>12</u>	<u>—</u>	<u>(3,598)</u>
Total	<u>\$ 53,266</u>	<u>\$ 51,278</u>	<u>\$ 1,988</u>	<u>\$ (355)</u>	<u>\$ (659)</u>	<u>\$ 974</u>

**General Fund Budgetary Highlights**

Differences between the original and the final amended expenditure budget totaling \$33.3 million were due primarily to continuing appropriations for various City agencies to cover multi-year projects, capital improvement projects, and other projects authorized by City policies and regulations.

Total general fund actual expenditures compared to the final amended expenditure budget showed savings of \$15.8 million for the year ended June 30, 2002. The majority of these savings were attributable to approved projects that are to be completed in the new fiscal year in the following agencies: (1) Parks and Recreation - \$4.5 million; (2) Community and Economic Development - \$6.1 million; (3) Public Works - \$3.6 million; and (4) Capital Outlay - \$3.7 million. Significant negative variances, however, occurred in public safety (Police & Fire) totaling \$11.9 million that were due to personnel overtime costs.

Actual revenues compared to the final amended general fund budget exceeded projections by \$29.6 million. \$11.5 million or 39% of this increase were due to improved collections in business license fees of \$1.3 million, increased fuel prices generated higher utility consumption taxes of \$2.9 million, and a strong real estate market fueled by low interest rates resulted in much higher collections in real estate transfer taxes of \$7.3 million than expected. On the downside, revenue sources that were impacted by the

slowing economy and the effects of the 9/11 tragedy were property taxes (\$2.9 million), sales and use taxes (\$3.5 million) and transient occupancy taxes (\$2.2) million.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2002, amounts to \$934.8 million (net of accumulated depreciation) compared to \$928.2 million at June 30, 2001. This investment in capital assets includes land, sewer, buildings and improvements, machinery and equipment, streets, and parks. The total increase in the City's investment in capital assets for the current fiscal year was \$6.6 million (a \$0.2 million decrease for Governmental Activities and a \$6.8 million increase for Business-type Activities).

### Changes in Capital Assets – Net of Depreciation June 30, 2002 (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Land	\$ 74,417	\$ 74,417	\$ 222	\$ 220	\$ 74,639	\$ 74,637
Facilities and improvements	453,572	466,352	—	—	453,572	466,352
Furniture, machinery and equipment	61,142	57,214	149	261	61,291	57,475
Infrastructure/sewer	222,946	215,352	109,137	103,560	332,083	318,912
Construction in progress	<u>11,891</u>	<u>10,693</u>	<u>1,352</u>	<u>—</u>	<u>13,243</u>	<u>10,693</u>
Total	<u>\$ 823,968</u>	<u>\$ 824,028</u>	<u>\$ 110,860</u>	<u>\$ 104,041</u>	<u>\$ 934,828</u>	<u>\$ 928,069</u>

Major capital asset events during the year ended June 30, 2002 included the following:

- The Sewer Fund accounted for the majority of the net increases in Business-type Activities. The Fund capitalized \$5.6 million in infrastructure (net of depreciation) and showed construction in progress of \$1.4 million.
- The decreases in Governmental Activities net capital assets of \$0.2 million are attributed primarily to machinery and equipment - \$4.0 million (net of depreciation), infrastructure - \$7.6 million (net of depreciation) and construction in progress - \$1.2 million, offset by a decrease in facilities and improvements of \$12.8 million primarily due to additional depreciation expense.
- As of June 30, 2002, the City has \$66.2 million in outstanding construction commitments for street construction, park construction, building improvements, and sewer and storm drain improvements.

Additional information about the City's capital assets can be found in Note 8 to the financial statements.



## Debt Administration

At the end of the current fiscal year, the City's debt limit (3.75% of \$19.9 billion property valuation net of exemptions subject to taxation) was \$745.2 million. The total amount of debt applicable to the debt limit was \$133.3 million, net of certain assets in other non-major governmental funds, and other deductions allowed by law. The resulting legal debt margin was \$611.9 million.

The City of Oakland's underlying ratings for its general obligation bonds as of June 30, 2002 were as follows:

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

As of June 30, 2002, the City had total long-term obligations outstanding of \$1.6 billion. Of this amount, \$133.3 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.4 billion is comprised of various long term debt instruments listed below including accruals of year-end estimates for other long term liabilities.

### Outstanding Debt June 30, 2002 (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
General obligation bonds	\$ 133,295	\$ 137,080	\$ —	\$ —	\$ 133,295	\$ 137,080
Tax allocation bonds	214,295	221,666	—	—	214,295	221,666
Certificates of participation	67,346	70,459	—	—	67,346	70,459
Lease revenue bonds	399,675	417,780	—	—	399,675	417,780
Pension obligation bonds	435,686	400,421	—	—	435,686	400,421
Special assessment debt with government commitment	8,870	9,415	—	—	8,870	9,415
Sewer-notes payable	—	—	7,663	8,303	7,663	8,303
Less: Deferred amounts						
Bond issuance premiums	768	—	—	—	768	—
Bond refunding loss	(19,881)	—	—	—	(19,881)	—
Total bonds payable	1,240,054	1,256,821	7,663	8,303	1,247,717	1,265,124
Notes payable	52,283	45,970	—	—	52,283	45,970
Other long-term obligations	266,907	248,059	—	—	266,907	248,059
Total outstanding debt	<u>\$ 1,559,244</u>	<u>\$ 1,550,850</u>	<u>\$ 7,663</u>	<u>\$ 8,303</u>	<u>\$ 1,566,907</u>	<u>\$ 1,559,153</u>

The City's overall total long term obligations increased by \$7.8 million (0.5%) compared to fiscal year 2001. While the total bonds payable decreased by \$17.4 million primarily due to bond maturities and refundings, notes payable and other long term obligations increased by \$25.2 million. This increase is due to: (1) a \$14.9 million Master Lease Purchase Agreement for the acquisition of certain equipment for the internal service

funds; (2) the execution of a \$1.7 million note with GE Capital to purchase a computer server; (3) an increase in year-end provisions for accumulated earned and unused vacation and sick leave (\$2.9 million) and the City's self-insured workers' compensation program estimated claims (\$35.2 million); and (4) reductions in year-end estimates for contingent liability and estimated claims (\$19.2 million) and retirements of notes payable (\$10.3 million).

On October 17, 2001, the City issued \$195.6 million of Taxable Pension Obligation Bonds with interest rates ranging from 6.00% to 6.89% to advance refund \$171.4 million of outstanding 1997 series bond with interest rates ranging from 5.63% to 7.31%. The taxable pension obligation bonds will mature on December 15, 2022. The net proceeds of \$192.4 million were used to tender outstanding bonds (\$149.5 million) and to purchase U.S. government securities (\$42.9 million).

On May 12, 2002, the City issued \$16.4 million of Refunding Certificates of Participation (Oakland Museum) 2002 Series A maturing on April 1, 2012. The Series A Certificates of Participation were issued for the purpose of refunding and defeasing a portion of the \$39.4 million Oakland Museum Series 1992 Series A, maturing on April 2012.

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

#### **Economic Factors and Next Year's Budgets and Tax Rates**

- The City's and the Oakland Metropolitan Statistical Area's unemployment rate was 5.7% in December 2002, down from a revised 6.0% in November 2002, but above the prior year estimate of 4.7%. This compares with an unadjusted unemployment rate of 6.3% for California and 5.7% for the nation during the same period.
- The Consumer Price Index for the Bay Area was 1.6% in 2002 compared to 5.4% in 2001.
- Oakland's vacancy rate for class A and B office space was 15.75% for the 2002 fourth quarter compared to 12.65% for the 2001 fourth quarter. While its vacancy rate increased by 24.51% in 2002 due to the decline in the technology industry, its vacancy rate of 15.75% compared favorably against the City of San Francisco and the Silicon Valley whose 2002 fourth quarter vacancy rates were 20.60% and 17.63% respectively.
- For the 2002 fourth quarter, the average rental per square foot for the City was \$2.05 compared to \$2.25 for San Francisco and \$2.52 for the Silicon Valley.
- The slow down in the local economy due to the decline in the technology sector, the after effects of the 9/11 tragedy, and the State's budget deficit is projected to impact the City's Fiscal Year 2002-03 budget as follows:

- During its mid-year review cycle in June 2002, the City Council reduced the general purpose fund budget by \$28.4 million in order to balance the revised budget. This was done through the elimination of unfilled positions and other savings and without increasing taxes.
- The City responded to the slow down in the economy by reducing and containing expenditures by \$17.4 million while slightly increasing locally generated revenues by \$2.1 million.
- Increases in expenditures due to new union contracts, CalPers pension rates, and healthcare costs have been factored into the City's Fiscal Year 2002-03 budget without raising or imposing new taxes.

### **Requests for Information**

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

# BASIC FINANCIAL STATEMENTS

**CITY OF OAKLAND**  
**Statement of Net Assets**  
**June 30, 2002**  
*(In Thousands)*

	<b>Governmental Activities</b>	<b>Primary Government Business-Type Activities</b>	<b>Total</b>	<b>Component Unit Port of Oakland</b>
<b>ASSETS</b>				
Cash and investments	\$ 172,373	\$ 259	\$ 172,632	\$ 93,357
Receivables (net of allowance for uncollectible amounts of \$6,884 for the primary government and \$3,286 for the component unit)				
Accrued interest and dividends	1,756	-	1,756	2,117
Property taxes	16,508	-	16,508	-
Accounts receivable	57,153	1,993	59,146	52,660
Grants receivable	35,336	-	35,336	-
Due from component unit	22,523	-	22,523	-
Internal balances	5,050	(5,050)	-	-
Due from other governments	44	-	44	-
Due from pension trust fund	4,416	-	4,416	-
Notes and loans receivable (net of allowance for uncollectibles)	107,482	-	107,482	-
Restricted cash and investments	383,343	-	383,343	128,781
Inventories	911	-	911	-
Capital assets				
Land and other assets not being depreciated	86,308	1,574	87,882	685,738
Facilities, infrastructure, and equipment, net of depreciation	737,660	109,286	846,946	917,061
Total capital assets	823,968	110,860	934,828	1,602,799
Property held for resale	66,775	-	66,775	-
Unamortized bond issuance costs	3,440	-	3,440	-
Other	524	-	524	47,267
<b>TOTAL ASSETS</b>	<b>1,701,602</b>	<b>108,062</b>	<b>1,809,664</b>	<b>1,926,981</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	104,389	1,489	105,878	77,382
Accrued interest payable	7,423	-	7,423	-
Due to primary government	-	-	-	22,523
Unearned revenue	20,320	-	20,320	4,965
Matured bonds and interest payable	661	-	661	29,404
Other	1,965	-	1,965	55,851
Noncurrent liabilities:				
Due within one year	116,407	662	117,069	17,308
Due in more than one year	1,442,837	7,001	1,449,838	1,042,682
<b>TOTAL LIABILITIES</b>	<b>1,694,002</b>	<b>9,152</b>	<b>1,703,154</b>	<b>1,250,115</b>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	395,311	103,197	498,508	380,675
Restricted net assets				
Debt Service	82,366	-	82,366	110,363
Capital project funds	74,918	-	74,918	-
Urban redevelopment and housing	64,778	-	64,778	-
Other purposes	24,861	-	24,861	-
Unrestricted net assets (deficit)	(634,634)	(4,287)	(638,921)	185,828
<b>TOTAL NET ASSETS</b>	<b>\$ 7,600</b>	<b>\$ 98,910</b>	<b>\$ 106,510</b>	<b>\$ 676,866</b>

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

**CITY OF OAKLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2002**  
*(In Thousands)*

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities
<b>PRIMARY GOVERNMENT</b>						
Governmental activities:						
General government	\$ 80,170	\$ 25,131	\$ 529	\$ -	\$ (54,510)	\$ -
Public safety	250,503	14,715	8,129	-	(227,659)	-
Life enrichment	99,223	5,123	18,812	286	(75,002)	-
Community and economic development	108,101	21,553	18,350	379	(67,819)	-
Public works	72,639	21,872	17,415	9,888	(23,464)	-
Interest on long-term debt	72,924	-	-	-	(72,924)	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>683,560</b>	<b>88,394</b>	<b>63,235</b>	<b>10,553</b>	<b>(521,378)</b>	<b>-</b>
Business-type activities:						
Sewer	15,848	19,153	19	-	-	3,324
Parks and recreation	94	100	-	-	-	6
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>15,942</b>	<b>19,253</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>3,330</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 699,502</b>	<b>\$ 107,647</b>	<b>\$ 63,254</b>	<b>\$ 10,553</b>	<b>(521,378)</b>	<b>(518,048)</b>
<b>COMPONENT UNIT</b>						
Port of Oakland	\$ 214,289	\$ 225,339	\$ -	\$ 46,550	-	\$ 57,600
<b>TOTAL COMPONENT UNIT</b>	<b>\$ 214,289</b>	<b>\$ 225,339</b>	<b>\$ -</b>	<b>\$ 46,550</b>	<b>-</b>	<b>57,600</b>
		General revenues:				
		Property taxes		172,029	-	172,029
		State taxes		68,603	-	68,603
		Local taxes		160,729	-	160,729
		Interest and investment income		36,463	10	36,473
		Other		66,883	1,891	68,774
		Transfers		659	(659)	-
		<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>		<b>505,366</b>	<b>1,242</b>	<b>506,608</b>
		Change in net assets		(16,012)	4,572	(11,440)
		<b>NET ASSETS - BEGINNING</b>		<b>23,612</b>	<b>94,338</b>	<b>117,950</b>
		<b>NET ASSETS - ENDING</b>		<b>\$ 7,600</b>	<b>\$ 98,910</b>	<b>\$ 106,510</b>

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

**CITY OF OAKLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2002**  
*(In Thousands)*

	<u>General</u>	<u>Federal/State Grant Fund</u>	<u>Oakland Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 16,837	\$ -	\$ 91,106	\$ 56,306	\$ 164,249
Receivables (net of allowance for uncollectibles amount of \$6,529)					
Accrued Interest and dividends	345	-	931	480	1,756
Property taxes	10,391	-	2,174	3,943	16,508
Accounts receivable	53,367	94	152	3,294	56,907
Grants receivable	-	35,336	-	-	35,336
Due from component unit	19,573	2,010	-	940	22,523
Due from other funds	89,147	3,161	3,602	2,147	98,057
Due from other governments	-	-	44	-	44
Notes and loans receivable (net of allowance for uncollectibles)	14,826	38,443	48,434	5,779	107,482
Restricted cash and investments	181,055	-	32,592	144,537	358,184
Property held for resale	-	-	66,775	-	66,775
Other	33	24	-	467	524
<b>TOTAL ASSETS</b>	<u>\$ 385,574</u>	<u>\$ 79,068</u>	<u>\$245,810</u>	<u>\$ 217,893</u>	<u>\$ 928,345</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 84,027	\$ 5,965	\$ 6,379	\$ 6,128	\$ 102,499
Due to other funds	1,267	32,678	34,821	9,031	77,797
Deferred revenue	73,463	62,243	54,109	9,732	199,547
Matured bonds and interest payable	-	-	-	520	520
Other	1,084	-	158	723	1,965
<b>TOTAL LIABILITIES</b>	<u>159,841</u>	<u>100,886</u>	<u>95,467</u>	<u>26,134</u>	<u>382,328</u>
<b>Fund balances (deficit)</b>					
Reserved:					
Encumbrances	1,744	5,673	-	4,648	12,065
Projects	12,644	3,365	74,797	91,094	181,900
Debt service	181,679	-	7,976	73,543	263,198
Property held for resale	-	-	66,775	-	66,775
Unreserved (deficit) reported in:					
General fund	29,666	-	-	-	29,666
Special revenue funds	-	(30,856)	-	19,047	(11,809)
Capital project funds	-	-	795	3,427	4,222
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>225,733</u>	<u>(21,818)</u>	<u>150,343</u>	<u>191,759</u>	<u>546,017</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 385,574</u>	<u>\$ 79,068</u>	<u>\$245,810</u>	<u>\$ 217,893</u>	<u>\$ 928,345</u>

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

**CITY OF OAKLAND**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Assets**  
**June 30, 2002**  
*(In Thousands)*

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Fund balances - total governmental funds \$ 546,017

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 795,182

Bond issuance costs are expended in the governmental funds when paid and are capitalized and amortized over the life of the corresponding bonds for the purposes of the governmental activities on the statement of net assets. 3,440

Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due. (7,423)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the governmental funds. 179,227

Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,524,714)

Internal service funds are used by the City to charge the costs of providing supplies and services such as printing, reproduction, and mailing services, fleet and facilities management, and use of radio and communication equipment to individual funds. Assets and liabilities of internal service funds are included in governmental activities in the statement of net assets. 15,871

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 7,600

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



**CITY OF OAKLAND**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2002**  
*(In Thousands)*

	General	Federal/State Grant Fund	Oakland Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes:					
Property	\$ 94,306	\$ -	\$ 41,182	\$ 27,642	\$ 163,130
State:					
Sales and use	38,447	-	-	7,302	45,749
Motor vehicle in-lieu	22,854	-	-	-	22,854
Gas	-	-	-	7,705	7,705
Business license	42,094	-	-	-	42,094
Utility consumption	49,547	-	-	-	49,547
Real estate transfer	37,272	-	-	-	37,272
Transient occupancy	10,530	-	-	-	10,530
Parking	7,525	-	-	-	7,525
Voter approved special tax	-	5,085	-	-	5,085
Franchise	10,944	-	-	-	10,944
Licenses and permits	11,738	-	-	20	11,758
Fines and penalties	16,277	323	-	1,206	17,806
Interest and investment income	11,442	2,829	7,296	13,914	35,481
Charges for services	48,484	312	7,630	4,414	60,840
Federal and state grants and subventions	2,846	33,615	-	11,773	48,234
Annuity income	16,568	-	-	-	16,568
Other	14,025	9,169	2,085	19,544	44,823
<b>TOTAL REVENUES</b>	<b>434,899</b>	<b>51,333</b>	<b>58,193</b>	<b>93,520</b>	<b>637,945</b>
<b>EXPENDITURES</b>					
Current:					
Elected and Appointed Officials-					
Mayor	1,330	-	-	103	1,433
Council	2,338	-	-	704	3,042
City Manager	8,283	534	-	2,722	11,539
City Attorney	6,409	239	-	2,441	9,089
City Auditor	1,076	2	-	-	1,078
City Clerk	1,773	-	-	188	1,961
Agencies/Departments:					
Personnel Resource Management	3,838	-	-	7	3,845
Retirement and Risk Administration	200	-	-	-	200
Information Technology	7,469	-	-	1,733	9,202
Financial Services	14,503	144	-	1,990	16,637
Police Services	146,649	4,457	-	685	151,791
Fire Services	78,758	571	-	4,910	84,239
Life Enrichment:					
Administration	561	-	-	-	561
Parks and Recreation	13,673	421	-	18,387	32,481
Library	10,181	5,854	-	505	16,540
Museum	6,364	-	-	914	7,278
Aging	2,989	3,449	-	847	7,285
Health and Human Services	1,177	15,586	-	520	17,283
Cultural Arts	1,375	-	-	7	1,382
Community and Economic Development	22,512	33,841	47,988	13,893	118,234
Public Works	26,052	5,430	-	21,359	52,841
Other	23,945	1,154	-	16,372	41,471
Capital outlay	2,697	9,091	-	10,267	22,055
Debt service:					
Principal repayment	466	725	8,915	29,580	39,686
Bond issuance cost	-	-	-	3,711	3,711
Interest charges	1,781	653	12,269	43,855	58,558
<b>TOTAL EXPENDITURES</b>	<b>386,399</b>	<b>82,151</b>	<b>69,172</b>	<b>175,700</b>	<b>713,422</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>					
<b>OVER (UNDER) EXPENDITURES</b>	<b>48,500</b>	<b>(30,818)</b>	<b>(10,979)</b>	<b>(82,180)</b>	<b>(75,477)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of refunding bonds	1,723	-	-	211,932	213,655
Payment to refunded bond escrow agent	-	-	-	(208,907)	(208,907)
Premiums on issuance of refunding bonds	-	-	-	788	788
Property sale proceeds	54	9,000	3,619	3,421	16,094
Transfers in	46,264	-	-	96,552	142,816
Transfers out	(91,390)	-	-	(50,767)	(142,157)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>(43,349)</b>	<b>9,000</b>	<b>3,619</b>	<b>53,019</b>	<b>22,289</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>5,151</b>	<b>(21,818)</b>	<b>(7,360)</b>	<b>(29,161)</b>	<b>(53,188)</b>
Fund balances - beginning, as restated	220,582	-	157,703	220,920	599,205
<b>FUND BALANCES - ENDING</b>	<b>\$ 225,733</b>	<b>\$ (21,818)</b>	<b>\$ 150,343</b>	<b>\$ 191,759</b>	<b>\$ 546,017</b>

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

**CITY OF OAKLAND**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**June 30, 2002**  
*(In Thousands)*

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Net change in fund balances - total governmental funds	\$ (53,188)
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Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(4,243)
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Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	8,899
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Revenues that do not provide current financial resources are not reported as revenues in the funds. This represents the change in deferred amounts during the current period.	14,190
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(17,739)
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Some expenditures reported in the governmental funds pertain to the establishment of deferred revenue to offset long-term pass through loans when the loan funds are disbursed thereby reducing fund balance. In the government-wide statements, however, the issuance of long-term pass through loans does not affect the statement of activities.	15,065
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Bond issuance costs are expended in governmental funds when paid, and are deferred and amortized over the life of the corresponding bonds for purposes of the statement of net assets. This is the amount by which current year bond issuance costs exceeded amortization expense in the current period.	3,440
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and the advance refunding of debt consume the current financial resources of governmental funds. These transactions, however, have no effect on net assets. This is the amount by which principal retirement and payment to escrow exceeded bond proceeds in the current period.	
Principal payments	39,686
Payment to escrow for refunded debt	208,907
Issuance of refunding bonds	<u>(213,655)</u>
Difference	<u>34,938</u>

Bond premiums are recognized in the governmental funds when the bonds are issued, and are deferred and amortized over the life of the bonds in the government-wide financial statements. This is the amount deferred in the current period.	(788)
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Amortization of bond premiums	20
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Amortization of refunding loss	(1,716)
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Additional accrued and accreted interest calculated on bonds and notes payable	(11,292)
--	----------

The net loss of certain activities of internal service funds is reported with governmental activities.	<u>(3,598)</u>
--	----------------

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (16,012)</u>
--	--------------------

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

**CITY OF OAKLAND**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2002**  
*(In Thousands)*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Sewer Service</b>	<b>Parks and Recreation</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ -	\$ 259	\$ 259	\$ 8,124
Accounts receivables (net of uncollectible amounts of \$506 and \$355 for the enterprise funds and internal service funds, respectively):	1,989	4	1,993	246
Inventories	-	-	-	911
Total current assets	<u>1,989</u>	<u>263</u>	<u>2,252</u>	<u>9,281</u>
Restricted Assets:				
Restricted cash and investments	-	-	-	25,159
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,159</u>
Noncurrent Assets:				
Capital assets:				
Land and other assets not being depreciated	1,356	218	1,574	310
Facilities and equipment, net of depreciation	109,276	10	109,286	28,476
Total noncurrent assets	<u>110,632</u>	<u>228</u>	<u>110,860</u>	<u>28,786</u>
<b>TOTAL ASSETS</b>	<u>112,621</u>	<u>491</u>	<u>113,112</u>	<u>63,226</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	1,483	6	1,489	1,890
Due to other funds	5,050	-	5,050	10,794
Bonds, notes and other payables	662	-	662	6,974
Total current liabilities	<u>7,195</u>	<u>6</u>	<u>7,201</u>	<u>19,658</u>
Noncurrent Liabilities:				
Bonds, notes and other payables	7,001	-	7,001	27,697
Total noncurrent liabilities	<u>7,001</u>	<u>-</u>	<u>7,001</u>	<u>27,697</u>
<b>TOTAL LIABILITIES</b>	<u>14,196</u>	<u>6</u>	<u>14,202</u>	<u>47,355</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	102,969	228	103,197	17,002
Unrestricted (deficit)	<u>(4,544)</u>	<u>257</u>	<u>(4,287)</u>	<u>(1,131)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 98,425</u>	<u>\$ 485</u>	<u>\$ 98,910</u>	<u>\$15,871</u>

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

**CITY OF OAKLAND**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2002**  
*(In Thousands)*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Sewer Service</b>	<b>Parks and Recreation</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Rental	\$ -	\$ 100	\$ 100	\$ -
Sewer charges	19,153	-	19,153	-
Charges for services	-	-	-	31,651
Other	1,891	-	1,891	471
<b>TOTAL OPERATING REVENUES</b>	<b>21,044</b>	<b>100</b>	<b>21,144</b>	<b>32,122</b>
<b>OPERATING EXPENSES</b>				
Personnel	8,225	6	8,231	12,478
Supplies	360	17	377	4,632
Depreciation and amortization	2,514	1	2,515	5,042
Contractual services and supplies	1,266	56	1,322	811
Repairs and maintenance	53	10	63	2,146
General and administrative	2,201	-	2,201	3,227
Rental	728	4	732	1,332
Other	105	-	105	6,064
<b>TOTAL OPERATING EXPENSES</b>	<b>15,452</b>	<b>94</b>	<b>15,546</b>	<b>35,732</b>
<b>OPERATING INCOME (LOSS)</b>	<b>5,592</b>	<b>6</b>	<b>5,598</b>	<b>(3,610)</b>
<b>NONOPERATING REVENUES, NET</b>				
Interest and investment income	-	10	10	830
Interest expense	(396)	-	(396)	(1,378)
Federal and state grants	19	-	19	31
Other, net	-	-	-	529
<b>TOTAL NON OPERATING REVENUE, NET</b>	<b>(377)</b>	<b>10</b>	<b>(367)</b>	<b>12</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>5,215</b>	<b>16</b>	<b>5,231</b>	<b>(3,598)</b>
Transfers out	(659)	-	(659)	-
Change in Net Assets	4,556	16	4,572	(3,598)
Net Assets - Beginning	93,869	469	94,338	19,469
<b>NET ASSETS - ENDING</b>	<b>\$ 98,425</b>	<b>\$ 485</b>	<b>\$98,910</b>	<b>\$ 15,871</b>

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

**CITY OF OAKLAND**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2002**  
*(In Thousands)*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Sewer Service</b>	<b>Parks and Recreation</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers, including other funds and cash deposits	\$ 24,171	\$ 100	\$ 24,271	\$ 36,344
Cash received from tenants for rents	-	-	-	362
Cash paid to employees for services	(8,225)	(6)	(8,231)	(12,478)
Cash paid to suppliers for goods and services	(5,058)	(103)	(5,161)	(19,131)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>10,888</u>	<u>(9)</u>	<u>10,879</u>	<u>5,097</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating grants	19	-	19	31
Operating transfers out	(659)	-	(659)	-
Other non capital decreases	-	-	-	(160)
<b>NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES</b>	<u>(640)</u>	<u>-</u>	<u>(640)</u>	<u>(129)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(9,334)	-	(9,334)	(9,227)
Repayment of long-term debt	(640)	-	(640)	(4,626)
Proceeds from notes payable	-	-	-	14,923
Interest paid on long-term debt	(274)	-	(274)	(1,255)
<b>NET CASH USED IN CAPITAL FINANCING ACTIVITIES</b>	<u>(10,248)</u>	<u>-</u>	<u>(10,248)</u>	<u>(185)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income received	-	10	10	931
Other investing activities	-	-	-	585
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>10</u>	<u>10</u>	<u>1,516</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>-</u>	<u>1</u>	<u>1</u>	<u>6,299</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>-</u>	<u>258</u>	<u>258</u>	<u>26,984</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ 259</u>	<u>\$ 259</u>	<u>\$ 33,283</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 5,592	\$ 6	\$ 5,598	\$ (3,610)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Depreciation	2,514	1	2,515	5,042
Other	-	-	-	2
Changes in Assets and Liabilities:				
Receivables	(144)	-	(144)	110
Inventories	-	-	-	(124)
Accounts payable and accrued liabilities	(345)	(16)	(361)	(797)
Due to other funds	3,271	-	3,271	4,474
Total Adjustments	5,296	(15)	5,281	8,707
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 10,888</u>	<u>\$ (9)</u>	<u>\$ 10,879</u>	<u>\$ 5,097</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>				
Cash and investments	\$ -	\$ 259	\$ 259	\$ 8,124
Restricted cash and investments	-	-	-	25,159
<b>TOTAL</b>	<u>\$ -</u>	<u>\$ 259</u>	<u>\$ 259</u>	<u>\$ 33,283</u>

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

**CITY OF OAKLAND**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2002**  
*(In Thousands)*

	<b>Pension Trust Funds</b>	<b>Private Purpose Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>			
Cash and investments	\$ 121,803	\$ 2,266	\$ -
Receivables:			
Accrued interest and dividends	3,879	36	109
Investments and contributions	48,164	-	-
Mortgage loan receivable	-	-	2,925
Restricted cash and investments	640,887	-	8,018
Investment of Securities lending collateral	168,813	-	-
Other	-	-	147
<b>TOTAL ASSETS</b>	<u>983,546</u>	<u>2,302</u>	<u>11,199</u>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable and accrued liabilities	128,634	46	257
Due to other funds	4,416	-	-
Securities lending collateral	168,813	-	-
Long-term obligations	308	-	-
Due to bond holders	-	-	10,942
Other	-	7	-
<b>TOTAL LIABILITIES</b>	<u>302,171</u>	<u>53</u>	<u>\$ 11,199</u>
<b>NET ASSETS HELD IN TRUST</b>	<u>\$ 681,375</u>	<u>\$ 2,249</u>	

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

CITY OF OAKLAND  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended June 30, 2002  
(In Thousands)

	Pension Trust Funds	Private Purpose Trust Fund
<b>ADDITIONS:</b>		
Contributions:		
Members	\$ 304	\$ -
TOTAL CONTRIBUTIONS	304	-
Trust receipts:	-	1,305
Investment Income:		
Net decrease in fair value of investments	(48,687)	-
Interest	24,572	104
Dividends	5,913	-
Securities Lending	3,363	-
TOTAL INVESTMENT LOSS	(14,839)	104
Less investment expenses:		
Investment expenses	(2,433)	-
Borrowers rebates and other agent fees and securities lending transactions	(2,839)	-
Total investment expense	(5,272)	-
NET INVESTMENT LOSS	(20,111)	104
TOTAL ADDITIONS (LOSS), NET	(19,807)	1,409
<b>DEDUCTIONS:</b>		
Disbursements to members and beneficiaries:		
Retirement	41,628	-
Disability	23,622	-
Death	2,044	-
Retiree medical	-	1,468
TOTAL DISBURSEMENTS TO MEMBERS AND BENEFICIARIES	67,294	1,468
Administrative expenses	397	-
Interest expense - bonds	27	-
Change in payable to City	(1,365)	-
Transfer to CALPERS	69,830	-
Termination of refunds of employees' contributions	103	-
Police services	-	430
TOTAL DEDUCTIONS	136,286	1,898
Change in net assets	(156,093)	(489)
NET ASSETS - BEGINNING	837,468	2,738
NET ASSETS - ENDING	\$ 681,375	\$ 2,249

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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

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

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

**Blended Component Units**

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

The Civic Improvement Corporation (Corporation) was created to provide a lease financing arrangement for the City. It is reported in other governmental funds.

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



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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**Discretely Presented Component Units**

The 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) that is appointed by the City Council, upon nomination by the Mayor. The Board appoints an Executive Director to administer operations. The Port prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations. The Port is required by City charter to deposit its operating revenues in the City treasury. The City is responsible for investing and managing such funds. The Port is presented in a separate column in the government-wide financial statements.

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

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

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

**Implementation of New Accounting Principles**

**Governmental Accounting Standards Board Statement No. 34**

Effective July 1, 2001, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments*. This statement affects the manner in which the City records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

***Management's Discussion and Analysis*** – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the City's financial activities in the form of "management's discussion and analysis" (MD&A).

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

***Government-wide Financial Statements*** – The reporting model includes financial statements prepared using full accrual accounting for all of the City’s activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

***Statement of Net Assets*** – The statement of net assets is designed to display the financial position of the City. The City now reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of “using up” capital assets – in the statement of activities. The net assets of the City are broken into three categories – (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

***Statement of Activities*** – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City’s functions. The expenses of individual functions are compared to the revenue generated directly by the function.

Accordingly, the City has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

**Governmental Accounting Standards Board Statement No. 37**

Effective July 1, 2001, the City adopted the provisions of GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*. This statement amends GASB Statement No. 34 to either clarify certain provisions or modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the City considered the effects of this statement when adopting the provisions of GASB Statement No. 34 as previously discussed.

**Governmental Accounting Standards Board Statement No. 38**

Effective July 1, 2001, the City adopted the provisions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB Statement No. 38.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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**Governmental Accounting Standards Board Interpretation No. 6**

Effective July 1, 2001, the City adopted the provisions of GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This interpretation clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or could arise, in interpretation and practice. This interpretation impacts the fund level financial statements (governmental funds only) required by GASB Statement No. 34 but has no direct impact on the government-wide financial statements. Accordingly, the City has not recognized the current portion of certain long-term liabilities and related expenditures in the governmental fund financial statements for amounts not considered to be due and payable as of June 30, 2002, and has restated fund balances as of July 1, 2001, to reflect the cumulative effect of the changes as of that date.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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**Restatement of Fund Balances**

The City's beginning fund balances have been restated to reflect the cumulative effect of the implementation of GASB Interpretation No. 6 and GASB Statement No. 34. The impact of GASB Interpretation No. 6 was to reduce the current portion of certain long-term liabilities, and only recognize expenditures in the governmental fund financial statements for those liabilities considered to be due and payable as of June 30, 2001. The impact of GASB Statement No. 34 was to reduce certain assets and liabilities to conform with the new reporting requirements, and recognize operations not previously reported (in thousands).

	General Fund	Federal/State Grant Fund	Oakland Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Fund Equity:					
Fund balances at June 30, 2001, as previously reported					
Governmental fund types:					
General fund	\$ 22,796	\$ —	\$ —	\$ —	\$ 22,796
Special revenue	—	—	2,586	34,167	36,753
Debt service	—	—	13,158	80,905	94,063
Capital projects	—	—	127,451	108,790	236,241
Funds previously reported as expendable trust funds:					
ORA projects	—	—	—	(4,798)	(4,798)
Parks and recreation and cultural	—	—	—	1,656	1,656
Pension annuity	<u>175,138</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>175,138</u>
<b>TOTAL FUND BALANCES AT JUNE 30, 2001, AS PREVIOUSLY REPORTED</b>	<u>197,934</u>	<u>—</u>	<u>143,195</u>	<u>220,720</u>	<u>561,849</u>
Adjustments to Oakland Redevelopment Agency Fund (GASB Statement No. 34):					
Reduction of deferred revenue against property held for resale	—	—	23,300	—	23,300
Recognition of the fund balance of operations previously not reported	—	—	1,143	—	1,143
Reduction of the carrying value of property held for resale	—	—	(9,935)	—	(9,935)
GASB Interpretation No. 6 adjustment:					
Reduction in current portion of long-term liabilities not considered due and payable	<u>22,648</u>	<u>—</u>	<u>—</u>	<u>200</u>	<u>22,848</u>
Cumulative effect of a change in accounting principles	<u>22,648</u>	<u>—</u>	<u>14,508</u>	<u>200</u>	<u>37,356</u>
<b>FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED – GOVERNMENTAL FUNDS</b>	<u>\$ 220,582</u>	<u>\$ —</u>	<u>\$ 157,703</u>	<u>\$ 220,920</u>	<u>\$ 599,205</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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The impact of GASB Statement No. 34 on the City's accounting and financial reporting practices was to (1) classify certain activities as governmental that were previously reported as fiduciary, (2) report the residual balances of certain internal activities within the net assets of governmental activities, (3) report all long-term assets, including capital assets, and liabilities in the statement of net assets, and (4) report all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. These adjustments are summarized in the table below (amounts in thousands):

	<b>Governmental Activities</b>
Net assets:	
Fund balances at beginning of year, as restated – governmental funds	
General	\$ 220,582
Federal/State Grant Fund	—
Oakland Redevelopment Agency	157,703
Other Governmental Funds	<u>220,920</u>
Total fund balances at beginning of year, as restated – governmental funds	599,205
GASB Statement No. 34 adjustments:	
Addition of:	
Beginning residual balances from internal activities accounted for as internal service funds (Equipment, Radio, Facilities, Reproduction, and Central Stores)	19,469
Net capital assets	799,425
Reduction of deferred credits offsetting long-term receivables	141,073
Accrued interest	(9,084)
Long-term liabilities	<u>(1,526,476)</u>
Net assets at July 1, 2001	<u>\$ 23,612</u>

The impact of GASB Statement No. 34 on the City's beginning proprietary fund balances was to include certain long-term assets and related depreciation that was previously not reported by the City due to it previously being identified as general infrastructure assets. The addition of the additional long-term assets is summarized in the table below:

Retained earnings at June 30, 2001, as previously reported	\$ 76,316
Infrastructure assets not previously reported, net of accumulated depreciation	<u>18,022</u>
Net assets at July 1, 2001, reported as business-type activities – enterprise fund	<u>\$ 94,338</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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## **Government-wide and fund financial statements**

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

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

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

## **Measurement focus, basis of accounting, and financial statement presentation**

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The County of Alameda is responsible for assessing, collecting and distributing property taxes in accordance with enabling state law, and for remitting such amounts to the City. Property taxes are assessed and levied as of 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, 2002.

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary (enterprise) fund:

The **Sewer Service Fund** accounts for the sewer service charges received by the City based on the use of water by East Bay Municipal Utility District customers residing in

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the City. The proceeds from the sewer charges are used for the construction and maintenance of sanitary sewers and storm drains and the administrative costs of the program.

Additionally, the City reports the following fund types:

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

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

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

The **Agency Fund** accounts for assets held in trust for the other agencies.

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

The effect of inter-fund activity has been eliminated from the government-wide financial statements. Charges between the City and the Port are not eliminated because the elimination of these charges would distort the direct costs and revenues reported.

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



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

## **Cash and Investments**

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

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

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

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

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

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

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## **Interest Rate Swap**

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

## **Inter-fund Transfers**

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

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

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

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

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

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

## **Inventories**

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

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**Notes to Basic Financial Statements**  
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## **Capital Assets**

Capital assets, which include land, facilities and improvements, furniture, machinery and equipment, infrastructure (e.g., streets, streetlights, traffic signals, and parks), and sewers and storm drains are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures in the general, federal/state grant, and other governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met.

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

The City has a collection of artwork presented for public exhibition and education that is being preserved for future generations. These items are protected, kept unencumbered, cared for and preserved by the City. The proceeds from the sale of any pieces of the collection are used to purchase other acquisitions for the collection. The collection is not capitalized as part of the capital assets of the City.

As required by the Governmental Accounting Standards Board Statement No. 34, beginning July 1, 2001, the City has capitalized its infrastructure, primarily its street and park networks, as part of the capital assets shown in the governmental column on the government-wide statement of net assets. This capitalization included infrastructure that could be identified and has been acquired since July 1, 1980.

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

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

## **Land Held for Resale**

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

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## **Compensated Absences**

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

## **Retirement Plans**

City employees participate in one of three defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS), and California Public Employees' Retirement System (PERS). Employer contributions and member contributions made by the employer to the Plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the provisions of the Plans. Refer to Note 15 for additional information.

## **Refunding of Debt**

Gain or losses occurring from advance refunding completed subsequent to June 30, 1993, are deferred and amortized into expense for both business-type activities and proprietary funds. For governmental activities reported in the government-wide financial statements, they are deferred and amortized into expense if they occurred subsequent to June 30, 2001.

## **Fund Balances**

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

**Reserve for Encumbrances** – Encumbrances outstanding at fiscal year end are reported as reservations of fund balances and the related appropriation is automatically carried forward into the next fiscal year. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

**Reserve for Projects** – This fund balance is reserved for various capital projects and other miscellaneous projects.

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

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**Reserve for Property Held for Resale** – This fund balance is reserved for the full cost of developing and administering residential and commercial properties intended for resale.

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

### **Restricted Net Assets**

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

### **Use of Estimates**

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

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**(3) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

Total fund balances of the City's governmental funds, \$546,017 differ from net assets of governmental activities, \$7,600, reported in the statement of net assets. The difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets (in thousands).

	Total Governmental Funds	Long-term Assets, Liabilities	Internal Service Funds	Reclassifications and Eliminations	Statement of Net Assets Total
<b>ASSETS</b>					
Cash and investments	\$ 164,249	\$ —	\$ 8,124	\$ —	\$ 172,373
Receivables (net of allowance for uncollectibles):					
Accrued interest and dividends	1,756	—	—	—	1,756
Property taxes	16,508	—	—	—	16,508
Accounts receivable	56,907	—	246	—	57,153
Grants	35,336	—	—	—	35,336
Due from component unit	22,523	—	—	—	22,523
Due from other funds/ internal balances	98,057	—	—	(93,007)	5,050
Due from other governments	44	—	—	—	44
Due from pension trust fund	—	—	—	4,416	4,416
Notes and loans receivable	107,482	—	—	—	107,482
Restricted cash and investments	358,184	—	25,159	—	383,343
Inventories	—	—	911	—	911
Capital assets, net	—	795,182 <sup>(1)</sup>	28,786	—	823,968
Property held for resale	66,775	—	—	—	66,775
Unamortized bond issuance costs	—	3,440 <sup>(2)</sup>	—	—	3,440
Other	524	—	—	—	524
<b>TOTAL ASSETS</b>	<u>\$ 928,345</u>	<u>\$ 798,622</u>	<u>\$ 63,226</u>	<u>\$(88,591)</u>	<u>\$1,701,602</u>

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**Notes to Basic Financial Statements**  
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	Total Governmental Funds	Long-term Assets, Liabilities	Internal Service Funds <sup>(6)</sup>	Reclassifications and Eliminations	Statement of Net Assets Total
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 102,499	\$ —	\$ 1,890	\$ —	\$ 104,389
Due to other funds	77,797	—	10,794	(88,591)	—
Accrued interest payable	—	7,423 <sup>(3)</sup>	—	—	7,423
Deferred/unearned revenue	199,547	(179,227) <sup>(4)</sup>	—	—	20,320
Matured bonds and interest payable	520	141 <sup>(5)</sup>	—	—	661
Other	1,965	—	—	—	1,965
Liabilities due within one year	—	109,433 <sup>(5)</sup>	6,974	—	116,407
Liabilities due in more than one year	—	1,415,140 <sup>(5)</sup>	27,697	—	1,442,837
<b>TOTAL LIABILITIES</b>	<b>382,328</b>	<b>1,352,910</b>	<b>47,355</b>	<b>(88,591)</b>	<b>1,694,002</b>
<b>FUND BALANCES/NET ASSETS</b>					
Total fund balances/ net assets	<u>546,017</u>	<u>(554,288)</u>	<u>15,871</u>	<u>—</u>	<u>7,600</u>
<b>TOTAL LIABILITIES AND FUND BALANCES/NET ASSETS</b>	<b><u>\$ 928,345</u></b>	<b><u>\$ 798,622</u></b>	<b><u>\$ 66,226</u></b>	<b><u>\$(88,591)</u></b>	<b><u>\$1,701,602</u></b>

- (1) When capital assets (land, buildings, equipment, and infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole. The capital assets (except those reported in the internal service funds below) are as follows:

Cost of capital assets	\$1,073,643
Accumulated depreciation	<u>(278,461)</u>
<b>TOTAL</b>	<b><u>\$ 795,182</u></b>

- (2) Bond issuance costs are recognized in the governmental funds when paid and are capitalized and amortized over the life of the corresponding bonds for the purposes of the net assets.

\$ 3,440

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**Notes to Basic Financial Statements**  
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(3) Interest on long-term debt is not accrued in governmental funds; rather, it is recognized as an expenditure when paid. \$ (7,423)

(4) Because the focus of governmental funds is on short term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus, are not included in the fund balance.

Adjustment of deferred revenue \$ 179,227

(5) Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Bond discounts, premiums, and refunding losses incurred on the issuance and refinancing of debt are included as other financing uses in the governmental funds, and are deferred and amortized for purposes of the government-wide financial statements. All liabilities, both current and long-term, are reported in the statement of net assets, net of unamortized bond discounts, premiums, and refunding losses.

Long-term obligations	\$(1,543,686)
Unamortized bond premium	(768)
Unamortized refunding losses	19,881
Interest payable	<u>(141)</u>
	(1,524,714)

Less:	
Amount due in one year	109,433
Interest payable	<u>141</u>

AMOUNT DUE IN MORE THAN ONE YEAR	<u><u>\$(1,415,140)</u></u>
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(6) Internal service funds are used by management to charge the costs of certain activities, such as capital lease financing, equipment maintenance, printing, reproduction, mailing services, and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in the governmental activities in the statement of net assets. \$ 15,871



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**Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The net change in fund balances for governmental funds, (\$53,188) differs from the change in net assets for governmental activities, (\$16,012), reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated below (in thousands).

	Total Governmental Funds	Long-term Revenues/ Expenses <sup>(1)</sup>	Capital- related Items <sup>(2)</sup>	Internal Service Funds <sup>(3)</sup>	Long-term Debt Transactions <sup>(4)</sup>	Reclass	Statement of Net Assets Total
<b>REVENUES</b>							
Taxes:							
Property	\$ 163,130	\$ 8,899	\$ —	\$ —	\$ —	\$ —	\$ 172,029
State:							
Sales and use	45,749	—	—	—	—	—	45,749
Motor vehicle in-lieu	22,854	—	—	—	—	—	22,854
Gas	7,705	—	—	—	—	—	7,705
Local:							
Business license	42,094	(2,268)	—	—	—	—	39,826
Utility consumption	49,547	—	—	—	—	—	49,547
Real estate transfer	37,272	—	—	—	—	—	37,272
Transient occupancy	10,530	—	—	—	—	—	10,530
Parking	7,525	—	—	—	—	—	7,525
Voter approved special tax	5,085	—	—	—	—	—	5,085
Franchise	10,944	—	—	—	—	—	10,944
Licenses and permits	11,758	—	—	—	—	—	11,758
Fines and penalties	17,806	—	—	—	—	—	17,806
Interest and investment income	35,481	152	—	830	—	—	36,463
Charges for services	60,840	(2010)	—	—	—	—	58,830
Federal and state grants and subventions	48,234	17,818	—	31	—	—	66,083
Annuity income	16,568	—	—	—	—	—	16,568
Other	44,823	498	—	—	—	(11,100)	34,221
<b>TOTAL REVENUES</b>	<b>637,945</b>	<b>23,089</b>	<b>—</b>	<b>861</b>	<b>—</b>	<b>(11,100)</b>	<b>650,795</b>
<b>EXPENDITURES:</b>							
Current:							
General government	58,026	(3,116)	501	117	271	24,371	80,170
Public Safety	236,030	11,389	2,052	1,032	—	—	250,503
Life Enrichment	82,810	4,572	9,953	740	—	1,148	99,223
Community and Economic Development	118,234	(15,065)	2,421	136	—	2,375	108,101
Public Works	52,841	4,894	11,371	1,056	—	2,477	72,639
Other	41,471	—	—	—	—	(41,471)	—
Capital outlay	22,055	—	(22,055)	—	—	—	—
Debt service:							
Principal repayment	39,686	—	—	—	(39,686)	—	—
Bond issuance costs	3,711	—	—	—	(3,711)	—	—
Interest charges	58,558	—	—	1,378	12,988	—	72,924
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>713,422</b>	<b>2,674</b>	<b>4,243</b>	<b>4,459</b>	<b>(30,138)</b>	<b>(11,100)</b>	<b>683,560</b>

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	Total Governmental Funds	Long-term Revenues/ Expenses <sup>(1)</sup>	Capital- related Items <sup>(2)</sup>	Internal Service Funds <sup>(3)</sup>	Long-term Debt Transactions <sup>(4)</sup>	Reclass	Statement of Net Assets Total
<b>OTHER FINANCING SOURCES (USES)/CHANGES IN NET ASSETS</b>							
Issuance of refunding bonds	213,655	—	—	—	(213,655)	—	—
Payment to refunded bond escrow	(208,907)	—	—	—	208,907	—	—
Property sale proceeds	16,094	—	—	—	—	—	16,094
Premiums on issuance of bonds	788	—	—	—	(788)	—	—
Net transfers (to)/from other funds	659	—	—	—	—	—	659
<b>TOTAL OTHER FINANCING SOURCES (USES)/CHANGES IN NET ASSETS</b>	<u>22,289</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,536)</u>	<u>—</u>	<u>16,753</u>
<b>NET CHANGE FOR THE YEAR</b>	<u>\$ (53,188)</u>	<u>\$20,415</u>	<u>\$ (4,243)</u>	<u>\$ (3,598)</u>	<u>\$ 24,602</u>	<u>\$ —</u>	<u>\$ (16,012)</u>

- (1) Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered available revenues in the governmental funds.

\$ 8,899

Some revenues will not be collected within the City's stated accrual period established for the governmental funds. As a result, they are not considered available revenues in the governmental funds. This represents the change in deferred amounts during the current period.

14,190

23,089

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

(17,739)

Some expenditures reported in the governmental funds pertain to the establishment of deferred revenue to offset long-term pass through loans when the loan funds are disbursed thereby reducing fund balance. In the government-wide statements, however, the issuance of long-term pass through loans does not affect the statement of activities.

15,065

\$20,415

- (2) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets

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decrease by the amount of depreciation expense charged for the year, and the loss of disposal of capital assets.

Capital expenditures	\$ 29,759
Depreciation expense	(33,993)
Loss on disposal of capital assets	<u>(9)</u>
Difference	<u>\$ (4,243)</u>

- (3) Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance, radio maintenance, facilities maintenance, reproduction, and central stores, to individual funds. The adjustments for internal service funds close those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' cost for the year.

\$ (3,598)

- (4) Bond issuance costs are expended in governmental funds when paid, and are deferred and amortized over the life of the corresponding bonds for purposes of the statement of net assets.

Bond issuance costs	\$ 3,711
Amortization of bond issuance costs	<u>(271)</u>
Difference	<u>3,440</u>

Bond premiums are recognized in the governmental funds when the bonds are issued, and deferred and amortized over the life of the bonds for purposes of the government-wide financial statements.

(788)

Repayment of bond principal and the payment to escrow in conjunction with the advance refunding of debt are reported as expenditures and other financing uses in governmental funds, and thus, have the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments and payment to escrow for refunded debt reduce the liabilities in the statement of net assets and do not result in expenses in the statement of activities. The City of Oakland's debt was reduced because principal payments were made to bond holders and payments were made to escrow for refunded debt.

Principal payments made	39,686
Payments to escrow for refunded debt	<u>208,907</u>
Total	<u>248,593</u>

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Interest expense in the statement of activities differs from the amount reported in governmental funds due to additional accrued and accreted interest on bonds payable and the amortization of the refunding loss and bond premiums.

Accrued and accreted interest	(11,292)
Amortization of bond premiums	20
Amortization of refunding loss	<u>(1,716)</u>
Difference	<u>(12,988)</u>

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.

(213,655)  
\$ 24,602

#### **(4) 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 that may be invested in:

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

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- repurchase agreements; and
- reverse repurchase agreements.

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

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

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

	<u>Primary Government</u>				<u>Port</u>
	<u>Governmental</u>	<u>Business-type</u>	<u>Fiduciary</u>	<u>Total</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Funds</u>		
Cash and investments	\$172,373	\$ 259	\$ 124,069	\$ 296,701	\$ 93,357
Restricted cash and investments	383,343	—	648,905	1,032,248	128,781
Invested securities lending collateral	—	—	168,813	168,813	—
<b>TOTAL</b>	<b><u>\$555,716*</u></b>	<b><u>\$ 259</u></b>	<b><u>\$ 941,787</u></b>	<b><u>\$1,497,762</u></b>	<b><u>\$222,138</u></b>
Deposits	\$213,415	\$ 259	\$ 118,218	\$ 331,892	\$ 32,826
Investments	342,301	—	823,569	1,165,870	189,312
<b>TOTAL</b>	<b><u>\$555,716*</u></b>	<b><u>\$ 259</u></b>	<b><u>\$ 941,787</u></b>	<b><u>\$1,497,762</u></b>	<b><u>\$222,138</u></b>

\*\$555,716 consists of all governmental funds and the internal service funds.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
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***Deposits***

At June 30, 2002, the carrying amount of the City's deposits was \$331,892,000 and the bank balance was \$331,442,000. 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, \$450,000 was FDIC insured and \$330,992,000 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 counter-party's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments, with the securities held by the counter-party or by its trust department or agent but not in the City's name.

At June 30, 2002, investments included the following (in thousands):

	<b>Category 1</b>	<b>Carrying Value</b>
<b>Subject to Custodial Risk Categorization</b>		
U.S. Treasury securities	\$ 98,180	\$ 98,180
Federal agency issues	181,173	181,173
Municipal bonds	5,102	5,102
Commercial paper	43,266	43,266
Corporate stocks and bonds	233,735	233,735
Medium term corporate notes	152,714	152,714
Long-term repurchase and investment agreements	11,353	11,353
<b>Investments made with securities lending cash collateral:</b>		
Municipal bonds	41,314	41,314
Corporate stocks	124,688	124,688
International stocks and bonds	2,811	2,811
<b>Total</b>	<b><u>\$ 894,336</u></b>	<b><u>\$ 894,336</u></b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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**Investments Not Subject to  
Custodial Risk Categorization**

Real estate deeds	\$ 8,259
Real estate mortgage loans/investments	4,830
Local Agency Investment Fund	66,628
Life Insurance Annuity Contracts	150,389

**Investments lent to broker-dealers with cash collateral:**

Government bonds	56,891
Corporate stocks	88,646
Medium term corporate notes	<u>16,925</u>

Total	<u>392,568</u>
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TOTAL INVESTMENTS	1,286,904
Less: Port of Oakland Investments	<u>(121,034)</u>
TOTAL PRIMARY GOVERNMENT INVESTMENTS	<u>\$1,165,870</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.

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

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

As of June 30, 2002, PFRS had securities on loan with a market value of approximately \$162,462,442 for cash collateral of \$168,813,454.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
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***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, 2002.

**Discretely Presented Component Unit**

The Port's cash and investments are reported as follows at June 30, 2002 (in thousands):

Cash and investments:	
Cash and investments with the City	\$ 90,461
Cash on hand	3
Cash in bank accounts	<u>2,893</u>
<b>TOTAL CASH AND INVESTMENTS</b>	<u><b>93,357</b></u>
Restricted cash and investments:	
Sinking fund and reserve deposits	
with fiscal agents	68,903
Deposits in escrow	29,018
Cash and investments with City:	
Passenger facility charges	28,805
Customer facility charges	834
Other	934
Restricted deposits with fiscal agents for	
current debt service	<u>287</u>
<b>TOTAL RESTRICTED CASH AND INVESTMENTS</b>	<u><b>128,781</b></u>
<b>TOTAL</b>	<u><b>\$222,138</b></u>

The carrying amount of Port cash and investments is as follows at June 30, 2002 (in thousands):

Cash on hand and at bank	\$ 21,657
Government securities money market mutual funds	11,169
U.S. Treasury obligations	21,475
Guaranteed investment contracts	46,803
Cash and investments with the City of Oakland	<u>121,034</u>
<b>TOTAL</b>	<u><b>\$222,138</b></u>



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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***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 and construction funds. Authorized investment securities are specified in the various bond indentures. Authorized investments are U.S. Treasury obligations, bank certificates of deposit, federal agency obligations, certain state and secured municipal obligations, long-term and medium-term guaranteed corporate debt securities in the two highest rating categories, commercial paper rated prime, repurchase agreements, certain money market mutual funds, and certain guaranteed investment contracts.

***Deposits and Investments***

The carrying amount of Port deposits with banks and fiscal agents was \$2,896 at June 30, 2002. Bank balances of \$1,770 at June 30, 2002, is insured or collateralized with securities held by the pledging financial institution's trust departments in the Port's name. The difference between the carry amount and the bank balance was primarily due to deposits in transit and outstanding checks.

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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

“Due to” and “due from” balances have primarily been recorded when funds overdraw their share of pooled cash. The amounts due from the Oakland Redevelopment Agency (Agency) are related to advances made by the City for projects, loans and services. The receivable amounts in the Agency relate to project advances made by the Agency for the City. The composition of inter-fund balances as of June 30, 2002, is as follows (in thousands):

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

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Federal/State Grant Fund	\$ 32,678
	Oakland Redevelopment Agency	29,513
	Other Governmental Funds	6,696
	Sewer Service Fund	5,050
	Internal Service Fund	10,794
	Pension Trust Fund	4,416
Federal/State Grant Fund	Oakland Redevelopment Agency	3,161
Oakland Redevelopment Agency	General Fund	1,267
	Other Governmental Funds	2,335
Other Governmental Funds	Oakland Redevelopment Agency	<u>2,147</u>
<b>TOTAL</b>		<b><u>\$ 98,057</u></b>

**INTERFUND TRANSFERS:**

	<b>TRANSFERS IN</b>		
	<b>General Fund</b>	<b>Governmental Funds</b>	<b>Other Total</b>
<b>TRANSFERS OUT</b>			
General Fund	\$ —	\$ 91,390	\$ 91,390
Other Governmental Funds	45,664	5,103	50,767
Sewer Service Fund	<u>600</u>	<u>59</u>	<u>659</u>
<b>TOTAL</b>	<b><u>\$ 46,264</u></b>	<b><u>\$ 96,552</u></b>	<b><u>\$ 142,816</u></b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
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The \$91.4 million general fund transfer out includes a total of \$17.9 million to provide for the payment of pension obligation bonds and \$73.5 million transfer to provide funding for other debt service payments.

The \$50.7 million consists of \$39.2 million transfers from other governmental funds to the general fund for the Museum and the City Administrative reserves and for repayment of the pension obligation bonds. Also, \$10.8 million was transferred from other governmental funds to the general fund to provide funds for the Oakland Convention Center.

**(6) 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, 2002, \$14,768,000 in Special Services expenses has been accrued as a current liability by the Port and as a receivable by the City.

The Port's legal counsel advised the Port that payments to the City for General Services and Lake Merritt tideland trust purposes are payable only to the extent the Port determines annually that surplus monies are available. Subject to final approvals by the Port and the City, and subject to availability of surplus monies, the Port will reimburse the City annually for General Services and Lake Merritt tideland trust properties. At June 30, 2002, \$655,000 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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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**(7) NOTES AND LOANS RECEIVABLE**

The composition of the City's notes and loans receivable as of June 30, 2002, is as follows (in thousands):

Type of Loan	General Fund	Federal/State Grant Fund	Oakland Redevelopment Agency	Other Governmental Funds	Total Governmental Funds/ Governmental Activities
Pass thru loans	\$ 15,100	\$ 2,709	\$ 18,501	\$ 799	\$ 37,109
Loans to Oakland Hotel Assoc. Ltd	12,038	—	—	—	12,038
Community Development Block Grant	—	45,608	—	—	45,608
Economic Development loans and other	1,931	26,779	—	10,816	39,526
Central District	—	—	3,801	—	3,801
Low and moderate housing	—	—	26,623	—	26,623
Less: Allowance for uncollectible accounts	<u>(14,243)</u>	<u>(36,653)</u>	<u>(491)</u>	<u>(5,836)</u>	<u>(57,223)</u>
<b>TOTAL LOANS, NET</b>	<b><u>\$ 14,826</u></b>	<b><u>\$ 38,443</u></b>	<b><u>\$ 48,434</u></b>	<b><u>\$ 5,779</u></b>	<b><u>\$107,482</u></b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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**(8) CAPITAL ASSETS**

**Primary Government**

Capital assets activity of the primary government for the year ended June 30, 2002, is as follows (in thousands):

	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 74,417	\$ —	\$ —	\$ 74,417
Construction in progress	<u>10,693</u>	<u>1,198</u>	<u>—</u>	<u>11,891</u>
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	<u>85,110</u>	<u>1,198</u>	<u>—</u>	<u>86,308</u>
Capital assets, being depreciated:				
Facilities and improvements	614,655	6,498	—	621,153
Furniture, machinery and equipment	129,815	14,378	(5,342)	138,851
Infrastructure	<u>292,569</u>	<u>16,951</u>	<u>—</u>	<u>309,520</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED	<u>1,037,039</u>	<u>37,827</u>	<u>(5,342)</u>	<u>1,069,524</u>
Less accumulated depreciation:				
Facilities and improvements	148,303	19,278	—	167,581
Furniture, machinery and equipment	72,601	10,401	(5,293)	77,709
Infrastructure	<u>77,217</u>	<u>9,357</u>	<u>—</u>	<u>86,574</u>
TOTAL ACCUMULATED DEPRECIATION	<u>298,121</u>	<u>39,036</u>	<u>(5,293)</u>	<u>331,864</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	<u>738,918</u>	<u>(1,209)</u>	<u>(49)</u>	<u>737,660</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 824,028</u>	<u>\$ (11)</u>	<u>\$ (49)</u>	<u>\$ 823,968</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
<b>Business-type activities:</b>				
<b>Sewer fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 2	\$ 2	\$ —	\$ 4
Construction in progress	<u>—</u>	<u>1,352</u>	<u>—</u>	<u>1,352</u>
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	<u>2</u>	<u>1,354</u>	<u>—</u>	<u>1,356</u>
Capital assets, being depreciated:				
Furniture, machinery and equipment	749	—	—	749
Sewers and storm drains	<u>153,906</u>	<u>7,980</u>	<u>—</u>	<u>161,886</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED	<u>154,655</u>	<u>7,980</u>	<u>—</u>	<u>162,635</u>
Less accumulated depreciation:				
Furniture, machinery and equipment	499	111	—	610
Sewers and storm drains	<u>50,346</u>	<u>2,403</u>	<u>—</u>	<u>52,749</u>
TOTAL ACCUMULATED DEPRECIATION	<u>50,845</u>	<u>2,514</u>	<u>—</u>	<u>53,359</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>103,810</u>	<u>5,466</u>	<u>—</u>	<u>109,276</u>
SEWER FUND CAPITAL ASSETS, NET	<u>103,812</u>	<u>6,820</u>	<u>—</u>	<u>110,632</u>
<b>Other proprietary funds:</b>				
Capital assets, not being depreciated:				
Land	<u>218</u>	<u>—</u>	<u>—</u>	<u>218</u>
Capital assets, being depreciated:				
Furniture, machinery and equipment	<u>434</u>	<u>—</u>	<u>—</u>	<u>434</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED	<u>434</u>	<u>—</u>	<u>—</u>	<u>434</u>
Less accumulated depreciation:				
Furniture, machinery and equipment	<u>423</u>	<u>1</u>	<u>—</u>	<u>424</u>
TOTAL ACCUMULATED DEPRECIATION	<u>423</u>	<u>1</u>	<u>—</u>	<u>424</u>
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	<u>11</u>	<u>(1)</u>	<u>—</u>	<u>10</u>
OTHER PROPRIETARY FUND CAPITAL ASSETS, NET	<u>229</u>	<u>(1)</u>	<u>—</u>	<u>228</u>
TOTAL BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$104,041</u>	<u>\$ 6,819</u>	<u>\$ —</u>	<u>\$110,860</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
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Depreciation expense was charged to functions/programs of the primary government as follows (in thousands):

Governmental activities:

General Government	\$ 1,878
Police Services	1,036
Fire Services	1,140
Life Enrichment	11,498
Community and Economic Development	2,421
Public Works	16,021
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets	<u>5,042</u>
<b>TOTAL</b>	<b><u>\$ 39,036</u></b>

Business-type activities:

Sewer	\$ 2,514
Golf	<u>1</u>
<b>TOTAL</b>	<b><u>\$ 2,515</u></b>

**Construction Commitments**

The City has active construction projects as of June 30, 2002. The projects include street construction, park construction, building improvements and sewer and storm drain improvements (in thousands).

	<b>Spent to date</b>	<b>Remaining Commitment</b>
Infrastructure – streets	\$ 5,192	\$ 19,400
Infrastructure – parks	618	1,705
Building improvements	6,081	11,227
Sewers and storm drains	<u>1,352</u>	<u>33,842</u>
<b>TOTAL</b>	<b><u>\$ 13,243</u></b>	<b><u>\$ 66,174</u></b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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**Discretely Presented Component Unit**

Capital assets activity for the Port for the year ended June 30, 2002, is as follows (in thousands):

	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
Capital assets, not being depreciated:				
Land	\$ 206,718	\$ 8,207	\$ (8)	\$ 214,917
Construction in progress	<u>329,372</u>	<u>333,539</u>	<u>(192,090)</u>	<u>470,821</u>
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<u>536,090</u>	<u>341,746</u>	<u>(192,098)</u>	<u>685,738</u>
Capital assets, being depreciated:				
Building and improvements	461,330	33,082	(28,041)	466,371
Container cranes	112,297	12,371	(72)	124,596
Systems and structures	589,615	137,903	(1,307)	726,211
Other equipment	<u>32,730</u>	<u>3,926</u>	<u>(1,511)</u>	<u>35,145</u>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<u>1,195,972</u>	<u>187,282</u>	<u>(30,931)</u>	<u>1,352,323</u>
Less accumulated depreciation:				
Building and improvements	199,206	18,800	(12,399)	205,607
Container cranes	41,706	4,111	(2)	45,815
Systems and structures	143,317	21,953	—	165,270
Other equipment	<u>17,732</u>	<u>1,538</u>	<u>(700)</u>	<u>18,570</u>
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>401,961</u>	<u>46,402</u>	<u>(13,101)</u>	<u>435,262</u>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<u>794,011</u>	<u>140,880</u>	<u>(17,830)</u>	<u>917,061</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u><u>\$1,330,101</u></u>	<u><u>\$ 482,626</u></u>	<u><u>\$(209,928)</u></u>	<u><u>\$1,602,799</u></u>

The capital assets, net on lease at June 30, 2002, consist of the following (in thousands):

Land	\$ 81,937
Container cranes	124,630
Buildings and other facilities	<u>542,011</u>
Total	748,578
Less accumulated depreciation	<u>(116,934)</u>
Capital assets, net on lease	<u><u>\$ 631,644</u></u>



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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

Accounts payable and accrued liabilities payable as of June 30, 2002, for the City's individual major funds, nonmajor funds in the aggregate, business-type activities – enterprise fund and internal service funds, are as follows (in thousands):

	Accounts Payable	Check Payable	Accrued Payroll/ Employee Benefits	Total
<b>Governmental funds:</b>				
General	\$ 16,853	\$ 12,899	\$ 54,275	\$ 84,027
Federal/state grant fund	5,044	—	921	5,965
Oakland Redevelopment Agency	6,379	—	—	6,379
Other governmental funds	6,038	—	90	6,128
Governmental activities- Internal service funds	<u>1,716</u>	<u>—</u>	<u>174</u>	<u>1,890</u>
<b>TOTAL</b>	<u>\$ 36,030</u>	<u>\$ 12,899</u>	<u>\$ 55,460</u>	<u>\$ 104,389</u>
<b>Business-type activities – Enterprise Funds:</b>				
Sewer service	786	—	697	1,483
Park and recreation	<u>6</u>	<u>—</u>	<u>—</u>	<u>6</u>
<b>TOTAL</b>	<u>\$ 792</u>	<u>\$ —</u>	<u>\$ 697</u>	<u>\$ 1,489</u>

Accrued liabilities for the pension trust funds at June 30, 2002, are as follows (in thousands):

Investment payable	\$ 77,689
Accrued investment management fees	553
Member benefits	<u>50,392</u>
<b>TOTAL ACCRUED LIABILITIES</b>	
AT JUNE 30, 2002	<u>\$ 128,634</u>

Accounts payable and accrued expenses for the component unit Port of Oakland at June 30, 2002 (in thousands):

Accounts payable and accrued expenses	<u>\$ 77,382</u>
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**(10) PROPERTY HELD FOR RESALE**

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

	July 1, 2001	Purchases and Other Debits	Sales and Other Credits	June 30, 2002
Property held for resale	\$ 74,953	\$ 4,126	\$ 12,304	\$ 66,775

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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

The City issued tax and revenue anticipation notes in advance of property tax collections. The notes were used to satisfy General Fund obligation and carried an approximate effective interest rate of \$2.6%. Principal and interest were paid on June 30, 2002.

The short-term debt activity for the year ended June 30, 2002, is as follows (in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax and Revenue Anticipation Notes	\$0	\$65,000	\$(65,000)	\$0

**(12) LONG-TERM OBLIGATIONS**

**Long-term Obligations**

The following is a summary of long-term obligations for the year ended June 30, 2002 (in thousands):

<b>Governmental Activities</b>			
<b>Type of Obligation</b>	<b>Final Maturity Date</b>	<b>Remaining Interest Rate</b>	<b>Amount</b>
General obligation bonds (A)	2025	4.25-8.50%	\$ 133,295
Tax allocation bonds (B)	2021	4.00-8.03%	214,295
Certificates of participation (C)	2015	2.25-6.45%	67,346
Lease revenue bonds (C)	2026	2.25-5.90%	399,675
Pension obligation bonds (D)	2022	5.63-7.31%	435,686
City guaranteed special assessment district bonds (D)	2024	3.70-6.70%	8,870
Notes payable (C) & (E)	2016	4.11-14.48%	52,283
Accrued vacation and sick leave (C)			31,923
Self-insurance liability for workers' compensation (C)			90,694
Estimated claims payable (C)			45,242
Contingent liability for authority debt (C)			<u>99,048</u>
<b>GOVERNMENTAL ACTIVITIES TOTAL</b>			
<b>LONG-TERM OBLIGATIONS</b>			<u><b>1,578,357</b></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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**DEFERRED AMOUNTS:**

Bond issuance premiums	768
Bond refunding loss	<u>(19,881)</u>

**GOVERNMENTAL ACTIVITIES TOTAL**

<b>LONG-TERM OBLIGATIONS, NET</b>	<u><b>\$1,559,244</b></u>
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Debt service payments are made from the following sources:

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

**Business-Type Activities**

Entity and Type of Obligation	Final Maturity Date	Remaining Interest Rate	Amount
Sewer fund – notes payable	2014	3.0-3.5%	<u>\$ 7,663</u>
<b>BUSINESS-TYPE ACTIVITIES – TOTAL LONG-TERM OBLIGATIONS</b>			<u><b>\$ 7,663</b></u>

**Component Unit - Port of Oakland**

Type of Obligation	Final Maturity Date	Remaining Interest Rate	Amount
Parity bonds	2030	2.75-8.00%	\$ 833,572
Notes and loans	2029	1.25-6.80%	<u>232,990</u>
			1,066,562
Self-insurance liability for workers' compensation			<u>3,000</u>
<b>TOTAL</b>			1,069,562
Unamortized bond discount and premium			<u>(9,572)</u>
<b>COMPONENT UNIT TOTAL LONG-TERM OBLIGATIONS</b>			<u><b>\$ 1,059,990</b></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
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## **Debt Compliance**

There are a number of limitations and restrictions contained in the various bond indentures.

## **Legal Debt Limit and Legal Debt Margin**

As of June 30, 2002, the City's debt limit (3.75% of valuation subject to taxation) was \$745,230,478. The total amount of debt applicable to the debt limit was \$133,295,000, net of certain assets in other non-major governmental funds, and other deductions allowed by law. The resulting legal debt margin was \$611,935,478.

## **Interest Rate Swaps**

On January 9, 1997, the City entered into a forward-starting interest rate swap with a financial institution, the "counter-party," for the period July 31, 1998 to July 31, 2021, for Special Assessment Revenue Bonds 1996 Series A issued by the City on August 3, 1998. The bonds were sold in variable-rate mode, in two series: \$131.5 million Series A-1 and \$56 million Series A-2, with a final maturity of August 1, 2021.

Under the rate swap, the City owes interest calculated at a fixed rate of 5.6775% to the counter-party to the swap with a notional amount of \$156.4 million as of June 30, 2002. In return, the counter-party owes the City interest based on the difference between the Bond Market Association Municipal Swap Index and the fixed rate. Only the net difference in interest payments is actually exchanged with the counter-party. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

City continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the City effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate.

The City will be exposed to variable rates if the counter-party to the swap defaults or if the swap is terminated early. A termination of the swap agreement may also result in the City's making or receiving a termination payment.

**CITY OF OAKLAND**  
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## Changes in Long-term Obligations

The changes in long-term obligations for the year ended June 30, 2002, are as follows (in thousands):

<b>Governmental Activities</b>					
	<b>Balance at July 1, 2001</b>	<b>Additional Obligations, Interest Accretion and Net Increases</b>	<b>Current Maturities Retirements and Net Decreases</b>	<b>Balance at June 30, 2002</b>	<b>Amounts Due Within One Year</b>
<b>Bonds Payable</b>					
G.O. bonds	\$ 137,080	\$ —	\$ 3,785	\$ 133,295	\$ 3,945
Tax allocation bonds	221,666	1,544	8,915	214,295	9,110
Certificates of participation	70,459	16,557	19,670	67,346	3,995
Lease revenue bonds	417,780	—	18,105	399,675	17,030
Pension obligation bonds	400,421	206,675	171,410	435,686	10,525
City guaranteed special assessment district bonds	9,415	—	545	8,870	485
Less deferred amounts:					
Bond issuance premiums	—	788	20	768	79
Bond refunding loss	—	(21,597)	(1,716)	(19,881)	(2,330)
<b>TOTAL BONDS PAYABLE</b>	<u>1,256,821</u>	<u>203,967</u>	<u>220,734</u>	<u>1,240,054</u>	<u>42,839</u>
Notes payable	45,970	16,644	10,331	52,283	11,610
<b>Other Long Term Liabilities</b>					
Accrued vacation and sick leave	29,043	2,880	—	31,923	26,363
Self-insurance workers' compensation	55,497	49,342	14,145	90,694	17,958
Contingent liability for authority debt	101,375	—	2,327	99,048	2,328
Estimated claims payable	62,144	(5,328)	11,574	45,242	15,309
<b>TOTAL OTHER LONG TERM LIABILITIES</b>	<u>248,059</u>	<u>46,894</u>	<u>28,046</u>	<u>266,907</u>	<u>61,958</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES – LONG TERM OBLIGATIONS</b>	<u>\$1,550,850</u>	<u>\$ 267,505</u>	<u>\$ 259,111</u>	<u>\$1,559,244</u>	<u>\$ 116,407</u>

Internal service funds predominantly serve the governmental funds and therefore, the long-term liabilities of these funds are included as part of the above totals for governmental activities. At the year ending June 30, 2002, \$34.7 million of notes payable related to the internal service funds are included in the above amounts.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
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**Business-Type Activities**

	Balance at July 1, 2001	Additional Obligations, Interest Accretion and Net Increases	Current Maturities Retirements and Net Decreases	Balance at June 30, 2002	Amounts Due Within One Year
Sewer fund – notes payable	<u>\$ 8,303</u>	<u>\$—</u>	<u>\$640</u>	<u>\$7,663</u>	<u>\$662</u>

**Component Unit - Port of Oakland**

	Balance at July 1, 2001	Additional Obligations, Interest Accretion and Net Increases	Current Maturities Retirements and Net Decreases	Balance at June 30, 2002	Amounts Due Within One Year
Parity bonds	\$ 847,382	\$ —	\$ 13,810	\$ 833,572	\$ 14,725
Notes and loans	181,180	78,647	26,837	232,990	2,763
Self-insurance workers' compensation	<u>3,000</u>	<u>1,056</u>	<u>1,056</u>	<u>3,000</u>	<u>—</u>
TOTAL	1,031,562	79,703	41,703	1,069,562	17,488
Unamortized bond discount premium	<u>(9,743)</u>	<u>—</u>	<u>(171)</u>	<u>(9,572)</u>	<u>(180)</u>
TOTAL DEBT	<u>\$ 1,021,819</u>	<u>\$ 79,703</u>	<u>\$ 41,532</u>	<u>\$ 1,059,990</u>	<u>\$ 17,308</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
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## Repayment Schedule

The annual requirements to amortize all long-term debt as of June 30, 2002, are as follows (in thousands):

	2003	2004	2005	2006	2007	2008-12	2013-17	2018-22	2023-27	Total
<b>Government-type Activities:</b>										
General obligation bonds:										
Principal	\$ 3,945	\$ 4,145	\$ 4,320	\$ 4,485	\$ 4,660	\$ 27,645	\$ 36,065	\$ 40,235	\$ 7,795	\$ 133,295
Interest	7,471	7,300	7,030	6,797	6,552	28,603	19,785	8,721	472	92,731
Tax allocation bonds:										
Principal	9,110	10,536	10,817	11,024	11,430	60,788	60,455	40,135	—	214,295
Interest	11,961	11,833	11,618	11,340	11,015	45,739	23,058	5,399	—	131,963
Certificates of participation:										
Principal	3,995	4,195	4,585	4,325	4,451	30,395	15,400	—	—	67,346
Interest	2,796	2,702	2,335	3,697	3,694	7,078	1,280	—	—	23,582
Lease revenue financing:										
Principal	17,030	17,250	19,480	19,770	20,185	107,635	93,800	71,710	32,815	399,675
Interest	21,057	20,278	19,344	18,331	17,297	69,764	39,646	19,980	4,934	230,631
Pension obligation bonds:										
Principal	10,525	20,025	22,420	25,020	27,850	147,700	94,489	74,987	12,670	435,686
Interest	13,963	12,954	11,534	9,928	8,118	47,032	119,742	172,037	40,460	435,768
City guaranteed special assessment bonds:										
Principal	485	510	530	285	285	1,680	1,695	2,005	1,395	8,870
Interest	464	439	411	390	377	1,634	1,167	669	128	5,679
Notes payable:										
Principal	11,609	7,229	7,025	4,694	5,194	12,064	4,470	—	—	52,285
Interest	2,455	1,673	1,336	1,055	1,147	3,404	845	—	—	11,915
<b>TOTAL PRINCIPAL</b>	<b>\$56,699</b>	<b>\$63,890</b>	<b>\$69,177</b>	<b>\$69,603</b>	<b>\$74,055</b>	<b>\$387,907</b>	<b>\$306,374</b>	<b>\$229,072</b>	<b>\$54,675</b>	<b>\$1,311,452</b>
<b>TOTAL INTEREST</b>	<b>\$60,167</b>	<b>\$57,179</b>	<b>\$53,608</b>	<b>\$51,538</b>	<b>\$48,200</b>	<b>\$203,254</b>	<b>\$205,523</b>	<b>\$206,806</b>	<b>\$45,994</b>	<b>\$ 932,269</b>

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

	2003	2004	2005	2006	2007	2008-12	2013-17	2018-22	2023-27	Total
<b>Business-type Activities:</b>										
Sewer Bonds										
Principal	\$ 662	\$ 684	\$ 707	\$ 730	\$ 755	\$ 3,553	\$ 572	\$ —	\$ —	\$ 7,663
Interest	253	231	223	185	160	406	26	—	—	1,484

**CITY OF OAKLAND**  
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**Component Unit - Port of Oakland**

Annual debt service requirements to maturity for all bonds and loans outstanding as of June 30, 2002, are as follows (in thousands):

<b>Fiscal year ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2003	\$ 190,614	\$ 49,516	\$ 240,130
2004	15,505	51,482	66,987
2005	14,808	52,183	66,991
2006	21,530	51,766	73,296
2007	21,738	51,143	72,881
2008-2012	132,233	231,337	363,570
2013-2017	195,333	172,179	367,512
2018-2022	198,128	105,053	303,181
2023-2027	169,612	55,841	225,453
2028-2032	<u>107,061</u>	<u>12,846</u>	<u>119,907</u>
<b>SUBTOTAL</b>	<b>1,066,562</b>	<b>833,346</b>	<b>1,899,908</b>
Unamortized bond discount	<u>(9,572)</u>	<u>—</u>	<u>(9,572)</u>
<b>TOTAL</b>	<b><u>\$1,056,990</u></b>	<b><u>\$833,346</u></b>	<b><u>\$1,890,336</u></b>

Net interest costs of \$8,389,000 was capitalized in fiscal 2002, following the capitalization of interest revenue of \$7,349,000. Total capitalized interest expense amounted to \$15,738,000 for fiscal 2002.

**Taxable Pension Obligation Bonds Series 2001**

On October 17, 2001, the City issued \$195.6 million of Taxable Pension Obligation Bonds with interest rates ranging from 6.00% to 6.89% to advance refund \$171.4 million of outstanding 1997 series bonds with interest rates ranging from 5.63% to 7.31%. The taxable pension obligation bond will mature on December 15, 2022. The net proceeds of \$192.4 million (after payment of \$3.2 million in underwriters discount and cost of issuance) were used to tender outstanding bonds (\$149.5 million) and to purchase U.S. government securities (\$42.9 million). Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, \$171.4 million of the 1997 series bonds are considered to be defeased and the liability for those bonds has been removed from the City's books.

The City refunded those bonds in order to reduce average annual debt service payments by \$15.5 million to a level at or below projected voter-approved tax increment revenues, which pay the debt service. The refinancing resulted in the recognition of an accounting loss of \$21.0



**CITY OF OAKLAND**  
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million for the year ended June 30, 2002, increased aggregate debt service payments by \$304.4 million over the next 20 years, and resulted in an economic loss of \$14.4 million.

### **Oakland Museum 2002 Series A**

On May 12, 2002, the City issued \$16.4 million of Refunding Certificates of Participation with interest rates ranging from 4.00% to 5.00% to advance refund \$15.9 million of outstanding 1992 series bonds with interest rates ranging from 6.00% to 6.55%. The Oakland Museum 2002 Series A will mature on April 1, 2012. The net proceeds of \$16.5 million (after payment of \$.6 million in underwriters discount and cost of issuance and an original issue premium of \$0.7 million) were used to purchase U.S. government securities. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, \$15.9 million of the 1992 series bonds are considered to be defeased and the liability for those bonds has been removed from the City's books. Although the advanced refunding resulted in the recognition of an accounting loss of \$.6 million for the year ended June 30, 2002, the City reduced its aggregate debt service requirements by \$1.5 million over the next 10 years and obtained an economic gain of \$1.3 million.

### **Sun Trust Corporation Notes**

During June 2002, the City executed four additional financing schedules totaling \$14.9 million to fund the acquisition of certain equipment in the internal service funds as a part of the April 2002 Master Lease Agreement entered into with the Oakland Joint Powers Financing Authority. The interest rates for these four schedules range from 3.28% to 4.35%. The final debt payment will be on June 6, 2012.

### **GE Capital**

In August 2001, the City executed a note, with a stated interest rate of 5.23%, with GE Capital in the amount of \$1.7 million to fund the acquisition of a computer server. It will be repaid by the general fund. The final debt payment will be on July 1, 2004.

### **Prior Year's Debt Defeasance**

In prior years, the City has defeased various bond issues by creating separate irrevocable escrow funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2002, the amount of defeased debt outstanding but removed from the City's government-wide financial statements amounted to \$23.8 million.

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## **Authorized and Unissued Debt**

The net amount of authorized and unissued governmental activities – general obligation bonds as of June 30, 2002, was \$59 million (Measure G). These bonds were authorized by the voters in a City election on March 5, 2002. The bonds are to be issued by the City to acquire, renovate, improve, construct, and finance existing and additional educational facilities for the Oakland Museum of California, the Oakland Zoo, and the Chabot Space and Science Center.

## **Conduit Debt**

The following long-term debt has been issued by the City on behalf of named agents of the City. The bonds do not constitute an indebtedness of the City. The bonds are payable solely from revenue sources defined in the individual bond documents, and from other monies held for the benefit of the bond holders pursuant to the bond indentures. In the opinion of City officials, these bonds are not payable from any revenues or assets of the City, and neither the full faith and credit nor the taxing authority of the City, State or any political subdivision thereof is obligated for the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded. The debt issued and outstanding at June 30, 2002, follows (in thousands):

	<b>Authorized and Issued</b>	<b>Maturity</b>	<b>Outstanding at June 30, 2002</b>
Housing Mortgage Programs			
Housing Revenue Bonds Series D, 1991	\$ 65,500	2010-2024	\$ 7,195
City of Oakland Insured Refunding Revenue Bonds (Children's Hospital Medical Center of Northern California), 1994 Series A	19,490	05/01/09	11,910
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	1,565
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	2,175
City of Oakland Refunding Revenue Bonds (Oakland YMCA Project), Series 1996	8,650	06/01/10	6,195
City of Oakland Variable Economic Development Revenue Bond 1997 Series A (Allen Temple Family Life Center Project)	5,000	08/01/04	4,600
Oakland JPFA Revenue Bond 2001 Series A Fruitvale Transit Village (Fruitvale Development Corporation)	19,800	07/01/33	19,800
Oakland JPFA Revenue Bond 2001 Series B Fruitvale Transit Village (La Clinica De La Raza Fruitvale Health Project, Inc.)	5,800	07/01/33	<u>5,800</u>
<b>TOTAL</b>			<b><u>\$ 152,660</u></b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
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**(13) SELF-INSURANCE**

Changes in the balances of claims liabilities for all self-insured claims for the years ended June 30, 2002 and 2001, are as follows (in thousands):

	2002	2001
<b>Workers' Compensation</b>		
Unpaid claims, beginning of fiscal year	\$ 55,497	\$ 55,497
Current year claims and changes in estimates	49,342	21,997
Claim payments	<u>(14,145)</u>	<u>(21,997)</u>
Unpaid claims, end of fiscal year (see Note 12)	<u>\$ 90,694</u>	<u>\$ 55,497</u>
<b>General Liability</b>		
Unpaid claims, beginning of fiscal year	\$ 62,144	\$ 31,053
Current year claims and changes in estimates	(5,328)	40,630
Claims payment	<u>(11,574)</u>	<u>(9,539)</u>
Unpaid claims, end of fiscal year (Note 12)	<u>\$ 45,242</u>	<u>\$ 62,144</u>

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

**Primary Government**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries 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.

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**Property Damage**

Property damage risks are covered on an occurrence basis by commercial insurance purchased from independent third parties. All properties are insured at full replacement values after a \$25,000 deductible to be paid by the City. 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, 2002, the amount of liability determined to be probable of occurrence is approximately \$45,242,000. Of this amount, claims and litigation approximating \$15,309,000 are estimated to be due within one year. The recorded liability is the City's best estimate based on available information and may be revised as further information is obtained and as pending cases are litigated. The 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. Of the \$90,694,000 in reserves, approximately \$17,958,000 is estimated to be due within one year.

**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 \$500,000 per accident. Effective February 7, 1997, the Port carries commercial insurance for claims in excess of \$500,000.

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

**CITY OF OAKLAND**  
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and include an estimate of claims that have been incurred but not reported. Changes in the reported liability resulted from the following (in thousands):

	<b>2002</b>	<b>2001</b>
Workers' compensation liability at beginning of fiscal year	\$ 3,000	\$ 3,000
Current year claims and changes in estimates	1,056	854
Claim payments	<u>(1,056)</u>	<u>(854)</u>
Workers' compensation liability at end of fiscal year	<u>\$ 3,000</u>	<u>\$ 3,000</u>

**General Liability**

The Port maintains general liability insurance in excess of specified deductibles. For the airport, coverage is provided in excess of \$250,000 in the aggregate up to a maximum of \$200,000,000. For the harbor area, coverage is provided in excess of \$200,000 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.

**(14) JOINT VENTURE**

**Oakland-Alameda County Coliseum**

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

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

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The Stadium Bonds are limited obligations of the Authority payable solely from revenues of the Authority, consisting primarily of base rental payments to be received by the Authority from the City and the County. Certain revenues collected from Raiders football operations consisting of revenues from the sale of seat rights, as well as annual seat maintenance fees, a portion of net parking and concession revenues and concessionaires' initial fees may be used toward meeting this liability. In the event that such football revenues are insufficient to make base rental payments, the City and the County are obligated to make up the shortfall in the base rental payments from their respective General Funds. The City and the County each have covenanted to appropriate \$11 million annually to cover such shortfalls in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the City could have to pay up to \$22 million annually in the event of default by the County.

On May 25, 2000, the Authority issued \$201,300,000 in series 2000 C and D Refunding Bonds to retire \$181,900,000 of the 1995 Variable Rate Lease Revenue Stadium Bonds (\$188,500,000 less \$6,600,000 principal payment).

On August 2, 1996, the Authority issued \$70,000,000 Series A-1 and \$70,000,000 Series A-2 Variable Rate Lease Revenue Bonds (Arena Bonds) to finance the costs of remodeling the Coliseum Arena (Arena) and to satisfy certain obligations of the Authority, the City, the County and Coliseum Inc. in connection with the retention of the Golden State Warriors to play professional basketball at the Arena for at least 20 basketball seasons, beginning with the 1997-98 season. These obligations are evidenced in a series of agreements (the Warriors Agreements) between the Warriors, the City, the County, Coliseum Inc. and the Authority.

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

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.

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**Notes to Basic Financial Statements**  
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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 to \$1.1 billion for damages related to claims of fraudulent inducement. A trial began on March 24, 2003. 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 (the Warriors) to collect: (1) past due rents for use of the arena; (2) past due amounts of revenue sharing required by the License Agreement; and (3) facility use fees collected by the Warriors for the Authority. The arbitration demand also sought damages for the Warriors breach of the License Agreement for failure to sell seat rights in the new Arena, a major source of revenue to the Authority. The arbitrator found on October 6, 1999, that the Warriors owed more than \$17 million to the Authority, net of some \$720,000 in offsets granted to the Warriors. A second phase of the arbitration was decided in July 2000, when the arbitrator decided that the Warriors breached the License Agreement by failing to sell seat rights in the new Arena. However, the arbitrator awarded no damages to the Authority because he determined the damages could not be quantified. On March 22, 2001, the Superior Court confirmed the arbitrator’s awards and entered a judgment against the Warriors for the full amount of the award. The Warriors appealed the judgment. Subsequent to June 30, 2002, the Warriors lost the appeal and the judgment was settled in favor of the Authority for the above-mentioned \$17 million plus interest.

**CITY OF OAKLAND**  
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Debt service requirements for the Coliseum debt are as follows (in thousands):

For the period ending June 30,	Stadium Debt		Arena Debt	
	Principal	Interest	Principal	Interest
2003	\$ 4,915	\$ 7,895	\$ 2,200	\$ 8,389
2004	5,280	7,623	2,400	8,249
2005	5,600	7,276	2,500	8,097
2006	6,100	6,949	2,700	7,938
2007	5,500	6,606	3,000	7,766
2008-2012	33,300	27,939	18,000	35,742
2013-2017	43,400	20,458	25,400	29,101
2018-2022	54,500	12,089	35,600	19,738
2023-2026	<u>39,500</u>	<u>2,332</u>	<u>38,900</u>	<u>6,491</u>
TOTAL	<u>\$198,095</u>	<u>\$ 99,167</u>	<u>\$130,700</u>	<u>\$131,511</u>

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

Under the joint exercise of power agreement, which formed the Authority, the City is responsible for funding up to 50% of the Authority's operating costs and debt service requirements, to the extent such funding is necessary. During the year ended June 30, 2002, the City made contributions of approximately \$11,500,000 to fund its share of operating deficits and debt service payments of the Authority.

The Authority has anticipated a deficit for operating costs and repayment of its Stadium bonds, such that the City and County may have to contribute to base rental payments. Of the \$20.5 million appropriated in the General Fund as part of the above agreements, it is estimated that the City may have to contribute \$10,500,000 for the 2002-03 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 statement of net assets in an amount equal to its contingent share (50%) of the outstanding Stadium bonds in the amount of \$99,047,500. The City has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to cover the debt payments.



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
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**(15) PENSION PLANS**

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

Member and employer contributions are recognized in the period in which the contributions are due, 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.

Investments representing 5% or more of the fair value of the OMERS net assets for pension benefits as of June 30, 2002, are as follows:

<b>Stocks</b>	<b>Shares</b>	<b>Market Value</b>
Fidelity National Financial	20,000	\$ 632,000
Phillips Petroleum Company	8,000	471,040
Southern Company	20,000	<u>548,000</u>
		<u>\$1,651,040</u>

No investments in any one non-federal organization represented 5% or more of PFRS net assets for pension benefits as of June 30, 2002.

	<b>PFRS</b>	<b>OMERS</b>	<b>PERS</b>
Type of plan	Single employer	Single employer	Agent multi-employer
Reporting entity	City	City	State
Last complete actuarial study	July 1, 2001	July 01, 2000	June 30, 2001

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**Notes to Basic Financial Statements**  
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**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 rate	3.5%	4.5%	3.5%
Average salary increases	4.0%	3.0%	3.8%
Investment rate of return	8.0%	8.0%	8.3%

	PFRS	OMERS	PERS	Total
<b>Employees covered as of June 30, 2002</b>				
Retirees and beneficiaries				
currently receiving				
benefits and terminated				
employees entitled to				
benefits but not currently				
receiving them	1,464	119	2,020	3,603
Current employees—vested	26	2	4,871	4,899

**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 OF OAKLAND**  
**Notes to Basic Financial Statements**  
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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, 2002, employee contributions to PFRS totaling \$297,645 were made in accordance with actuarially determined contribution requirements.

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

**Schedule of Employer Contributions**

<b>Fiscal Year Ended June 30,</b>	<b>Annual Required Contributions (\$ in millions)</b>	<b>Percentage (%) Contributed</b>
2000	—*	—
2001	—*	—
2002	—*	—

\*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.

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**Notes to Basic Financial Statements**  
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Employee contributions to OMERS totaling \$6,161,000 were made during 2002 in accordance with actuarially determined contribution requirements. Employee contributions are refundable with interest at 4.5% per annum if an employee elects to withdraw from the plan upon termination of employment with the City. Because of the Retirement System's current funding status, the City is currently not required to make contributions to OMERS. The actuarial calculations are computed using the 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%.

## **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 0.00% for non-safety employees and 15.171% for police and fire employees, of annual covered payroll. The contribution requirements of the plan members and the City are established and may be amended by PERS.

### **Annual Pension Cost**

For 2001-02, the City's annual pension cost of \$26,958,112 was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2002, 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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period of the unfunded actuarial liability ends June 30, 2011.

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

<b>Fiscal Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2000	\$23.6	100%	0
2001	24.0	100	0
2002	26.9	100	0

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

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

The City pays part of the health insurance premiums for all retirees from City employment receiving a pension annuity earned through City service and participating in a City-sponsored PERS health benefit plan. Approximately \$1,478,738 was paid on behalf of 525 retirees under this program for the year ended June 30, 2002.

The Retirement System had 104 active members transfer to PERS during 2002. As part of the transfer, \$69,829,757 of assets were designated for transfer to PERS to cover the liabilities that were assumed, of which \$50,388,808 were still payable at June 30, 2002.

**(17) 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.

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**Notes to Basic Financial Statements**  
**June 30, 2002**

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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 \$77,040,100 to a number of capital improvement projects for fiscal years 2002-03 to 2003-04.

### ***Discretely Presented Component Unit***

The Port anticipates spending a \$1.2 billion (in actual dollars) over the next six 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, 2002, the Port has firm commitments for the acquisition and construction of assets as follows (in thousands):

Maritime	\$ 71,804
Aviation	105,627
Commercial real estate	<u>5,313</u>
	<u>\$182,744</u>

## **Other Contingencies**

### ***Primary Government***

As of June 30, 2002, the Agency has entered into contractual commitments of \$7,555,805 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, 2002, the Agency was committed to fund \$3,300,480 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.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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***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.

A summary of the environmental liability accounts, included within the basic financial statements at June 30, 2002, is as follows (in thousands):

Environmental remediation	\$ 9,895
Miscellaneous compliance	<u>1,379</u>
Total environmental liabilities	<u>\$11,274</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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**(18) DEFICIT FUND BALANCE/NET ASSETS**

As of June 30, 2002, the following funds reported deficits in fund balance/net assets (in thousands):

Federal/State Grant Fund	\$ (21,818)
ORA Projects	(5,701)

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

Internal Service:	
Facilities	\$ (6,834)
Central Stores	(3,343)

The City's facilities and central stores deficits are expected to be funded through increased user charges for the costs incurred in each fund.

**(19) SUBSEQUENT EVENTS**

**Tax and Revenue Anticipation Notes**

On July 30, 2002, the City issued tax and revenue anticipation notes payable of \$53,965,000. The notes were issued to satisfy General Fund obligations and carried an effective interest rate of approximately 1.44%. Principal and interest are due and payable on July 29, 2003.

**Acquisition of Oakland Army Base**

In September 2002, the Oakland Redevelopment Agency of the City of Oakland (Agency) entered into an agreement to acquire 366 acres of the former Oakland Army Base. The Agency will be receiving the land for redevelopment at no direct cost but will be responsible, along with the Port of Oakland, for site remediation costs estimated at \$15 million and other costs related to relocation of the homeless and the establishment of a Community trust Fund estimated at an additional maximum of \$19 million. The total estimated costs associated with this acquisition is \$34 million and will be shared equally by the Agency and the Port.

The potential site mediation cost is capped at \$15 million as a result of an insurance policy being paid for by the Department of the Army at the time of the transfer.



**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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Sufficient funds are anticipated to be transferred by the Oakland Base Reuse Authority to the Agency at the time of the actual land transfer in 2006 to offset the Agency's share of all the costs referred to above.

The Port has agreed in principle to purchase from the Agency the former Knight Rail Yard, part of the 366 acres being acquired by the Agency from the Department of the Army for \$30 million.

**Long-term Debt**

In October 2002, the City issued \$38 million of General Obligation Bonds, Series 2002A, Measure G. The bonds have interest rates of 3.75% to 5.0% and mature in 2032. These bonds constitute a portion of the total authorized amount of \$59 million of bonds approved on Measure G at the March 5, 2002 election and were issued to acquire, renovate, improve, construct and finance existing and educational facilities for the Oakland Museum of California, the Oakland Zoo, and the Chabot Space and Science Center.

In January 2003, the Agency issued \$121 million of principal amount of Redevelopment Agency of the City of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2003, and \$23 million of principal amount of Redevelopment Agency of the City of Oakland Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2003. The Central District bonds have interest rates of 3.0% to 5.50% and mature in 2019. The Coliseum bonds have interest rates of 2.50% to 5.125% and mature in 2022.

**Elections**

On November 5, 2002, the Oakland voters approved Proposition DD which authorizes the issuance of \$198 million in general obligation bonds for the improvement of Lake Merritt, the Estuary, inland creeks, Studio One and other specifically identified projects in the City.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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**Insurance Coverage**

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

<b>Type of Coverage</b>	<b>Self-Insurance Retention</b>	<b>Insurance Authority/Purchase Insurance</b>
General Liability	up to \$2,000,000	\$2,000,000 to \$20,000,000 per occurrence
Automobile Liability	up to \$2,000,000	\$2,000,000 to \$20,000,000 per occurrence
Public Officials Errors and Omissions	up to \$2,000,000	\$2,000,000 to \$20,000,000 per occurrence/annual aggregate
Products & Completed Operations	up to \$2,000,000	\$2,000,000 to \$20,000,000 per occurrence/annual Aggregate
Employment Practices Liability	up to \$2,000,000	\$2,000,000 to \$20,000,000 per occurrence/annual Aggregate
Workers' Compensation	up to \$2,000,000	\$2,000,000 to \$10,000,00 per occurrence and aggregate

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

**Long-term Debt**

In August 2002, the Port of Oakland issued the 2002 Series L and M Revenue Bonds (the 2002 Bonds) in the aggregate amount of \$620 million (Series L interest rates range from 5.0% to 5.5%, maturing on November 1, 2033 and Series M interest rates range from 3.0% to 5.25%, maturing on November 1, 2020). The 2002 Bonds were issued to finance and refinance certain capital projects included in the Port's Capital Improvement Program (CIP), including the refunding of certain commercial paper notes previously issued by the Port to finance a portion of these projects.

In October 2002, the Port issued the 2002 Series N Refunding Revenue Bonds (the 2002 Series N Bonds) in the amount of \$121.2 million (interest rates range from 3.5% to 5.0%, maturing on November 1, 2023). Proceeds from the 2002 Series N Bonds, together with other available monies, were applied to refund all of the 1992 Series E bonds outstanding with an aggregate principal amount of \$135.3 million plus interest on November 1, 2002, to satisfy the Reserve

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**June 30, 2002**

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Fund Requirements with respect to the 2002 Series N Bonds, and to finance costs of issuance of the 2002 Series N Bonds.

The Board of the Port of Oakland previously authorized and issued the Port of Oakland Special Facilities Bonds, 1992 Series A (Mitsui O.S.K. Lines, Ltd. Project), in an original aggregate amount of \$53.3 million of which \$46.5 million was outstanding as of June 30, 2002. Excess bond proceeds plus accumulated interest of \$9.2 million were on deposit with the fiscal agent at June 30, 2002. On July 1, 2002, \$9.2 million of these funds were used to call a portion of the bonds, reducing the principal outstanding to \$37.3 million.

The Port's Commercial Real Estate Division plans to sell three properties in fiscal year 2003. The Port completed the sale of 14.2 acres at the intersection of Hegenberger and Pardee Drive on September 5, 2002, for \$5.5 million. The net book value of the property at June 30, 2002, was \$472,000.

**CITY OF OAKLAND**  
Required Supplemental Information - Historical Pension Data  
(unaudited)  
June 30 2002

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

Actuarial Valuation Date July 1,	Actuarial Value of Plan Assets <sup>(1)</sup> (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Actuarial Surplus (AS) (a-b)	Covered Payroll (c)	AS as a Percentage (%) of Covered Payroll [(a-b)/c]
1994	\$16.2	\$12.0	\$135	\$4.2	\$.119	3529
1995 <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	N/A
1996	16.9	11.8	143	5.1	.124	4113
1997 <sup>(2)</sup>	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	5733
2000 <sup>(a)</sup>	N/A	N/A	N/A	N/A	N/A	N/A
2001 <sup>(a)</sup>	N/A	N/A	N/A	N/A	N/A	N/A
2002 <sup>(a)</sup>	N/A	N/A	N/A	N/A	N/A	N/A

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

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<sup>(1)</sup>At market.

<sup>(2)</sup>Actuarial valuation conducted biennially.

**CITY OF OAKLAND**  
**Required Supplemental Information - Historical Pension Data**  
(unaudited)  
**June 30 2002**

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**POLICE AND FIRE RETIREMENT SYSTEM**  
**SCHEDULE OF FUNDING PROGRESS**  
*(In Millions)*

Actuarial Valuation Date July 1,	Actuarial Value of Plan Assets <sup>(1)</sup> (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	(Unfunded)/ Overfunded AAL (UAAL)/OAAL (a-b)	Covered Payroll (c)	(UAAL)/OAAL as a Percentage (%) of Covered [(a-b)/c]
1994	\$304.3	\$947.4	32.1	\$(643.1)	\$20.1	(3200)
1995 <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A	N/A
1995 <sup>(2)</sup>	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 <sup>(2)</sup>	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 <sup>(2)</sup>	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
2002(a)	N/A	N/A	N/A	N/A	N/A	N/A

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

<sup>(1)</sup>At market.

<sup>(2)</sup>Actuarial valuation conducted biennially.

**CITY OF OAKLAND**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2002**  
*(In Thousands)*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 97,165	\$ 97,166	\$ 94,306	\$ (2,860)
State:				
Sales and use	41,976	41,976	38,447	(3,529)
Motor vehicle in-lieu	6,813	6,813	22,854	16,041
Local:				
Business license	40,817	40,817	42,094	1,277
Utility consumption	46,640	46,640	49,547	2,907
Real estate transfer	30,000	30,000	37,272	7,272
Transient occupancy	12,569	12,776	10,530	(2,246)
Parking	6,190	6,190	7,525	1,335
Franchise	-	10,442	10,944	502
Licenses and permits	11,728	12,069	11,738	(331)
Fines and penalties	20,956	18,498	16,277	(2,221)
Interest and investment income	3,998	3,998	11,185	7,187
Charges for services	77,243	49,647	48,484	(1,163)
Federal and state grants and subventions	2,089	3,217	2,846	(371)
Other	17,164	34,376	40,161	5,785
<b>TOTAL REVENUES</b>	<u>415,348</u>	<u>414,625</u>	<u>444,210</u>	<u>29,585</u>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials-				
Mayor	1,161	1,166	1,330	(164)
Council	2,398	2,482	2,338	144
City Manager	7,995	8,708	8,283	425
City Attorney	6,486	6,535	6,409	126
City Auditor	1,079	1,079	1,076	3
City Clerk	1,567	1,598	1,773	(175)
Agencies/Departments:				
Personnel Resource Management	3,201	3,401	3,838	(437)
Retirement and Risk Administration	219	220	200	20
Information Technology	8,410	8,678	7,469	1,209
Financial Services	14,540	15,511	14,503	1,008
Police Services	129,786	136,247	146,649	(10,402)
Fire Services	74,024	77,230	78,758	(1,528)
Life Enrichment:				
Administration	873	1,141	561	580
Parks and Recreation	15,549	18,127	13,673	4,454
Library	11,376	11,176	10,181	995
Museum	5,612	5,601	6,364	(763)
Aging	3,142	4,282	2,989	1,293
Health and Human Services	1,195	1,303	1,177	126
Cultural Arts	1,390	1,707	1,375	332
Community and Economic Development	24,416	28,616	22,512	6,104
Public Works	25,019	29,675	26,052	3,623
Other	34,500	35,704	29,547	6,157
Capital outlay	312	6,444	2,697	3,747
Debt service:				
Bond issuance cost	-	-	466	(466)
Interest charges	214	1,124	1,781	(657)
<b>TOTAL EXPENDITURES</b>	<u>374,464</u>	<u>407,755</u>	<u>392,001</u>	<u>15,754</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>40,884</u>	<u>6,870</u>	<u>52,209</u>	<u>45,339</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding bonds	-	1,613	1,723	110
Property sale proceeds	-	18	54	36
Transfers in	22,478	15,062	46,264	31,202
Transfers out	(58,545)	(58,545)	(91,390)	(32,845)
<b>TOTAL OTHER FINANCING USES, NET</b>	<u>(36,067)</u>	<u>(41,852)</u>	<u>(43,349)</u>	<u>(1,497)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>4,817</u>	<u>(34,982)</u>	<u>8,860</u>	<u>43,842</u>
Fund balances - beginning, as restated	<u>45,444</u>	<u>45,444</u>	<u>226,184</u>	<u>180,740</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 50,261</u>	<u>\$ 10,462</u>	<u>\$ 235,044</u>	<u>\$224,582</u>

**CITY OF OAKLAND**  
**Notes to Required Supplemental Information**  
**June 30, 2002**

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**(1) BUDGETARY DATA**

In accordance with the provisions of the City Charter, the City prepares and adopts a budget on or before June 30 for each fiscal year. The City Charter prohibits expending funds for which there is no legal appropriation. Therefore, the City is required to adopt budgets for all City funds.

Prior to July 1, the original adopted budget is finalized through the passage of a resolution by the City Council. The level of legal budgetary control by the City Council is established at the fund level. For management purposes, the budget is controlled at the departmental level of expenditure within funds.

On June 29, 2001, the City Council approved the City's third two-year budget for fiscal years 2001-02 and 2002-03. Although appropriations are adopted for a 24-month period, they are divided into two one-year spending plans. Agencies/departments ending the first year with budgetary non-project surplus, according to Council policy, will be allowed to carry-forward 1/3 for their operating budget, 1/3 for their capital spending, and 1/3 for reverting to the General Fund balance.

The final budgetary data presented in the required supplemental information reflects approved changes to the original 2001-02 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. Final budget amounts reported in the required supplemental information reflect both the appropriation changes approved by the City Council and the transfers approved by the City Manager.

General Fund budgetary comparisons are not presented at the detail object level in this financial report due to their excessive length. A separate publication presenting this information is available from the Financial Services Agency, Accounting Division, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, CA 94612-2093.

**CITY OF OAKLAND**  
**Notes to Required Supplemental Information**  
**June 30, 2002**

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## **Budgetary Basis of Accounting**

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

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

### **Major Funds**

- Federal and State Grants
- Oakland Redevelopment Agency

### **Nonmajor Funds**

- Special Revenue
  - ORA Projects
  - Parks and Recreation and Cultural
- Capital Projects Funds
  - Parks and Recreation
  - Municipal Capital Improvement
  - Emergency Services

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



**CITY OF OAKLAND**  
**Notes to Required Supplemental Information**  
**June 30, 2002**

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

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

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

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

In October 2001, the City entered into a debt service deposit agreement with a third party whereby the City received approximately \$9.6 million in exchange for forgoing its right to receive investment earnings on the amounts deposited with the trustee in advance of the date that the related debt was due to the bondholders. The compensation to the City was recorded as revenue in fiscal year 2002 when received on a budgetary basis. On a GAAP basis, the revenue was deferred and is being recognized over the 21-year life of the agreement. Amortization for the year ended June 30, 2002, was \$256,348. At the same time, the City retired its previous debt service deposit agreement, a payment of approximately \$8.5 million. The unamortized balance of the previous agreement was approximately \$5.6 million, which resulted in a loss of \$2.9 million, on a GAAP basis.

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

	<b>General Fund</b>
Net change in fund balance - GAAP basis	\$ 5,151
New debt service deposit agreement	9,568
Amortization of debt service deposit agreement	(257)
Retirement of prior debt service deposit agreement	<u>(5,602)</u>
Net change in fund balance - budgetary basis	<u>\$ 8,860</u>

**CITY OF OAKLAND**  
**Notes to Required Supplemental Information**  
**June 30, 2002**

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The General Fund Balance on a Budgetary Basis reconciled to that on a GAAP basis as of June 30, 2002, is as follows (in thousands):

	<b>General Fund</b>
Fund Balance, June 30, 2002 - GAAP Basis	\$225,733
Unamortized debt service deposit agreement	<u>9,311</u>
Fund Balance, June 30, 2002 - Budgetary Basis	<u>\$235,044</u>

General Fund Budgetary Basis Fund Balance at June 30, 2002, is composed of the following (in thousands):

	<b>General Fund</b>
Reserved:	
Encumbrance	\$ 1,744
Projects	12,644
Debt service	181,679
Unreserved/(deficit) reported in:	
General fund	<u>38,977</u>
TOTAL FUND BALANCES (DEFICIT)	<u>\$ 235,044</u>

# **COMBINING FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2002**  
*(In Thousands)*

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 37,779	\$ 15,650	\$ 2,877	\$ 56,306
Receivables, net:				
Accrued interest and dividends	358	104	18	480
Property taxes	1,115	2,790	38	3,943
Accounts receivable	3,230	-	64	3,294
Due from other funds	2,075	72	-	2,147
Due from component unit	940	-	-	940
Notes and loans receivable, net	5,759	-	20	5,779
Restricted cash and investments	-	57,422	87,115	144,537
Other	-	460	7	467
<b>TOTAL ASSETS</b>	<u>\$ 51,256</u>	<u>\$ 76,498</u>	<u>\$ 90,139</u>	<u>\$ 217,893</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 2,833	\$ 29	\$ 3,266	\$ 6,128
Due to other funds	8,683	135	213	9,031
Deferred revenue	6,883	2,791	58	9,732
Matured bonds and interest payable	-	-	520	520
Other	111	-	612	723
<b>TOTAL LIABILITIES</b>	<u>18,510</u>	<u>2,955</u>	<u>4,669</u>	<u>26,134</u>
<b>Fund Balances</b>				
Reserved:				
Encumbrance	254	-	4,394	4,648
Projects	13,445	-	77,649	91,094
Debt service	-	73,543	-	73,543
Unreserved:				
Special revenue funds	19,047	-	-	19,047
Capital project funds	-	-	3,427	3,427
<b>TOTAL FUND BALANCES</b>	<u>32,746</u>	<u>73,543</u>	<u>85,470</u>	<u>191,759</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 51,256</u>	<u>\$ 76,498</u>	<u>\$ 90,139</u>	<u>\$ 217,893</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2002**  
*(In Thousands)*

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental
<b>REVENUES</b>				
Taxes:				
Property	\$ 15,806	\$ 11,836	\$ -	\$ 27,642
State:				
Sales and use	7,302	-	-	7,302
Gas	7,705	-	-	7,705
Licenses and permits	20	-	-	20
Fines and penalties	1,165	41	-	1,206
Interest and investment income	1,811	4,144	7,959	13,914
Charges for services	4,221	-	193	4,414
Federal and state grants and subventions	10,926	-	847	11,773
Other	16,116	1,017	2,411	19,544
<b>TOTAL REVENUES</b>	<u>65,072</u>	<u>17,038</u>	<u>11,410</u>	<u>93,520</u>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	87	-	16	103
Council	402	-	302	704
City Manager	1,718	-	1,004	2,722
City Attorney	2,194	-	247	2,441
City Clerk	47	-	141	188
Agencies/Departments:				
Personnel Resource Management	1	-	6	7
Information Technology	26	-	1,707	1,733
Financial Services	385	961	644	1,990
Police Services	680	-	5	685
Fire Services	3,256	-	1,654	4,910
Life Enrichment:				
Parks and Recreation	13,860	-	4,527	18,387
Library	414	-	91	505
Museum	320	-	594	914
Aging	847	-	-	847
Health and Human Services	520	-	-	520
Cultural Arts	-	-	7	7
Community and Economic Development	13,730	-	163	13,893
Public Works	16,958	-	4,401	21,359
Other	13,636	303	2,433	16,372
Capital outlay	4,399	-	5,868	10,267
Debt service:				
Principal repayment	-	29,307	273	29,580
Bond issuance cost	-	3,711	-	3,711
Interest charges	-	43,824	31	43,855
<b>TOTAL EXPENDITURES</b>	<u>73,480</u>	<u>78,106</u>	<u>24,114</u>	<u>175,700</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(8,408)</u>	<u>(61,068)</u>	<u>(12,704)</u>	<u>(82,180)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding bonds	-	211,932	-	211,932
Payment to refunded bond escrow agent	-	(208,907)	-	(208,907)
Premiums on issuance of refunding bonds	-	788	-	788
Property sale proceeds	3,421	-	-	3,421
Transfers in	7,416	89,136	-	96,552
Transfers out	(708)	(39,243)	(10,816)	(50,767)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>10,129</u>	<u>53,706</u>	<u>(10,816)</u>	<u>53,019</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>1,721</u>	<u>(7,362)</u>	<u>(23,520)</u>	<u>(29,161)</u>
Fund balances - beginning, as restated	<u>31,025</u>	<u>80,905</u>	<u>108,990</u>	<u>220,920</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 32,746</u>	<u>\$ 73,543</u>	<u>\$ 85,470</u>	<u>\$ 191,759</u>

# NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue**  
**June 30, 2002**  
*(In Thousands)*

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assesmt District	Assessment Districts	Other Special Revenue	ORA Projects	Parks and Recreation and Cultural	Total
<b>ASSETS</b>								
Cash and Investments	\$ 13,723	\$ 9,271	\$ 4,518	\$ 776	\$ 7,816	\$ -	\$ 1,675	\$ 37,779
Receivables, net:								
Accrued interest and dividends	114	81	31	3	113	-	16	358
Property taxes	-	-	846	-	269	-	-	1,115
Accounts receivable	868	1,339	-	-	1,023	-	-	3,230
Due from other funds	-	-	-	-	-	2,075	-	2,075
Due from component unit	-	-	940	-	-	-	-	940
Notes and loans receivable, net	-	-	-	-	5,759	-	-	5,759
<b>TOTAL ASSETS</b>	<b>\$ 14,705</b>	<b>\$ 10,691</b>	<b>\$ 6,335</b>	<b>\$ 779</b>	<b>\$ 14,980</b>	<b>\$ 2,075</b>	<b>\$ 1,691</b>	<b>\$ 51,256</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 253	\$ 79	\$ 312	\$ -	\$ 1,973	\$ 198	\$ 18	\$ 2,833
Due to other funds	-	-	-	-	1,105	7,578	-	8,683
Deferred revenues	-	-	846	-	6,037	-	-	6,883
Other	-	-	-	-	-	-	111	111
<b>TOTAL LIABILITIES</b>	<b>253</b>	<b>79</b>	<b>1,158</b>	<b>-</b>	<b>9,115</b>	<b>7,776</b>	<b>129</b>	<b>18,510</b>
<b>Fund Balances (Deficit)</b>								
Reserved:								
Encumbrance	110	52	92	-	-	-	-	254
Projects	12,057	1,028	206	154	-	-	-	13,445
Unreserved (deficit)	2,285	9,532	4,879	625	5,865	(5,701)	1,562	19,047
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>14,452</b>	<b>10,612</b>	<b>5,177</b>	<b>779</b>	<b>5,865</b>	<b>(5,701)</b>	<b>1,562</b>	<b>32,746</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 14,705</b>	<b>\$ 10,691</b>	<b>\$ 6,335</b>	<b>\$ 779</b>	<b>\$ 14,980</b>	<b>\$ 2,075</b>	<b>\$ 1,691</b>	<b>\$ 51,256</b>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds - Special Revenue**  
**Year Ended June 30, 2002**  
*(In Thousands)*

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessment District	Assessment Districts	Other Special Revenue	ORA Projects	Parks and Recreation and Cultural	Total
<b>REVENUES</b>								
Taxes:								
Property	\$ -	\$ -	\$ 14,250	\$ 131	\$ 1,425	\$ -	\$ -	\$ 15,806
State:								
Sales and use	6,668	634	-	-	-	-	-	7,302
Gas	-	7,705	-	-	-	-	-	7,705
Licenses and permits	-	-	20	-	-	-	-	20
Fines and penalties	1,111	-	-	-	54	-	-	1,165
Interest and investment income	586	355	30	38	735	2	65	1,811
Charges for services	292	-	26	2	3,901	-	-	4,221
Federal and state grants and subventions	-	-	-	-	10,834	-	92	10,926
Other	5	1	-	56	4,744	11,100	210	16,116
<b>TOTAL REVENUES</b>	<b>8,662</b>	<b>8,695</b>	<b>14,326</b>	<b>227</b>	<b>21,693</b>	<b>11,102</b>	<b>367</b>	<b>65,072</b>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials:								
Mayor	-	-	-	-	-	87	-	87
Council	-	-	-	-	-	402	-	402
City Manager	-	-	68	-	1,450	200	-	1,718
City Attorney	-	-	95	-	483	1,616	-	2,194
City Clerk	-	-	-	-	-	47	-	47
Agencies/Departments:								
Personnel Resource Management	-	-	-	-	1	-	-	1
Information Technology	-	-	26	-	-	-	-	26
Financial Services	-	-	90	-	112	183	-	385
Police Services	-	-	1	-	215	463	1	680
Fire Services	-	-	-	12	3,228	-	16	3,256
Life Enrichment:								
Parks and Recreation	-	-	13,658	-	196	1	5	13,860
Library	1	-	-	-	227	-	186	414
Museum	-	-	281	-	-	4	35	320
Aging	530	-	-	-	317	-	-	847
Health and Human Services	3	-	-	-	517	-	-	520
Community and Economic Development	-	-	-	-	7,004	6,602	124	13,730
Public Works	4,145	8,033	3,707	76	349	648	-	16,958
Other	-	-	-	-	13,548	-	88	13,636
Capital outlay	2,939	-	-	-	385	1,069	6	4,399
<b>TOTAL EXPENDITURES</b>	<b>7,618</b>	<b>8,033</b>	<b>17,926</b>	<b>88</b>	<b>28,032</b>	<b>11,322</b>	<b>461</b>	<b>73,480</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,044</b>	<b>662</b>	<b>(3,600)</b>	<b>139</b>	<b>(6,339)</b>	<b>(220)</b>	<b>(94)</b>	<b>(8,408)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Property sale proceeds	-	-	3,396	-	-	25	-	3,421
Transfers in	-	-	-	-	7,416	-	-	7,416
Transfers out	-	-	-	-	-	(708)	-	(708)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>3,396</b>	<b>-</b>	<b>7,416</b>	<b>(683)</b>	<b>-</b>	<b>10,129</b>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<b>1,044</b>	<b>662</b>	<b>(204)</b>	<b>139</b>	<b>1,077</b>	<b>(903)</b>	<b>(94)</b>	<b>1,721</b>
Fund balances (deficit) - beginning	13,408	9,950	5,381	640	4,788	(4,798)	1,656	31,025
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<b>\$ 14,452</b>	<b>\$ 10,612</b>	<b>\$ 5,177</b>	<b>\$ 779</b>	<b>\$ 5,865</b>	<b>\$ (5,701)</b>	<b>\$ 1,562</b>	<b>\$ 32,746</b>



## CITY OF OAKLAND

	Traffic Safety and Control				State Gas Tax				Landscaping and Lighting District Assessment			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES												
Taxes:												
Property State:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,669	\$ 17,333	\$ 14,250	\$ (3,083)
Sales and use:	6,160	6,160	6,668	508	-	-	634	634	-	-	-	-
Gas:	-	-	-	-	7,071	7,310	7,705	395	-	-	-	-
Licenses and permits:	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties:	270	270	1,111	841	-	-	-	-	20	8	20	12
Interest and investment income:	200	200	586	386	-	-	-	-	-	-	-	-
Charges for services:	195	883	292	(591)	355	188	355	167	30	-	30	30
Federal and state grants and subventions:	1,600	4,500	-	(4,500)	-	-	-	-	26	-	26	26
Other:	8	5	5	-	-	-	-	1	3,396	-	-	-
TOTAL REVENUES	8,433	12,018	8,662	(3,356)	7,426	7,498	8,695	1,197	18,141	17,341	14,326	(3,015)
EXPENDITURES												
Current:												
Elected and Appointed Officials-												
City Manager:	-	-	-	-	-	13	-	13	68	68	68	-
City Attorney:	-	-	-	-	-	-	-	-	95	95	95	-
Agencies/Departments:												
Information Technology:	-	-	-	-	-	-	-	-	26	26	26	-
Financial Services:	-	-	-	-	-	-	-	-	134	134	90	44
Police Services:	-	-	-	-	-	-	-	-	-	-	1	(1)
Fire Services:	-	-	-	-	-	131	-	131	-	-	-	-
Life Enrichment:	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation:	-	-	-	-	-	-	-	-	13,707	13,707	13,658	49
Library:	-	-	1	(1)	-	-	-	-	-	-	-	-
Museum:	-	-	-	-	-	-	-	-	281	281	281	-
Aging:	875	875	530	345	-	-	-	-	-	-	-	-
Health and Human Services:	2	2	3	(1)	-	-	-	-	-	-	-	-
Community and Economic Development:	37	37	-	37	-	2	-	2	-	-	-	-
Public Works:	12,345	12,345	4,145	8,200	8,033	11,170	8,033	3,137	5,439	5,439	3,707	1,732
Other:	2	2	-	2	-	-	-	-	-	-	-	-
Capital outlay:	7,368	7,368	2,939	4,429	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	20,629	20,629	7,618	13,011	8,033	11,316	8,033	3,283	19,750	19,750	17,926	1,824
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,196)	(8,611)	1,044	9,655	(607)	(3,818)	662	4,480	(1,609)	(2,409)	(3,600)	(1,191)
OTHER FINANCING SOURCES (USES)												
Property sale proceeds:	-	-	-	-	-	-	-	-	-	-	3,396	3,396
Transfers in:	-	-	-	-	-	-	-	-	-	3,600	-	(3,600)
Transfers out:	-	-	-	-	-	-	-	-	(101)	(101)	-	(101)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	(101)	3,499	3,396	(305)
NET CHANGE IN FUND BALANCE	(12,196)	(8,611)	1,044	9,655	(607)	(3,818)	662	4,480	(1,710)	1,090	(204)	(1,496)
Fund balances -beginning	-	-	13,408	13,408	-	-	9,950	9,950	-	-	5,381	5,381
FUND BALANCES - ENDING	\$(12,196)	\$(8,611)	\$14,452	\$23,063	\$(607)	\$(3,818)	\$10,612	\$14,430	\$(1,710)	\$1,090	\$5,177	\$3,885

# CITY OF OAKLAND

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Special Revenue

For the Year Ended June 30, 2002

(In Thousands)

	Assessment Districts			Variance Positive (Negative)	Other Special Revenue			Variance Positive (Negative)
	Original Budget	Final Budget	Actual		Original Budget	Final Budget	Actual	
<b>REVENUES</b>								
Taxes:								
Property tax	\$ 17	\$ -	\$ 131	\$ 131	\$ 2,091	\$ 2,091	\$ 1,425	\$ (666)
Licenses and permits	8	-	-	-	-	-	54	19
Fines and penalties	-	-	-	-	35	35	735	(176)
Interest and investment income	15	-	38	38	911	911	3,901	(1,125)
Charges for services	-	-	2	2	5,026	5,026	10,834	(847)
Federal and state grants and subventions	-	-	-	-	11,681	11,681	4,744	894
Other	37	-	56	56	3,850	3,850	-	-
<b>TOTAL REVENUES</b>	<b>77</b>	<b>-</b>	<b>227</b>	<b>227</b>	<b>23,594</b>	<b>23,594</b>	<b>21,693</b>	<b>(1,901)</b>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials-								
City Manager	-	-	-	-	1,025	1,025	1,450	(425)
City Attorney	-	-	-	-	464	464	483	(19)
Agencies/Departments:								
Personnel Resource Management	-	-	-	-	-	-	1	(1)
Financial Services	-	-	-	-	164	164	112	52
Police Services	-	-	-	-	1,119	1,119	215	904
Fire Services	32	-	12	(12)	3,188	3,188	3,228	(40)
Life Enrichment:								
Administration	-	-	-	-	73	73	-	73
Parks and Recreation	127	-	-	-	261	261	196	65
Library	-	-	-	-	341	341	227	114
Museum	-	-	-	-	1	1	-	1
Aging	-	-	-	-	507	507	317	190
Health and Human Services	-	-	-	-	1,133	1,133	517	616
Community and Economic Development	-	-	-	-	15,320	15,320	7,004	8,316
Public Works	71	-	76	(76)	1,474	1,474	349	1,125
Other	-	-	-	-	28,111	28,111	13,548	14,563
Capital outlay	-	-	-	-	-	-	385	(385)
<b>TOTAL EXPENDITURES</b>	<b>230</b>	<b>-</b>	<b>88</b>	<b>(88)</b>	<b>53,181</b>	<b>53,181</b>	<b>28,032</b>	<b>25,149</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(153)</b>	<b>-</b>	<b>139</b>	<b>139</b>	<b>(29,587)</b>	<b>(29,587)</b>	<b>(6,339)</b>	<b>23,248</b>
<b>OTHER FINANCING SOURCES</b>								
Transfers in	3,604	-	-	-	7,452	-	7,416	7,416
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>3,604</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,452</b>	<b>-</b>	<b>7,416</b>	<b>7,416</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,451</b>	<b>-</b>	<b>139</b>	<b>139</b>	<b>(22,135)</b>	<b>(29,587)</b>	<b>1,077</b>	<b>30,664</b>
Fund balances - beginning	-	-	640	640	-	-	4,788	4,788
<b>FUND BALANCES - ENDING</b>	<b>\$ 3,451</b>	<b>\$ -</b>	<b>\$ 779</b>	<b>\$ 779</b>	<b>\$ (22,135)</b>	<b>\$ (29,587)</b>	<b>\$ 5,865</b>	<b>\$ 35,452</b>

# NONMAJOR DEBT SERVICE FUNDS

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

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

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

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

The **Other Assessment Bonds Fund** accounts for special assessment monies received from property owners within the various special assessment districts to liquidate the improvement bonds. These districts include 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.

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Debt Service**  
**June 30, 2002**  
*(In Thousands)*

	General Obligation Bonds	Lease Financing	Civic Improvement	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total
<b>ASSETS</b>							
Cash and investments	\$ 6,975	\$ 408	\$ -	\$ 20	\$ 1,672	\$ 6,575	\$ 15,650
Receivables, net:							
Accrued interest and dividends	87	-	-	-	17	-	104
Property taxes	1,744	-	-	-	1,046	-	2,790
Due from other funds	-	-	72	-	-	-	72
Restricted cash and investments	3,290	8,997	26,308	-	792	18,035	57,422
Other	-	-	-	-	-	460	460
<b>TOTAL ASSETS</b>	<u>\$ 12,096</u>	<u>\$ 9,405</u>	<u>\$ 26,380</u>	<u>\$ 20</u>	<u>\$ 3,527</u>	<u>\$ 25,070</u>	<u>\$ 76,498</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ 15	\$ -	\$ -	\$ -	\$ 8	\$ 6	\$ 29
Due to other funds	-	106	5	20	-	4	135
Deferred revenue	1,745	-	-	-	1,046	-	2,791
<b>TOTAL LIABILITIES</b>	<u>1,760</u>	<u>106</u>	<u>5</u>	<u>20</u>	<u>1,054</u>	<u>10</u>	<u>2,955</u>
<b>Fund Balances</b>							
Reserved for debt service	10,336	9,299	26,375	-	2,473	25,060	73,543
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 12,096</u>	<u>\$ 9,405</u>	<u>\$ 26,380</u>	<u>\$ 20</u>	<u>\$ 3,527</u>	<u>\$ 25,070</u>	<u>\$ 76,498</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds - Debt Service**  
**Year Ended June 30, 2002**  
*(In Thousands)*

	<b>General Obligation Bonds</b>	<b>Lease Financing</b>	<b>Civic Improvement</b>	<b>JPFA Fund</b>	<b>Other Assessment Bonds</b>	<b>Special Revenue Bonds</b>	<b>Total</b>
<b>REVENUES</b>							
Property taxes	\$ 11,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,836
Fines and penalties	41	-	-	-	-	-	41
Interest and investment income	287	891	2,371	-	52	543	4,144
Other	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,016</u>	<u>-</u>	<u>1,017</u>
<b>TOTAL REVENUES</b>	<u>12,165</u>	<u>891</u>	<u>2,371</u>	<u>-</u>	<u>1,068</u>	<u>543</u>	<u>17,038</u>
<b>EXPENDITURES</b>							
Current:							
Agencies/Departments:							
Financial Services	22	188	155	270	23	303	961
Other	<u>4</u>	<u>299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>303</u>
Debt Service:							
Principal repayment	3,785	11,867	1,600	1,840	515	9,700	29,307
Bond issuance cost	-	545	-	-	-	3,166	3,711
Interest charges	<u>7,751</u>	<u>6,945</u>	<u>656</u>	<u>5,709</u>	<u>490</u>	<u>22,273</u>	<u>43,824</u>
<b>TOTAL EXPENDITURES</b>	<u>11,562</u>	<u>19,844</u>	<u>2,411</u>	<u>7,819</u>	<u>1,028</u>	<u>35,442</u>	<u>78,106</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>603</u>	<u>(18,953)</u>	<u>(40)</u>	<u>(7,819)</u>	<u>40</u>	<u>(34,899)</u>	<u>(61,068)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of refunding bonds	-	16,295	-	-	-	195,637	211,932
Payment to refunded bond escrow agent	-	(16,536)	-	-	-	(192,371)	(208,907)
Premiums on issuance of refunding bonds	-	788	-	-	-	-	788
Transfers in	1,743	15,511	-	9,515	-	62,367	89,136
Transfers out	<u>-</u>	<u>(1,536)</u>	<u>(22)</u>	<u>(7,554)</u>	<u>-</u>	<u>(30,131)</u>	<u>(39,243)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,743</u>	<u>14,522</u>	<u>(22)</u>	<u>1,961</u>	<u>-</u>	<u>35,502</u>	<u>53,706</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>2,346</u>	<u>(4,431)</u>	<u>(62)</u>	<u>(5,858)</u>	<u>40</u>	<u>603</u>	<u>(7,362)</u>
Fund balances - beginning	<u>7,990</u>	<u>13,730</u>	<u>26,437</u>	<u>5,858</u>	<u>2,433</u>	<u>24,457</u>	<u>80,905</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 10,336</u>	<u>\$ 9,299</u>	<u>\$ 26,375</u>	<u>\$ -</u>	<u>\$ 2,473</u>	<u>\$ 25,060</u>	<u>\$ 73,543</u>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Debt Service Funds**  
**For the Year Ended June 30, 2002**  
*(In Thousands)*

	General Obligation Bonds			Lease Financing			Civic Improvement		
	Original Budget	Final Budget	Variance Positive (Negative)	Original Budget	Final Budget	Variance Positive (Negative)	Original Budget	Final Budget	Variance Positive (Negative)
<b>REVENUES</b>									
Taxes:									
Property	\$ 10,544	\$ 10,544	\$ 1,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and penalties	-	-	41	-	-	-	-	-	-
Interest and investment income	-	-	287	-	891	891	-	2,371	2,371
Other	-	-	1	-	19,984	(19,984)	-	-	-
<b>TOTAL REVENUES</b>	<b>10,544</b>	<b>10,544</b>	<b>1,621</b>	<b>19,984</b>	<b>19,984</b>	<b>(19,093)</b>	<b>-</b>	<b>2,371</b>	<b>2,371</b>
<b>EXPENDITURES</b>									
Current:									
Agencies/Departments:									
Financial Services	28	28	6	-	-	188	160	155	5
Other	10,540	10,540	10,536	23,783	23,783	299	3,212	-	3,212
Debt service:									
Principal repayment	-	-	(3,785)	-	-	11,867	-	1,600	(1,600)
Bond issuance cost	-	-	-	-	-	545	-	-	-
Interest charges	-	-	(7,751)	-	-	6,945	-	656	(656)
<b>TOTAL EXPENDITURES</b>	<b>10,568</b>	<b>10,568</b>	<b>(994)</b>	<b>23,783</b>	<b>23,783</b>	<b>3,939</b>	<b>3,372</b>	<b>2,411</b>	<b>961</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>									
<b>OVER EXPENDITURES</b>	<b>(24)</b>	<b>(24)</b>	<b>627</b>	<b>(3,799)</b>	<b>(3,799)</b>	<b>(18,953)</b>	<b>(3,372)</b>	<b>(40)</b>	<b>3,332</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Issuance of refunding bonds	-	-	-	-	-	16,295	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(16,536)	-	-	-
Premiums issuance of refunding bonds	-	-	-	-	-	788	-	-	-
Transfers in	-	-	1,743	3,799	3,799	15,511	3,372	-	(3,372)
Transfers out	-	-	-	-	-	(1,536)	-	(22)	22
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>1,743</b>	<b>3,799</b>	<b>3,799</b>	<b>13,795</b>	<b>3,372</b>	<b>(22)</b>	<b>(3,350)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(24)</b>	<b>(24)</b>	<b>2,370</b>	<b>-</b>	<b>(4,431)</b>	<b>(1,359)</b>	<b>-</b>	<b>(62)</b>	<b>(18)</b>
Fund balances - beginning	-	-	7,990	-	13,730	13,730	-	26,437	26,437
<b>FUND BALANCES - ENDING</b>	<b>\$ (24)</b>	<b>\$ (24)</b>	<b>\$ 10,360</b>	<b>\$ -</b>	<b>\$ 9,299</b>	<b>\$ 12,371</b>	<b>\$ -</b>	<b>\$ 26,375</b>	<b>\$ 26,419</b>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Debt Service Funds**  
**For the Year Ended June 30, 2002**  
*(In Thousands)*

	JPFA Fund			Other Assessment Bonds			Special Revenue Bonds		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Variance Positive (Negative)
<b>REVENUES</b>									
Fines and penalties	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -
Interest and investment income	-	-	-	-	-	-	-	-	543
Pension annuity distribution	-	-	-	-	-	-	-	-	(574)
Other	-	-	-	-	1,012	1,016	-	-	(1,248)
<b>TOTAL REVENUES</b>	-	-	-	-	1,016	1,068	543	-	(1,279)
<b>EXPENDITURES</b>									
Current:									
Agencies/Departments:									
Financial Services	32	32	270	(238)	25	23	303	446	
Other	7,128	-	-	-	-	-	-	56,160	56,160
Debt service:									
Principal repayment	-	1,840	1,840	-	515	515	9,700	(9,700)	
Bond issuance cost	-	-	-	-	-	-	-	3,166	(3,166)
Interest charges	-	5,288	5,709	(421)	508	490	22,273	(22,273)	
<b>TOTAL EXPENDITURES</b>	7,160	7,160	7,819	(659)	1,022	1,028	35,442	21,467	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(7,160)	(7,160)	(7,819)	(659)	(6)	40	(34,899)	20,188	
<b>OTHER FINANCING SOURCES (USES)</b>									
Issuance of refunding bonds	-	-	-	-	-	-	-	195,637	195,637
Transfers in	7,308	7,160	9,515	(2,355)	713	-	62,367	7,280	
Transfers out	-	-	(7,554)	7,554	(735)	-	(30,131)	(30,131)	
Payment to refund bond escrow agent	-	-	-	-	-	-	(192,371)	(192,371)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	7,308	7,160	1,961	5,199	(22)	-	35,502	(19,585)	
<b>NET CHANGE IN FUND BALANCE</b>	148	-	(5,858)	5,858	(28)	40	603	603	
Fund balances - beginning	-	-	5,858	(5,858)	-	2,433	24,457	24,457	
<b>FUND BALANCES - ENDING</b>	\$ 148	\$ -	\$ -	\$ -	\$ (55)	\$ 2,473	\$ 25,060	\$ 25,060	

# NONMAJOR CAPITAL PROJECTS FUNDS

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

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

The **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.



CITY OF OAKLAND  
Combining Balance Sheet  
Nonmajor Governmental Fund - Capital Projects  
June 30, 2002  
(In Thousands)

	<u>Parks and Recreation</u>	<u>Municipal Capital Improvement</u>	<u>Emergency Services</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,877	\$ -	\$ -	\$ 2,877
Receivables, net:				
Accrued interest and dividends	18	-	-	18
Property taxes	-	38	-	38
Accounts receivable	-	64	-	64
Notes and loans receivable	-	20	-	20
Restricted cash and investments	12,407	64,559	10,149	87,115
Other	-	3	4	7
<b>TOTAL ASSETS</b>	<u>\$15,302</u>	<u>\$ 64,684</u>	<u>\$10,153</u>	<u>\$ 90,139</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 328	\$ 2,424	\$ 514	\$ 3,266
Due to other funds	-	99	114	213
Deferred revenue	-	58	-	58
Matured bonds and interest payable	-	520	-	520
Other	-	612	-	612
<b>TOTAL LIABILITIES</b>	<u>328</u>	<u>3,713</u>	<u>628</u>	<u>4,669</u>
<b>Fund balances</b>				
Reserved:				
Encumbrance	(74)	4,076	392	4,394
Projects	12,727	51,186	13,736	77,649
Unreserved	2,321	5,709	(4,603)	3,427
<b>TOTAL FUND BALANCES</b>	<u>14,974</u>	<u>60,971</u>	<u>9,525</u>	<u>85,470</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$15,302</u>	<u>\$ 64,684</u>	<u>\$10,153</u>	<u>\$ 90,139</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Fund - Capital Projects**  
**Year Ended June 30, 2002**  
*(In Thousands)*

	<b>Parks and Recreation</b>	<b>Municipal Capital Improvement</b>	<b>Emergency Services</b>	<b>Total</b>
<b>REVENUES</b>				
Interest and investment income	\$ 775	\$ 6,341	\$ 843	\$ 7,959
Charges for services	-	193	-	193
Federal and state grants and subventions	-	847	-	847
Other	-	2,215	196	2,411
<b>TOTAL REVENUES</b>	<u>775</u>	<u>9,596</u>	<u>1,039</u>	<u>11,410</u>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	-	16	-	16
Council	-	302	-	302
City Manager	-	1,004	-	1,004
City Attorney	14	233	-	247
City Clerk	-	141	-	141
Agencies/departments:				
Personnel Resource Management	-	6	-	6
Information Technology	-	1,707	-	1,707
Financial Services	150	158	336	644
Police Services	-	-	5	5
Fire Services	-	1,483	171	1,654
Life Enrichment:				
Parks and Recreation	1,405	652	2,470	4,527
Library	25	54	12	91
Museum	-	594	-	594
Cultural Arts	-	7	-	7
Community and Economic Development	-	161	2	163
Public Works	249	3,196	956	4,401
Other	-	2,433	-	2,433
Capital outlay	393	4,232	1,243	5,868
Debt service				
Principal repayment	-	273	-	273
Interest charges	-	31	-	31
<b>TOTAL EXPENDITURES</b>	<u>2,236</u>	<u>16,683</u>	<u>5,195</u>	<u>24,114</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(1,461)</u>	<u>(7,087)</u>	<u>(4,156)</u>	<u>(12,704)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	-	(9,073)	(1,743)	(10,816)
<b>TOTAL OTHER FINANCING USES</b>	<u>-</u>	<u>(9,073)</u>	<u>(1,743)</u>	<u>(10,816)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,461)</u>	<u>(16,160)</u>	<u>(5,899)</u>	<u>(23,520)</u>
Fund balances - beginning, as restated	16,435	77,131	15,424	108,990
<b>FUND BALANCES - ENDING</b>	<u>\$ 14,974</u>	<u>\$ 60,971</u>	<u>\$ 9,525</u>	<u>\$ 85,470</u>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Capital Project Funds**  
**For the Year Ended June 30, 2002**  
*(In Thousands)*

	Parks and Recreation			Municipal Improvement Capital			Emergency Services		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Final Budget	Variance Positive (Negative)
<b>REVENUES</b>									
Interest and investment income	\$ -	\$ -	\$ 775	\$ 775	\$ -	\$ -	\$ 843	\$ 116	\$ 727
Charges for services	-	-	-	-	-	-	-	-	-
Federal and state grants and subventions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	9,045	9,045	196	196	-
<b>TOTAL REVENUES</b>	-	-	775	775	9,047	9,047	312	1,039	727
<b>EXPENDITURES</b>									
Current:									
Elected and Appointed Officials-									
Mayor	-	-	-	-	16	16	-	-	-
Council	-	-	-	-	(5)	(5)	-	3	3
City Manager	-	-	-	-	367	367	-	78	78
City Attorney	14	-	14	(14)	87	233	-	-	-
City Clerk	-	-	-	-	(5)	(5)	-	-	-
Agencies/Departments:									
Personnel Resource Management	-	-	-	-	(165)	(165)	-	-	-
Information Technology	-	-	-	-	175	1,707	-	(63)	(63)
Financial Services	179	-	150	(150)	418	158	-	335	(1)
Police Services	-	-	-	-	543	543	-	101	5
Fire Services	-	-	-	-	1	1	-	253	82
Life Enrichment:									
Parks and Recreation	114	-	1,405	(1,405)	46	46	-	27	(2,443)
Library	-	-	25	(25)	137	137	-	63	51
Museum	-	-	-	-	(1)	(1)	-	-	-
Cultural Arts	-	-	-	-	1,238	1,238	-	-	-
Community and Economic Development	-	-	-	-	390	390	-	9	7
Public Works	1,263	-	249	(249)	24,664	24,664	-	10,884	9,928
Other	-	-	-	-	7,798	7,798	-	-	-
Capital outlay	470	-	393	(393)	8,421	8,421	-	1,651	408
Debt service:									
Principal Repayment	-	-	-	-	-	-	-	-	-
Interest Charges	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	2,040	-	2,236	(2,236)	44,125	44,125	-	13,341	8,146
<b>DEFICIENCY OF REVENUES</b>									
<b>UNDER EXPENDITURES</b>	(2,040)	-	(1,461)	(1,461)	(35,078)	(35,078)	-	(13,029)	8,873
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	7,308	11,051	-	(11,051)	-	-	-	24	(24)
Transfers out	-	-	-	-	(6,102)	(2,752)	-	-	(1,743)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	7,308	11,051	-	(11,051)	(6,102)	(9,073)	-	24	1,719
<b>NET CHANGE IN FUND BALANCE</b>	5,268	11,051	(1,461)	(12,512)	(41,180)	(37,830)	-	(13,005)	10,592
Fund balances - beginning	-	-	16,435	16,435	-	77,131	-	-	15,424
<b>FUND BALANCES - ENDING</b>	\$ 5,268	\$ 11,051	\$ 14,974	\$ 3,923	\$ (41,180)	\$ 39,301	\$ 60,971	\$ (13,005)	\$ 26,016

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# INTERNAL SERVICE FUNDS

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

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

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

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

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

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

**CITY OF OAKLAND**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2002**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Total</u>
<b>ASSETS</b>						
Current assets:						
Cash and Investments	\$ 5,222	\$ 2,651	\$ -	\$ 251	\$ -	\$ 8,124
Inventories	-	-	-	-	911	911
Accounts receivable	137	102	2	5	-	246
Total Current assets	<u>5,359</u>	<u>2,753</u>	<u>2</u>	<u>256</u>	<u>911</u>	<u>9,281</u>
Restricted assets:						
Restricted cash and investments	25,159	-	-	-	-	25,159
Total Restricted assets:	<u>25,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,159</u>
Noncurrent assets:						
Capital assets:						
Land and other assets not being depreciated	-	-	310	-	-	310
Facilities and equipment, net of depreciation	27,293	1,141	32	10	-	28,476
Total noncurrent assets	<u>27,293</u>	<u>1,141</u>	<u>342</u>	<u>10</u>	<u>-</u>	<u>28,786</u>
<b>TOTAL ASSETS</b>	<u>57,811</u>	<u>3,894</u>	<u>344</u>	<u>266</u>	<u>911</u>	<u>63,226</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued liabilities	1,105	116	638	31	-	1,890
Due to other funds	-	-	6,540	-	4,254	10,794
Notes payable	6,974	-	-	-	-	6,974
Total current liabilities:	<u>8,079</u>	<u>116</u>	<u>7,178</u>	<u>31</u>	<u>4,254</u>	<u>19,658</u>
Noncurrent liabilities:						
Notes payable	27,697	-	-	-	-	27,697
Total noncurrent liabilities:	<u>27,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,697</u>
<b>TOTAL LIABILITIES</b>	<u>35,776</u>	<u>116</u>	<u>7,178</u>	<u>31</u>	<u>4,254</u>	<u>47,355</u>
<b>NET ASSETS (DEFICIT)</b>						
Invested in capital assets, net of related debt	15,509	1,141	342	10	-	17,002
Unrestricted (deficit)	6,526	2,637	(7,176)	225	(3,343)	(1,131)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ 22,035</u>	<u>\$ 3,778</u>	<u>\$ (6,834)</u>	<u>\$ 235</u>	<u>\$ (3,343)</u>	<u>\$ 15,871</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended June 30, 2002**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Total</u>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 13,495	\$ 1,375	\$ 13,530	\$ 1,163	\$ 2,088	\$ 31,651
Other	<u>106</u>	<u>-</u>	<u>362</u>	<u>3</u>	<u>-</u>	<u>471</u>
<b>TOTAL OPERATING REVENUES</b>	<u>13,601</u>	<u>1,375</u>	<u>13,892</u>	<u>1,166</u>	<u>2,088</u>	<u>32,122</u>
<b>OPERATING EXPENSES</b>						
Personnel	4,474	503	6,540	248	713	12,478
Supplies	2,608	285	926	141	672	4,632
Depreciation and amortization	4,792	239	10	1	-	5,042
Contractual services and supplies	320	-	320	18	153	811
Repairs and maintenance	672	57	1,359	58	-	2,146
General and administrative	1,054	63	1,648	236	226	3,227
Rental	349	121	474	369	19	1,332
Other	<u>51</u>	<u>141</u>	<u>5,128</u>	<u>1</u>	<u>743</u>	<u>6,064</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>14,320</u>	<u>1,409</u>	<u>16,405</u>	<u>1,072</u>	<u>2,526</u>	<u>35,732</u>
<b>OPERATING INCOME (LOSS)</b>	(719)	(34)	(2,513)	94	(438)	(3,610)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and investment income	830	-	-	-	-	830
Interest expense	(1,378)	-	-	-	-	(1,378)
Federal and state grants	31	-	-	-	-	31
Other, net	<u>626</u>	<u>102</u>	<u>(39)</u>	<u>-</u>	<u>(160)</u>	<u>529</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>109</u>	<u>102</u>	<u>(39)</u>	<u>-</u>	<u>(160)</u>	<u>12</u>
Changes in net assets	(610)	68	(2,552)	94	(598)	(3,598)
<b>TOTAL NET ASSETS (DEFICIT) - BEGINNING</b>	<u>22,645</u>	<u>3,710</u>	<u>(4,282)</u>	<u>141</u>	<u>(2,745)</u>	<u>19,469</u>
<b>TOTAL NET ASSETS (DEFICIT) - ENDING</b>	<u>\$ 22,035</u>	<u>\$ 3,778</u>	<u>\$ (6,834)</u>	<u>\$ 235</u>	<u>\$ (3,343)</u>	<u>\$ 15,871</u>

**CITY OF OAKLAND**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2002**  
*(In Thousands)*

	Equipment	Radio	Facilities	Reproduction	Stores	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers, including other funds and cash deposits	\$ 13,640	\$ 1,446	\$17,158	\$1,166	\$ 2,934	\$ 36,344
Cash received from tenants for rent	-	-	362	-	-	362
Cash paid to employees for services	(4,474)	(503)	(6,540)	(248)	(713)	(12,478)
Cash paid to suppliers for goods and services	(4,742)	(572)	(10,939)	(817)	(2,061)	(19,131)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>4,424</u>	<u>371</u>	<u>41</u>	<u>101</u>	<u>160</u>	<u>5,097</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>						
Operating grants	31	-	-	-	-	31
Other non capital decreases	-	-	-	-	(160)	(160)
<b>NET CASH PROVIDED BY (USED IN) NON CAPITAL FINANCING ACTIVITIES</b>	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(160)</u>	<u>(129)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets	(9,199)	(28)	-	-	-	(9,227)
Repayment of long-term debt	(4,626)	-	-	-	-	(4,626)
Proceeds from notes payable	14,923	-	-	-	-	14,923
Interest paid on long-term debt	(1,255)	-	-	-	-	(1,255)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(157)</u>	<u>(28)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income received	830	101	-	-	-	931
Other investing activities	626	-	(41)	-	-	585
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>1,456</u>	<u>101</u>	<u>(41)</u>	<u>-</u>	<u>-</u>	<u>1,516</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>5,754</u>	<u>444</u>	<u>-</u>	<u>101</u>	<u>-</u>	<u>6,299</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>24,627</u>	<u>2,207</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>26,984</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 30,381</u>	<u>\$ 2,651</u>	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ 33,283</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (719)	\$ (34)	\$ (2,513)	\$ 94	\$ (438)	\$ (3,610)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation	4,792	239	10	1	-	5,042
Other	-	-	-	2	-	2
Changes in Assets and Liabilities:						
Accounts receivable	39	71	-	-	-	110
Inventories	-	-	-	-	(124)	(124)
Accounts payable and accrued liabilities	312	95	(1,084)	4	(124)	(797)
Due to other funds	-	-	3,628	-	846	4,474
Total Adjustments	<u>5,143</u>	<u>405</u>	<u>2,554</u>	<u>7</u>	<u>598</u>	<u>8,707</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 4,424</u>	<u>\$ 371</u>	<u>\$ 41</u>	<u>\$ 101</u>	<u>\$ 160</u>	<u>\$ 5,097</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>						
Cash and investments	\$ 5,222	\$ 2,651	\$ -	\$ 251	\$ -	\$ 8,124
Restricted cash and investments	<u>25,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,159</u>
<b>TOTAL</b>	<u>\$ 30,381</u>	<u>\$ 2,651</u>	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ 33,283</u>



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# FIDUCIARY FUNDS

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

## PENSION TRUST FUNDS

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

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

## OTHER TRUST FUND

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

## AGENCY FUND

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

**CITY OF OAKLAND**  
**Combining Statement of Fiduciary Net Assets**  
**Pension Trust Funds**  
**June 30, 2002**  
*(In Thousands)*

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	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and investments	\$ 11,066	\$ 110,737	\$ 121,803
Receivables:			
Interest and dividends	64	3,815	3,879
Investments and contributions	726	47,438	48,164
Restricted cash and investments	1,676	639,211	640,887
Investment of securities lending collateral	<u>-</u>	<u>168,813</u>	<u>168,813</u>
<b>TOTAL ASSETS</b>	<u>\$ 13,532</u>	<u>\$ 970,014</u>	<u>\$ 983,546</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	121	128,513	128,634
Due to other funds	4,416	-	4,416
Securities lending liability	-	168,813	168,813
Long-term obligations	<u>308</u>	<u>-</u>	<u>308</u>
<b>TOTAL LIABILITIES</b>	<u>4,845</u>	<u>297,326</u>	<u>302,171</u>
<b>NET ASSETS HELD IN TRUST</b>	<u>\$ 8,687</u>	<u>\$ 672,688</u>	<u>\$ 681,375</u>

**CITY OF OAKLAND**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
**Year Ended June 30, 2002**  
*(In Thousands)*

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
<b>ADDITIONS:</b>			
Contributions:			
Members	\$ 6	\$ 298	\$ 304
Total contributions	<u>6</u>	<u>298</u>	<u>304</u>
Investment Income:			
Net decrease in fair value of investments	(1,261)	(47,426)	(48,687)
Interest	297	24,275	24,572
Dividends	185	5,728	5,913
Securities lending income	<u>-</u>	<u>3,363</u>	<u>3,363</u>
Total investment loss	<u>(779)</u>	<u>(14,060)</u>	<u>(14,839)</u>
Investment Expenses:			
Investment expenses	(59)	(2,374)	(2,433)
Borrowers' rebates and other agent fees and securities lending transactions	<u>-</u>	<u>(2,839)</u>	<u>(2,839)</u>
Total investment expense	<u>(59)</u>	<u>(5,213)</u>	<u>(5,272)</u>
Net investment loss	<u>(838)</u>	<u>(19,273)</u>	<u>(20,111)</u>
<b>TOTAL ADDITIONS (LOSS), NET</b>	<u>(832)</u>	<u>(18,975)</u>	<u>(19,807)</u>
<b>DEDUCTIONS:</b>			
Disbursements to members and beneficiaries:			
Retirement	1,065	40,563	41,628
Disability	147	23,475	23,622
Death	<u>7</u>	<u>2,037</u>	<u>2,044</u>
Total Disbursements to Members and Beneficiaries	<u>1,219</u>	<u>66,075</u>	<u>67,294</u>
Administrative expenses	468	(71)	397
Interest expense - bonds	27	-	27
Change in payable to City	(1,365)	-	(1,365)
Transfer to CALPERS	-	69,830	69,830
Termination refunds of employees' contributions	<u>-</u>	<u>103</u>	<u>103</u>
<b>TOTAL DEDUCTIONS</b>	<u>349</u>	<u>135,937</u>	<u>136,286</u>
<b>CHANGE IN NET ASSETS</b>	<u>(1,181)</u>	<u>(154,912)</u>	<u>(156,093)</u>
<b>NET ASSETS - BEGINNING</b>	<u>9,868</u>	<u>827,600</u>	<u>837,468</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 8,687</u>	<u>\$ 672,688</u>	<u>\$ 681,375</u>

**CAPITAL ASSETS USED  
IN THE OPERATION OF  
GOVERNMENTAL FUNDS**

**CITY OF OAKLAND**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedules by Source and Function and Type<sup>1</sup>**  
**June 30, 2002**  
*(In Thousands)*

**SCHEDULE BY SOURCE**

Governmental funds capital assets:	
Land	\$ 74,417
Buildings and improvements	621,153
Furniture, Machinery and Equipment	56,662
Infrastructure	309,520
Construction in progress	11,891
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 1,073,643</b>
Investment in governmental funds capital assets by source:	
General fund	\$ 253,853
Special revenue funds	326,073
Capital projects funds	434,746
Donations	58,971
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 1,073,643</b>

**SCHEDULE BY FUNCTION AND TYPE**

Function	Land	Facilities and Improvements	Furniture, Machinery and Equipment	Infrastructure	Construction In Progress	Total
General government	\$ 134	\$ 3,842	\$ 27,980	\$ -	\$ 269	\$ 32,225
Public Safety	80	45,777	11,007	-	-	56,864
Public Works	61,713	238,476	9,233	268,965	11,004	589,391
Life Enrichment	10,553	238,631	8,137	40,555	618	298,494
Community and Economic Development	1,937	94,427	305	-	-	96,669
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 74,417</b>	<b>\$ 621,153</b>	<b>\$ 56,662</b>	<b>\$ 309,520</b>	<b>\$ 11,891</b>	<b>\$ 1,073,643</b>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Internal Service Funds of \$28,786 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Assets.

**CITY OF OAKLAND**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function<sup>1</sup>**  
**Year Ended June 30, 2002**  
*(In thousands)*

	Governmental Funds Capital Assets June 30, 2001	Additions	Deductions	Governmental Funds Capital Assets June 30, 2002
General government	\$ 27,825	\$ 5,346	\$ 946	\$ 32,225
Public Safety	58,236	480	1,852	56,864
Public Works	573,095	17,963	1,667	589,391
Life Enrichment	293,030	5,969	505	298,494
Community and Economic Development	97,000	-	331	96,669
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$1,049,186</b>	<b>\$ 29,758</b>	<b>\$ 5,301</b>	<b>\$ 1,073,643</b>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in Internal Service Funds of \$28,786 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Assets.

# STATISTICAL SECTION

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# CITY OF OAKLAND STATISTICS

TABLE 1

## GOVERNMENTAL REVENUES BY SOURCE<sup>(1)</sup> (In Thousands)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Property Tax</b>	<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>	<u>\$ 163,130</u>
<b>State Taxes</b>										
Sales and Use	29,674	31,073	32,480	38,774	37,253	40,202	43,808	46,791	52,877	45,749
Motor Vehicle										
in-lieu	13,316	15,004 <sup>(2)</sup>	13,500	14,158	15,080	16,410	17,701	19,314	21,361	22,854
Cigarette	43	—	—	—	—	—	—	—	—	—
Gas	<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>	<u>7,705</u>
<b>Total</b>	<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>	<u>76,308</u>
<b>Local Taxes</b>										
Business License	24,555	25,583	26,205	28,705	31,935	31,198	31,825	35,845	38,738	42,094
Utility Consumption	29,052	33,133	34,067	32,818	32,783	35,695	36,938	41,592	48,703	49,547
Real Estate Transfer	10,364	13,491	12,317	13,660	17,645	22,716	28,892	34,359	38,309	37,272
Transient Occupancy	4,894 <sup>(3)</sup>	5,554	5,430	6,241	7,321	8,466	9,430	12,100	12,766	10,530
Parking	3,000	3,581	3,988	4,511	4,595	4,837	5,827	5,686	6,762	7,525
Voter Approved Tax	—	—	—	—	—	—	—	—	—	5,085
Franchise	<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>	<u>10,944</u>
<b>Total</b>	<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>	<u>162,997</u>
<b>Total Taxes</b>	<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>	<u>402,435</u>
Licenses and Permits	6,535	6,064	5,904	6,880	7,097	7,701	8,061	9,098	11,442	11,758
Fines and Penalties	7,579	8,495	9,722	8,875	10,218	12,494	14,736	15,625	17,111	17,806
Interest/Investment, net income	48,842	50,415	41,503	41,410	41,569	53,401	48,275	35,449	37,116	35,481
Charges for Services	24,330	24,494	26,658	28,373	33,449	34,510	38,192	41,181	50,310	60,840
Federal and State Grants and Subventions	73,449	84,945	77,674	82,114	77,659	85,346	61,334	83,759	75,701	48,234
<b>Other</b>	<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>	<u>61,391</u>
<b>TOTAL<sup>(1)</sup></b>	<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>	<u>\$ 637,945</u>

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

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

<sup>(3)</sup> 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

# CITY OF OAKLAND STATISTICS

## TABLE 2

### GOVERNMENTAL EXPENDITURES<sup>(1)</sup> (In Thousands)

	1993 <sup>(2)</sup>	1994 <sup>(3)</sup>	1995 <sup>(4)</sup>	1996 <sup>(5)</sup>	1997 <sup>(6)</sup>	1998 <sup>(7)</sup>	1999	2000	2001 <sup>(9)</sup>	2002 <sup>(10)</sup>
<b>Elected and Appointed Officials:</b>										
Mayor	\$ 7,429	\$ 7,378	\$ 857	\$ 954	\$ 864	\$ 893	\$ 1,044	\$ 934	\$ 986	\$ 1,433
Council	1,056	1,385	1,305	1,388	1,647	2,031	2,237	2,544	3,139	3,042
City Manager	11,639	10,562	2,784	3,647	2,973	2,790	4,674	6,817	8,904	11,539
City Attorney	5,480	5,192	4,939	4,468	5,692	4,460	4,773	5,259	6,820	9,089
City Auditor	629	716	596	615	713	902	1,075	1,079	1,025	1,078
City Clerk	1,156	965	920	1,355	2,093	2,014	2,103	2,235	2,108	1,961
<b>Total</b>	<u>27,389</u>	<u>26,198</u>	<u>11,401</u>	<u>12,427</u>	<u>13,982</u>	<u>13,090</u>	<u>15,906</u>	<u>18,868</u>	<u>22,982</u>	<u>28,142</u>
Personnel Resource Management	5,323	4,838	3,887	4,070	4,200	3,807	4,218	4,054	4,407	3,845
Marketing & Public Information	670	1,208	1,243	9	—	—	—	—	—	—
Retirement & Risk Administration	931	511	774	764	895	941	1,110	1,055	1,131	200
Communication & Information Services	7,319	6,876	5,945	6,618	7,365	6,435	7,932	7,712	6,818	9,202
General Services	6,657	7,103	6,076	176	—	—	—	—	—	—
<b>Total</b>	<u>20,900</u>	<u>20,536</u>	<u>17,925</u>	<u>11,637</u>	<u>12,460</u>	<u>11,183</u>	<u>13,260</u>	<u>12,821</u>	<u>12,356</u>	<u>13,247</u>
<b>Agencies:</b>										
Financial Services	6,963	6,844	6,521	8,240	8,938	12,166	13,565	15,978	15,327	16,637
Police Services	102,958	101,835	87,953	89,524	97,721	105,248	114,462	130,662	145,521	151,791
Fire Services	56,849	59,366	49,181	51,303	53,613	58,151	60,637	72,237	77,129	84,239
<b>Total Public Safety</b>	<u>159,807</u>	<u>161,201</u>	<u>137,134</u>	<u>140,827</u>	<u>151,334</u>	<u>163,399</u>	<u>175,099</u>	<u>202,899</u>	<u>222,650</u>	<u>236,030</u>
Life Enrichment Administration	—	—	—	—	—	—	—	—	1,693	561
Parks & Recreation	20,827	23,506	22,176	24,525	24,783	24,526	27,290	41,818	38,180	32,481
Library	8,955	9,142	10,364	11,776	12,906	13,425	14,314	13,871	15,178	16,540
Museum	5,621	5,170	4,485	4,377	4,557	4,815	4,597	5,512	5,707	7,278
Aging	6,762	6,875	6,552	6,958	5,716	6,206	6,981	6,700	7,136	7,285
Cultural Arts <sup>(8)</sup>	—	—	—	—	—	—	—	1,717	1,972	1,382
Health & Human Svcs	7,509	7,941	9,938	11,046	11,175	14,134	13,868	13,156	14,211	17,283
<b>Total</b>	<u>49,674</u>	<u>52,634</u>	<u>53,515</u>	<u>58,682</u>	<u>59,137</u>	<u>63,106</u>	<u>67,050</u>	<u>82,774</u>	<u>84,077</u>	<u>82,810</u>
Community & Economic Development	43,829	44,573	46,453	60,521	81,247	73,833	73,923	84,394	73,745	118,234
Public Works	36,852	42,369	43,154	47,162	47,618	46,768	42,527	48,504	60,835	52,841
Payment to unfunded pension	—	—	27,674	27,034	440,409	—	—	—	—	—
Other	8,694	7,130	20,515	41,524	23,363	30,906	55,054	48,313	46,773	41,471
Capital Outlay	47,416	65,573	45,894	58,584	85,054	82,702	64,108	18,606	14,397	22,055
Debt Service	43,570	62,260	67,667	68,250	85,365	107,831	104,867	109,887	126,000	101,955
<b>Total</b>	<u>136,532</u>	<u>177,332</u>	<u>204,904</u>	<u>242,554</u>	<u>681,809</u>	<u>268,207</u>	<u>266,556</u>	<u>225,310</u>	<u>248,005</u>	<u>218,322</u>
<b>TOTAL</b>										
<b>EXPENDITURES<sup>(1)</sup></b>	<u>\$445,094</u>	<u>\$489,318</u>	<u>\$477,853</u>	<u>\$534,888</u>	<u>\$1,008,907</u>	<u>\$604,984</u>	<u>\$625,359</u>	<u>\$643,044</u>	<u>\$679,142</u>	<u>\$713,422</u>

## CITY OF OAKLAND STATISTICS

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- (1) Reflects expenditures of the General, Special Revenue, Debt Service and Capital Projects Funds, and Oakland Redevelopment Agency (ORA).
- (2) 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).
- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) The Cultural Arts Department was established during the Fiscal Year 1999-00 budget process as one of Mayor Jerry Brown's major goals.
- (9) 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.
- (10) The Increase In expenditures In FY2002 Is mainly attributed to the new fund grouping effected by the Implementation of GASB 34. ORA, reported separately prior to FY2002, Is now part of the governmental funds and Is reported accordingly.

Source: City of Oakland, Financial Services Agency

# CITY OF OAKLAND STATISTICS

TABLE 3

## PROPERTY TAX LEVIES AND COLLECTIONS

*(In Thousands)*

1% TAX ROLL <sup>(1)</sup>	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Total Tax Levied</b>	\$ 45,204	\$ 42,703	\$ 41,841	\$ 44,191	\$ 44,606	\$ 45,176	\$ 47,448	\$ 49,855	\$ 53,376	\$ 56,947
<b>% of Increase (decrease)</b>	(7.55%)	(5.53%)	(2.02%)	5.61%	0.93%	1.28%	5.03%	5.07%	7.06%	6.69%
<b>Total Collected</b>	\$ 42,976	\$ 40,830	\$ 40,810	\$ 42,830	\$ 43,276	\$ 43,948	\$ 46,138	\$ 47,921	\$ 51,120	\$ 55,270
<b>% Collected to Total Tax Levied</b>	95.07%	95.61%	97.54%	96.92%	97.02%	97.28%	97.24%	96.12%	95.77%	97.06%
<b>Delinquent Collections <sup>(2)</sup></b>	\$ 2,228	\$ 1,873	\$ 1,031	\$ 1,361	\$ 1,330	\$ 1,228	\$ 1,310	\$ 1,934	\$ 2,256	\$ 1,677

VOTER APPROVED DEBT TAX ROLL <sup>(3)</sup>	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Total Tax Levied</b>	\$ 24,646	\$ 28,110	\$ 26,665	\$ 30,675	\$ 29,115	\$ 35,745	\$ 35,848	\$ 45,245	\$ 42,225	\$ 49,024
<b>% of Increase (decrease)</b>	5.82%	14.06%	(5.14%)	15.04%	(5.05%)	22.77%	0.29%	26.21%	(6.67)%	16.10%
<b>Total Collected</b>	\$ 22,994	\$ 26,152	\$ 24,962	\$ 29,217	\$ 27,720	\$ 34,229	\$ 34,599	\$ 43,475	\$ 40,748	\$ 46,849
<b>% Collected to Total Tax Levied</b>	93.30%	93.03%	93.61%	95.25%	95.21%	95.76%	96.52%	96.09%	96.50%	95.56%
<b>Delinquent Collections <sup>(2)</sup></b>	\$ 1,652	\$ 1,958	\$ 1,703	\$ 1,458	\$ 1,395	\$ 1,516	\$ 1,249	\$ 1,770	\$ 1,477	\$ 2,174

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

<sup>(2)</sup> Includes delinquent tax, penalty, and interest.

<sup>(3)</sup> 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

# CITY OF OAKLAND STATISTICS

TABLE 4

## ASSESSED VALUE OF PROPERTY (In Thousands)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>ASSESSED VALUE</b> <sup>(1)</sup>										
Land	\$ 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	\$ 7,200,754
Improvements	<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>	<u>15,231,115</u>
<b>Total Real Property</b>	\$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	\$22,431,869
Personal Property	<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>	<u>2,165,091</u>
<b>TOTAL</b>	\$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	\$24,596,960
<b>EXEMPTIONS</b> <sup>(2)</sup>										
Homeowners'	\$ 357,088	\$ 362,801	\$ 370,141	\$ 370,119	\$ 367,809	\$ 367,393	\$ 364,255	\$ 365,882	\$ 369,566	\$ 372,971
Other	<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>	<u>1,293,998</u>
<b>TOTAL</b>	\$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	\$1,666,969
<b>ASSESSED VALUE</b>										
(Net of Exemptions)	\$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	\$22,929,991
Less:										
Redevelopment Tax										
Increments <sup>(3)</sup>	<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>	<u>3,057,178</u>
<b>NET ASSESSED VALUE</b>	\$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	\$19,872,813
<b>NET INCREASE (DECREASE)</b>	\$ 394,480	\$ 646,333	\$ 632,274	\$ 544,125	\$ 384,732	\$ 432,634	\$ 788,699	\$ 585,012	\$1,252,483	\$ 1,603,946
<b>% OF INCREASE (DECREASE)</b>	3.13%	4.97%	4.63%	3.81%	2.60%	2.84%	5.04%	3.56%	7.36%	8.78%

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

(2) Exemptions are summarized as follows:

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

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

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

# CITY OF OAKLAND STATISTICS

TABLE 5

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

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>CITY OF OAKLAND</b>										
General Fund	0.3484%	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%	0.3485%
1981 Pension Liability <sup>(1)</sup>	0.1575	0.1575	0.1575	0.1575	0.1575	0.1575	0.1575	0.1575	0.1575	0.1575
Debt Service Fund <sup>(1)</sup>	<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>	<u>0.0553</u>
<b>Total</b>	0.5222	0.5347	0.5355	0.5335	0.5213	0.5689	0.5325	0.5816	0.5451	0.5613
<b>OTHER GOVERNMENTS</b>										
Alameda County	0.3086	0.3086	0.3086	0.3086	0.3086	0.3086	0.3086	0.3086	0.3086	0.3086
Education <sup>(2)</sup>	0.2165	0.2165	0.2165	0.2165	0.2165	0.2165	0.2165	0.2165	0.2165	0.2165
Education Debt <sup>(1)(3)</sup>	0.0368	0.0298	0.0238	0.0352	0.0304	0.0332	0.0318	0.0274	0.0923	0.0959
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 <sup>(1)</sup>	0.0258	0.0240	0.0235	0.0230	0.0225	0.0220	0.0167	—	—	—
Other <sup>(4)</sup>	0.0488	0.0487	0.0487	0.0487	0.0487	0.0505	0.0505	0.0505	0.0505	0.0505
East Bay Municipal Utility Debt	—	—	—	0.0108	0.0108	0.0096	0.0091	0.0087	0.0085	0.0084
East Bay Regional Parks District	0.0260	0.0260	0.0260	0.0260	0.0260	0.0242	0.0242	0.0242	0.0242	0.0242
East Bay Regional Parks District Debt <sup>(1)</sup>	<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>	<u>0.0072</u>
<b>TOTAL</b>	1.2438%	1.2469%	1.2409%	1.2634%	1.2445%	1.2933%	1.2508%	1.2780%	1.3039%	1.3243%

<sup>(1)</sup> Voter approved debt.

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

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

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

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

# CITY OF OAKLAND STATISTICS

TABLE 6

## PRINCIPAL PROPERTY TAXPAYERS June 30, 2002

Property Taxpayer	Type of Business	2002 Assessed Valuation	Tax Levy	Percentage of Total Assessed Valuation <sup>(1)</sup>
Oakland City Center LLC	Property Management	\$ 204,141,387	\$ 2,736,192	0.890
Prentiss Properties Acquisition Partners LP	Property Management	117,787,784	1,600,505	0.514
Kaiser Foundation Hospitals	Health	113,701,243	1,534,144	0.496
1800 Harrison Foundation	Property Management	104,206,152	1,406,596	0.455
Clorox Company	Manufacturing	100,415,242	1,355,974	0.438
Kaiser Center, Inc.	Health	123,860,033	1,445,308	0.540
Lake Merritt Plaza	Property Management	95,900,011	1,296,578	0.418
Owens Illinois Glass Container, Inc.	Manufacturing	71,754,700	978,133	0.313
Webster Street Partners, Ltd.	Professional	67,050,200	913,770	0.293
KSL Claremont Resort, Inc.	Hotel	<u>76,568,200</u>	<u>1,041,314</u>	<u>0.334</u>
<b>ASSESSED PROPERTY VALUATION - NET</b>		<b><u>\$ 1,075,384,952</u></b>	<b><u>\$ 14,308,514</u></b>	<b><u>4.691</u></b>

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

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

# CITY OF OAKLAND STATISTICS

## TABLE 7

### SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

*(In Thousands)*

	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>MEDICAL HILL</b>									
Initial Tax Levied and Collected	\$ 492	\$ 449	\$ 271	\$ 273	\$ 274	\$ 275	\$ 278	\$ 276	\$ 278
<b>LIGHTING AND LANDSCAPING DISTRICT</b>									
Initial Tax Levied	16,000	15,931	15,930	15,935	15,907	15,909	15,955	15,945	16,100
Adjustments	(35)	(9)	(12)	(40)	(15)	(27)	10	8	4
Net Tax Levied	\$ 15,965	\$ 15,922	\$ 15,918	\$ 15,895	\$ 15,892	\$ 15,882	\$ 15,965	\$ 15,953	\$ 16,104
<b>TOTAL COLLECTED</b>	\$ 14,818	\$ 14,865	\$ 14,938	\$ 14,903	\$ 14,987	\$ 15,010	\$ 15,190	\$ 15,158	\$ 15,258
<b>TOTAL UNCOLLECTED</b>	\$ 1,147	\$ 1,057	\$ 980	\$ 992	\$ 905	\$ 872	\$ 755	\$ 795	\$ 846
<b>FIRE PREVENTION AND SUPPRESSION DISTRICT<sup>(1)</sup></b>									
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	\$ —	\$ —	\$ —	\$ —	\$ —
<b>TOTAL COLLECTED</b>	\$ 1,859	\$ 1,855	\$ 1,850	\$ 1,862	\$ —	\$ —	\$ —	\$ —	\$ —
<b>TOTAL UNCOLLECTED</b>	\$ 118	\$ 115	\$ 109	\$ 110	\$ —	\$ —	\$ —	\$ —	\$ —
<b>LIBRARY SERVICES RETENTION</b>									
Initial Tax Levied	—	\$ 2,505	\$ 4,303	\$ 4,309	\$ 4,433	\$ 4,518	\$ 4,559	\$ 4,667	\$ 4,909
Adjustment	—	—	(3)	(7)	(3)	—	(15)	(1)	—
Net Tax Levied	—	\$ 2,505	\$ 4,300	\$ 4,302	\$ 4,430	\$ 4,518	\$ 4,544	\$ 4,666	\$ 4,909
<b>TOTAL COLLECTED</b>	—	\$ 2,326	\$ 4,006	\$ 4,045	\$ 4,183	\$ 4,263	\$ 4,329	\$ 4,440	\$ 4,659
<b>TOTAL UNCOLLECTED</b>	—	\$ 179	\$ 294	\$ 257	\$ 247	\$ 255	\$ 215	\$ 226	\$ 250
<b>UTILITIES SPECIAL ASSESSMENT</b>									
Initial Tax Levied	—	—	—	\$ 1,174	\$ 980	\$ 979	\$ 805	\$ 768	\$ 772
Adjustment	—	—	—	26	6	13	(1)	3	5
Net Tax Levied	—	—	—	\$ 1,200	\$ 986	\$ 992	\$ 804	\$ 771	\$ 777
<b>TOTAL COLLECTED</b>	—	—	—	\$ 1,109	\$ 911	\$ 933	\$ 769	\$ 742	\$ 739
<b>TOTAL UNCOLLECTED</b>	—	—	—	\$ 91	\$ 75	\$ 59	\$ 35	\$ 29	\$ 38
<b>MISCELLANEOUS ASSESSMENTS</b>									
Initial Tax Levied	—	—	—	—	\$ 287	\$ 271	\$ 243	\$ 246	\$ 249
Adjustment	—	—	—	—	—	(1)	—	—	—
Net Tax Levied	—	—	—	—	\$ 287	\$ 270	\$ 243	\$ 246	\$ 249
<b>TOTAL COLLECTED</b>	—	—	—	—	\$ 247	\$ 230	\$ 241	\$ 243	\$ 245
<b>TOTAL UNCOLLECTED</b>	—	—	—	—	\$ 40	\$ 40	\$ 2	\$ 3	\$ 4
<b>MEDICAL HILL, LIGHTING AND LANDSCAPING DISTRICT, LIBRARY SERVICES RETENTION, UTILITIES SPECIAL ASSESSMENTS AND FIRE PREVENTION AND SUPPRESSION DISTRICT</b>									
Initial Tax Levied	\$ 18,469	\$ 20,853	\$ 22,461	\$ 23,666	\$ 21,881	\$ 21,952	\$ 21,840	\$ 21,902	\$ 22,308
Adjustments	(35)	(7)	(13)	(24)	(12)	(15)	(6)	10	9
Net Tax Levied	\$ 18,434	\$ 20,846	\$ 22,448	\$ 23,642	\$ 21,869	\$ 21,937	\$ 21,834	\$ 21,912	\$ 22,317
<b>TOTAL COLLECTED</b>	\$ 17,169	\$ 19,945	\$ 21,065	\$ 22,192	\$ 20,602	\$ 20,711	\$ 20,807	\$ 20,859	\$ 21,179
<b>TOTAL UNCOLLECTED</b>	\$ 1,265	\$ 1,351	\$ 1,383	\$ 1,450	\$ 1,267	\$ 1,226	\$ 1,027	\$ 1,053	\$ 1,138

<sup>(1)</sup> Fire Prevention and Suppression District Assessment expired in 1997.

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



**CITY OF OAKLAND  
STATISTICS**

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TABLE 8

**COMPUTATION OF LEGAL DEBT MARGIN**

June 30, 2002

Total assessed valuation (net of exemptions)	\$ 22,929,990,869
Less redevelopment tax increments	<u>3,057,178,117</u>
Basis of levy <sup>(1)</sup>	<u>\$ 19,872,812,752</u>
Debt limit:	
3.75 percent of valuation subject to taxation	\$ 745,230,478
Less amount of debt applicable to debt limit	<u>133,295,000</u>
Legal debt margin	<u>\$ 611,935,478</u>

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<sup>(1)</sup> County of Alameda, Office of the Auditor-Controller

# CITY OF OAKLAND STATISTICS

TABLE 9

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

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Total Assessed Value<sup>(1)</sup></b>	\$ 16,047	\$ 16,906	\$ 17,578	\$ 18,173	\$ 18,468	\$ 19,058	\$ 19,883	\$ 20,910	\$ 22,513	\$ 24,597
<b>Total Exemptions</b>	<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>	<u>1,667</u>
<b>Assessed Value<sup>(1)</sup></b>	\$ 14,896	\$ 15,644	\$ 16,024	\$ 16,575	\$ 16,856	\$ 17,390	\$ 18,313	\$ 19,210	\$ 20,721	\$ 22,930
<b>Net Bonded Debt<sup>(2)</sup></b>	\$ 62,000	\$ 60,520	\$ 74,025	\$ 71,465	\$ 138,315	\$ 136,135	\$ 132,960	\$ 129,665	\$ 137,080	\$ 133,295
<b>Percentage of Net Bonded Debt to Assessed Value</b>	0.416%	0.387%	0.462%	0.4312%	0.8206%	0.7828%	0.7260%	0.6750%	0.661%	0.5813%
<b>Population<sup>(3)</sup></b>	382,700	384,100	378,091	383,900	387,600	388,100	399,900	402,100	407,000	408,800
<b>Net Bonded Debt per Capita</b>	\$162	\$158	\$196	\$186	\$356	\$351	\$332	\$322	\$337	\$326

<sup>(1)</sup> In millions (see Table 4).

<sup>(2)</sup> All general obligation debt; in thousands.

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

# CITY OF OAKLAND STATISTICS

TABLE 10

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

*(In Thousands)*

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Debt Service<sup>(1)</sup></b>										
Principal	\$ 2,625	\$ 15,450	\$ 20,645	\$ 20,080	\$ 22,846	\$ 26,664	\$ 30,457	\$ 36,144	\$ 50,351	\$ 39,686
Interest <sup>(2)</sup>	<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>	<u>58,558</u>
<b>Total Debt Service</b>	\$ 41,656	\$ 58,052	\$ 67,667	\$ 68,250	\$ 85,365	\$ 107,831	\$ 104,867	\$ 109,887	\$ 126,000	\$ 98,224
<b>Total Expenditures</b>	\$ 444,734	\$ 489,318	\$ 477,853	\$ 534,888	\$ 1,008,907	\$ 603,984	\$ 625,359	\$ 654,007	\$ 679,142	\$ 713,422
<b>Percentage of Debt Service to Total Expenditures</b>	9.37%	11.86%	14.16%	12.76%	8.37%	17.09%	16.77%	16.80%	18.55%	13.77%

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

<sup>(2)</sup> Includes bond issuance costs where applicable.

Source: City of Oakland, Financial Services Agency

# CITY OF OAKLAND STATISTICS

## TABLE 11

### DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2002

	Percentage Applicable to City	City Share of Debt
<b>DIRECT BONDED DEBT</b>		
City of Oakland	100.	\$ 133,295,000
City of Oakland General Fund Obligations Lease Revenue Obligations	100.	629,385,525
City of Oakland 1915 Act Bond Obligations	100.	8,875,000
City of Oakland Pension Special Assessment Obligations	100.	<u>419,464,842</u>
Total Direct Bonded Debt		<u>\$ 1,191,020,367</u>
<b>OVERLAPPING BONDED DEBT</b>		
Alameda-Contra Costa Transit District Certificates of Participation	21.567	\$ 4,964,723
Alameda County Board of Education Public Facilities Corporation	18.276	803,230
Alameda County and Coliseum Authority General Fund Obligation	18.276	105,004,545
Alameda County Pension Obligations	18.276	81,797,562
East Bay Municipal Utility District	20.715	1,155,897
East Bay Municipal Utility District, Special District #1	52.663	23,145,389
East Bay Regional Park District	10.935	18,310,111
Chabot-Los Positas Community College District Certificates of Participation	2.241	98,044
Peralta Community College District	54.619	61,440,913
Berkeley & Castro Valley Unified School District	0.006 & 0.062	21,311
Oakland Unified School District	99.996	329,315,433
Oakland Unified School District Certificates of Participation	99.996	48,688,052
San Leandro Unified School District	19.011	4,170,063
San Leandro Unified School District Certificates of Participation	19.011	3,087,386
Castro Valley Unified School District Certificates of Participation	0.062	1,655
City of Emeryville 1915 Act Bonds	4.183	<u>526,640</u>
Total Overlapping Bonded Debt		<u>\$ 682,530,954</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT<sup>(1)</sup></b>		<b>\$ 1,873,551,321</b>
Less: East Bay M.U.D. (100% self-supporting)		1,155,897
East Bay M.U.D. Special District #1 (100% self supporting)		<u>23,145,389</u>
<b>TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT</b>		<b><u>\$ 1,849,250,035</u></b>

**2001-02 ASSESSED VALUATION:** \$19,872,812,752 (after deducting \$3,057,178,117 redevelopment incremental valuation)

**2001-02 POPULATION:** 408,800

DEBT RATIOS		Ratio to Per Capita Assessed Value
General Obligation Bonds	\$ 133,295,000	
Lease Revenue Bonds, Certificates of Participation and Pension Obligation	<u>1,048,850,367</u>	
Net Direct Debt	\$ 1,182,145,367	\$ 2,892 5.95%
Other Direct Debt	<u>8,875,000</u>	
Gross Direct Debt	<u>\$ 1,191,020,367</u>	\$ 2,913 5.99%
Total Gross Debt	\$ 1,873,551,321	\$ 4,583 9.43%
Total Net Debt	\$ 1,849,250,035	\$ 4,524 9.31%

(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

# CITY OF OAKLAND STATISTICS

TABLE 12

## REVENUE BOND COVERAGE

*(In Thousands)*

### PORT OF OAKLAND

	1993 <sup>(1)</sup>	1994 <sup>(1)</sup>	1995	1996	1997	1998	1999	2000	2001	2002
<b>Net Revenue Available for Debt Service</b>	\$ 68,624	\$ 59,325	\$ 61,960	\$ 68,508	\$ 72,895	\$ 79,194	\$ 79,302	\$ 83,655	\$ 98,605	\$ 85,485
<b>Debt Service Requirements:</b>										
Principal	\$ 5,510	\$ 1,135	\$ 7,765	\$ 8,040	\$ 10,140	\$ 12,095	\$ 11,620	\$ 12,180	\$ 18,920	\$ 13,810
Interest	<u>24,601</u>	<u>24,056</u>	<u>24,166</u>	<u>28,063</u>	<u>24,843</u>	<u>25,564</u>	<u>26,039</u>	<u>25,496</u>	<u>18,757</u>	<u>39,380</u>
<b>TOTAL</b>	\$ 30,111	\$ 25,191	\$ 31,931	\$ 36,103	\$ 34,983	\$ 37,659	\$ 37,659	\$ 37,676	\$ 37,677	\$ 53,190
<b>Debt Service Coverage</b>	227.90%	235.50%	194.04%	189.76%	208.37%	210.29%	210.58%	222.04%	261.71%	160.72%

(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<sup>(1)</sup>

	1993 <sup>(1)</sup>	1994 <sup>(1)</sup>	1995	1996	1997	1998	1999	2000	2001	2002
<b>Net Revenue Available for Debt Service</b>	\$ (752)	\$ (1,363)	\$ 896	\$ (670)	\$ (620)	\$ (230)	\$ (923)	\$ (964)	\$ (1,053)	\$ (1,181)
<b>Debt Service Requirements:</b>										
Principal	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 450	\$ 150	\$ 500	\$ 200
Interest	<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>	<u>24</u>
<b>TOTAL</b>	\$ 170	\$ 167	\$ 158	\$ 155	\$ 151	\$ 149	\$ 529	\$ 215	\$ 545	\$ 224
<b>Debt Service Coverage</b>	(442.35)%	(816.17)%	567.09%	(432.26)%	(410.60)%	(154.44)%	(174.48)%	(448.37)%	(193.21)%	(527.23)%

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

Source: City of Oakland, Financial Services Agency

# CITY OF OAKLAND STATISTICS

## TABLE 13

### ECONOMIC INDICES

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Port Activity<sup>(1)</sup></b>										
Imports <sup>(2)</sup>	\$16,600	\$18,885	\$18,474	\$15,250	\$14,712	\$16,380	N/A	\$15,734	\$14,672	\$15,600
Exports <sup>(2)</sup>	\$10,137	\$11,835	\$11,267	\$ 9,979	\$ 8,923	\$ 9,771	N/A	\$10,198	\$ 9,161	\$ 7,030
Revenue Tons	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	22,939,461
Containers	757,293	856,583	856,695	858,340	874,665	899,500	N/A	944,136	1,001,918	931,913
<b>Airport Activity</b>										
Freight <sup>(3)</sup>	791,929	950,779	1,077,071	1,131,790	1,287,148	1,414,064	1,456,741	1,430,733	1,480,407	1,294,549
Air Mail <sup>(3)</sup>	59,534	79,500	76,651	82,539	71,055	81,159	84,100	78,756	69,854	47,057
<b>Building Permits</b>										
Issued	5,814	8,557	9,692	12,154	12,459	12,545	14,860	16,725	16,879	15,805
Authorized New Dwelling Units	165	243	290	180	176	233	181	542	954	757
Commercial Value <sup>(4)</sup>	\$178,728	\$96,004	\$132,865	\$99,844	\$202,995	\$302,080	\$117,410	\$195,270	\$481,635	\$165,731
Residential Value <sup>(4)</sup>	\$ 71,659	\$51,710	\$ 47,129	\$79,278	\$ 39,425	\$121,006	\$175,115	\$272,170	\$138,570	\$317,792
<b>Taxable Retail Sales<sup>(5)</sup></b>										
	\$ 2,768	\$ 1,556	\$ 1,596	\$ 2,596	\$ 3,132	\$ 3,250	\$ 3,812	\$ 3,591	\$ 4,038	\$ 3,783
<b>Commercial Bank Activity<sup>(6)</sup></b>										
Deposits	\$10,577	\$9,286	\$8,663	\$9,821	\$9,545	\$10,095	N/A	N/A	N/A	N/A
No. of banks	31	32	33	28	27	29	N/A	N/A	N/A	N/A
No. of branches	192	190	193	195	176	180	N/A	N/A	N/A	N/A

<sup>(1)</sup> Calendar year data.

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

<sup>(3)</sup> In million pounds

<sup>(4)</sup> Construction costs for labor and materials; in thousands

<sup>(5)</sup> In millions

<sup>(6)</sup> 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

# CITY OF OAKLAND STATISTICS

TABLE 14

## DEMOGRAPHIC STATISTICS

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Population <sup>(1)</sup>	382,700	384,100	378,091	383,900	387,600	388,100	399,900	402,100	407,000	408,800
Per Capita Income <sup>(2)</sup>	\$26,083	\$26,910	\$28,405	\$29,842	\$29,683	N/A	N/A	\$32,130	\$33,736	\$39,611
Public School Enrollment <sup>(3)</sup>	51,234	51,748	50,805	52,452	53,273	53,564	54,191	54,867	55,525	53,108
Private School Enrollment <sup>(4)</sup>	9,076	9,494	9,485	9,232	9,328	9,242	9,461	N/A	N/A	N/A
Alameda County Unemployment Rate <sup>(5)</sup>	7.1%	6.8%	6.2%	5.1%	5.0%	4.2%	3.5%	2.8%	2.9%	6.7%

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

<sup>(2)</sup> U.S. Bureau of Economic Analysis, Regional Economic

<sup>(3)</sup> Oakland Unified School District

<sup>(4)</sup> Alameda County Office of Education

<sup>(5)</sup> State of California Employment Development Department

# CITY OF OAKLAND STATISTICS

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TABLE 15

## MISCELLANEOUS STATISTICS

June 30, 2002

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 .....	4,556
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 .....	74
Number of firefighters and civilians per thousand population .....	1.42
Number of calls answered .....	62,825
Number of commercial inspections conducted .....	3,563



# CITY OF OAKLAND STATISTICS

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## TABLE 15

Police Protection	
Number of stations and substations .....	2
Number of sworn officers and trainees.....	839
Number of civilians .....	443
Number of police officers and civilians per thousand population.....	3.14
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 .....	6,592
Daily average consumption in gallons per family .....	214.5
Maximum daily capacity of plant in gallons .....	385,000,000
Harbor Facilities	
Miles of waterfront .....	19
Berthing length at wharves .....	24,707 ft
Harbor area .....	668 acres
Aviation Facilities	
Airports operated .....	1
Paved airport runways .....	4
Total length of runways .....	24,520 ft
Area of airport .....	2,500 acres
Facilities and services not included in the reporting entity	
Education	
Oakland Unified School District	
Number of elementary schools .....	61
Number of secondary schools.....	29
Number of special education schools .....	2
Area community colleges .....	5
Area universities and colleges .....	9
Hospitals	
Number of hospitals.....	12

# CITY OF OAKLAND STATISTICS

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## ***GENERAL INFORMATION***

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

With an estimated population of nearly 400,000, ranking the seventh largest city in the State of California, Oakland is a city of contrasts. It has a thriving industrial port located near restored historic buildings. Major corporate headquarters are in close proximity to traditional businesses and small shops. Historic structures continue to be preserved and revitalized while new buildings are built.

Oakland has grown rapidly since World War II. It has striven to balance this growth by preserving its abundant natural beauty and resources. The City has 106 parks within its borders and several recreational areas along its perimeter. The downtown area includes Lake Merritt, the largest saltwater lake within a U.S. city. Its shoreline is a favorite retreat for joggers, office workers and picnickers. At dusk, the area sparkles as the lake is lit with the “Necklace of Lights.” Lake Merritt is the oldest officially declared wildlife sanctuary in the United States, dating back to 1870.

## **ALL-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.

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

City departments and processes are being streamlined through the Moving Oakland Forward 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.

As the economic, transportation, and civic hub of the East Bay, Oakland offers tremendous opportunity for retailers. The City’s approximately 400,000 residents earn an average annual household income of \$56,500, with a medium disposable household income of \$44,706. Portions of Oakland are among the wealthiest consumer markets in California; nearly one-quarter of the City’s households report household income in excess of \$75,000. Estimated annual taxable sales were \$2.4 billion in 2001. Compared to other East Bay cities, Oakland sees a significant number of auto-related purchases, with opportunities available in consumer goods, building materials, and office products.

## CITY OF OAKLAND STATISTICS

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### DEMOGRAPHICS

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

The well-maintained 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 eighth best city for business in 2001 by *Forbes Magazine*, Oakland has experienced dramatic economic growth.

In downtown Oakland, Mayor Jerry Brown's "10K Initiative" – a multi-phase program to revitalize the downtown by developing housing for 10,000 new residents or approximately 6,000 new units – is actively underway. The program includes aggressively marketing downtown sites and offering City and Redevelopment agency-owned property to developers. The Agency has development agreements with five developers and is also encouraging the development of 300 privately owned properties, which include vacant lots, parking lots, and vacant/underutilized buildings. Results include: 1,055 units in nine completed projects; 579 units in seven projects under construction; 1,112 units in ten projects with planning approvals; and 1,687 units in seven projects submitted for planning approval. This equals 4,428 units, 74% of the goal of the 10K Initiative.

For the first time in more than 10 years, private developers are building office towers in downtown Oakland. Over the last two years, the City has seen the construction of a half a million square feet of new office space and the renovation of one million square feet of existing office space. These projects include the 20-story Class A office building at 555 City Center developed by the Shorenstein Company and historic buildings that have stood vacant since the Loma Prieta earthquake in 1989 – the Rotunda Building, the Tribune Tower, the Latham Building, the Unity Building, the Sears Building, 1440 Broadway and 1404 Franklin Street. In addition, a new 162-room Courtyard by Marriot hotel opened in March 2002. An additional 2.5 million square feet of new office space has received planning entitlements, and developers are waiting for economic conditions to improve before starting construction.

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

Both Oakland's Maritime and International Airport operations are undergoing major capital improvements. The Maritime Division has added 12 new giant cranes to its cargo handling capacity, reflecting an investment of over \$50 million to connect with the new Joint Intermodal Terminal, an

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over \$38 million investment in federal transportation and private funds. The new Joint Intermodal Terminal affords Oakland two viable dock-to-rail alternatives to offer shipping customers.

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

The Mayor and City Council have achieved considerable success in their active recruitment of and support for new and existing companies in five major target industries: telecommunications, software/multimedia, biotechnology, transportation, and food processing. The Oakland metro region is now home to more than 2,145 high-tech companies employing more than 52,000 people. According to a recent study by the American Electronics Association, in 2001 the Oakland area was the fastest growing region in California for employment in technology-related businesses.

### **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, rabbits, bears and wildcats roamed the woods. Creeks tumbled into a Bay filled with salmons, crabs, sturgeons, smelts, lobsters, clams, and mussels. The marsh that would become Lake Merritt was alive with wildfowls.

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Spain established a Presidio and a Mission on the west side of the Bay in 1776, and Mission San Jose (south of Oakland) is now Fremont. Mission San Jose had jurisdiction over Oakland, the area the Spaniards called Encinal, “grove of evergreen oaks.” European diseases and settler hostility obliterated the Ohlones and most of their culture within a few years.

Development as a commercial and transportation center began with the California Gold Rush of 1849, when Oakland became the mainland staging point for passengers and cargo traveling between the Bay and the Sierra foothills.

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

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

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

## **CITY OF OAKLAND STATISTICS**

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fourth largest in the United States and among the top 30 in the world. It is served by two railroad companies: the Burlington Northern Santa Fe (BNSF) and the Union Pacific.

The Port handles over 98 percent of Northern California's container traffic, which includes service by over 30 container lines. It has technically advanced facilities available not only for containers but for break-bulk, heavy-lift, and other specialized cargo. The Port has approximately 900 acres of developed terminal facilities and container storage and handling areas with 37 ship-to-shore container cranes in operation at these facilities. All Vision 2000 terminal facilities are open and operating. They consist of the 120 acre Hanjin container terminal, the 146 acre Stevedoring Services of America container terminal, and the 85 acre intermodal rail terminal operated by the BNSF. The recently renovated and expanded Union Pacific Railroad intermodal facility is located adjacent to the BNSF facility. As part of the Port's Vision 2000 expansion, a new harbor roadway has been constructed along with other harbor area roadway improvements. In addition, the Middle Harbor Shoreline Park and Wildlife Habitat is scheduled for completion in the early part of 2003.

### **Oakland International Airport**

Oakland International is San Francisco Bay Area's most convenient airport and is a leader in on-time performance with 72.6% of its flights out on time. Strategically located at the center of the region, Oakland International handles nearly 11.4 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 200 departures daily to domestic and international destinations. The passenger terminal complex consists of two terminals with 22 gates, including an international arrivals building for Oakland's growing international service to such destinations as Guadalajara, Morelia, Leon, Mexico, Paris, and Papeete, Tahiti and the Azores Islands. Service between Oakland and Hawaii was inaugurated in February 2000 and direct flights to New York, JFK and Newark, New Jersey was started. The airport employs approximately 15,900 people. United Airlines and Alaska Airlines operate maintenance facilities at Oakland International.

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

Oakland International handles nearly 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.

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### **Mass Transit**

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

BART is a 95-mile, automated rapid transit system serving over 3 million people in the three BART counties of Alameda, Contra Costa, and San Francisco counties, as well as northern San Mateo County. Trains traveling up to 80 mph connect 17 Bay Area cities and 39 stations. 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 61 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 ongoing.

There are two community colleges and four four-year institutions inside the city limits, with the world-renowned U.C. Berkeley campus located nearby. In addition, a variety of evening extension courses is offered in Oakland by other nine Bay Area colleges, including U.C. Berkeley. A wide array of non-profit, county and City-sponsored skills enhancement training programs are provided to Oakland residents, and career development is successfully encouraged at area high school academies.

### **HEALTH CARE**

Oakland's medical facilities are among the best in the nation. The medical community provides the latest and most sophisticated medical technology for the diagnosis and treatment of disease. Over 1,500 physicians, 250 dentists, and four major hospitals are located within the City. Overall, the health care industry in Oakland employs approximately 14,000 people.



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### **PUBLIC SAFETY**

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

Compared to the same period in 2001, January to June 2002 crimes show an overall increase of 27%. With the exception of rape, which decreased by 8%, all other categories rose. Homicide increased by 36%, robbery by 48%, aggravated assault by 3%, burglary by 35%, larceny-theft by 26%, vehicle theft by 33% and arson by 5%.

### **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

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Projects, the Craft and Cultural Arts Department seeks to broaden and strengthen community participation in the development, support, and promotion of Oakland's rich artistic and cultural heritage at the local, regional, and national level.

**Cultural Funding Program**—The City of Oakland, through a competitive application process, awards over \$1.5 million in contracts each year to Oakland-based nonprofit organizations and individual artists that collectively provide more than 5,000 arts and cultural activities to Oakland residents and visitors.

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

**Special Projects**—The City collaborates with other community organizations, businesses, public institutions, and City agencies to produce programs, events, festivals, and celebrations that promote Oakland's art and culture. Current projects include: Oakland Artisan Marketplace, Alice Arts Center Windows Exhibition Series, the Art Places Program, and the Art & Soul Oakland Arts Festival.

**Galleries**—Three new exhibition spaces downtown showcase high quality art by Oakland Bay Area visual artists in a variety of expressive mediums. They include the Craft and Cultural Arts City of Oakland/State of California Gallery, established through a 'partnership in the arts' collaboration, the Oakland Art Gallery, and the Galleries of Oakland space in City Hall. The Third Thursday Oakland Art Night, through which art patrons can tour downtown galleries until 8pm on the third Thursdays, is a newly created program.

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

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

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

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**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.