

# **CITY OF OAKLAND**

## **CALIFORNIA**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2008**

**PREPARED BY THE FINANCE AND MANAGEMENT AGENCY**

**WILLIAM E. NOLAND, DIRECTOR**

**ACE A. TAGO, CONTROLLER**

**PRINTED ON RECYCLED PAPER**

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2008

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# INTRODUCTORY SECTION

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# CITY OF OAKLAND



**FINANCE AND MANAGEMENT AGENCY  
ACCOUNTING DIVISION**

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

December 17, 2008

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Oakland, California (City). The Finance and Management Agency has prepared this report to present the financial position and the changes in net assets for the fiscal year ended June 30, 2008, and the cash flows of its proprietary fund types for the year then ended. The basic financial statements and supporting schedules have been prepared in compliance with Section 809 of the City Charter, with California Government Code Sections 25250 and 25253, and in accordance with generally accepted accounting principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB).

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

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, 2008, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2008. The Independent Auditors Report is presented as the first component of the Financial Section of this report.

GASB Statement No. 34 (GASB 34) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the

MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

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

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

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

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

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

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

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

In November 1998, the citizens of Oakland passed Measure X changing the form of government from Council-City Manager to Mayor-Council through a charter amendment. Legislative authority is vested in the City Council and executive authority is vested in the Mayor. The City

Administrator, appointed by and under the direction of the Mayor, has administrative authority to manage the day-to-day administrative and fiscal operations of the City. The City Auditor and the City Attorney are both elected officials and serve four-year terms.

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

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

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

The City’s budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes: (1) the programs, projects, services, and activities to be carried out during the fiscal year; (2) the estimated revenue available to finance the operating plan; and (3) the estimated spending requirements for the operating plan. The budget represents a process wherein policy decisions by the Mayor and the City Council are adopted, implemented and controlled. The notes to the required supplementary information summarizes the budgetary roles of various City officials and the timetable for their budgetary actions according to the City Charter. On June 30, 2006, the City Council, during its mid-cycle review, approved the City’s revised budget for fiscal year 2006-07.

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

The City also maintains an encumbrance accounting system to provide budgetary controls for governmental funds. Encumbrances which would result in an overrun of an account balance are suspended in the system until additional funding is made available via budget change requests or withdrawn due to lack of funding. Encumbrances outstanding at June 30 and carried forward are

reported as reservations of the appropriate governmental fund's fund balance since they do not constitute expenditures or liabilities. Encumbrances that do not lapse but are brought forward to the new fiscal year are incorporated as part of the budget adopted by City Council for that year.

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

The City of Oakland's primary economic indicators are highlighted on pages 16 and 17 in the Management Discussion and Analysis (MD&A) section of this report.

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

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

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

### ***Risk Management***

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

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

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

## *Awards*

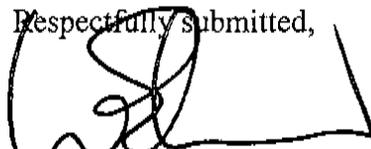
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. The Certificate of Achievement 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 18 of the last 19 years. The single missing year was due to the delay in the submission of the City's CAFR to GFOA as a result of conversion to a new financial management system. The City's Fiscal Year 2007-08 CAFR will be submitted to GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting.

## *Acknowledgements*

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

Respectfully submitted,



William E. Noland

Director, Finance and Management Agency

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oakland  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



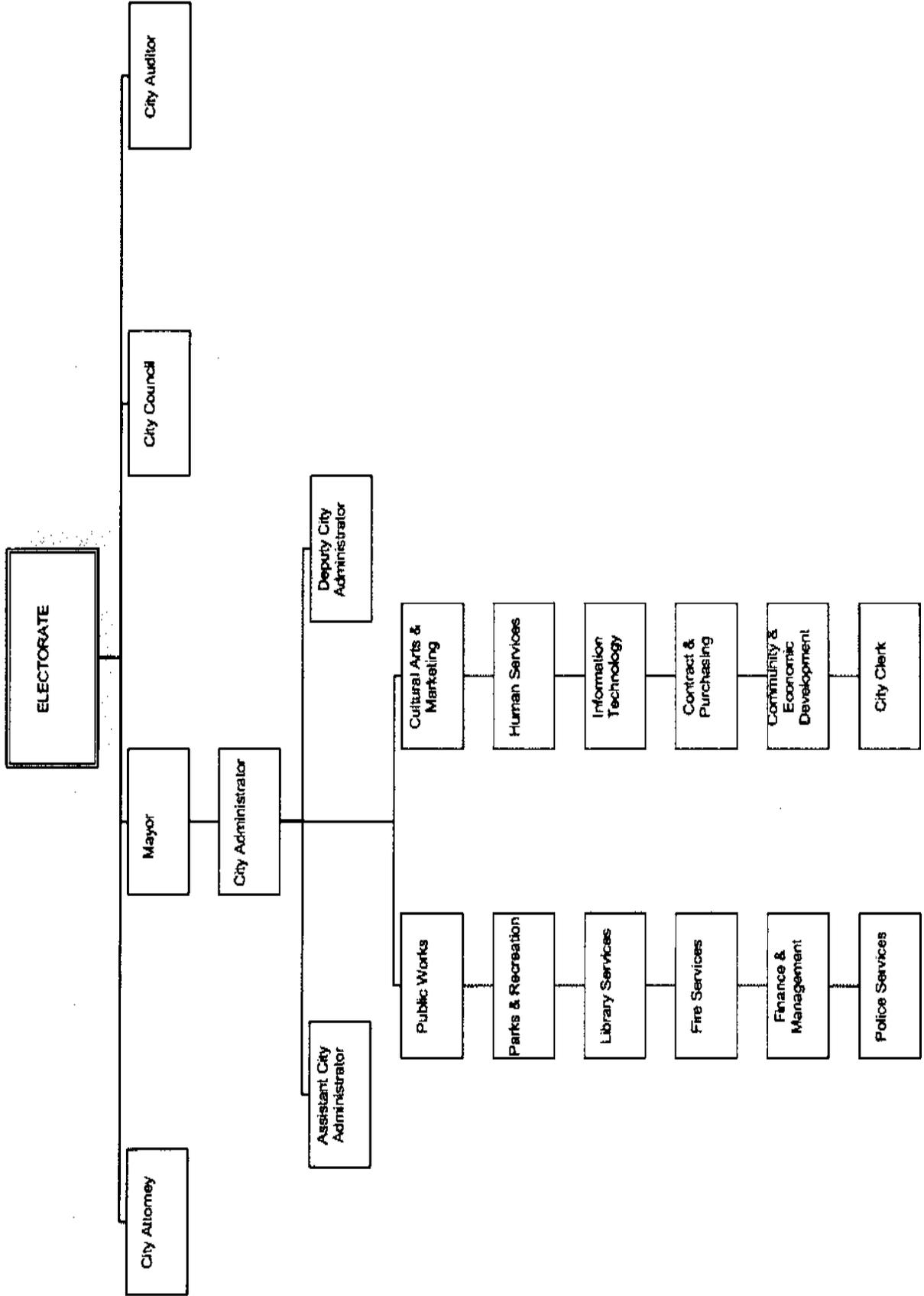
*Charles S. Cox*

President

*Jeffrey R. Emmer*

Executive Director

# City of Oakland Organization Chart



**DIRECTORY OF CITY OFFICIALS  
MAYOR/COUNCIL FORM OF GOVERNMENT  
June 30, 2008**

**MAYOR**

Ronald V. Dellums

**MEMBERS OF THE CITY COUNCIL**

Ignacio De La Fuente, *President (District 5)*

Jean Quan, *Vice-Mayor (District 4)*

*At Large – Henry Chang, Jr.*

*District 3 – Nancy Nadel*

*District 1 – Jane Brunner*

*District 6 – Desley Brooks*

*District 2 – Patricia Kernighan*

*District 7 – Larry Reid*

**COUNCIL APPOINTED OFFICERS**

Dan Lindheim, *Acting City Administrator*

La Tonda Simmons, *City Clerk*

**ELECTED OFFICERS**

John Russo, *City Attorney*

Courtney Ruby, *City Auditor*

**AGENCY & DEPARTMENT DIRECTORS**

Raul Godinez II  
*Public Works*

Audree Jones- Taylor  
*Parks & Recreation*

Carmen Martinez  
*Library Services*

Daniel Farrell  
*Fire Services*

William E. Noland  
*Finance & Management*

Wayne Tucker  
*Police Services*

Lori Fogarty  
*Cultural Arts & Marketing*

Andrea Youngdahl  
*Human Services*

Robert Glaze  
*Information Technology*

Deborah Barnes  
*Contracting & Purchasing*

Eric Angstadt, Acting  
*Community & Economic Development*

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

**PROJECT TEAM**

William E. Noland  
*Director*  
*Finance and Management Agency*

Ace A. Tago  
*Controller*

**AUDIT/FINANCIAL STATEMENT COORDINATOR**

Osborn K. Solitei, *Assistant Controller*

**FINANCIAL STATEMENT PREPARATION**

**Financial Statement Leaders**

Theresa Woo  
*Accountant III*

Connie L. Chu  
*Accountant III*

**Accounting Team (GL, ORA & GRANTS)**

Michelle Wong  
Jennifer Luong  
Frank Catalya  
Erico Parras

Edward Chun  
Felipe Kiocho  
Rogelio Medalla  
Leland Lee

Bruce Levitch  
Norma Torres  
Andy Yang

**ADMINISTRATIVE SUPPORT**

Ebony Thomas, *Administrative Assistant*

**SPECIAL ASSISTANCE**

Donna Treglown  
Dawn Hort

Deanna Andrews  
Gregoria Torres

Katano Kasaine  
Sharon Holman

**SPECIAL ASSISTANCE – DEPARTMENTS & OFFICES**

City Administrator's Office      City Attorney's Office      FMA-Treasury Division  
Community & Economic Development Agency  
Risk Management

# FINANCIAL SECTION

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**MACIAS GINI & O'CONNELL** LLP  
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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515 S. Figueroa Street, Suite 325  
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213.286.6400

402 West Broadway, Suite 400  
San Diego, CA 92101  
619.573.1112

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

### **Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oakland, California (City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oakland Municipal Employees' Retirement System (OMERS) and the Oakland Police and Fire Retirement System (PFRS), which collectively represent 67%, 71% and (18)%, respectively, of the assets, net assets/fund balances, and revenues/additions of the aggregate remaining fund information as of and for the year ended June 30, 2008. We also did not audit the Oakland Redevelopment Agency (ORA) whose financial activities are included in the County's basic financial statements as a major fund and which represents 27%, 28% and 16% of the assets, net assets, and revenues of the governmental activities as of and for the year ended June 30, 2008.. The OMERS, PFRS and ORA financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the 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 as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 16 and 17 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, effective July 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedules of funding progress and the budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We 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 and the other auditors did not audit the information and express no opinion on it.

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

*Macias Gini & Cannelo LLP*  
Certified Public Accountants

Walnut Creek, California  
December 17, 2008

## 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, 2008. We encourage readers to consider the information presented here in conjunction with the additional information contained in the City's financial statements and related notes and our letter of transmittal that precedes this section.

### FINANCIAL HIGHLIGHTS

- The City's total assets exceeded its total liabilities by \$740.4 million as of June 30, 2008, compared to \$755.7 million at June 30, 2007. This represents a net decrease of \$15.3 million or 2.0 percent compared to the previous year. Assets decreased by 2.5 percent or net of \$71.4 million, the net decrease is primarily attributed to a decrease of net pension assets in the amount of \$31.6 million to reflect annual pension cost, an increase in capital assets by \$54.6 million and an offset of a combined decrease of \$62.8 million in pooled and restricted cash and investments attributable to the retirement of refunding bonds and spent bond proceeds for capital improvement. Conversely, liabilities decreased by 0.9 percent or \$21.2 million compared to the prior fiscal year primarily as a result of principal debt payments.
- The City's governmental cumulative fund balances decreased by 4.4 percent or \$53.7 million to \$1,157.3 million compared to \$1,211.0 million for the prior fiscal year. This decrease is primarily attributed to a \$67.8 million increase in overall governmental expenditures for its operations and the increase was offset by a \$9.3 million or 1.0 percent increase in overall governmental revenue.
- As of June 30, 2008, the City had total long-term obligations outstanding of \$2.0 billion compared to a similar amount outstanding for the prior fiscal year for a decrease of 1.5 percent or \$30.2 million. Of this amount, \$331.5 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.7 billion is comprised of various long-term debt instruments including accruals of year-end estimates for other long-term liabilities.
- The City's General Fund unreserved/undesignated fund balance at June 30, 2008 was \$37.5 million compared to \$56.1 million for the previous year, a decrease of 33.2 percent or \$18.6 million. The unreserved/undesignated fund balance met the requirements of the City Council's 7.5% reserve policy based on the total General Fund expenditures for fiscal year 2008.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

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

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

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

### Fund Financial Statements

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

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

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

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

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

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

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

**Internal service funds** are used to report activities that provide services and supplies for certain City programs and activities. The City uses internal service

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

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

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

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

### **Other Information**

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

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

### **Government-wide Financial Analysis**

Net assets may serve over time as a useful indicator of the City's financial position. The City's total assets exceeded its liabilities as of June 30, 2008 by \$740.4 million compared to \$755.7 million as of June 30, 2007, a decrease of \$15.3 million. The largest portion of the City's net assets, 69.4 percent, reflects its investment in capital assets of \$513.8 million for governmental and business type activities net of related debt. Of the remaining balance, 84.6 percent reflects \$191.8 million in resources that are subject to external restrictions on how they may be used. The net deficit of \$110.2 million is

primarily attributed to the restatement of the net pension asset of \$69.2 million as of June 30, 2007 to reflect prior years actuarially required annual contributions, and ongoing projects related to governmental activities and a 6.8 percent increase in expenditures and offset by a 1.0 percent increase in revenues.

**City of Oakland's Net Assets**  
**June 30, 2008**  
*(In Thousands)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007 (1)</b>	<b>2008</b>	<b>2007 (2)</b>	<b>2008</b>	<b>2007</b>
<b>Assets:</b>						
Current and other assets	\$ 1,866,790	\$1,950,947	\$ 40,808	\$ 47,689	\$ 1,907,598	\$ 1,998,636
Capital assets	899,317	854,373	145,731	136,093	1,045,048	990,466
<b>TOTAL ASSETS</b>	<b>2,766,107</b>	<b>2,805,320</b>	<b>186,539</b>	<b>183,782</b>	<b>2,952,646</b>	<b>2,989,102</b>
Long-term liabilities	1,951,568	1,979,249	63,541	66,024	2,015,109	2,045,273
Other liabilities	193,721	186,286	3,386	1,845	197,107	188,131
<b>TOTAL LIABILITIES</b>	<b>2,145,289</b>	<b>2,165,535</b>	<b>66,927</b>	<b>67,869</b>	<b>2,212,216</b>	<b>2,233,404</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	401,881	353,715	111,881	109,886	513,762	463,601
Restricted	336,908	317,558	-	-	336,908	317,558
Unrestricted (deficit)	(117,971)	(31,488)	7,731	6,027	(110,240)	(25,461)
<b>Total net assets</b>	<b>\$ 620,818</b>	<b>\$ 639,785</b>	<b>\$ 119,612</b>	<b>\$ 115,913</b>	<b>\$ 740,430</b>	<b>\$ 755,698</b>

(1) The June 30, 2007 balances were restated to reflect the impact of prior years actuarially required annual contributions on the net pension asset.

(2) The June 30, 2007 balances were restated to reflect the accrual of sewer services revenues as of June 30, 2007 for comparison purposes.

**Governmental activities.** The City's change in net assets of (\$19.0) million for the year ended June 30, 2008 compared to \$111.6 million for the previous fiscal year represents a net decrease of \$130.6 million. The key elements of this decrease are listed below.

**Changes in Net Assets**  
**For the Year Ended June 30, 2008**  
*(In Thousands)*

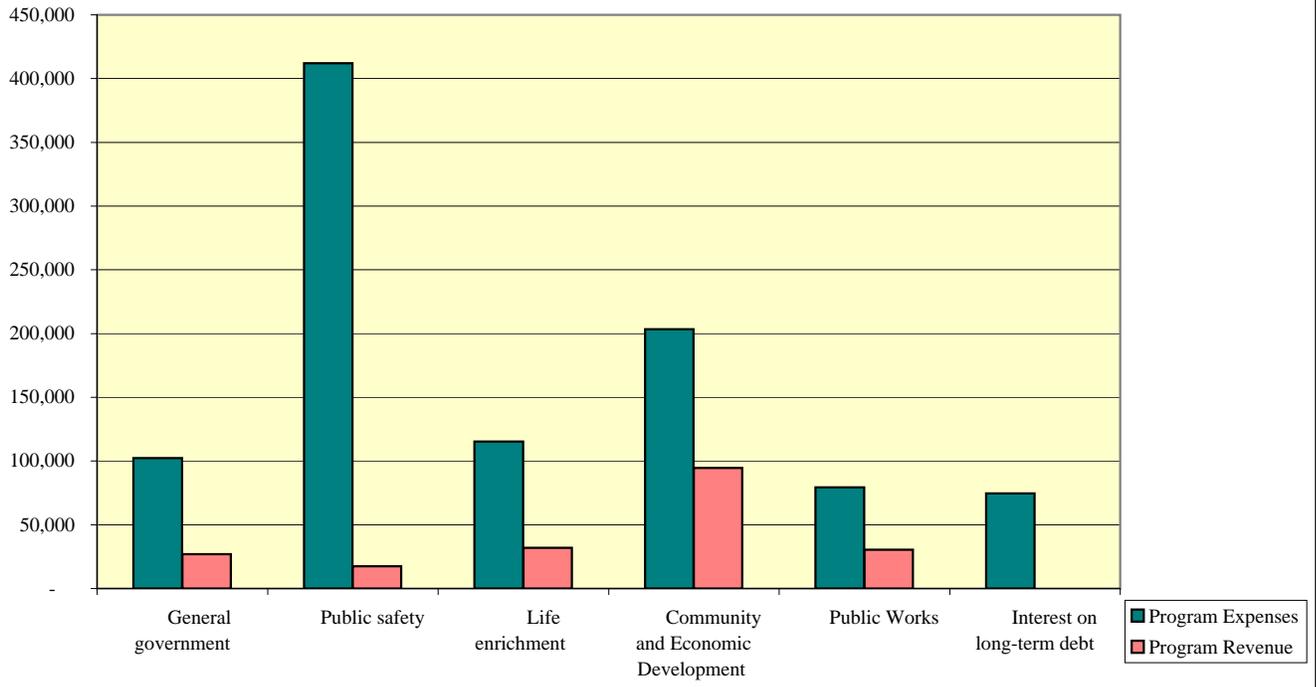
	Governmental Activities		Business-Type Activities		Totals	
	2008	2007 (3)	2008	2007 (2)	2008	2007
<b>Revenues:</b>						
Program revenues:						
Charges for services (1)	\$ 110,296	\$ 97,449	\$ 33,751	\$ 30,075	\$ 144,047	\$ 127,524
Operating grants and contributions	91,278	106,903	-	21	91,278	106,924
General revenues:						
Property taxes	358,338	317,666	-	-	358,338	317,666
State taxes:						
Sales and use taxes	64,812	58,006	-	-	64,812	58,006
Motor vehicles in-lieu tax	1,811	2,268	-	-	1,811	2,268
Gas tax	7,305	7,449	-	-	7,305	7,449
Local taxes:						
Business license	52,542	50,339	-	-	52,542	50,339
Utility consumption	52,524	51,426	-	-	52,524	51,426
Real estate transfer	36,205	61,505	-	-	36,205	61,505
Transient occupancy	12,400	12,303	-	-	12,400	12,303
Parking	15,747	16,202	-	-	15,747	16,202
Voter approved special tax	32,942	31,483	-	-	32,942	31,483
Franchise	13,791	13,010	-	-	13,791	13,010
License and permits	19,319	20,390	-	-	19,319	20,390
Interest and investment income	47,852	48,073	1,434	1,745	49,286	49,818
Other (1)	50,153	85,841	-	2	50,153	85,843
<b>Total revenues</b>	<b>967,315</b>	<b>980,313</b>	<b>35,185</b>	<b>31,843</b>	<b>1,002,500</b>	<b>1,012,156</b>
<b>Expenses:</b>						
General government	102,218	91,119	-	-	102,218	91,119
Public safety	412,050	366,578	-	-	412,050	366,578
Life enrichment	115,315	105,728	-	-	115,315	105,728
Community & economic development	203,406	183,968	-	-	203,406	183,968
Public works	79,348	101,075	-	-	79,348	101,075
Interest on long-term debt	74,545	79,864	-	-	74,545	79,864
Sewer	-	-	30,502	29,365	30,502	29,365
Parks and recreation	-	-	384	1,087	384	1,087
<b>Total expenses</b>	<b>986,882</b>	<b>928,332</b>	<b>30,886</b>	<b>30,452</b>	<b>1,017,768</b>	<b>958,784</b>
Change in net assets before transfers and special item	(19,567)	51,981	4,299	1,391	(15,268)	53,372
Transfers	600	600	(600)	(600)	-	-
Special item:						
Net resale properties from OBRA	-	59,020	-	-	-	59,020
Change in net assets	<b>(18,967)</b>	<b>111,601</b>	<b>3,699</b>	<b>791</b>	<b>(15,268)</b>	<b>112,392</b>
Net assets - beginning, as previously reported	639,785	579,234	112,059	111,268	751,844	690,502
Restatement	-	(51,050)	3,854	-	3,854	(51,050)
Net assets - beginning, as restated	<b>639,785</b>	<b>528,184</b>	<b>115,913</b>	<b>111,268</b>	<b>755,698</b>	<b>639,452</b>
Net assets at end of year	<b>\$ 620,818</b>	<b>\$ 639,785</b>	<b>\$ 119,612</b>	<b>\$ 112,059</b>	<b>\$ 740,430</b>	<b>\$ 751,844</b>

(1) Charges for services and other revenues in governmental activities were reclassified for fiscal year 2006/07 for comparison purposes.

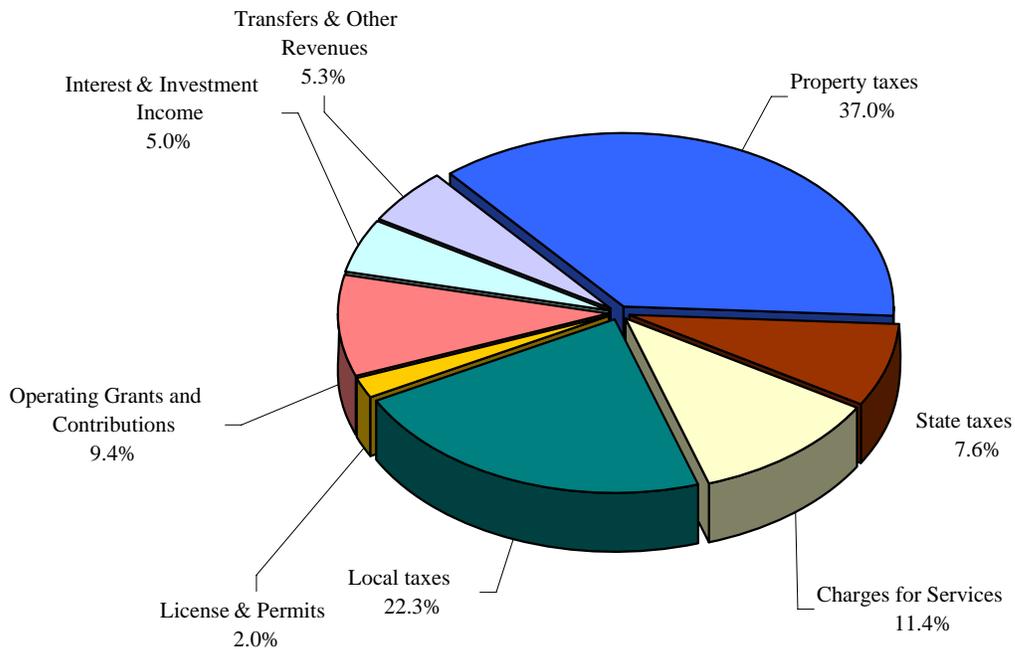
(2) The amounts for fiscal year 2006/07 have not been restated to reflect the restatement of sewer service revenues as the amounts as of June 30, 2006 were not available.

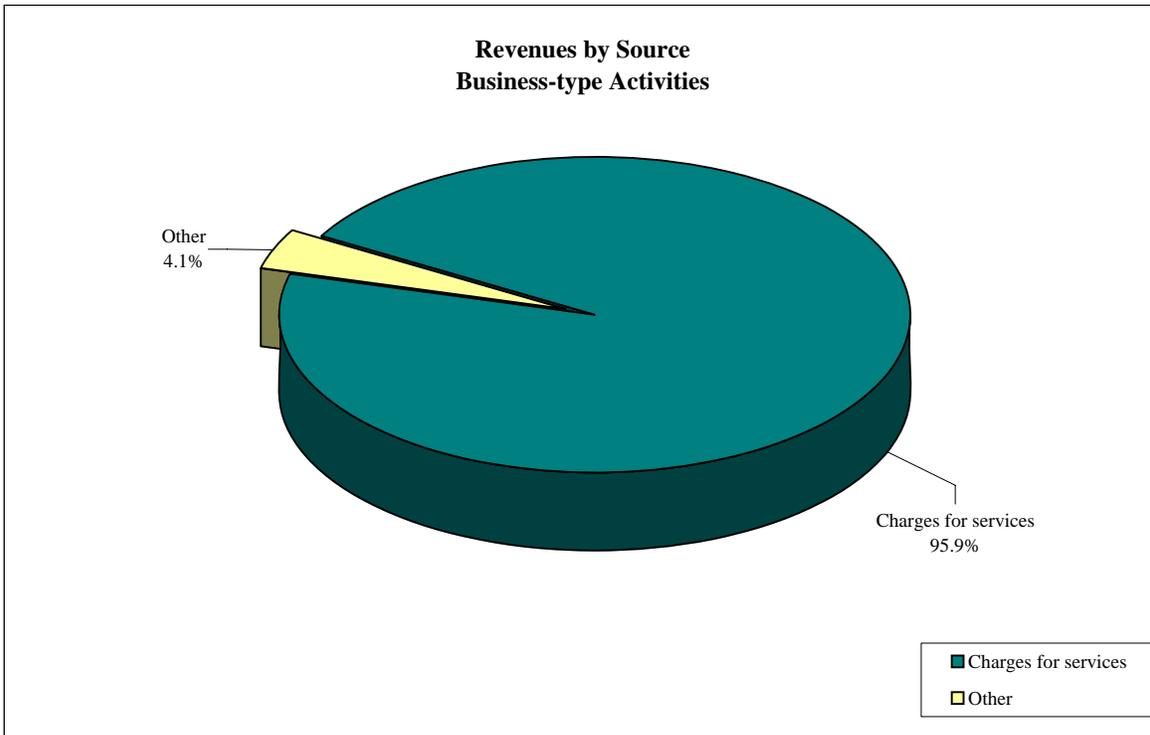
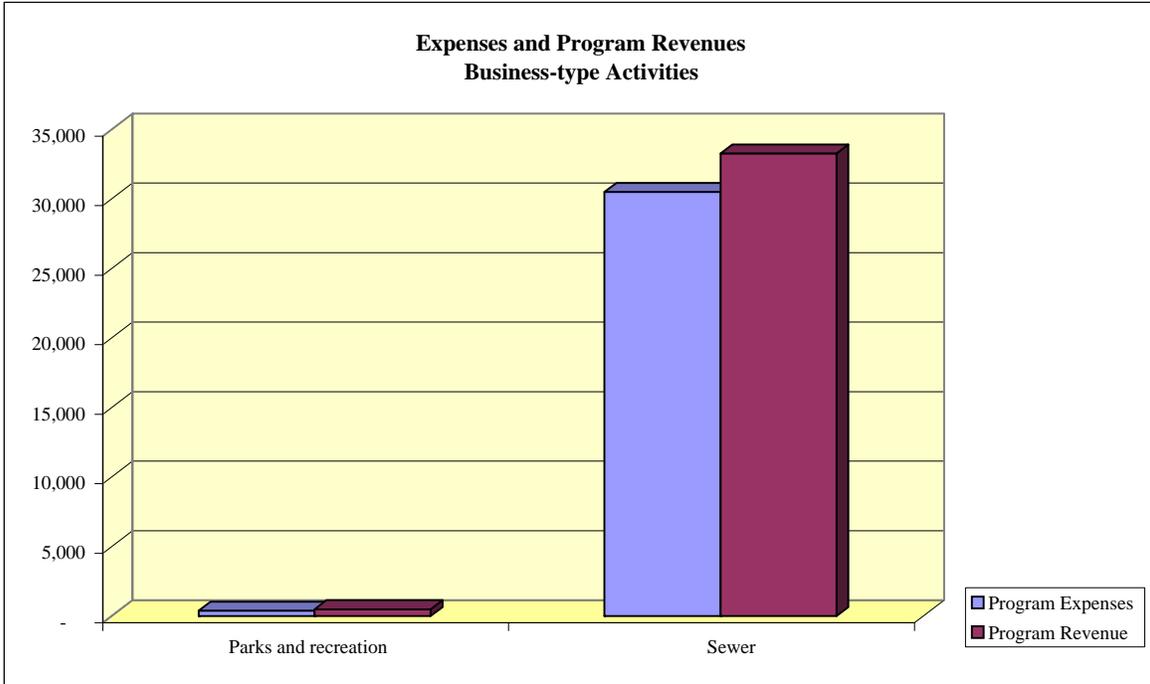
(3) The amounts for fiscal year 2006/2007 have been restated to reflect the impact of prior years actuarially required annual contributions on the Police and Fire Retirement System.

### Expenses and Program Revenues Governmental Activities



### Revenues by Sources Governmental Activities





## Governmental activities

The decrease of \$130.6 million or 117.0 percent in the change in net assets attributed to the following significant elements:

- While the increases in property taxes of \$40.7 million or 12.8 percent was driven by enhancement in assessed property valuation within the boundaries of the City of Oakland during fiscal year 2007-08 and also an increase of charges for services by \$35.1 million or 46.6 percent; local taxes decreased by \$20.1 million or 8.5 percent primarily due to the real estate transfer tax; operating grants and contributions and other revenues decreased by 21.3 million or 19.9 percent and 15.1 million or 13.9 percent respectively.
- The increase of \$11.1 million or 12.2 percent of spending in general government when compared to the pervious year is due to personnel cost, ongoing capital projects and Other Post Employment Benefits (OPEB) cost.
- The increase of \$45.5 million or 12.4 percent of spending in public safety when compared to the previous year is due primarily to overtime costs resulting from the continuing problem of shortage in sworn staff, and the added costs to recruit new officers, conduct police academies to train and certify new recruits and OPEB cost.
- The increases in life enrichment expenses of \$9.6 million or 9.1 percent is attributed to OPEB cost, completed projects and costs related to continuing projects from previous years.
- The increases in community and economic development expenses of \$19.4 million or 10.6 percent is attributed to OPEB cost, completed projects and costs related to continuing projects from previous years and also the transfer of design and construction division from public works agency to community and economic development.
- The decrease in public works agency expenses of \$21.7 million or 21.5 percent is attributed to the transfer of design and construction division from public works agency to community and economic development.
- Interest on long-term debt decreased by \$5.3 million or 6.7 percent due to refunding of certain debts by the City.

**Business-type activities.** Business-type activities ended the fiscal year with a positive change in its net assets of \$3.7 million compared to \$0.8 million the previous fiscal year. The increase of \$2.9 million in net assets is attributable to \$3.4 million or 10.3 percent increase in sewer revenues offset by \$1.1 million or 3.9 percent increase in sewer project related expenses. The increase in net assets is a result of rate increases and the restatement of sewer revenues.

## **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.

**General Fund:** The General Fund is the chief operating fund of the City. At June 30, 2008, its unreserved fund balance is \$121.1 million or 48.9 percent of the \$247.7 million total General Fund balance.

In 2007-08, General Fund revenues of \$541.7 million were \$5.0 million or 0.9 percent higher than 2006-07 revenues of \$536.7 million. Due to a slowing economy, the revenues have increased modestly over last year. The current year increase is due primarily to increases in property tax revenue of \$31.7 million and sales tax of \$6.4 million, offset by a decrease in real estate transfer revenue of \$25.3 million due to a slowing housing market.

In 2007-08, General Fund expenditures of \$488.5 million were \$20.2 million or 4.3 percent higher than 2006-07 expenditures of \$468.3 million. The increase in expenditures was mainly due to increases in public safety of \$13.6 million because of salaries, pension, healthcare and benefit costs.

**Federal and State Fund:** The Federal and State Fund had a fund balance of \$17.3 million as of June 30, 2008 that represents an increase of \$12.3 million or 243.7 percent over the prior fiscal year. The net increase of \$12.3 million was primarily attributed to a decrease in Home Loan Program and multi year grant projects expenditures for community and economic development.

**Oakland Redevelopment Agency:** The Oakland Redevelopment Agency had a fund balance of \$598.8 million as of June 30, 2008 that represents a modest decrease of \$2.6 million or 0.4 percent over the prior fiscal year. The net decrease of \$2.6 million was primarily attributed to \$12.4 million increase in tax increment. These increases were offset by increased project expenditures of \$12.2 million and a decrease of \$3.9 million in rents and other reimbursements revenues.

**Municipal Capital Improvement Fund:** The Municipal Capital Improvement Fund had a fund balance of \$68.5 million as of June 30, 2008 that represents a decrease of \$28.3 million or 29.2 percent over the prior fiscal year. The net decrease of \$28.3 million is attributed to increase in capital improvement projects expense.

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

The portion of net assets invested in capital assets, net of related debt amounted to \$111.9 million as of June 30, 2008, compared to \$109.9 million for the previous fiscal year. The \$2.0 million or 1.8 percent increase is related to proceeds spent from a debt issued to finance sewer projects. During the fiscal year, the City capitalized \$9.2 million in sewer system completed projects, net of depreciation.

### **General Fund Budgetary Highlights**

During the fiscal year ended June 30, 2008, General Fund had a \$2.6 million decrease in budgeted revenues between the original and final amended operating budget. The decrease is due to decrease in other revenues. Actual budgetary basis revenues of \$541.2 million were \$6.8 million less than the final amended budget. The decrease is primarily attributed to real estate transfer tax revenue collection due to the housing market.

In addition, there was \$27.7 million increase in appropriations between the original and final amended operating budget for the General Fund. The increase in appropriation is due primarily to the determination of actual project carryforwards for continuing appropriations for various multi-year projects, capital improvement projects, and other projects authorized by City Council. The original approved expenditure budget contained only estimates of project carryforwards.

Actual budgetary basis expenditures of \$488.5 million were \$11.8 million less than the amended budget and \$15.9 million less than the original budget. The net budget savings is attributed to (1) the significant turnover in full time sworn officers through attrition, (2) the absorption of a certain portion of sworn officers salaries and benefits by Measure Y funds to satisfy that Measure's mandates while recruitment for additional authorized full time peace officers is in progress, and (3) the completion of carryforward projects during the fiscal year.

### **Capital Assets**

The City's capital assets, net of depreciation, totaled \$1,045.0 million as of June 30, 2008 compared to \$990.5 million as of June 30, 2007, an increase of \$54.5 million or 5.5 percent. Governmental activities additions of \$92.2 million in capital assets included land acquisition and capitalization of infrastructure, facilities and improvements, and furniture, machinery and equipment which met the City's threshold for capitalization. These additions were offset by retirements and depreciation, the net effect of which was an increase of \$44.9 million in adjustments against capital assets for governmental activities. Business activities, primarily the sewer fund, increased its capital assets by \$9.2 million, net of retirements and depreciation. See Note (7) for more details in capital assets.

## **Construction Commitments**

The City has active construction projects as of June 30, 2008 totaling \$180,320,388. The projects include street construction, park construction, building improvements and sewer and storm drain improvements.

## **Debt Administration**

At the end of the current fiscal year, the City's debt limit (3.75 percent of property valuation, net of exemptions subject to taxation) was \$1,116.2 million. The total amount of debt applicable to the debt limit was \$331.5 million. The resulting legal debt margin was \$784.7 million.

The City of Oakland's underlying ratings for its general obligation bonds as of June 30, 2008, were as follows:

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

On March 21, 2008, the Standard and Poor's Corporation upgraded the City's general obligations bonds rating from A+ to AA- while affirming the stable outlook.

As of June 30, 2008, the City had total long-term obligations outstanding of \$2.02 billion compared to \$2.05 billion outstanding for the prior fiscal year, a decrease of 1.5 percent. Of this amount, \$331.5 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$1.7 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, 2008**  
*(In Thousands)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
General obligation bonds	\$ 331,528	\$ 345,214	\$ -	\$ -	\$ 331,528	\$ 345,214
Tax allocation bonds	496,630	514,475	-	-	496,630	514,475
Certificate of participation	40,495	45,795	-	-	40,495	45,795
Lease revenue bonds	323,340	325,105	-	-	323,340	325,105
Pension obligation bonds	282,705	313,625	-	-	282,705	313,625
Special assessment debt with government commitments	6,200	6,800	-	-	6,200	6,800
Accreted interest on appreciation bonds	125,743	104,356	-	-	125,743	104,356
Sewer-bonds & notes payable	-	-	61,066	63,431	61,066	63,431
Less: deferred amounts						
Bond issuance premiums	32,204	22,887	2,475	2,593	34,679	25,480
Bond refunding loss	(34,658)	(20,035)	-	-	(34,658)	(20,035)
Total Bonds Payable	<u>1,604,187</u>	<u>1,658,222</u>	<u>63,541</u>	<u>66,024</u>	<u>1,667,728</u>	<u>1,724,246</u>
Notes & Leases payable	46,013	48,899	-	-	46,013	48,899
Other long-term liabilities	301,368	272,128	-	-	301,368	272,128
Total Outstanding Debt	<u><u>\$ 1,951,568</u></u>	<u><u>\$1,979,249</u></u>	<u><u>\$ 63,541</u></u>	<u><u>\$ 66,024</u></u>	<u><u>\$2,015,109</u></u>	<u><u>\$2,045,273</u></u>

The City's overall total long-term obligations decreased by \$30.2 million compared to fiscal year 2007. The net decrease is primarily attributable to the City debt principal payments and the refunding of variable bonds (Auction Rates Securities) to fixed rate bonds.

## **Summary of New Debt:**

### **Oakland Joint Powers Financing Authority Refunding Revenue Bonds, 2008 Series A-1 and A-2**

On April 3, 2008, the Oakland Joint Powers Financing Authority (the “JPFA”) issued its Refunding Revenue Bonds in an aggregate principal amount of \$127,960,000. This issue is comprised of a tax-exempt portion in an aggregate amount of \$107,630,000 (the “2008 Series A-1”) and a taxable portion in an aggregate amount of \$20,330,000 (the “2008 Series A-2”), (collectively, the “2008 Bonds”). The 2008 Bonds are fixed rate bonds. The 2008 Bonds were issued to (i) refund and defease all of the outstanding JPFA’s Refunding Revenue Bonds, 2005 Series A and Series B (Auction Rates Securities) and (ii) to convert the auction rates securities to fixed rate bonds. The proceeds associated with the 2008 Series A-2 were used to fund a portion of the City’s obligation to make payments to its Police and Fire Retirement System.

### **Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2008 Series B**

On April 16, 2008, the Oakland Joint Powers Financing Authority (the “JPFA”) issued its Lease Revenue Refunding Bonds (Oakland Administration Buildings) 2008 Series B in an aggregate principal amount of \$113,450,000 (the “2008 Series B Bonds”). The 2008 Series B Bonds are tax-exempt, and fixed rate bonds. The 2008 Series Bonds were issued to (i) refund and defease all of the outstanding JPFA’s Lease Revenue Refunding Bonds (Oakland Administration Buildings) 2004 Series A-1 and A-2 (Auction Rates Securities) (the “2004 Bonds”), (ii) to convert the auction rates securities to fixed rate bonds and (iii) to terminate two interest rate swaps associated with the 2004 Bonds.

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

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

The economic indicators highlighted below, among others and including labor union contracts, were factored into the City’s budget formulation process as they relate to revenue forecasting, program planning, and resource allocation for fiscal year 2007-08.

The City of Oakland’s unemployment rate increased to 9.6% in June 2008 compared to an average unemployment rate of 7.4% for July 2007.

The Bay Area’s consumer price index for all urban consumers in June 2008 was 225.181 compared to the U.S. city average consumer price index (CPI-U) for all urban consumers at 218.815. (Base period: 1982 – 84 = 100).

Average forecast residential rental and vacancy rates for 2008 were \$1,410 per month and 4.5% respectively compared to \$1, 321 and 3.8% for 2007.

Oakland's gross metropolitan product, estimated at \$107.8 billion for 2004, ranks in the top 20 metropolitan economies in the United States and among the top 60 largest economy in the world.

Estimated population for January 1, 2008 is 420,183 with a total number of households of 412,926 an average household size of 2.629 persons and a per capita personal income of \$25,118..

Electric utility average total rate for commercial range from 13.764 to 16.528 cents per kilowatt hour while industrial average total rate are from 8.230 to 11.475 cents per kilowatt hour.

Increases in expenditures due to new union contracts, CalPERS pension rates, and healthcare costs have been factored into the City's Fiscal Year 2007-08 budget without raising or imposing new taxes.

### **Requests for Information**

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

# BASIC FINANCIAL STATEMENTS

**City of Oakland**  
**Statement of Net Assets**  
**June 30, 2008**  
*(In Thousands)*

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Port of Oakland
<b>ASSETS</b>				
Cash and investments	\$ 408,412	\$ 3,926	\$ 412,338	\$ 88,720
Receivables (net of allowance for uncollectibles of \$6,894 for City and \$2,079 for Port):				
Accrued interest	2,080	-	2,080	407
Property taxes	25,261	-	25,261	-
Accounts receivable	64,134	8,235	72,369	50,619
Grants receivable	12,239	-	12,239	-
Due from Port	11,421	-	11,421	-
Internal balances	1,177	(1,177)	-	-
Inventories	1,136	-	1,136	-
Restricted assets:				
Cash and investments	669,220	29,197	698,417	119,309
Receivables	-	-	-	3,839
Property held for resale	121,735	-	121,735	-
Notes and loans receivable (net of allowance for uncollectibles of \$49,941 for the City)	257,741	-	257,741	-
Other	36	-	36	86,851
Capital assets:				
Land and other assets not being depreciated Facilities, infrastructures, and equipment net of depreciation	131,696	10,542	142,238	616,781
Unamortized bond issuance costs	767,621	135,189	902,810	1,723,532
Net pension asset	16,917	627	17,544	-
Net pension asset	275,281	-	275,281	-
<b>TOTAL ASSETS</b>	<u>2,766,107</u>	<u>186,539</u>	<u>2,952,646</u>	<u>2,690,058</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	145,122	3,178	148,300	44,119
Accrued interest payable	15,691	176	15,867	18,105
Due to other governments	15,350	-	15,350	-
Due to primary government	-	-	-	11,421
Unearned revenue	6,442	26	6,468	66,057
Matured bonds and interest payable	520	-	520	-
Other	10,596	6	10,602	44,959
Non-current liabilities:				
Due within one year	173,473	2,554	176,027	36,241
Due in more than one year	1,778,095	60,987	1,839,082	1,545,358
<b>TOTAL LIABILITIES</b>	<u>2,145,289</u>	<u>66,927</u>	<u>2,212,216</u>	<u>1,766,260</u>
<b>NET ASSETS (deficit)</b>				
Invested in capital assets, net of related deb	401,881	111,881	513,762	877,126
Restricted net assets:				
Debt service	14,220	-	14,220	15,241
Pension	131,367	-	131,367	-
Urban redevelopment and housing	174,627	-	174,627	-
Other purposes	16,694	-	16,694	12,692
Unrestricted net assets (deficit)	(117,971)	7,731	(110,240)	18,739
<b>TOTAL NET ASSETS</b>	<u>\$ 620,818</u>	<u>\$ 119,612</u>	<u>\$ 740,430</u>	<u>\$ 923,798</u>

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

**City of Oakland**  
**Statement of Activities**  
**Year Ended June 30, 2008**  
*(In Thousands)*

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Unit Port of Oakland
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 102,218	\$ 22,276	\$ 4,667	\$ -	\$ (75,275)	\$ -	\$ (75,275)	
Public safety	412,050	10,331	7,173	-	(394,546)	-	(394,546)	
Life enrichment	115,315	5,110	26,923	-	(83,282)	-	(83,282)	
Community and economic development	203,406	45,466	49,137	-	(108,803)	-	(108,803)	
Public works	79,348	27,113	3,378	-	(48,857)	-	(48,857)	
Interest on long-term debt	74,545	-	-	-	(74,545)	-	(74,545)	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>986,882</b>	<b>110,296</b>	<b>91,278</b>	<b>-</b>	<b>(785,308)</b>	<b>-</b>	<b>(785,308)</b>	
Business-type activities:								
Sewer	30,502	33,264	-	-	-	2,762	2,762	
Parks and recreation	384	487	-	-	-	103	103	
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>30,886</b>	<b>33,751</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,865</b>	<b>2,865</b>	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,017,768</b>	<b>\$ 144,047</b>	<b>\$ 91,278</b>	<b>\$ -</b>	<b>\$ (785,308)</b>	<b>\$ 2,865</b>	<b>\$ (782,443)</b>	
<b>Component unit:</b>								
Port of Oakland	\$ 335,070	\$ 299,883	\$ -	\$ 27,092				\$ (8,095)
General revenues:								
Property taxes					358,338	-	358,338	-
State taxes:								
Sales and use taxes					64,812	-	64,812	-
Motor vehicle in-lieu tax					1,811	-	1,811	-
Gas tax					7,305	-	7,305	-
Local taxes:								
Business license					52,542	-	52,542	-
Utility consumption					52,524	-	52,524	-
Real estate transfer					36,205	-	36,205	-
Transient occupancy					12,400	-	12,400	-
Parking					15,747	-	15,747	-
Voter approved special tax					32,942	-	32,942	-
Franchise					13,791	-	13,791	-
License and permits					19,319	-	19,319	-
Interest and investment income					47,852	1,434	49,286	13,145
Other					50,153	-	50,153	21,499
Transfers					600	(600)	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>766,341</b>	<b>834</b>	<b>767,175</b>	<b>34,644</b>
Changes in net assets					(18,967)	3,699	(15,268)	26,549
<b>NET ASSETS - BEGINNING, AS PREVIOUSLY REPORTED</b>					<b>708,977</b>	<b>112,059</b>	<b>821,036</b>	<b>897,249</b>
Restatement of net pension asset					(69,192)	-	(69,192)	-
Restatement of sewer service revenue					-	3,854	3,854	-
Net Assets - Beginning, as restated					639,785	115,913	755,698	897,249
<b>NET ASSETS - ENDING</b>					<b>\$ 620,818</b>	<b>\$ 119,612</b>	<b>\$ 740,430</b>	<b>\$ 923,798</b>

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

**CITY OF OAKLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**  
*(In Thousands)*

	<b>General</b>	<b>Federal/State Grant Fund</b>	<b>Oakland Redevelopment Agency</b>	<b>Municipal Capital Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and investments	\$110,735	\$ -	\$ 227,767	\$ 77	\$ 69,769	\$ 408,348
Receivables (net of allowance for uncollectibles of \$3,867):						
Accrued interest	297	81	1,348	18	336	2,080
Property taxes	14,182	1,678	2,074	-	7,327	25,261
Accounts receivable	41,751	4,551	2,577	165	14,936	63,980
Grants receivable	-	11,685	-	-	554	12,239
Due from component unit	11,083	-	-	-	338	11,421
Due from other funds	81,170	174	14,772	-	4,000	100,116
Notes and loans receivable (net of allowance for uncollectibles of \$49,941)	21,875	96,291	116,429	-	23,146	257,741
Restricted cash and investments	131,696	11,652	282,373	70,479	168,310	664,510
Property held for resale	-	-	121,735	-	-	121,735
Other	36	-	-	-	-	36
<b>TOTAL ASSETS</b>	<b><u>\$412,825</u></b>	<b><u>\$ 126,112</u></b>	<b><u>\$ 769,075</u></b>	<b><u>\$ 70,739</u></b>	<b><u>\$ 288,716</u></b>	<b><u>\$1,667,467</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$124,284	\$ 6,461	\$ 3,938	\$ 1,062	\$ 7,697	\$ 143,442
Due to other funds	8,431	6,332	12,579	-	22,564	49,906
Due to other governments	80	257	15,013	-	-	15,350
Deferred revenue	31,467	95,722	134,650	-	28,540	290,379
Matured bonds and interest payable	-	-	-	520	-	520
Other	879	9	4,087	612	5,009	10,596
<b>TOTAL LIABILITIES</b>	<b><u>165,141</u></b>	<b><u>108,781</u></b>	<b><u>170,267</u></b>	<b><u>2,194</u></b>	<b><u>63,810</u></b>	<b><u>510,193</u></b>
<b>Fund balances</b>						
Reserved:						
Encumbrances	6,193	28,230	-	4,752	18,715	57,890
Long-term receivables	-	-	1,292	-	-	1,292
Debt service	15,382	16,280	-	746	162,527	194,935
Property held for resale	-	-	121,735	-	-	121,735
Capital projects	-	-	474,037	-	-	474,037
Pension obligations	105,000	-	-	-	-	105,000
Unreserved/(deficit) reported in:						
General fund	121,109	-	-	-	-	121,109
Special revenue funds	-	(27,179)	-	-	35,308	8,129
Capital project funds	-	-	1,744	63,047	8,356	73,147
<b>TOTAL FUND BALANCES</b>	<b><u>247,684</u></b>	<b><u>17,331</u></b>	<b><u>598,808</u></b>	<b><u>68,545</u></b>	<b><u>224,906</u></b>	<b><u>1,157,274</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$412,825</u></b>	<b><u>\$ 126,112</u></b>	<b><u>\$ 769,075</u></b>	<b><u>\$ 70,739</u></b>	<b><u>\$ 288,716</u></b>	<b><u>\$1,667,467</u></b>

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

**City of Oakland**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**for Governmental Activities**  
**June 30, 2008**  
*(In Thousands)*

Fund balances - total governmental funds	\$ 1,157,274
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Primary government capital assets, net of depreciation	\$ 899,317	
Less: internal service funds' capital assets, net of depreciation	<u>(19,001)</u>	880,316

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.

16,917

Net pension assets are recognized in the statement of net assets as an asset, however, it is not considered a financial resource and, therefore, is not reported on the balance sheet of governmental funds.

275,281

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

Interest payable on long-term debt for primary government	\$ (15,691)	
Add: Interest payable on long-term debt for internal service fund	<u>97</u>	(15,594)

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.

283,937

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

Long-term liabilities	\$ (1,951,568)	
Less: long-term liabilities for internal service funds	<u>10,841</u>	(1,940,727)

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

(36,586)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 620,818

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

**CITY OF OAKLAND**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	General	Federal/State Grant Fund	Oakland Redevelopment Agency	Municipal Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 201,765	\$ -	\$ 121,784	\$ -	\$ 34,525	\$ 358,074
State:						
Sales and use	53,090	-	-	-	11,722	64,812
Motor vehicle in-lieu	1,811	-	-	-	-	1,811
Gas	-	-	-	-	7,305	7,305
Local:						
Business license	52,542	-	-	-	-	52,542
Utility consumption	52,524	-	-	-	-	52,524
Real estate transfer	36,205	-	-	-	-	36,205
Transient occupancy	12,400	-	-	-	-	12,400
Parking	8,524	-	-	-	7,223	15,747
Voter approved special tax	-	11,825	-	-	21,117	32,942
Franchise	13,791	-	-	-	-	13,791
Licenses and permits	1,612	-	-	-	17,707	19,319
Fines and penalties	21,653	124	-	-	1,720	23,497
Interest and investment income	10,885	1,764	20,333	3,162	13,750	49,894
Charges for services	55,048	74	5,893	-	15,720	76,735
Other intergovernmental revenues	-	-	-	-	33,561	33,561
Federal and state grants and subventions	5,935	82,023	3,810	6	2,654	94,428
Annuity income	2,495	-	-	-	-	2,495
Other	11,441	1,918	2,991	458	4,897	21,705
<b>TOTAL REVENUES</b>	<b>541,721</b>	<b>97,728</b>	<b>154,811</b>	<b>3,626</b>	<b>171,901</b>	<b>969,787</b>
<b>EXPENDITURES</b>						
Current:						
Elected and Appointed Officials:						
Mayor	3,172	-	-	1	602	3,775
Council	4,423	-	-	1,271	1,447	7,141
City Administrator	11,459	752	-	640	3,365	16,216
City Attorney	10,112	77	-	-	5,022	15,211
City Auditor	1,230	-	-	-	53	1,283
City Clerk	1,906	-	-	-	68	1,974
Agencies/Departments:						
Personnel Resource Management	6,135	-	-	-	1,383	7,518
Information Technology	11,263	161	-	834	1,408	13,666
Financial Services	26,658	255	-	-	1,330	28,243
Contracting and Purchasing	1,997	-	-	-	283	2,280
Police Services	203,954	5,533	-	65	16,341	225,893
Fire Services	106,006	2,254	-	1,667	8,502	118,429
Life Enrichment:						
Parks and Recreation	16,907	46	-	83	3,836	20,872
Library	11,817	11,962	-	10	44	23,833
Cultural Arts and Museum	6,561	7	-	-	315	6,883
Aging & Health and Human Services	6,334	28,783	-	2	21,120	56,239
Community and Economic Development	8,161	16,706	109,587	9,722	62,732	206,908
Public Works	32,499	2,620	-	1,961	34,891	71,971
Other	9,115	-	1,398	-	84	10,597
Capital outlay	6,718	14,325	-	14,797	10,472	46,312
Debt service:						
Principal repayment	1,069	810	17,845	865	72,351	92,940
Bond termination payments	-	-	-	-	5,674	5,674
Bond issuance costs	268	-	-	-	3,942	4,210
Interest charges	733	1,149	28,542	46	41,058	71,528
<b>TOTAL EXPENDITURES</b>	<b>488,497</b>	<b>85,440</b>	<b>157,372</b>	<b>31,964</b>	<b>296,323</b>	<b>1,059,596</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>53,224</b>	<b>12,288</b>	<b>(2,561)</b>	<b>(28,338)</b>	<b>(124,422)</b>	<b>(89,809)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of refunding bonds:						
Premiums on issuance of bonds	-	-	-	-	241,410	241,410
Payment to refunding bond escrow agent	-	-	-	-	(221,250)	(221,250)
Property sale proceeds	4,044	1	-	-	-	4,045
Transfers in	3,600	-	-	-	95,091	98,691
Transfers out	(95,091)	-	-	-	(3,000)	(98,091)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(87,447)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>123,564</b>	<b>36,118</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(34,223)</b>	<b>12,289</b>	<b>(2,561)</b>	<b>(28,338)</b>	<b>(858)</b>	<b>(53,691)</b>
Fund balances - beginning	281,907	5,042	601,369	96,883	225,764	1,210,965
<b>FUND BALANCES - ENDING</b>	<b>\$ 247,684</b>	<b>\$ 17,331</b>	<b>\$ 598,808</b>	<b>\$ 68,545</b>	<b>\$ 224,906</b>	<b>\$ 1,157,274</b>

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

**City of Oakland**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities of Governmental Activities**  
**Year Ended June 30, 2008**  
*(In Thousands)*

Net change in fund balances - total governmental funds		\$ (53,691)																														
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.</p> <p>Primary government:</p> <table border="0" style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 60%;">Capital asset acquisition</td> <td style="width: 10%; text-align: right;">\$ 92,150</td> <td style="width: 10%;"></td> </tr> <tr> <td>Retirement of capital assets</td> <td style="text-align: right;">(27)</td> <td></td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(47,179)</td> <td></td> </tr> <tr> <td>Net changes of capital assets within internal service funds</td> <td style="text-align: right; border-top: 1px solid black;">318</td> <td style="text-align: right;">45,262</td> </tr> </table> <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Also, loans made to developers and others are treated as urban redevelopment and housing expenditures at the time the loans are made and are reported as revenues when the loans are collected in the funds. This represents the change in the deferred amounts during the current period.</p> <p>Some expenses such as claims, vacations and sick leave reported in the statement of activities do not require the use of current financial resources and therefore are not reported as an expenditure in the governmental funds.</p> <p>Changes to the net pension assets, as reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p> <p>Bond issuance costs are expended in the governmental funds when paid, and are deferred and amortized over the life of the corresponding life of the bonds for purposes of the statement of net assets. This is the amount by which current year bond issuance costs exceeded amortization expense in the current period.</p> <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and the advance refunding of debt consume the current financing sources of the governmental funds. These transactions, however have no effect on net assets. This is the amount by which principal retirement and payment to escrow agent exceeded bond proceeds in the current period.</p> <table border="0" style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 60%;">Debt and capital lease principal payments</td> <td style="width: 10%; text-align: right;">\$ 92,940</td> <td style="width: 10%;"></td> </tr> <tr> <td>Payments to escrow agent for refunded debt</td> <td style="text-align: right;">221,250</td> <td></td> </tr> <tr> <td>Issuance of bonds and notes</td> <td style="text-align: right;">(241,410)</td> <td></td> </tr> <tr> <td>Drawdowns on EEC HUD 108 notes</td> <td style="text-align: right;">(2,605)</td> <td></td> </tr> <tr> <td>Premium on bond proceeds</td> <td style="text-align: right;">(11,313)</td> <td></td> </tr> <tr> <td>Bond termination payments</td> <td style="text-align: right; border-top: 1px solid black;">5,674</td> <td style="text-align: right;">64,536</td> </tr> </table> <p>Amortization of bond premiums</p> <p>Amortization of refunding loss</p> <p>Additional accrued and accreted interest calculated on bonds and notes payable</p> <p>Principal payments of Coliseum Authority pledge obligation</p> <p>Net changes on other long-term liability for mandated Alameda County environmental clean-up health costs</p> <p>Net changes on post employment benefits other than pension benefits (OPEB)</p> <p>The net loss of activities of internal service funds is reported with governmental activities</p>			Capital asset acquisition	\$ 92,150		Retirement of capital assets	(27)		Depreciation	(47,179)		Net changes of capital assets within internal service funds	318	45,262	Debt and capital lease principal payments	\$ 92,940		Payments to escrow agent for refunded debt	221,250		Issuance of bonds and notes	(241,410)		Drawdowns on EEC HUD 108 notes	(2,605)		Premium on bond proceeds	(11,313)		Bond termination payments	5,674	64,536
Capital asset acquisition	\$ 92,150																															
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Premium on bond proceeds	(11,313)																															
Bond termination payments	5,674	64,536																														
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<b>\$ (18,967)</b>																														

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

**CITY OF OAKLAND**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2008**  
*(In Thousands)*

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Sewer</u>	<u>Nonmajor Fund</u>	<u>Total</u>	<u>Internal</u>
	<u>Service</u>	<u>Parks and</u>		<u>Service</u>
		<u>Recreation</u>		<u>Funds</u>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ -	\$ 3,926	\$ 3,926	\$ 64
Accounts receivables (net of uncollectibles of \$2,578 and \$449) for the enterprise funds and internal service funds, respectively)	8,218	17	8,235	154
Due from other funds	-	-	-	74
Inventories	-	-	-	1,136
Restricted cash and investments	29,064	133	29,197	4,710
<b>Total Current Assets</b>	<u>37,282</u>	<u>4,076</u>	<u>41,358</u>	<u>6,138</u>
Non-current Assets:				
Capital assets:				
Land and other assets not being depreciated	9,785	757	10,542	310
Facilities and equipment, net of depreciation	133,532	1,657	135,189	18,691
Total capital assets	143,317	2,414	145,731	19,001
Unamortized bond issuance costs	627	-	627	-
<b>Total Non-current Assets</b>	<u>143,944</u>	<u>2,414</u>	<u>146,358</u>	<u>19,001</u>
<b>TOTAL ASSETS</b>	<u>181,226</u>	<u>6,490</u>	<u>187,716</u>	<u>25,139</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	2,921	257	3,178	1,680
Accrued interest payable	176	-	176	97
Due to other funds	1,177	-	1,177	49,107
Unearned revenue	26	-	26	-
Other payables	6	-	6	-
Bonds and notes payables	2,554	-	2,554	3,035
<b>Total Current Liabilities</b>	<u>6,860</u>	<u>257</u>	<u>7,117</u>	<u>53,919</u>
Non-current Liabilities:				
Bonds and notes payables	60,987	-	60,987	7,806
<b>Total Non-current Liabilities</b>	<u>60,987</u>	<u>-</u>	<u>60,987</u>	<u>7,806</u>
<b>TOTAL LIABILITIES</b>	<u>67,847</u>	<u>257</u>	<u>68,104</u>	<u>61,725</u>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	109,467	2,414	111,881	8,160
Unrestricted (deficit)	3,912	3,819	7,731	(44,746)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ 113,379</u>	<u>\$ 6,233</u>	<u>\$ 119,612</u>	<u>\$ (36,586)</u>

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

**CITY OF OAKLAND**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	<u>Business-type Activities Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer Service</u>	<u>Nonmajor Fund Parks and Recreation</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>OPERATING REVENUES</b>				
Rental	\$ -	\$ 386	\$ 386	\$ -
Sewer services	33,196	-	33,196	-
Charges for services	-	-	-	41,477
Other	68	101	169	94
<b>TOTAL OPERATING REVENUES</b>	<u>33,264</u>	<u>487</u>	<u>33,751</u>	<u>41,571</u>
<b>OPERATING EXPENSES</b>				
Personnel	13,210	108	13,318	20,758
Supplies	420	2	422	7,533
Depreciation and amortization	4,068	174	4,242	4,337
Contractual services and supplies	1,154	25	1,179	586
Repairs and maintenance	67	-	67	3,066
General and administrative	4,284	27	4,311	5,271
Rental	1,496	48	1,544	1,818
Other	2,869	-	2,869	7,413
<b>TOTAL OPERATING EXPENSES</b>	<u>27,568</u>	<u>384</u>	<u>27,952</u>	<u>50,782</u>
<b>OPERATING INCOME (LOSS)</b>	<u>5,696</u>	<u>103</u>	<u>5,799</u>	<u>(9,211)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment income	1,272	162	1,434	35
Interest expense	(2,934)	-	(2,934)	(2,116)
Other, net	-	-	-	446
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(1,662)</u>	<u>162</u>	<u>(1,500)</u>	<u>(1,635)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	4,034	265	4,299	(10,846)
Transfers in	-	-	-	1,278
Transfers out	(600)	-	(600)	(1,278)
<b>TOTAL TRANSFERS</b>	<u>(600)</u>	<u>-</u>	<u>(600)</u>	<u>-</u>
Change in net assets (deficit)	3,434	265	3,699	(10,846)
Net Assets (deficit) - Beginning, as previously reported	106,091	5,968	112,059	(25,740)
Restatement of sewer service revenue	3,854	-	3,854	-
Net Assets (deficit) - Beginning, as restated	109,945	5,968	115,913	(25,740)
<b>NET ASSETS (DEFICIT) - ENDING</b>	<u>\$ 113,379</u>	<u>\$ 6,233</u>	<u>\$ 119,612</u>	<u>\$ (36,586)</u>

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

**CITY OF OAKLAND**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers, including other funds and cash deposits	\$ 32,328	\$ -	\$ 32,328	\$ 41,449
Cash received from tenants for rents	-	401	401	-
Cash from other sources	68	-	68	94
Cash paid to employees for services	(13,210)	(108)	(13,318)	(20,758)
Cash paid to suppliers for goods and services	(8,996)	246	(8,750)	(26,999)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>10,190</u>	<u>539</u>	<u>10,729</u>	<u>(6,214)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from interfund loans	-	-	-	9,521
Repayment of interfund loans	(2,239)	-	(2,239)	(120)
Interest paid on interfund loans	-	-	-	(1,566)
Transfers in	-	-	-	1,278
Transfers out	(600)	-	(600)	(1,278)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<u>(2,839)</u>	<u>-</u>	<u>(2,839)</u>	<u>7,835</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(13,302)	(578)	(13,880)	(4,019)
Other non-operating receipts	-	-	-	446
Long-term debt:				
Repayment of long-term debt	(2,365)	-	(2,365)	(2,907)
Interest paid on long-term debt	(3,052)	-	(3,052)	(550)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(18,719)</u>	<u>(578)</u>	<u>(19,297)</u>	<u>(7,030)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	1,272	162	1,434	35
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(10,096)	123	(9,973)	(5,374)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	39,160	3,936	43,096	10,148
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 29,064</u>	<u>\$ 4,059</u>	<u>\$ 33,123</u>	<u>\$ 4,774</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 5,696	\$ 103	\$ 5,799	\$ (9,211)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Depreciation and amortization	4,068	174	4,242	4,337
Changes in assets and liabilities:				
Receivables	(868)	15	(853)	(79)
Inventories	-	-	-	92
Due from other funds	-	-	-	(19)
Accounts payable and accrued liabilities	1,293	247	1,540	(1,334)
Unearned revenue	1	-	1	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 10,190</u>	<u>\$ 539</u>	<u>\$ 10,729</u>	<u>\$ (6,214)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>				
Cash and investments	\$ -	\$ 3,926	\$ 3,926	\$ 64
Restricted cash and investments	29,064	133	29,197	4,710
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 29,064</u>	<u>\$ 4,059</u>	<u>\$ 33,123</u>	<u>\$ 4,774</u>
<b>NON CASH ITEM:</b>				
Amortization of bond premiums	\$ (118)	\$ -	\$ (118)	\$ -

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

**CITY OF OAKLAND**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2008**  
*(In Thousands)*

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
<b>ASSETS</b>		
Cash and investments	\$ 4,715	\$ 6,569
Receivables:		
Accrued interest and dividends	1,499	21
Investments and contributions	28,635	-
Restricted:		
Cash and investments:		
Short-term investments	39,888	-
U.S. government bonds	72,540	-
U.S. Corporate bonds	75,488	-
Domestic equities and mutual funds	258,251	-
International equities and mutual funds	79,064	-
Real estate mortgage loans	<u>50</u>	<u>-</u>
Total restricted cash and investments	525,281	-
Securities lending collateral	<u>89,147</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>649,277</u>	<u>6,590</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	71,835	22
Securities lending collateral	89,147	-
Other	<u>-</u>	<u>8</u>
<b>TOTAL LIABILITIES</b>	<u>160,982</u>	<u>30</u>
<b>NET ASSETS</b>		
Net assets held in trust	<u>\$ 488,295</u>	<u>\$ 6,560</u>

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

**CITY OF OAKLAND**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	Pension Trust Funds	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Member contributions	\$ 14	\$ -
Other contributions	-	325
Total contributions	14	325
Trust receipts	-	966
Investment income:		
Net depreciation in fair value of investments	(48,029)	-
Interest	11,055	235
Dividends	5,839	-
Securities lending	2,516	-
TOTAL INVESTMENT INCOME (LOSS)	(28,619)	235
Less investment expenses:		
Investment expenses	(2,640)	-
Borrowers rebates and other agent fees on securities lending transactions	(2,208)	-
Total investment expenses	(4,848)	-
NET INVESTMENT INCOME (LOSS)	(33,467)	235
Other income	125	-
TOTAL ADDITIONS (DEDUCTIONS)	(33,328)	1,526
<b>DEDUCTIONS:</b>		
Benefits to members and beneficiaries:		
Retirement	46,009	-
Disability	27,396	-
Death	2,381	-
TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES	75,786	-
Administrative expenses	1,054	86
Change in payable to City	(4,205)	-
Other	-	83
Police services	-	1,257
TOTAL DEDUCTIONS	72,635	1,426
Change in net assets	(105,963)	100
NET ASSETS - BEGINNING	594,258	6,460
NET ASSETS - ENDING	\$ 488,295	\$ 6,560

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

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# NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2008**

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

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

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

**Blended Component Units**

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

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Discretely Presented Component Units**

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

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

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

**Government-wide and Fund Financial Statements**

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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liabilities of the current period. The City considers property tax revenues to be available for the year levied and if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The County of Alameda is responsible for assessing, collecting and distributing property taxes in accordance with enabling state law, and for remitting such amounts to the City. Property taxes are assessed and levied as of July 1 on all taxable property located in the City, and result in a lien on real property. Property taxes are then due in two equal installments; the first on November 1 and the second on February 1 of the following calendar year, and are delinquent after December 10 and April 10, respectively. General property taxes are limited to a flat 1% rate applied to the 1975-76 full value of the property, or 1% of the sales price of the property or of the construction value added after the 1975-76 valuation. Assessed values on properties (exclusive of increases related to sales and construction) can rise a maximum of 2% per year. Taxes were levied at the maximum 1% rate during the year ended June 30, 2008.

The City reports the following major governmental funds:

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

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

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

### **Cash and Investments**

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

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

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

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

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

During the course of operations, numerous transactions and borrowing occur between individual funds for goods provided or services rendered and funds overdraw their share of pooled cash and inter-fund. In the fund financial statements, these receivables and payables

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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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. Net receivables and payables between the governmental activities and business-type activities are classified as internal balances.

### **Interest Rate Swap Agreement**

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

### **Inter-fund Transfers**

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

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

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

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

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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## **Inventories**

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

## **Capital Assets**

Capital assets, which include land, museum collections, construction in progress, facilities and improvements, furniture, machinery and equipment, infrastructure (e.g., streets, streetlights, traffic signals, and parks), sewers and storm drains, and capital assets acquired prior to 1980, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures in the general, federal/state grant, the Agency, municipal capital improvements, and other governmental funds and as assets in the government-wide and proprietary financial statements to the extent the City's capitalization threshold is met.

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

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

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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### **Property Held for Resale**

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

### **Net Pension Asset**

In February 1997, the City issued pension obligation bonds to reduce the actuarial accrued liability of the Police and Fire Retirement System (PFRS). The net pension asset represents a prepaid asset amortized over the same period used by the actuary at the time of the bond issuance, as it allows for the matching of the asset with the related pension obligation bond liability. See Note 16 for the accounting treatment of the net pension asset.

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

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

### **Retirement Plans**

City employees participate in one of three defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS), and California Public Employees' Retirement System (PERS), collectively the Plans. Employer contributions and member contributions made by the employer to the Plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the provisions of the Plans. Refer to Note 16 for additional information.

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

The OPEB valuation covers Police, Fire and Miscellaneous employees. The City retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. The retiree health benefits are described in the labor agreements between the City and Local Unions and in City resolutions. The demographic rates used for the California Public Employee Retirement System (PERS) were public safety employees retirements benefits under a 3% @ 50 formula and for miscellaneous employees retirement benefits

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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under a 2.7% @ 55 formula. At June 30, 2008, the City reported a net OPEB obligation of \$43,000,000.

Refer to Note 17 for additional information.

### **Refunding of Debt**

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

### **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.

1. **Reserve for Encumbrances** – Encumbrances outstanding at fiscal year end are reported as reservations of fund balances and the related appropriation is automatically carried forward into the next fiscal year. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.
2. **Reserve for Long-Term Receivables** – This fund balance is reserved for long-term receivables that do not represent expendable available financial resources
3. **Reserve for Debt Service** – This fund balance is reserved for the payment of debt service requirements in subsequent years.
4. **Reserve for Property Held for Resale** – This fund balance is reserved for the cost of developing and administering residential and commercial properties intended for resale.
5. **Reserve for Capital Projects** – This fund balance is reserved for ongoing projects in specific areas excluding the General Fund. This reservation includes \$90,260,000 reserved for low and moderate housing projects.
6. **Reserve for Pension Obligations** – This fund balance is reserved for the City's pension obligations and is restricted with New York Life Annuity Company.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

### **Restricted Net Assets**

Restricted net assets are those assets, net of their related liabilities that have constraints placed on their use by laws and regulations of other governments, creditors, grantors, or contributors and restrictions imposed by law through constitutional provisions or enabling legislation. Accordingly, restricted assets may include principal and interest amounts accumulated to pay debt service, unspent grant revenues, certain fees and charges, and restricted tax revenues. At June 30, 2008, the government-wide statement of net assets reported restricted net assets of \$336.9 million in governmental activities none of which was restricted by enabling legislation.

### **Restatement of Net Pension Assets**

Although not contractually required to contribute to the Oakland Police and Fire Retirement System (PFRS) until July 2011, it was determined that the calculation of the annual pension cost for the PFRS did not include some of the actuarially required annual contributions for certain prior years. The City issued pension obligation bonds in February 1997 to fund PFRS through fiscal year 2011. Bond proceeds in the amount of \$417,173,300 were contributed in fiscal year 1997 and, as a result, no employer contributions are required through June 30, 2011. While the City does not have a contractual requirement to contribute to the PFRS until July 2011, the actuary has computed an actuarially required annual contribution in order to determine the amount necessary to fund the plan over a level period. Therefore, the City has restated the beginning net assets of governmental activities in the amount of \$69,191,544 in order to adjust the beginning balance of the City's net pension asset as of June 30, 2007, to reflect the amortization of the asset as a result of the actuarially required annual contributions. Please refer to Note 16 for more details.

### **Restatement of Sewer Services Revenue**

During the year, it was discovered that only a portion of the sewer services revenue accruals were made on an annual basis. The East Bay Municipal Utilities District (EBMUD) has been contracted by the City to collect sewer services revenues on its behalf. It was determined that the City, based on the information provided by EBMUD, only accrued a portion of the billed revenue and did not accrue any estimates for unbilled revenues. Therefore, the City has restated the beginning net assets of the Sewer Service Enterprise Fund in the amount of \$3,854,427 to reflect the billed and unbilled revenues due to the City as of June 30, 2007.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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## **Effects of New Pronouncements**

In November 2006, the Governmental Accounting Standards Board (GASB) issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The requirements of this Statement are effective for financial statements periods beginning after December 15, 2007.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The statement specifically requires governments to measure and report most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The requirement of reporting the derivative instruments at fair value on the face of the financial statements gives the users of financial statements a clearer look into the risks their governments are sometimes exposed to when they enter into these transactions and how those risks are managed. The statement also addresses hedge accounting requirements and improves disclosures, providing a summary of the government's derivative instrument activity, its objectives for entering into derivative instruments, and their significant terms and risks. Application of this statement is effective for the City's fiscal year ending June 30, 2010.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Use of Estimates**

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

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

**Primary Government**

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

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

On September 30, 2008, the City Operating Fund or Investment Pool is rated AAA/V1+ by Fitch Ratings. Investment pools rated AAA meet the highest credit quality standards for underlying assets, diversification, management and operational capabilities. The fund's V1+ volatility rating reflects low market risk and a strong capacity to return stable principal values to participants, even in adverse interest rate environments.

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

The retirement systems' investment policies authorize investment in the domestic stocks and bonds, U.S. equities, international equities, U.S. fixed income, mortgage loans and real estate. The systems' investment portfolios are managed by external investment managers. During the year ended June 30, 2008, the number of external investment managers was nine for the PFRS and one for the OMERS.

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

	<u>Primary Government</u>			<u>Total</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>		<u>Port</u>
Cash and investments	\$ 408,412	\$ 3,926	\$ 11,284	\$ 423,622	\$ 88,720
Restricted cash and investments	669,220	29,197	525,281	1,223,698	119,309
Restricted securities lending collateral	-	-	89,147	89,147	-
<b>TOTAL</b>	<u>\$ 1,077,632*</u>	<u>\$ 33,123</u>	<u>\$ 625,712</u>	<u>\$ 1,736,467</u>	<u>\$ 208,029</u>
Deposits				\$ 24,054	\$ 12,733
Investments				1,712,413	195,296
<b>TOTAL</b>				<u>\$ 1,736,467</u>	<u>\$ 208,029</u>

\*\$1,077,632 consists of all governmental funds and the internal service funds.

**Investments - Primary Government**

**Custodial Credit Risk:** For investments, custodial risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the inability to

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

At June 30, 2008, the carrying amount of the City's deposits and bank balance was \$24.0 million. Deposits include checking accounts, interest earning savings accounts, money market accounts, and nonnegotiable certificates of deposit. Of the bank balance, \$1.0 million was FDIC insured and \$23.0 million was collateralized with securities held by the pledging financial institution in the City's name, in accordance with Section 53652 of the California Government Code.

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

**Credit Risk (Financial Risk):** Credit risk represents the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. The most effective method for minimizing the risk of default by an issuer is to invest in high quality obligations. Under the City investment policy, short term debt shall be rated at least A-1 by Standard and Poor's (S&P), P-1 by Moody's Investor Service or F-1 by Fitch. Long term debt shall be rated at least A by Standard and Poor's, Moody's Investors Service or Fitch.

Since these obligations are the only ones permitted by State law, investing in them is also the most effective way to maintain legal compliance. The City invests only in securities from highly rated entities. As of June 30, 2008, approximately 83% of the pooled investments was invested in "AAA" quality securities.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

The following tables show the City's credit risk for the Pool and Restricted portfolios as of June 30, 2008 (in thousands):

**Pooled Investments**

	Rating as of Fiscal Year Ended 06-30-08			
	Fair Value	AAA/Aaa	A1/P1/F1	Not Rated
U.S. Govt. Agency Securities	\$ 186,345	\$ 186,345	\$ -	\$ -
U.S. Govt. Agency Securities (Disc)	154,048	154,048	-	-
Money Market Funds	80,047	80,047	-	-
Local Agency Investment Fund (LAIF)	76,910	-	-	76,910
Commercial Paper	2,989	-	2,989	-
Negotiable Certificates of Deposit	6,000	-	6,000	-
<b>Total Investment Pool</b>	<b>\$ 506,339</b>	<b>\$ 420,440</b>	<b>\$ 8,989</b>	<b>\$ 76,910</b>

**Restricted Investments**

	Rating as of Fiscal Year Ended 06-30-08				
	Fair Value	AAA/Aaa	A1/P1/F1	Baa3	Not Rated
U.S. Treasury Strips	\$ 22,702	\$ -	\$ -	\$ -	\$ 22,702
Money Market Funds	342,464	342,464	-	-	-
Local Agency Investment Fund (LAIF)	9,736	-	-	-	9,736
Commercial Paper	5,927	-	5,927	-	-
Corporate Bonds	2,535	-	-	2,535	-
Investment Agreements	101,111	-	-	-	101,111
Local Government Bond	106,533	-	-	-	106,533
Annuity	105,000	-	-	-	105,000
<b>Total</b>	<b>\$ 696,008</b>	<b>\$ 342,464</b>	<b>\$ 5,927</b>	<b>\$ 2,535</b>	<b>\$ 345,082</b>

**Concentration of Credit Risk:** This risk represents the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by the lack of diversification. The City believes in the importance of a well-diversified portfolio. It is the policy of the City to review the diversity of the portfolio on a regular basis so that reliance on any one issuer will not place an undue financial burden on the City.

Under the City's Investment Policy, no more than five percent (5%) of the total assets of the investments held by the City may be invested in the securities of any one issuer, except the obligations of the United States government or government-sponsored enterprises, investment with the Local Agency Investment Fund and proceeds of or pledged revenues for any tax revenue anticipation notes.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

Certain other investments are governed by bond covenants which do not restrict the amount of investment in any one issuer. Investments in one issuer that exceed 5% of the City's investment portfolio at June 30, 2008 are as follows (in thousands):

<b>Issuer</b>	<b>Investment Type</b>	<b>Amount</b>	<b>Percent of City's Investment Portfolio</b>
Federal National Mortgage Association	U.S. Government Securities	\$ 158,356	13.17%
Federal Home Loan Bank	U.S. Government Securities	135,122	11.24%
FSA Capital Management	Investment Agreement	63,309	5.27%
Oakland Joint Powers Financing Authority	Local Government Bond	106,533	8.86%
New York Life Insurance Company	Annuity	105,000	8.73%

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

<b>Pooled Investments</b>			<b>Restricted Investments</b>		
	<b>Fair Value</b>	<b>% of Portfolio</b>		<b>Fair Value</b>	<b>% of Portfolio</b>
U.S. Govt. Agency Securities	\$ 186,345	36.80%	U.S. Treasury Strips	\$ 22,702	3.26%
U.S. Govt. Agency Securities (Disc)	154,048	30.42%	Money Market Funds	342,464	49.20%
Money Market Funds	80,047	15.81%	LAIF	9,736	1.40%
LAIF	76,910	15.19%	Commercial Paper	5,927	0.85%
Commercial Paper	2,989	0.59%	Corporate Bond	2,535	0.36%
Negotiable Certificates of Deposit	6,000	1.19%	Investment Agreements	101,111	14.53%
			Local Government Bonds	106,533	15.31%
			Annuity	105,000	15.09%
<b>TOTAL</b>	<b>\$ 506,339</b>	<b>100.00%</b>	<b>TOTAL</b>	<b>\$ 696,008</b>	<b>100.00%</b>

**Interest Rate Risk:** This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. In order to manage interest rate risk, it is the City's policy that the maximum maturity for any one investment shall not exceed five (5) years unless authority for such investment is expressly granted in advance by the City Council or authorized by bond covenants.

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2008, the City's pooled portfolio had an average day to maturity of 342 days and had the following investments and original maturities (in thousands):

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

**Pooled Investments**

	Fair Value	Interest Rates (%)	Maturity		
			12 Months or Less	1 - 3 Years	3 - 5 Years
U.S. Govt. Agency Securities	\$ 186,345	2.72 - 5.52	\$ 55,362	\$ 87,037	\$ 43,946
U.S. Govt. Agency Securities (Disc)	154,048	2.00 - 2.67	154,048	-	-
Money Market Funds	80,047	2.57 - 5.13	80,047	-	-
Local Agency Investment Fund (LAIF)	76,910	2.89	76,910	-	-
Commercial Paper	2,989	2.17	2,989	-	-
Negotiable Certificates of Deposit	6,000	2.73 - 2.84	6,000	-	-
<b>Total Investment Pool</b>	<b>\$ 506,339</b>		<b>\$ 375,356</b>	<b>\$ 87,037</b>	<b>\$ 43,946</b>

**Restricted Investments**

	Fair Value	Interest Rates (%)	Maturity			
			12 Months or Less	1 - 3 Years	3 - 5 Years	5 Years +
U.S. Treasury Strips	\$ 22,702	1.85 - 4.86	\$ 2,133	\$ 4,105	\$ 3,855	\$ 12,609
Money Market Funds	342,464	1.20 - 5.00	342,464	-	-	-
Local Agency Investment Fund	9,736	2.89	9,736	-	-	-
Commercial Paper	5,927	2.41 - 2.80	5,927	-	-	-
Corporate Bonds	2,535	9.27	-	-	-	2,535
Investment Agreements	101,111	3.90 - 5.02	101,111	-	-	-
Local Government Bond	106,533	4.86	5,859	12,663	14,054	73,957
Annuity	105,000	5.45	-	-	-	105,000
<b>Total</b>	<b>\$ 696,008</b>		<b>\$ 467,230</b>	<b>\$ 16,768</b>	<b>\$ 17,909</b>	<b>\$ 194,101</b>

**Foreign Currency Risk:** This is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. The City only invests in U.S. dollar denominated obligations. This successfully eliminates all risk of principal erosion due to fluctuations in the values of foreign currencies.

**Other Disclosures:** As of June 30, 2008, the City's investment in LAIF is \$86.6 million (\$76.9 million in pooled investments and \$9.7 million in restricted investments). The total amount invested by all public agencies in LAIF at that date is approximately \$25.1 billion. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately \$70 billion, 85.28% is invested in non-derivative financial products and 14.72% in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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withdrawn, is determined on an amortized cost basis that is different than the fair value of the City's position in the pool.

**Pensions Cash and Investments**

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

**City's Investment Pool**

Cash and cash equivalents are funds held by the City Treasurer as pooled cash or held by the third party custodian as short-term investment funds for the temporary placement of proceeds from the sale or maturity of investments or in anticipation of investment purchases.

OMERS maintains its operating cash in the City's investment pool. As of June 30, 2008, the OMERS share of the City's investment pool totaled \$647,326.

**Investments**

OMERS investment policy authorizes investment in domestic common stocks and bonds and mutual funds comprised of these investments. During the year ended June 30, 2008, OMERS investment portfolio was managed by one external investment manager.

OMERS investment policy states that the asset allocation of the investment portfolio target shall be 70% Domestic Equity and 30% Domestic Fixed Income. As of June 30, 2008, OMERS investment portfolio consists of shares of two commingled fund investments (Funds). OMERS invests in the Western Asset Core Bond Fund and the American Century Equity Fund. Specific guidelines for the Funds are detailed in the prospectus, or declaration of Trust, for each individual fund.

The following summarizes OMERS investment allocation at June 30, 2008 (in thousands):

<b>Investments</b>	<b>Fair Value</b>	<b>Fund Allocation</b>
<b>Equity Investments</b>		
American Century Equity Mutual Fund	\$ 4,616	67%
<b>Fixed Investments</b>		
Western Asset Core Bond Mutual Fund	2,232	33%
<b>Total Investment</b>	<b>\$ 6,848</b>	<b>100%</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. OMERS investment policy states that the fixed income portfolio shall not exceed 8% below investment grade securities (rated Ba/BB) or below by at least one Nationally Recognized Statistical Rating Organization (NRSRO) at the fair market value. OMERS fixed income portfolio consists of shares of the Western Asset Core Bond Fund. The Western Asset Core Bond Fund has an average credit quality rating of AA+.

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

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

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

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

### **City's Investment Pool**

Cash in treasury is held in the City's cash and investment pool. These funds are invested according to the investment policy adopted by the City Council. Interest earned on these pooled accounts is allocated monthly to all funds based on the average daily cash balance maintained by the respective funds. It is not possible to disclose relevant information about PFRS separate portion of the investment pool. As of June 30, 2008, the PFRS share of the City's investment pool totaled \$4,068,080.

### **Investments**

PFRS investment policy authorizes investment in U.S. equities, international equities, U.S. fixed income, instruments including U.S. Treasury notes and bonds, government agency mortgage backed securities, U.S. corporate notes and bonds, collateralized mortgage

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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obligations, yankee bonds and non U.S. issued fixed income securities denominated in foreign currencies. PFRS investment portfolio is managed by external investment managers. During the year ended June 30, 2008, the number of external investment managers was eleven.

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

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

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

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

**Interest Rate Risk:** This is the risk that changes in interest rates will adversely affect the fair value of an investment. PFRS investment policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio maturity of 15 years. As of June 30, 2008 the average duration for PFRS fixed income investment portfolio was 4.61 years, excluding the fixed income short-term investments and securities lending investments.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

As of June 30, 2008, PFRS had the following fixed income investments and maturities (in thousands):

<u>Fixed Investments</u>	<u>Fair Value</u>	<u>Modified Duration (Year)</u>
U.S. Government Bonds	\$ 72,540	4.93
Corporate Bonds	75,488	4.30
Total Fixed Income Investments	<u>\$ 148,028</u>	<u>4.61</u>

**Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The following tables provide information as of June 30, 2008 concerning credit risk of fixed and short-term income securities (in thousands):

<u>S &amp; P or Moody's Rating</u>	<u>Fair Value</u>	<u>Fair Value as a Percentage of Total Fixed Maturity Fair Value</u>
AAA	\$ 103,275	69.77%
AA	5,471	3.70%
A	14,408	9.73%
BBB	15,897	10.74%
BB	2,641	1.78%
B	6,102	4.12%
C	234	0.16%
Total Fixed Investments	<u>\$ 148,028</u>	<u>100.0%</u>

PFRS has \$233,792 of fixed income that does not meet the minimum rating of B or higher.

<u>Short-Term Investment Type</u>	<u>S &amp; P or Moody's Rating</u>	<u>Fair Value</u>
Government Agencies	AAA	\$ 9,029
Commercial Paper	AAA	3,315
Pooled Funds and Mutual Funds	Not Rated	25,996
Money Market Bank Accounts *	Not Rated	1,525
Total Short-Term Investments		<u>\$ 39,865</u>

\* The Money Market Bank Account is collateralized with AAA rated government agency securities.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2008, with the exception of mutual funds and United States Government securities, no investment exceeded 5% of PFRS investments.

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

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

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

**Foreign Currency Risk:** This risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. The following summarizes PFRS investments that are denominated in foreign currencies as of June 30, 2008:

<u>Foreign Currency</u>	<u>Total</u>
Australian Dollar	\$ 3,435
Brazilian Real	146
British Pound	6,844
Canadian Dollar	3,579
Danish Krone	777
Euro	15,323
Hong Kong Dollar	2,829
Japanese Yen	7,782
Norwegian Krone	370
Philippines Peso	1
Singapore Dollar	879
South African Rand	280
Swedish Krona	169
Swiss Franc	4,172
<b>Total Foreign Currency</b>	<b>\$ 46,586</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Securities Lending Transactions**

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

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

As of June 30, 2008, management believes that PFRS has minimized its credit risk exposure to borrowers because the amounts held by PFRS as collateral exceeded the securities loaned by PFRS. PFRS' contract with MetWest requires it to indemnify PFRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay PFRS for income distributions by the securities' issuers while the securities are on loan.

The following table provides information as of June 30, 2008 concerning securities lending investments and collateral received (in thousands):

<b>Securities Lending</b>	
<b>Investments and Collateral Received (At Fair Value)</b>	
Type of Investment	Amount
Cash Collateral	
U.S. Government and Agencies	\$ 14,813
U.S. Equity	70,392
Non - U.S. Equity	3,036
U.S. Corporate bonds	906
Total Securities Lent	\$ 89,147
Type of Collateral Received	
Money market	75,942
U.S. corporate floating rate	9,048
Asset backed securities	3,933
Certificates of deposit floating rate	3,019
Total Collateral Received	\$ 91,942

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Fair Value Highly Sensitive to Change in Interest Rates:** The term of a debt investment may cause its fair value to be highly sensitive to interest rates changes. The fair value Collateralized Mortgage Obligation (CMO) are considered sensitive to interest rate changes because they have embedded options.

The following table shows sensitive interest rate analysis as of June 30, 2008:

<u>Securities Name</u>	<u>Coupon Rate</u>	<u>Fair Value (in millions)</u>	<u>Percent of account Market value</u>
Commercial Mortgage Pass-Through, reported as part of U.S. Government Agencies	4.93%	\$3.91	0.76%

### **Discretely Presented Component Unit**

#### **Port of Oakland**

The Port's cash, cash equivalents, investments and deposits consisted of the following at June 30, 2008 (in thousands):

Cash on hand	\$ 83
Bank deposit - escrow in-lieu of retentions	12,650
Investments	195,296
Total Cash and Investments	<u>\$ 208,029</u>

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

#### **Investments**

Under the City of Oakland Charter, all income and revenue from the operation of the Port is to be deposited in the City Treasury. Unused bonds proceeds are on deposit with a Trustee for both reserves and construction funds. The investment of funds held by a Trustee is governed by the Amended and Restated Master Trust Indenture, dated as of April 1, 2006, as it may be amended from time to time (the Restated Indenture). Escrow funds are on deposit with an escrow agent.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

At June 30, 2008 the Port had the following investments (in thousands):

	<b>Fair Value</b>	<b>Credit Rating</b>	<b>Maturity</b>		
			<b>Less than 1 Year</b>	<b>1 - 5 Years</b>	<b>5 Years +</b>
U.S Treasury Notes	\$ 35,823	N/A	\$ 35,823	\$ -	\$ -
Federal Agency Securities	114	AAA	-	114	-
Government Securities Money					
Market Mutual Funds	14,961	AAA	14,961	-	-
Guaranteed Investment Contracts	17,058	Not Rated	-	7,551	9,507
Bank Investment Contract	28,996	Not Rated	-	-	28,996
City Investment Pool	98,344	AAA	98,344	-	-
<b>Total Investment</b>	<b>\$ 195,296</b>		<b>\$ 149,128</b>	<b>\$ 7,665</b>	<b>\$ 38,503</b>

**Investments Authorized by Debt Agreements**

The following are the maximum maturities for each type of investment as allowed under the Trust Indenture and the applicable Supplemental Indenture for each bond issue.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S Government Securities	None
U.S. Agency Obligations	None
Obligations of any State in the U.S	None
Prime Commercial Paper	270 days
FDIC Insured Deposits	None
Certificates of Deposits/Banker's Acceptances	365 days
Money Market Mutual Funds	None
State-sponsored Investment pools	None
Investment Contracts	None
Forward Delivery Agreement	None

**Interest Rate Risk**

Most bond proceeds are invested in investment contracts structured so that the entire amount of the investment is available if the need should arise, regardless of changes in the interest rates.

**Credit Risk**

Provisions of the Port's Trust Indenture limit the Port's investment to agreements or financial institutions that, at the time of investment, are rated Aaa by Moody's and AAA by Standard & Poor's (S&P). Providers must also maintain ratings of at least Aa3 by Moody's or AA- by S&P and all current providers exceed these minimums.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Concentration of Credit Risk**

The Trust Indenture places no limit on the amount the Port may invest in any one issuer. Those that exceed 5% of the total investment are as follows.

<u>Investment</u>	<u>Investment Type</u>	<u>Percent of Investment</u>
U.S. Treasury Notes	U.S. Treasury Obligation	18.34%
First American Treasury Obligations	Government Securities	7.66%
Bayerische Landesbank	Bank Investment Contract	14.85%
City Investment Pool	City Pool	50.36%

Port revenues are deposited in the City Treasury. These and all the City funds are commingled and invested in the City's investment pool. The City's investment portfolio average maturity may not exceed 540 days; the weighted average maturity of the City's investment pool as of June 30, 2008 is 342. The maximum maturity for any one investment may not exceed 5 years.

**Custodial Credit Risk**

For investments, custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the inability to recover the value of the investments or collateral securities in the possession of an outside party may be doubtful. The carrying amount of Port bank investment contracts and deposits with banks was \$41,646,000 at June 30, 2008. Bank balances and escrow deposits of \$555,000 at June 30, 2008 are insured or collateralized with securities held by the pledging financial institution's trust department in the Port's name. The remaining balance of \$41,091,000 as of June 30, 2008, was exposed to custodial credit risk by not being insured or collateralized.

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

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

**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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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agreements, certain money market mutual funds, and certain guaranteed investment contracts.

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

“Due to” and “due from” balances have primarily been recorded when funds overdraw their share of pooled cash and interfund loans. The amounts due from the Oakland Redevelopment Agency are related to advances and interfund loans made by the City for projects, loans and services. The receivable amounts in the Agency relate to project advances made by the Agency for the City. The composition of interfund balances as of June 30, 2008, is as follows (in thousands):

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

<b>Receivables</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Federal/State Grant Fund	\$ 3,074
	Oakland Redevelopment Agency	8,331
	Other Governmental Funds	19,481
	Sewer Service Fund	1,177
	Internal Service Funds	49,107
<b>TOTAL</b>		<u>81,170</u>
Federal/State Grant Fund	Oakland Redevelopment Agency	<u>174</u>
Oakland Redevelopment Agency	General Fund	8,431
	Federal/State Grant Fund	3,258
	Other Governmental Funds	3,083
<b>TOTAL</b>		<u>14,772</u>
Other Governmental Funds	Oakland Redevelopment Agency	<u>4,000</u>
<b>TOTAL GOVERNMENTAL</b>		100,116
Internal Service Funds	Oakland Redevelopment Agency	74
<b>TOTAL</b>		<u>\$ 100,190</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

**INTERFUND TRANSFERS:**

<u>TRANSFERS OUT</u>	<u>TRANSFERS IN</u>			
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental</u>
General Fund	\$ -	\$ 95,091	\$ -	\$ 95,091
Other Governmental Funds	3,000	-	-	3,000
Sewer Service Funds	600	-	-	600
Internal Service Funds	-	-	1,278	1,278
<b>Total</b>	<b><u>\$ 3,600</u></b>	<b><u>\$ 95,091</u></b>	<b><u>\$ 1,278</u></b>	<b><u>\$ 99,969</u></b>

The \$95.0 million transferred from the General Fund consists of transfers made to provide funding for the following:

- \$12.0 million for the Kids' First Children's Program
- \$3.5 million for Landscaping & Lighting Assessment District
- \$78.8 million for debt service payments
- \$0.6 million for contract compliance administration fee
- \$0.1 million for City-owned parcels of land in the Wildfire Prevention Assessment District

The \$3.0 million transferred from Other Governmental Funds to the General Fund are reimbursements from the Development Service Fund to General Fund for administrative and overhead costs incurred prior to the establishment of the new Development Services Fund.

The \$0.6 million transfer from the Sewer Service Fund is to provide funds for City-wide lease payments.

The \$1.3 million transfer from the Central Stores to the Purchasing Fund is to form Purchasing Section under the newly created Department of Contracting and Purchasing from Finance and Management Agency.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**INTERFUND LOANS:**

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

City Center Garage/Central District	\$ 16,533
Oakland Center Project	<u>13,737</u>
Total	<u><u>\$ 30,270</u></u>

**(5) MEMORANDUMS OF UNDERSTANDING**

The City and the Port have Memorandums of Understanding (MOUs) relating to: general obligation bonds issued by the City for the benefit of the Port; various administrative, personnel, south airport police security, aircraft rescue and fire fighters, and financial services (Special Services); police, fire, public street cleaning and maintenance, and similar services (General Services) provided by the City to the Port; and Lake Merritt payments. Payments are made upon execution of appropriate agreements and for some payments periodic findings and authorizations from the Board.

**Special Services**

Payments for Special Services are treated as a cost of Port operations pursuant to the City Charter Section 717(3) Clause Third and have priority over certain other expenditures of Port revenues. Special Services totaled \$7,723,000 and are included in "Operating Expenses." At June 30, 2008, \$9,390,000 was accrued as a current liability by the Port and as a receivable by the City.

**General Services and Lake Merritt**

Payments for General Services from the City are payable only to the extent the Port determines annually that surplus monies are available under the Charter for such purposes. As of June 30, 2008, the Port accrued approximately \$1,150,000 of payments for General Services as current liability and by the City as a receivable. Additionally, subject to certain conditions, the Port accrued approximately \$881,000 to reimburse the City for General Services for net City expenditures for Lake Merritt tideland trust properties in 2008. Subject to adequate documentation from the City, and subject to availability of surplus monies, the Port expects that it will continue to reimburse the City annually for General Services and Lake Merritt Tideland Trust purpose costs.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Lease with the Port**

The Port has leased property to the City under a 66-year lease, which is expressed in terms of the Amended and Restated Lease between the Port and the City for the development and operation of the public golf course by the City. The lease commenced in 2003 when the Port delivered a completed golf course to the City to replace the City's golf course that was destroyed when the Port used the site as a dredge disposal site.

**(6) NOTES AND LOANS RECEIVABLE**

The composition of the City's notes and loans receivable as of June 30, 2008, is as follows (in thousands):

<b>Type of Loan</b>	<b>General Fund</b>	<b>Federal/State Grant Fund</b>	<b>Oakland Redevelopment Agency</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds/ Governmental Activities</b>
Pass-through loans	\$ 8,012	\$ 3,258	\$ -	\$ 692	\$ 11,962
Loans to Oakland Hotel Association, LTD	12,038	-	-	-	12,038
HUD Loans	-	63,243	-	-	63,243
Economic Development Loans and Other	1,932	32,835	163,157	22,515	220,439
Less: Allowance for uncollectable accounts	(107)	(3,045)	(46,728)	(61)	(49,941)
<b>TOTAL LOANS, NET</b>	<b>\$ 21,875</b>	<b>\$ 96,291</b>	<b>\$ 116,429</b>	<b>\$ 23,146</b>	<b>\$ 257,741</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

**(7) CAPITAL ASSETS**

**Primary Government**

Capital assets activity of the primary government for the year ended June 30, 2008, is as follows (in thousands):

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 77,408	\$ 4,155	\$ -	\$ 233	\$ 81,796
Museum collections	293	99	-	-	392
Construction in progress	41,678	72,733	1	(64,902)	49,508
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<u>119,379</u>	<u>76,987</u>	<u>1</u>	<u>(64,669)</u>	<u>131,696</u>
Capital assets, being depreciated:					
Facilities and improvements	691,076	4,748	-	15,712	711,536
Furniture, machinery and equipment	158,026	10,113	476	511	168,174
Infrastructure	420,786	302	-	48,446	469,534
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<u>1,269,888</u>	<u>15,163</u>	<u>476</u>	<u>64,669</u>	<u>1,349,244</u>
Less accumulated depreciation:					
Facilities and improvements	266,852	21,653	-	-	288,505
Furniture, machinery and equipment	122,535	10,712	450	-	132,797
Infrastructure	145,507	14,814	-	-	160,321
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>534,894</u>	<u>47,179</u>	<u>450</u>	<u>-</u>	<u>581,623</u>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 734,994</u>	<u>(32,016)</u>	<u>26</u>	<u>64,669</u>	<u>767,621</u>
	<u>\$ 854,373</u>	<u>\$ 44,971</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 899,317</u>

(continued)

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

	<u>Balance July</u> <u>1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Business-type activities:</b>					
<b>Sewer fund:</b>					
Capital assets, not being depreciated:					
Land	\$ 4	\$ -	\$ -	\$ -	\$ 4
Construction in progress	6,616	13,194	-	(10,029)	9,781
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<b>6,620</b>	<b>13,194</b>	<b>-</b>	<b>(10,029)</b>	<b>9,785</b>
Capital assets, being depreciated:					
Facilities and improvements	306	-	-	-	306
Furniture, machinery and equipment	755	-	-	-	755
Sewer and storm drains	196,680	108	-	10,029	206,817
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>197,741</b>	<b>108</b>	<b>-</b>	<b>10,029</b>	<b>207,878</b>
Less accumulated depreciation:					
Facilities and improvements	91	21	-	-	112
Furniture, machinery and equipment	712	12	-	-	724
Sewer and storm drains	69,475	4,035	-	-	73,510
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>70,278</b>	<b>4,068</b>	<b>-</b>	<b>-</b>	<b>74,346</b>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<b>127,463</b>	<b>(3,960)</b>	<b>-</b>	<b>10,029</b>	<b>133,532</b>
<b>SEWER FUND CAPITAL ASSETS, NET</b>	<b>134,083</b>	<b>9,234</b>	<b>-</b>	<b>-</b>	<b>143,317</b>
<b>Other Proprietary Funds:</b>					
Capital assets, not being depreciated:					
Land	218	-	-	-	218
Construction in progress	81	458	-	-	539
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<b>299</b>	<b>458</b>	<b>-</b>	<b>-</b>	<b>757</b>
Capital assets, not being depreciated:					
Facilities and improvements	2,264	-	-	-	2,264
Furniture, machinery & equipment	341	35	7	-	369
Infrastructure	-	85	-	-	85
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>2,605</b>	<b>120</b>	<b>7</b>	<b>-</b>	<b>2,718</b>
Less accumulated depreciation:					
Facilities and improvements	627	154	-	-	781
Furniture, machinery & equipment	267	17	7	-	277
Infrastructure	-	3	-	-	3
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>894</b>	<b>174</b>	<b>7</b>	<b>-</b>	<b>1,061</b>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>1,711</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>1,657</b>
<b>OTHER PROPRIETARY FUNDS CAPITAL ASSETS, NET</b>	<b>2,010</b>	<b>404</b>	<b>-</b>	<b>-</b>	<b>2,414</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<b>\$ 136,093</b>	<b>\$ 9,638</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 145,731</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

<b>Governmental Activities:</b>	
General Government	\$ 5,372
Public Safety	3,110
Life Enrichment	12,191
Community and Economic Development	7,879
Public Works	14,290
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets	4,337
<b>TOTAL</b>	<u><u>\$ 47,179</u></u>
 <b>Business-Type Activities:</b>	
Sewer	\$ 4,068
Parks and Recreation	174
	<u><u>\$ 4,242</u></u>

### **Construction Commitments**

The City has active construction projects as of June 30, 2008 totaling \$297,462,436. The projects include street construction, park construction, building improvements and sewer and storm drain improvements.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

**Discretely Presented Component Units**

**Port of Oakland**

Capital assets activity for the Port for the year ended June 30, 2008, is as follows (in thousands):

	<b>Balance July 1, 2007</b>	<b>Additions</b>	<b>Adjustments &amp; Retirements</b>	<b>Transfers of Completed Construction</b>	<b>Balance June 30, 2008</b>
Capital assets, not being depreciated:					
Land	\$ 393,887	\$ 100,980	\$ (62)	\$ -	\$ 494,805
Construction in progress	360,687	60,936	(14,638)	(285,009)	121,976
<b>TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED</b>	<b>754,574</b>	<b>161,916</b>	<b>(14,700)</b>	<b>(285,009)</b>	<b>616,781</b>
Capital assets, being depreciated:					
Building and improvements	766,591	-	(5,430)	26,614	787,775
Container cranes	171,362	-	6,494	124	177,980
Systems and structures	1,265,300	-	(1,693)	252,380	1,515,987
Other equipment	60,077	4,046	2,746	5,891	72,760
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED</b>	<b>2,263,330</b>	<b>4,046</b>	<b>2,117</b>	<b>285,009</b>	<b>2,554,502</b>
Less accumulated depreciation:					
Building and improvements	311,044	31,084	1,941	-	340,187
Container cranes	65,278	6,394	(6,495)	-	78,167
Systems and structures	335,801	45,589	191	-	381,199
Other equipment	25,379	5,840	(198)	-	31,417
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>737,502</b>	<b>88,907</b>	<b>(4,561)</b>	<b>-</b>	<b>830,970</b>
<b>TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET</b>	<b>1,525,828</b>	<b>84,861</b>	<b>(2,444)</b>	<b>285,009</b>	<b>1,723,532</b>
<b>CAPITAL ASSETS, NET</b>	<b>\$ 2,280,402</b>	<b>\$ 77,055</b>	<b>\$ (17,144)</b>	<b>\$ -</b>	<b>\$ 2,340,313</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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### Capital Leases

The capital assets leased to others at June 30, 2008, consist of the following (in thousands):

Land	\$ 311,168
Container cranes	177,980
Building and other facilities	<u>1,196,339</u>
Total	1,685,487
Less accumulated depreciation	<u>(378,688)</u>
Capital assets, net, on lease	<u><u>\$ 1,306,799</u></u>

### Operating Leases

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

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

A summary of revenues from long-term leases for the year ended June 30, 2008, is as follows (in thousands):

Minimum non-cancelable rentals, including preferential assignments	\$ 142,126
Contingent rentals in excess of minimums	19,004
Secondary use of facilities leased under preferential assignments	<u>493</u>
Total	<u><u>\$ 161,623</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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Minimum future rental revenues for years ending June 30 under non-cancelable operating leases having an initial term in excess of one year are as follows (in thousands):

Year	Rental Revenues
2009	\$ 137,687
2010	130,540
2011	126,485
2012	121,737
2013	105,495
2014 - 2018	351,140
2019 - 2023	68,105
2024 - 2028	37,173
2029 - 2033	19,582
2034 - 2038	15,469
2039 - 2043	13,657
2044 - 2048	8,846
Thereafter through 2071	24,379
Total	<u>\$ 1,160,295</u>

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

Year	Lease Revenues
2009	\$ 336
2010	346
2011	356
2012	367
2013	378
2014 - 2018	2,068
2019 - 2023	2,397
2024 - 2028	2,779
2029 - 2033	3,222
2034 - 2038	3,735
2039 - 2043	4,330
2044 - 2048	5,020
Thereafter through 2054	12,712
Total	<u>\$ 38,046</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**(8) PROPERTY HELD FOR RESALE**

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

	<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers out</u>	<u>Balance</u> <u>June 30, 2008</u>
Property held for resale	<u>\$ 120,586</u>	<u>\$ 10,010</u>	<u>\$ 761</u>	<u>\$ 8,100</u>	<u>\$ 121,735</u>

The increase in Property Held for Resale represents the purchases of land in the amount of \$8,013,000 for Wood Street Parcel-D, \$602,000 for 9418 Edes Avenue, \$10,000 for Sunshine Court and \$1,058,000 for 2777 Foothill Blvd. The Agency capitalized remediation expenses of \$327,000. Decreases included the \$371,000 sale of the Fox parking lot and a \$390,000 transfer to the City for street improvements from other projects.

The Henry J. Robinson Multi-Service Center provides services to disadvantaged persons living within or near the Central District Redevelopment Project Area by operating major transitional housing, emergency shelter and drop-in programs for the homeless population in Oakland. The Agency's Management has determined that beginning with fiscal year 2007-08, the Agency intends to continue the use of the Henry Robinson Multi-Service Center for such services into the foreseeable future and therefore has decided to transfer this facility from its list of "Property Held for Resale" and report it as a long-term depreciable capital asset in its government-wide financial statements. The total amount transferred is \$5,100,000 and reflected in the above column.

The Fox Theater property was leased to Fox Oakland Theater, Inc. through a long-term (60 years) lease and a Disposition and Development Agreement. The \$3,000,000 value of the land was therefore transferred from property held for resale to capital assets.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

Accounts payable and accrued liabilities payable as of June 30, 2008, for the City's individual major funds, non major funds in the aggregate, business-type activities - enterprise fund and internal service funds, are as follows (in thousands):

	<b>Accounts Payable</b>	<b>Checks Payable</b>	<b>Accrued Payroll/Employee Benefits</b>	<b>Total</b>
<b>Governmental funds:</b>				
General	\$ 20,041	\$ 6,973	\$ 97,270	\$ 124,284
Federal/State grant fund	5,540	-	921	6,461
Oakland Redevelopment Agency	3,938	-	-	3,938
Municipal Capital Improvement Fund	975	-	87	1,062
Other governmental funds	7,661	-	36	7,697
<b>TOTAL</b>	<u>38,155</u>	<u>6,973</u>	<u>98,314</u>	<u>143,442</u>
Governmental activities - Internal service funds	1,680	-	-	1,680
<b>TOTAL</b>	<u>\$ 39,835</u>	<u>\$ 6,973</u>	<u>\$ 98,314</u>	<u>\$ 145,122</u>
<b>Business-type activities - Enterprise Funds:</b>				
Parks and Recreation	\$ 257	\$ -	\$ -	\$ 257
Sewer Service	2,346	-	575	2,921
<b>TOTAL</b>	<u>\$ 2,603</u>	<u>\$ -</u>	<u>\$ 575</u>	<u>\$ 3,178</u>

Accounts payable and accrued liabilities for the pension trust funds and private purpose trust funds at June 30, 2008, are as follows (in thousands):

Accounts payable	\$ 15
Investments payable	61,198
Retro payments	4,115
Accrued investment management fees	627
Member benefits payable	5,880
<b>Total Pension Trust Funds Accounts Payable and Accrued Liabilities</b>	<u>71,835</u>
Private Purpose Trust Fund Accounts Payable	22
<b>Total Accounts Payable and Accrued Liabilities</b>	<u>\$ 71,857</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**(10) DEFERRED REVENUE**

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

At June 30, 2008, the various components of deferred revenue and unearned revenue reported were as follows (in thousands):

	<u>Unavailable</u>	<u>Unearned</u>
Major Funds:		
General Fund	\$ 25,513	\$ 5,954
Federal and State Grants Fund	95,234	488
Oakland Redevelopment Agency	134,650	-
Non-major Funds:		
Other Governmental Funds	28,540	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 283,937</u>	<u>\$ 6,442</u>

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

The City issued tax and revenue anticipation notes in advance of property tax collections. The notes were used to satisfy General Fund obligations and carried an approximate effective interest rate of 4.50% for series A notes and 5.38% for series B notes (federally taxable). Principal and interest were paid on June 30, 2008.

The short-term debt activity for the year ended June 30, 2008, is as follows (in thousands):

<u>2007 - 2008 Tax &amp; Revenue Anticipation Notes</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Series A	\$ -	\$ 65,000	\$ (65,000)	\$ -
Series B (Federally Taxable)	-	76,880	(76,880)	-
<b>TOTAL</b>	<u>\$ -</u>	<u>\$ 141,880</u>	<u>\$ (141,880)</u>	<u>\$ -</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

**(12) LONG-TERM OBLIGATIONS**

**Long-term Obligations**

The following is a summary of long-term obligations as of June 30, 2008 (in thousands):

<b>Governmental Activities</b>			
<b>Type of Obligation</b>	<b>Final Maturity Year</b>	<b>Remaining Interest Rates</b>	<b>Amount</b>
General obligation bonds (A)	2036	2.50 - 5.00%	\$ 331,528
Tax allocation bonds (B)	2037	2.50 - 8.03%	496,630
Certificate of participation (C)	2015	4.00 - 6.55%	40,495
Lease revenue bonds (C)	2026	3.60 - 5.50%	323,340
Pension obligation bonds (D)	2022	6.09 - 7.31%	282,705
Accreted interest (C) & (D)			125,743
City guaranteed special assessment district bonds (D)	2024	4.60 - 6.70%	6,200
Notes payable (C) & (E)	2016	1.70 - 8.27%	19,045
Capital leases (C) & (E)	2016	3.54 - 5.52%	26,968
Accrued vacation and sick leave (C)			35,646
Estimated liability for self-insurance (C)			80,382
Estimated claims payable (C)			50,242
Estimated environmental cost (B) & (C)			8,980
Pledge obligation for Coliseum Authority debt (C)			82,450
Net OPEB obligation (C)			43,668
<b>GOVERNMENTAL ACTIVITIES TOTAL</b>			<b>1,954,022</b>
<b>LONG-TERM OBLIGATIONS</b>			<b>1,954,022</b>
<b>DEFERRED AMOUNTS:</b>			
Bond issuance premiums			32,204
Bond refunding loss			(34,658)
<b>GOVERNMENTAL ACTIVITIES TOTAL</b>			
<b>LONG-TERM OBLIGATIONS, NET</b>			<b>\$ 1,951,568</b>

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

**Business-Type Activities**

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Sewer fund - Notes payable	2014	3.00 - 3.50%	\$ 3,346
Sewer fund - Bonds	2029	3.00 - 5.25%	57,720
Unamortized Bond Premium			2,475
BUSINESS-TYPE ACTIVITIES - TOTAL LONG-TERM OBLIGATIONS			<u>\$ 63,541</u>

**Component Unit - Port of Oakland**

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Parity bonds	2033	3.00 - 6.00%	\$ 1,465,912
Notes and Loans	2030	1.41 - 4.50%	84,847
Total			1,550,759
Self - Insurance liability for workers' compensation			6,000
General Liability			3,925
Environmental Remediation & Others			11,657
Total			1,572,341
Unamortized bond discount and premium, net			21,488
Deferred loss on refunding			(19,984)
COMPONENT UNIT TOTAL LONG-TERM OBLIGATIONS			<u>\$ 1,573,845</u>

**Debt Compliance**

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

**Legal Debt Limit and Legal Debt Margin**

As of June 30, 2008, the City's debt limit (3.75% of valuation subject to taxation) was \$1,116,227,253. The total amount of debt applicable to the debt limit was \$331,528,315. The resulting legal debt margin was \$784,698,938.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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## **Interest Rate Swap**

**Oakland Joint Powers Financing Authority Lease Revenue Bonds, 1998 Series A1/A2**  
*Objective of the interest rate swap.* On January 9, 1997, the City entered into a forward-starting synthetic fixed rate swap agreement (the “Swap”) with Goldman Sachs Mitsui Marine Derivatives Products, U.S., L.P. (the “Counterparty”) in connection with the \$187,500,000 Oakland Joint Powers Financing Authority (the “Authority”) Lease Revenue Bonds, 1998 Series A1/A2 (the “1998 Lease Revenue Bonds”). Under the swap agreement, which effectively changed the City’s variable interest rate on the bonds to a synthetic fixed rate, the City would pay the Counterparty a fixed rate of 5.6775% through the end of the swap agreement in 2021 and receive a variable rate based on the Bond Market Association index. The City received an upfront payment from the Counterparty of \$15 million for entering into the Swap.

On March 21, 2003, the City amended the swap agreement to change the index on which the Swap is based from the Bond Market Association index to a rate equal to 65% of the 1-month London Interbank Offer Rate (“LIBOR”). This amendment resulted in an additional upfront payment from the Counterparty to the City of \$5.975 million.

On June 21, 2005, all of the outstanding 1998 Lease Revenue Bonds were defeased by the Oakland Joint Powers Financing Authority Refunding Revenue Bonds, 2005 Series A-1, A-2 and B (“Series 2005 A & B Bonds”). The Swap associated with the 1998 Lease Revenue Bonds still remains in effect.

On April 16, 2008, all of the outstanding Series 2005 A & B Bonds were defeased by the Oakland Joint Powers Financing Authority Refunding Revenue Bonds, 2008 Series A-1 and A-2 (“Series 2008 A-1 and A-2 Bonds”). However, the Swap remains in effect and is set to terminate on July 31, 2021.

*Terms.* The swap agreement terminates on July 31, 2021, and has a notional amount as of June 30, 2008 of \$101,700,000. The notional amount of the swap declines through 2021. Under the Swap, the City pays the counterparty a fixed payment of 5.6775% and receives a variable payment computed at 65% of 1 – month LIBOR rate (total rate not to exceed 12%). The City’s payments to the counterparty under the Swap agreement are insured by the third party bond insurer.

*Fair Value.* Because interest rates have declined since the execution of the Swap, the Swap had a negative fair value of \$16,429,065 as of June 30, 2008. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the Swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the Swap.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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*Credit Risk.* The issuer and the counterparty take a credit risk to each other over the life of the swap agreement. This is the risk that either the issuer or the counterparty will fail to meet its contractual obligations under the swap agreement. The Counterparty was rated Aaa by Moody's Investors Service, and AA+ by Standard and Poor's as of June 30, 2008. To mitigate the potential for credit risk, if the counterparty's credit quality falls below "A3" by Moody's Investors Service or "A-" by Standard and Poor's the swap agreement provides the counterparty, the City, the bond insurer for the Bonds and a third party collateral agent to execute a collateral agreement within 30 days of such a downgrade.

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

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

The counterparty may terminate the Swap if both the City and the bond insurer fail to perform under the terms of the contract. The counterparty also may terminate the Swap upon the occurrence of the following events: 1) the bond insurer falls below "A3" by Moody's Investors Service or "A-" by Standard and Poor's; and 2) the City falls below "Baa3" by Moody's Investors Service or "BBB-" by Standard and Poor's. If the Swap is terminated, the variable rate Bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the Swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the Swap's fair value.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

**Changes in Long-term Obligations**

The changes in long-term obligations for the year ended June 30, 2008, are as follows (in thousands):

<b>Governmental Activities</b>					
	<b>Balance at July 1, 2007</b>	<b>Additional obligations, interest accretion and net increases (decreases)</b>	<b>Current maturities, retirements and net decreases (increases)</b>	<b>Balance at June 30, 2008</b>	<b>Amounts due within one year</b>
<b>Bonds Payable:</b>					
General obligation bonds	\$ 345,214	\$ -	\$ 13,686	\$ 331,528	\$ 14,340
Tax allocation bonds	514,475	-	17,845	496,630	17,230
Certificate of participation	45,795	-	5,300	40,495	5,620
Lease revenue bonds	325,105	241,410	243,175	323,340	26,355
Pension obligation bonds	313,625	-	30,920	282,705	34,250
City guaranteed special assessment district bonds	6,800	-	600	6,200	275
Accreted interest on appreciation bonds	104,356	21,387	-	125,743	-
Less deferred amounts:					
Bond issuance premiums	22,887	11,313	1,996	32,204	2,777
Bond refunding loss	(20,035)	(17,667)	(3,044)	(34,658)	(3,806)
<b>TOTAL BONDS PAYABLE</b>	<b>1,658,222</b>	<b>256,443</b>	<b>310,478</b>	<b>1,604,187</b>	<b>97,041</b>
Notes payable	17,090	2,765	810	19,045	1,435
Capital Leases	31,809	-	4,841	26,968	5,213
<b>TOTAL NOTES &amp; LEASES</b>	<b>48,899</b>	<b>2,765</b>	<b>5,651</b>	<b>46,013</b>	<b>6,648</b>
<b>Other Long-Term Liabilities</b>					
Accrued vacation and sick leave	33,601	57,767	55,722	35,646	27,883
Pledge obligation for					
Coliseum Authority debt	85,350	-	2,900	82,450	3,100
Estimated environmental cost	11,198	414	2,632	8,980	4,312
Estimated liability for self -insurance	98,381	7,785	25,784	80,382	18,094
Estimated claims payable	43,598	15,877	9,233	50,242	16,395
Net OPEB obligation	-	43,668	-	43,668	-
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>	<b>272,128</b>	<b>125,511</b>	<b>96,271</b>	<b>301,368</b>	<b>69,784</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES - LONG-TERM OBLIGATIONS</b>	<b>\$ 1,979,249</b>	<b>\$ 384,719</b>	<b>\$ 412,400</b>	<b>\$ 1,951,568</b>	<b>\$ 173,473</b>

Internal service funds predominantly serve the governmental funds and therefore, the long-term liabilities of these funds are included as part of the above totals for governmental activities. At June 30, 2008, \$10,841,242 of capital leases related to the internal service funds are included in the above amounts.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

**Business-Type Activities**

	<b>Balance at July 1, 2007</b>	<b>Current maturities, retirements and net decreases</b>	<b>Balance at June 30, 2008</b>	<b>Amounts due within one year</b>
Sewer fund - Notes payable	\$ 4,126	\$ 780	\$ 3,346	\$ 806
Sewer fund - Bonds	59,305	1,585	57,720	1,630
Unamortized bond premium	2,593	118	2,475	118
<b>Total</b>	<b>\$ 66,024</b>	<b>\$ 2,483</b>	<b>\$ 63,541</b>	<b>\$ 2,554</b>

**Component Unit - Port of Oakland**

	<b>Balance at July 1, 2007</b>	<b>Additional obligations, interest accretion and net increases</b>	<b>Current maturities, retirements and net decreases</b>	<b>Balance at June 30, 2008</b>	<b>Amounts due within one year</b>
Parity bonds	\$ 1,370,072	\$ 503,090	\$ 407,250	\$ 1,465,912	\$ 19,550
Notes and loans	198,366	57,445	170,964	84,847	276
<b>Total</b>	<b>1,568,438</b>	<b>560,535</b>	<b>578,214</b>	<b>1,550,759</b>	<b>19,826</b>
Self - insurance workers'					
compensation	6,000	869	869	6,000	6,000
General liability	4,747	4,287	5,109	3,925	-
Environmental remediation & others	11,824	991	1,158	11,657	1,117
Other post employment benefits	-	7,754	-	7,754	7,754
Unamortized bond discount/ premium, net	(2,762)	24,869	619	21,488	3,175
Deferred loss on refunding	(4,493)	(16,407)	(916)	(19,984)	(1,631)
<b>TOTAL DEBT</b>	<b>\$ 1,583,754</b>	<b>\$ 582,898</b>	<b>\$ 585,053</b>	<b>\$ 1,581,599</b>	<b>\$ 36,241</b>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

## Repayment Schedule

The annual repayment schedules for all long-term debt as of June 30, 2008, are as follows (in thousands):

	2009	2010	2011	2012	2013	2014-2018	2019-2023	2024-2028	2029-2033	2034-2038	Total
<b>Governmental-type Activities:</b>											
General obligation bonds:											
Principal	\$ 14,340	\$ 15,006	\$ 15,762	\$ 16,587	\$ 17,451	\$ 95,515	\$ 90,139	\$ 29,798	\$ 33,295	\$ 3,635	\$ 331,528
Interest	16,014	15,398	14,688	13,936	13,143	52,474	28,289	13,565	5,681	332	173,520
Certificate of participation:											
Principal	5,620	5,965	6,415	7,095	3,500	11,900	-	-	-	-	40,495
Interest	1,627	1,377	1,116	833	511	689	-	-	-	-	6,153
Lease revenue bonds:											
Principal	26,355	26,315	27,870	32,270	33,680	111,175	32,830	32,845	-	-	323,340
Interest	11,844	13,600	12,354	11,095	9,728	27,690	12,468	3,387	-	-	102,166
Pension obligation bonds:											
Principal	34,250	37,860	14,959	20,860	19,923	86,149	68,704	-	-	-	282,705
Interest	3,833	1,321	25,346	17,515	19,632	130,426	182,181	-	-	-	380,254
Special assessments bonds:											
Principal	275	300	305	325	350	1,640	2,050	955	-	-	6,200
Interest	332	316	301	284	265	1,062	553	52	-	-	3,165
Tax allocation bonds:											
Principal	17,230	16,865	18,680	19,665	20,645	105,225	135,220	44,775	58,615	59,710	496,630
Interest	26,602	25,645	24,667	23,645	22,585	95,898	63,001	38,867	24,582	6,560	352,052
Notes payable:											
Principal	1,435	2,015	2,180	2,355	2,525	8,535	-	-	-	-	19,045
Interest	995	936	871	799	721	1,051	-	-	-	-	5,373
Capital leases											
Principal	5,213	4,010	3,184	3,261	1,956	7,039	2,305	-	-	-	26,968
Interest	1,199	989	815	667	531	1,345	220	-	-	-	5,766
<b>TOTAL PRINCIPAL</b>	<b>\$ 104,718</b>	<b>\$ 108,336</b>	<b>\$ 89,355</b>	<b>\$ 102,418</b>	<b>\$ 100,030</b>	<b>\$ 427,178</b>	<b>\$ 331,248</b>	<b>\$ 108,373</b>	<b>\$ 91,910</b>	<b>\$ 63,345</b>	<b>\$ 1,526,911</b>
<b>TOTAL INTEREST</b>	<b>\$ 62,446</b>	<b>\$ 59,582</b>	<b>\$ 80,158</b>	<b>\$ 68,774</b>	<b>\$ 67,116</b>	<b>\$ 310,635</b>	<b>\$ 286,712</b>	<b>\$ 55,871</b>	<b>\$ 30,263</b>	<b>\$ 6,892</b>	<b>\$ 1,028,449</b>

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

(continued)

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

	2009	2010	2011	2012	2013	2014-2018	2019-2023	2024-2028	2029-2033	2034-2038	Total
<b>Business-type Activities:</b>											
Sewer revenue bonds:											
Principal	\$ 1,630	\$ 1,710	\$ 1,800	\$ 1,885	\$ 1,985	\$ 11,470	\$ 14,480	\$ 18,490	\$ 4,270	\$ -	\$ 57,720
Interest	2,852	2,771	2,685	2,595	2,499	10,943	7,933	3,931	214	-	36,423
Sewer notes payable:											
Principal	806	833	860	274	282	291	-	-	-	-	3,346
Interest	109	82	54	25	17	9	-	-	-	-	296
TOTAL PRINCIPAL	\$ 2,436	\$ 2,543	\$ 2,660	\$ 2,159	\$ 2,267	\$ 11,761	\$ 14,480	\$ 18,490	\$ 4,270	\$ -	\$ 61,066
TOTAL INTEREST	\$ 2,961	\$ 2,853	\$ 2,739	\$ 2,620	\$ 2,516	\$ 10,952	\$ 7,933	\$ 3,931	\$ 214	\$ -	\$ 36,719

### Component Unit - Port of Oakland

Annual debt service requirements to maturity for all bonds and loans outstanding as of June 30, 2008, are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2009	\$ 19,724	\$ 74,656	\$ 94,380
2010	37,508	79,551	117,059
2011	45,125	76,064	121,189
2012	47,243	75,318	122,561
2013	73,813	72,284	146,097
2014 - 2018	328,604	302,476	631,080
2019 - 2023	307,486	222,491	529,977
2024 - 2028	381,229	132,456	513,685
2029 - 2033	310,027	34,191	344,218
SUB TOTAL	1,550,759	1,069,487	2,620,246
Unamortized bond (discount) premium, net	21,488	-	21,488
Self-insurance workers' compensation	6,000	-	6,000
General Liability	3,925	-	3,925
Environmental Remediation & Others	11,657	-	11,657
Deferred loss on refunding	(19,984)	-	(19,984)
TOTAL	\$ 1,573,845	\$ 1,069,487	\$ 2,643,332

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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In August 2007, the Port defeased \$10,000,000 of 2002 Series M Bonds, due on November 1, 2008. Sufficient funds were deposited with the trustee and invested in State and Local Government Series (SLGS) securities to pay both interest and principal on their respective due dates.

In October 2007, the Port issued \$503,090,000 of Intermediate Lien Refunding Revenue Bonds; 2007 Series A, 2007 Series B and 2007 Series C, collectively the 2007 Bonds. The bonds were issued to (i) refund the 1997 Series G, H, I, and J bonds, \$240,965,000 and \$131,375,000 of 2002 Series M bonds and converted the Senior Lien debt to Intermediate Lien debt (ii) refinance a portion of the outstanding Commercial Paper Notes amounting to \$146,693,000 (iii) satisfy the 2007 Common Reserve Fund Requirement applicable to the 2007 Bonds; and (iv) pay costs of issuance of the 2007 Bonds. The 2007 Bonds bear interest rates ranging from 4% to 5%, and have a final maturity date of November 2029.

The refunding of 1997 Series G, H, I, J and 2002 Series M resulted in the accounting recognition of a deferred loss of \$16,407,000 for the fiscal year ended June 30, 2008. The refunding, however, generated approximately \$17,798,000 of net present value debt service savings.

In June 2008, the Port defeased principal and interest on \$9,784,000 of 1993 Series F bonds including interest, and \$1,132,000 plus interest of 2002 Series M bonds, both due in November 2008, with taxable commercial paper. The defeasance resulted in the accounting recognition of a deferred loss of \$16,000, and a net present value debt service savings of \$15,000, representing a 2.45% net present value reduction in debt service payments.

Net interest costs of \$5,895,000 were capitalized in fiscal 2008. These amounts represented capitalized interest expense of \$7,419,000, net of interest revenue of \$1,524,000 for fiscal 2008.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

### **Oakland Joint Powers Financing Authority Refunding Revenue Bonds, 2008 Series A-1 and A-2**

On April 3, 2008, the Oakland Joint Powers Financing Authority (the “JPFA”) issued its Refunding Revenue Bonds in an aggregate principal amount of \$127,960,000. This issue is comprised of a tax-exempt portion in an aggregate amount of \$107,630,000 (the “2008 Series A-1”) and a taxable portion in an aggregate amount of \$20,330,000 (the “2008 Series A-2”), (collectively, the “2008 Bonds”). The 2008 Bonds are fixed rate bonds. The 2008 Bonds were issued to (i) refund and defease all of the outstanding JPFA’s Refunding Revenue Bonds, 2005 Series A and Series B (Auction Rates Securities) and (ii) to convert the auction rates securities to Fixed rate bonds. The proceeds associated with the 2008 Series A-2 were used to fund a portion of the City’s obligation to make payments to its Police and Fire Retirement System.

The 2008 Bonds are insured by Assured Guaranty Corp., and are rated Aaa/AAA/AAA by Moody’s, S&P and Fitch, respectively, and are limited obligations of the Authority payable solely from lease revenues from the City, as lessee, to the Authority, as lessor.

The refunding resulted in a negative cash flow in the amount of \$2,629,776. In addition, the City obtained a net economic loss on this financing of \$9,777,180. However, given the penalty rates the City was experiencing from the downgrade of the bond insurance agency, XL Capital Assurance Inc., and the failed auction rate market, the City would have had to pay more in debt service. If the current market persists or worsens the bonds would not be remarketable. In addition, the deferred loss on refunding, difference between the reacquisition price and the carrying value of the old debt, was \$1,550,738.

### **Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2008 Series B**

On April 16, 2008, the Oakland Joint Powers Financing Authority (the “JPFA”) issued its Lease Revenue Refunding Bonds (Oakland Administration Buildings) 2008 Series B in an aggregate principal amount of \$113,450,000 (the “2008 Series B Bonds”). The 2008 Series B Bonds are tax-exempt, and fixed rate bonds. The 2008 Series Bonds were issued to (i) refund and defease all of the outstanding JPFA’s Lease Revenue Refunding Bonds (Oakland Administration Buildings) 2004 Series A-1 and A-2 (Auction Rates Securities) (the “2004 Bonds”), (ii) to convert the auction rates securities to Fixed rate bonds and (iii) to terminate two interest rate swaps associated with the 2004 Bonds. The proceeds from the sale of the 2008 Series B Bonds included bond termination payment of \$5,674,000.

The 2008 Series B Bonds are insured by Assured Guaranty Corp., and are rated Aaa/AAA/AAA by Moody’s, S&P and Fitch, respectively, and are limited obligations of

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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the Authority payable solely from lease revenues from the City, as lessee, to the Authority, as lessor.

The refunding resulted in a negative cash flow in the amount of \$27,601,281. In addition, the City obtained a net economic loss on this financing of \$16,715,869. However, at the time of issuance of the 2004 Bonds, the City had taken out approximately \$8,691,291 of new monies to finance certain public capital projects and expenditures.

In addition, the deferred loss on refunding, difference between the reacquisition price and the carrying value of the old debt, was \$16,116,400.

### **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, 2008, the amount of defeased debt outstanding but removed from the City's government-wide financial statements amounted to \$88.2 million.

### **Authorized and Unissued Debt**

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Conduit Debt**

The following long-term debt has been issued by the City on behalf of named agents of the City. The bonds do not constitute an indebtedness of the City. The bonds are payable solely from revenue sources defined in the individual bond documents, and from other monies held for the benefit of the bond holders pursuant to the bond indentures. In the opinion of City officials, these bonds are not payable from any revenues or assets of the City, and neither the full faith and credit nor the taxing authority of the City, State or any political subdivision thereof is obligated for the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded. The conduit debt issued and outstanding at June 30, 2008, is (in thousands):

	<u>Authorized and Issued</u>	<u>Maturity</u>	<u>Outstanding at June 30, 2008</u>
City of Oakland Kaiser Permanente Insured Revenue Bonds 1999A	\$ 64,425	01/01/29	\$ 63,425
City of Oakland Kaiser Permanente Insured Revenue Bonds 1999B	15,720	01/01/29	15,720
City of Oakland Liquidity Facility Revenue Bonds (Association of Bay Area Governments), Series 1984	3,300	12/01/09	470
Oakland JPFA Revenue Bond 2001 Series A Fruitvale Transit Village (Fruitvale Development Corporation)	19,800	07/01/33	17,305
Oakland JPFA Revenue Bond 2001 Series B Fruitvale Transit Village (La Clinica De La Raza Fruitvale Health Project, Inc)	5,800	07/01/33	5,500
Redevelopment Agency of the City of Oakland, Multifamily Housing Revenue Bonds (Uptown Apartment Project), 2005 Series A	160,000	10/01/50	160,000
TOTAL			<u>\$ 262,420</u>

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

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

Designations:

Pension obligations - PFRS	\$ 69,906
Carryforward for continuing projects	<u>13,709</u>
Total designations	83,615
Unreserved/undesignated fund balance	<u>37,494</u>
Total General Fund unreserved fund balance	<u>\$ 121,109</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**(14) SELF-INSURANCE**

Changes in the balances of claims liabilities for all self-insured claims for the years ended June 30, 2008 and 2007 are as follows (in thousands):

**Workers' Compensation**

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of fiscal year	\$ 98,381	\$ 100,493
Current year claims and changes in estimates	7,785	18,071
Claims payments	<u>(25,784)</u>	<u>(20,183)</u>
Unpaid claims, end of fiscal year (Note 12)	<u>\$ 80,382</u>	<u>\$ 98,381</u>

**General Liability**

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of fiscal year	\$ 43,598	\$ 44,945
Current year claims and changes in estimates	15,877	9,663
Claims payments	<u>(9,233)</u>	<u>(11,010)</u>
Unpaid claims, end of fiscal year (Note 12)	<u>\$ 50,242</u>	<u>\$ 43,598</u>

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

**Primary Government**

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

### **General Liability**

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2008, the amount of liability determined to be probable of occurrence is approximately \$50,242,000. Of this amount, claims and litigation approximating \$16,395,000 are estimated to be due within one year. The recorded liability is the City's best estimate based on available information and may be revised as further information is obtained and as pending cases are litigated. The City and the Agency are involved in various claims and litigation arising in the ordinary course of its activities. In the opinion of the Agency's in-house counsel, the City Attorney's Office for the City, none of these claims are expected to have a significant impact on the financial condition or changes in financial position of the City and the Agency.

The City has not accumulated or segregated assets or reserved fund 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 \$80,382,000 in claims liabilities as of June 30, 2008, approximately \$18,094,000 is estimated to be due within one year. Effective July 1, 2008, the City reduced its self-insured retention to \$750,000 per occurrence.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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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 and cities. Self-insured retention levels and purchased insurance per occurrence are as follows:

<u>Type of Coverage</u>	<u>Self-Insurance Retention</u>	<u>Insurance Authority/Purchase Insurance</u>
General Liability	up to \$2,000,000	\$2,000,000 to \$25,000,000 per occurrence
Automobile Liability	up to \$2,000,000	\$2,000,000 to \$25,000,000 per occurrence
Public Officials Errors and Omissions	up to \$2,000,000	\$2,000,000 to \$25,000,000 per occurrence/annual annual aggregate
Products & Completed Operations	up to \$2,000,000	\$2,000,000 to \$25,000,000 per occurrence/annual annual aggregate
Employment Practices Liability	up to \$2,000,000	\$2,000,000 to \$25,000,000 per occurrence/annual annual aggregate

## Discretely Presented Component Unit

### Workers' Compensation

The Port is exposed to risk of loss related to injuries of employees. The Port is self-insured and self-administered for workers' compensation up to a maximum of \$750,000 per accident. The Port carries commercial insurance for claims in excess of \$750,000 per accident up to a maximum limit per accident of \$1,000,000. There were no workers' compensation claims paid in fiscal years 2008, 2007, and 2006 above the \$1,000,000 per accident limit. The excess policy provides full statutory limits as established by California law.

Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses are based on an actuarial valuation performed as of June 30, 2008 and include an estimate of claims that have been incurred but not reported.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

	<u>2008</u>	<u>2007</u>
Workers' compensation liability at beginning of fiscal year	\$ 6,000	\$ 5,829
Current year claims and changes in estimates	869	1,652
Claims payments	(869)	(1,481)
Workers' compensation liability at end of fiscal year	<u>\$ 6,000</u>	<u>\$ 6,000</u>

**General Liability**

The Port maintains general liability insurance in excess of specified deductibles. For the Airport, coverage is provided in excess of \$200,000 in the aggregate up to a maximum of \$200,000,000. For the harbor area and the Port's real estate holdings, coverage is provided in excess of \$1,000,000 per occurrence up to an aggregate amount of \$150,000,000 per occurrence. Additionally, the Port maintains a Public Officials Errors & Omissions and Employment Practices policy. The policy limits are \$25,000,000 with a \$500,000 per claim deductible. Defense costs are in addition to the policy limits, but are included in the deductible. The Port is uninsured for losses in excess of these amounts. Casualty losses are accrued when it is determined that a loss to the Port is probable and the amount is estimable.

As of June 30, 2008, the Port was a defendant in various lawsuits arising in the normal course of constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known. The Port's insurance may cover a portion of any losses. For additional information, please contact the Port of Oakland, 530 Water Street, Oakland, California 94607.

Changes in the reported liabilities, which is included as part of accounts payable and accrued liabilities, follows:

	<u>2008</u>	<u>2007</u>
General liability at beginning of fiscal year	\$ 4,747	\$ 3,986
Current year claims and changes in estimates	4,287	4,620
Vendor payments	(5,109)	(3,859)
General liability at end of fiscal year	<u>\$ 3,925</u>	<u>\$ 4,747</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**(15) JOINT VENTURE**

**Oakland-Alameda County Coliseum**

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

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

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

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

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

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

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

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

<b>For the Period</b>	<b><u>Stadium Debt</u></b>		<b><u>Arena Debt</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
<b><u>Ending June 30,</u></b>				
2009	\$ 6,200	\$ 5,924	3,250	7,146
2010	6,700	5,563	3,600	6,944
2011	7,100	5,212	3,950	6,720
2012	7,500	4,951	4,050	6,474
2013	7,900	4,669	4,400	6,221
2014-2018	45,400	18,938	27,300	26,563
2019-2023	57,200	10,167	38,200	16,837
2024-2026	26,900	1,105	30,050	3,838
Total	<u>\$ 164,900</u>	<u>\$ 56,529</u>	<u>\$ 114,800</u>	<u>\$ 80,743</u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

Under the joint exercise of power agreement, which formed the Authority, the City is responsible for funding up to 50% of the Authority's operating costs and debt service requirements, to the extent such funding is necessary. During the year ended June 30, 2008, the City made contributions of \$10,946,000 to fund its share of operating deficits and debt service payments of the Authority.

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium bonds, such that the City and County may have to contribute to base rental payments. Of the \$20,500,000 appropriated in the General Fund as part of the above agreements, it is estimated that the City may have to contribute \$10,925,000 for the 2008-09 fiscal year. There are many uncertainties in the estimation of revenues for the Authority beyond one year into the future; therefore, the City has established a liability to fund the Authority deficit in the statement of net assets in an amount equal to its contingent share (50%) of the outstanding Stadium bonds in the amount of \$82,450,000. The City has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to cover the debt payments.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**(16) PENSION PLANS**

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

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

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.

	<u>PFRS</u>	<u>OMERS</u>	<u>PERS</u>
Type of plan	Single employer	Single employer	Agent multi-employer
Reporting entity	City	City	State
Last complete actuarial study	July 01, 2007	July 01, 2007	June 30, 2007

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

PFRS provides death, disability and service retirement benefits to uniformed employees and their beneficiaries. Members who complete at least 25 years of service, or 20 years of service and have reached the age of 55, or have reached the age of 65, are eligible for retirement benefits. The basic retirement allowance equals 50% of the compensation attached to the average rank held during the three years immediately preceding retirement, plus an additional allowance of 1-2/3% of such compensation for each year of service (up to ten) subsequent to: a) qualifying for retirement, and b) July 1, 1951. Early retirees will receive reduced benefits based on the number of years of service. Benefit provisions and all other requirements are established by the City Charter (Charter). The June 30, 2007, stand alone financial statements are available by contacting the City Administrator's Office, One Frank Ogawa Plaza, Oakland, California 94612.

In accordance with the Charter, active members of PFRS contribute a percentage of earned salaries based upon entry age as determined by the City's consulting actuary. During the year ended June 30, 2008, these contributions ranged from 5.47% to 6.05%. By statute,

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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employee contributions are limited to 13% of earned salaries. Employee contributions are refundable with interest at 4% per annum if an employee elects to withdraw from PFRS upon termination of employment with the City.

The City contributes, at a minimum, such amounts that are necessary, determined on an actuarial basis, to provide assets sufficient to meet benefits to be paid to PFRS members. The City is required to fund all liabilities for future benefits for all members by June 30, 2026. In order to do so, the City makes contributions at rates established by consulting actuaries based upon plan valuations using various assumptions as to salary progression, inflation, and rate of return on investments. The City's contributions are based on a level percentage of all uniformed employees' compensation. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the pension benefits. The City issued pension obligation bonds in February 1997 to fund PFRS through 2011. Bond proceeds in the amount of \$417,173,300 were contributed in fiscal year 1997 and, as a result, no employer contributions are contractually required through fiscal year 2011. In fiscal year 2005, the City made an advance contribution of \$17,709,888 to PFRS.

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

The City's annual pension cost and prepaid asset, computed in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, for fiscal year ended June 30, 2008, were as follows:

Annual Required Contribution (ARC)	\$ (28,600,000)
Interest on pension asset	24,546,590
Adjustment to the annual required contribution	<u>(27,497,868)</u>
Annual Pension Cost	(31,551,278)
Pension contribution	-
Pension assets, beginning of year	<u>306,832,370</u> *
Pension assets, end of year	<u><u>\$ 275,281,092</u></u>

\* The beginning pension assets as of July 1, 2007 were restated to reflect prior year required annual contributions.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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The following table shows the City's annual pension cost and the percentage contributed for the fiscal year 2008 and each of the two preceding years:

<b>Fiscal Year Ended June 30</b>	<b>Annual Pension Cost</b>	<b>Percentage (%) Contributed</b>	<b>Net Pension Asset as Restated *</b>
2006	\$ 26,517,755	-	\$ 333,375,218
2007	26,542,848	-	306,832,370
2008	31,551,278	-	275,281,092

\* The ending pension assets were restated to reflect prior required annual contributions.

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

**Actuarial Assumptions and Funded Status**

PFRS adopted GASB Statement No. 50, Pension Disclosure – an amendment to GASB Statements No. 25 and No. 27, effective for periods beginning after June 15, 2007. GASB Statement No. 50 is designed to inform financial statement users further about PFRS funded status and actuarial assumptions. Information regarding the funded status of the plan as of the most recent valuation date is shown below (in millions).

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2007	\$ 888.1	\$ 566.0	\$ 322.1	63.7%	\$ 0.4	80525%

Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and that the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

Multiyear trend actuarial information is presented in the Required Supplementary Information immediately following the notes to the financial statements.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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A summary of the actuarial methods and significant assumptions used to calculate the funded status of the plan for the current year are as follows:

Valuation Date	7/1/07
Actuarial Cost Method	Entry Age Normal Cost Method
Investment Rate of Return	8.0%
Inflation Rate, US	3.25%
Inflation Rate, Bay Area	3.50%
General Pay increases	4.75%
Post-retirement benefit increases	4.75%
Amortization Method	Level Dollar
Amortization Period	29 Years, Closed

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

OMERS provides death, and service retirement benefits to participants of the plan. Members who complete at least 20 years of service and have reached the age of 52, or who complete at least 5 years of service and reach the age of 60, are eligible for retirement benefits. The retirement allowance is calculated on a basis which takes into account the final three-years' average compensation, age and the number of years of service. Benefit provisions and all other requirements are established by the Charter. The June 30, 2008, stand alone financial statements are available by contacting by the City Administrator's Office, One Frank Ogawa Plaza, Oakland, California 94612.

All active non-uniformed City employees hired prior to September 1970 have transferred to CalPERS as of July 1, 2004. Accordingly, OMERS did not receive any employee contributions during the year ended June 30, 2008, and will not receive any employee contributions in the future. Because of the Retirement System current funding status, the City is currently not required to make contributions to OMERS. The actuarial calculations are computed using the "aggregate cost method" and the asset valuation is on a market value basis. Under this method, the normal cost is the actuarial present value of a member's benefit divided by the member's expected future working lifetime. The funding of the unfunded actuarial accrued liability is based on a level percentage of payroll over a period ending July 1, 2020, as required by the City Charter.

**Actuarial Assumptions and Funded Status**

OMERS adopted GASB Statement No. 50, Pension Disclosure – an amendment to GASB Statements No. 25 and No. 27, for periods beginning after June 15, 2007. GASB Statement No. 50 is designed to inform financial statement users further about OMERS funded status and actuarial assumptions.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Over funded AAL (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2007	\$ 7,516	\$ 9,371	\$ (1,855)	124.7%	\$ -	n/a

Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and that the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

OMERS is not required to make any payments due to its funded status. Multiyear trend actuarial information is presented in the Required Supplementary Information immediately following the notes to the financial statements.

A summary of the actuarial methods and assumptions used to calculate the funded status of the plan for the current year follows:

Valuation Date	July 1, 2007
Actuarial Cost Method	Entry Age Normal Cost Method
Asset Valuation Method	Market Value
Investment Rate of Return	8.0%
Inflation Rate	3.25%
Cost-of-living Adjustments	3.0%
Amortization Method	NA*
Amortization Period	NA*

\*Not Applicable because OMERS is in a surplus position.

## **California Public Employees Retirement Systems (PERS)**

### **Plan Description**

The City of Oakland contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street, Sacramento, CA 95814. A separate report for the City's plan is not available.

**Funding Policy**

Participants are required to contribute 8% (9% for 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 19.199% for non-safety employees and 27.077% 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 2007-08, the City's annual pension cost of \$97,863,350 was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service (3.25% to 14.45%), and (c) payroll growth of 3.25%. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a closed 20 year period.

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

<b>Fiscal Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2006	\$ 95.0	100%	\$ -
2007	89.3	100	-
2008	97.9	100	-

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

**Safety Plan**

As of June 30, 2007, the most recent actuarial valuation date, the Public Safety plan was 76.6% funded. The actuarial accrued liability for benefits was \$989,095,209, and the actuarial value assets was \$757,340,889, resulting in an unfunded actuarial accrued liability (UAAL) of \$231,754,320. The annual covered payroll was \$127,434,797, and the ratio of the UAAL to the annual covered payroll was 181.9%.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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A summary of principal assumptions and methods used to determine the funded status is shown below:

<u>Method/Assumptions</u>	<u>Retirement Program</u>
Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 Years as of the Valuation Date
Asset Valuation Method	15 Years Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 13.15% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

**Miscellaneous Plan**

As of June 30, 2007, the most recent actuarial valuation date, the Miscellaneous Plan was 83.7% funded. The actuarial accrued liability for benefits was \$1,617,214,275, and the actuarial value assets was \$1,353,435,664, resulting in an unfunded actuarial accrued liability (UAAL) of \$263,778,611. The annual covered payroll was \$225,726,055, and the ratio of the UAAL to the annual covered payroll was 116.9%.

A summary of principal assumptions and methods used to determine the funded status is shown below:

<u>Method/Assumptions</u>	<u>Retirement Program</u>
Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 Years as of the Valuation Date
Asset Valuation Method	15 Years Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

The schedule of funding progress for Public Safety and Miscellaneous Plans are presented as RSI following the notes to the financial statements, presents multi-year trend

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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information about whether the actuarial valuation of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**(17) POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**

**Primary Government**

**Plan Description**

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

**Funding Policy**

The City pays part of the health insurance premiums for all retirees from City employment receiving a pension annuity earned through City service and participating in a City-sponsored PERS health benefit plan on a pay-as-you-go basis. The City approximately paid \$10,966,605 for retirees under this program for the year ended June 30, 2008.

**Annual OPEB Cost and Net OPEB Obligation**

The City implemented GASB 45 in fiscal year 2008 and elected to report a zero net OPEB obligation at the beginning of the transition year. The City's annual post employment benefit cost and net OPEB obligation for the plan as of and for the fiscal year ended June 30, 2008 using a 4.00% interest rate scenario, were as follows (in thousands):

Annual Required Contribution (ARC)	\$ 54,635
Contribution made	<u>(10,967)</u>
Increase in net OPEB obligation	43,668
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 43,668</u></u>

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008	\$ 54,635	20.07%	\$ 43,668

**Funded Status and Funding Progress**

As of July 1, 2008, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$591,575,250 and the actuarial value assets was zero, resulting in an unfunded actuarial accrued liabilities (UAAL) of \$591,575,250.

**Actuarial Methods and Assumptions for OPEB Plans**

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrual liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The more significant actuarial methods and assumptions used in the calculations of the annual OPEB cost, the annual required contribution, and the funded status and funding progress for the fiscal year ended June 30, 2008 as follows:

<u>Method/Assumptions</u>	<u>Retirement Program</u>
Valuation Date	July 1, 2007
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	30 Years as of the Valuation Date
Asset Valuation Method	5 Years Smoothed Market
Discount rate	4.00%
Salary Increases	2.50% per year growth
Inflation	3.00%
Demographic rate	Retirement benefit @ 3% 50 formula for Safety employees and @ 2.7% 55 formula for Miscellaneous employees
Health Care cost trends rate	8% from 2009-10, graded down 0.5% each year to an ultimate of 5.0% in 2015 premiums. Assume the flat dollar co-payment and additional reimbursement maximum for Miscellaneous employee's increases 5.0% annually.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Component Unit – Port of Oakland OPEB**

**Plan Description**

The Port administers a single-employer defined benefit post-employment healthcare plan (Retiree Health Plan). The Retiree Health Plan allows eligible retirees and their dependents to receive employer paid medical insurance benefits through CALPERS. The medical insurance reimbursement is not to exceed the Kaiser-HMO Family Plan rate. The Retiree Health Plan also includes dental, and vision benefits and reimbursement of Medicare Part B monthly insurance premium. The Retiree Health plan does not issue a separate financial report.

**Funding Policy**

Benefit provisions are established and may be amended through negotiations between the Port and the various bargaining units during each bargaining period.

As of June 30, 2008, there were approximately 408 employees who had retired from the Port and were in the Port's retiree benefit plan. The Port finances the plan on a pay-as-you-go basis. For the years ended June 30, 2008 the retiree benefit expense was \$3,929 , or 34% of the actuarially required contributions to the Retiree Health Plan. The retiree benefit expense in fiscal year 2007 was \$3,387.

Beginning in fiscal year 2008-2009, the Port intends to deposit funds into an Irrevocable Trust (California Employer's Retiree Benefit Trust Fund (CERBT)). CERBT was setup by the California Public Employee's Retirement System (CALPERS) for the purpose of receiving employer contributions to pre-fund health and other post-employment benefit costs for retirees and beneficiary. At June 30, 2008 the Port's CERBT was not established. Documents have been forward to CALPERS and proceeding through the approval process.

**Eligible Retirees Defined**

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

**Annual OPEB Cost and Net OPEB Obligation**

The Port's annual other post employment benefit (OPEB) expense was calculated based on the annual required contribution (ARC) of the Port. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Annual OPEB Cost and Net OPEB Obligation (continued)**

The following table shows the components of the Port's annual OPEB cost for the year, the amount actually contributed, and changes in the Port's net OPEB obligation:

Annual required contribution	\$ 11,683
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>11,683</u>
Contribution made	<u>(3,929)</u>
Increase in net OPEB obligation	7,754
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u><u>\$ 7,754</u></u>

The Port's annual OPEB cost and net OPEB obligation are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
06/30/2006	n/a	n/a	n/a
06/30/2007	n/a	n/a	n/a
06/30/2008	\$11,683	34%	\$7,754

**Funding Status and Funding Progress**

As of January 1, 2007, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$143,594, and the actuarial value of assets was \$0, resulting in an unfunded accrued liability of \$143,594.

Actuarial accrued liability (AAL)	\$ 143,594
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 143,594</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Annual covered payroll (active plan members)	\$ 49,400
UAAL as a percentage of annual covered payroll	186%

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Actuarial Methods and Assumptions**

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

The actuarial assumptions included a discount rate of 7.75%, effective annual rate, if the OPEB liability was funded through CALPERS; and a rate of 4.50% if the liability was unfunded; an annual health cost trend rate of 9% in health premiums from 2007 to 2008; reduced to 8% the second year; and reduced by 1% per year to 5% per year in the fifth year and beyond. Annual salary increases were assumed at 3.25%. The demographic assumptions regarding turnover and retirement are based on statistics from reports for California PERS under a "2.7% @ 55" benefit schedule.

**(18) COMMITMENTS AND CONTINGENT LIABILITIES**

**Construction Commitments**

**Primary Government**

The City has committed to funding in the amount of \$180,320,388 to a number of capital improvement projects for fiscal year 2009 through fiscal year 2012.

**Discretely Presented Component Unit**

The Port anticipates spending \$470,829,000 commencing fiscal year 2008 through June 2010 for its capital improvement program. The most significant Aviation projects are the terminal renovation and retrofit; paving/reconstruction of parking, roadway, ground access, aprons and taxiways; installation of passenger boarding bridges,; and air cargo relocation. The most significant Maritime projects are the 50-foot channel deepening; Berth 30-32 improvements, 7<sup>th</sup> Street upgrade separation and relocation; and the modernization, expansion, and renovation of wharves and terminals.

Other major renovation and expansion projects are in the preliminary planning phase for the Aviation and Maritime Divisions. These projects will not be included in the Capital Improvement Program until they are determined to be feasible.

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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As of June 30, 2008, the Port had contracts for the acquisition and construction of assets as follows (in thousands):

Maritime	\$ 39,682
Aviation	52,811
Commercial real estate	502
Total	<u>\$ 92,995</u>

The most significant projects for which the Port has contractual commitments are airport terminal expansion of \$34,488,000; and modernization of maritime wharfs and terminals and new cranes of \$20,132,000.

**Power Purchases**

The Port purchases electrical power for resale and self-consumption at the Airport, and at Port Maritime facilities located at the former Navy Fleet and Industrial Supply Center Oakland and the former Oakland Army Base. After power requirements are determined, the Port commits and enters into purchase contracts, in advance, with power providers. The price is fixed at the time the Port enters into the contract. At June 30, 2008, the total purchase commitment was approximately \$7,761,000 for 182 megawatts.

**Other Commitments and Contingencies**

**Primary Government**

As of June 30, 2008, the Agency has entered into contractual commitments of approximately \$65,884,000 for materials and services relating to various projects. These commitments and future costs will be funded by future tax increment revenue and other sources.

At June 30, 2008, the Agency was committed to fund \$60,011,000 in loans and had issued \$1,648,000 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.

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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**Uptown Project Environmental Remediation**

The Uptown Project area demolition, management and removal of structures and debris will include the handling of building materials that contain asbestos and lead-based paints. The Developer is responsible for managing the remediation contractor to assure the proper management and disposal of the hazardous materials in conformance with all the laws applicable to Environmental Hazard Abatement Activities. As of June 30, 2008, the total liability outstanding in connection with the Agency's environmental remediation activities was \$433,000.

**Fox Court Environmental Remediation**

The Fox Court demolition, management and removal of structures and debris will include the handling of building materials that contain asbestos and lead-based paints. The Developer is responsible for managing the remediation contractor to assure the proper management and disposal of the hazardous materials in conformance with all the laws applicable to Environmental Hazard Abatement Activities. As of June 30, 2008, the total liability outstanding in connection with the Agency's environmental remediation activities was \$380,000.

**Oakland Base Reuse Authority (OBRA) Environmental Remediation**

Land conveyed to OBRA from the Army may be subject to environmental remediation as required by Comprehensive Environmental Response, Compensation and Liability Act. If and when such environmental remediation is required, OBRA then, and subsequently the Agency and the Port are responsible for the first \$13.0 million of environmental remediation costs; including environmental remediation insurance. OBRA has received a federal grant of \$13 million to pay for the above-mentioned environmental remediation costs including \$3.5 million insurance premium. Of the \$13.0 million grant, \$11.0 million has been spent of which \$10.3 million has been reimbursed and received as of June 30, 2008. The remaining \$2.0 million of grant expenditures will be shared equally between the Agency and the Port.

The next \$11.5 million of environmental remediation costs are to be shared equally by Agency and the Port. As a result, the Agency will have as its share in the remaining Oakland Army Base remediation costs, a total of \$6.7 million. The next \$9.0 million will be paid from insurance proceeds from the environmental remediation policy. If subsequent environmental remediation is required after the initially-required remediation is complete, then the environmental site liability policy will cover up to \$30 million in additional environmental remediation-related costs. The Agency and the Port have agreed to share equally in any environmental remediation-related costs above \$21 million that are not covered by insurance.

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

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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estimated net realizable values. Accordingly, no provisions have been made in the financial statements for any related environmental remediation liabilities.

**Discretely Presented Component Unit**

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

It is the Port's intent that its environmental compliance programs be compliant with regulatory and legal requirements while effectively managing financial resources.

The Port's financial statements include liabilities, established and adjusted periodically, based on new information, in accordance with applicable generally accepted accounting principles in the United States of America, for the estimated costs of compliance with environmental laws and regulations and remediation of known contamination.

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

A summary of the environmental liability accounts, included within the financial statements at June 30, 2008, is as follows (in thousands):

Environmental remediation	\$ 11,534
Miscellaneous compliance	123
Total environmental liabilities	<u>\$ 11,657</u>

**(19) RELATED PARTY TRANSACTIONS**

The Fox Oakland Theater, Inc. ("FOT") is a 501(C)(3) organization set up by and for the benefit of the Agency and the City. FOT was set up to renovate the Fox Theater. The Agency transferred the Fox Theater property to FOT in August 2006 through a long-term lease and a Disposition and Development Agreement ("DDA") which included a \$25,500,000 loan. The Fox Theater property was held by the Agency as property held for resale. It was transferred to a capital asset due to the long-term lease which was valued at \$6,500,000 in the lease and DDA. All FOT board members are City employees and there is no direct staff for FOT. FOT set up a for profit entity, Fox Theater Manager, Inc ("FT Manager"), and then two LLCs managed by FT Manager, Fox Theater Landlord LLC and

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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Fox Theater Master Tenant LLC. These new entities were used to syndicate Historic and New Markets Tax Credits. The Fox Theater property was transferred to the LLCs in December 2006, but the loan remains with FOT and is unsecured.

**(20) DEFICIT FUND BALANCES/NET ASSETS & EXPENDITURE OVER BUDGET**

As of June 30, 2008, the following funds reported deficits in fund balance/net assets (in thousands):

Special Revenue:	
ORA Projects	\$ (3,630)
State Gas Tax	(13)
Landscape & Lighting Assessment District	(4,033)
Debt Service:	
Lease Financing	(504)

The ORA projects fund deficit is expected to be cured by reimbursements from the Agency. The State Gas Tax and the Landscape & Lighting Assessment District will be cleared by transferring sufficient funds from the General Fund. The Lease Financing deficit will be cleared by transferring in sufficient funds to cover debt service payments.

Internal Service:	
Facilities	\$ (26,610)
Equipment	(4,557)
Central Stores	(3,650)
Purchasing	(1,477)
Radio	(440)

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

As of June 30, 2008, the following funds reported expenditures in excess of budgets (in thousands):

Special Revenue:	
Landscape & Lighting Assessment District	\$ (784)

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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The excess of expenditures of budget in Landscape & Lighting Assessment District is attributed to ongoing project costs that will eventually be distributed to their appropriate funding sources.

**(21) SUBSEQUENT EVENTS**

**Tax and Revenue Anticipation Notes**

On July 9, 2008, the City issued the 2008-2009 Tax and Revenue Anticipation Notes in the principal amount of \$105,705,000. These notes were issued in two series. The Series A Notes, in the principal amount of \$70,000,000, were issued to finance General Fund expenditures; Series A Notes are tax-exempt with an interest rate of 3.00%. The Series B Notes, in the principal amount of \$35,705,000, were issued to prepay the City's annual contribution to the California Public Employees Retirement System for fiscal year 2008-2009; Series B Notes are taxable with an interest rate of 3.75%. Both series of notes will mature on July 17, 2009.

**Educational Revenue Augmentation Funds (ERAF)**

On September 23, 2008, AB 1389 was signed into law requiring redevelopment agencies statewide to shift a one-time \$350,000,000 of property tax increment to the State's Educational Revenue Augmentation Fund (ERAF) as a way to reduce the State's \$24.3 billion budget deficit for fiscal year 2008-09. The ERAF money will then be paid to schools and community colleges, relieving the State of payments. The Agency's share of the revenue shift is \$8,500,000 and payments is to be made by May 10, 2009.

**Recent changes in the Economic Environment and its impact to the City**

The recent turmoil in the financial market has been unprecedented. With such volatility in the market due to uncertainty in the global financial market, the City Council on October 21, 2008 authorized the Finance & Management Agency's investment staff to invest in United States Treasury Securities for a not-to-exceed period of 60 days to further diversify its portfolio, thus reducing its risks and exposure to the depressed financial markets. The ability to invest in US Treasuries will also provide liquidity and safety of the portfolio. Currently, there is no loss in asset value for the City. The Finance & Management Agency's investment staff continues to focus investment decisions in accordance with the City Council Investment Policy's primary investment priorities of safety, liquidity and yield in that order.

For the quarter ended September 30, 2008, the Police and Fire Retirement System total annual portfolio return was negative 10.7 percent. This return was below the policy

**CITY OF OAKLAND**  
**Notes to Basic Financial Statements, (continued)**  
**Year Ended June 30, 2008**

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benchmark of negative 8.8 percent for the same quarter. However, the market continued to be volatile and the investment portfolio had additional losses. The impact of the losses is still not available.

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# REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF OAKLAND**  
**Required Supplementary Information**  
**June 30 2008**

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

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

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

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
			(Overfunded) AAL (UAAL) (a-b)			
7/1/2005	\$ 820,642,031	\$ 602,422,608	\$ 218,219,423	73.4%	\$ 122,893,613	177.6%
7/1/2006	907,421,303	678,599,629	228,821,674	74.8%	124,174,590	184.3%
7/1/2007	989,095,209	757,340,889	231,754,320	76.6%	127,434,797	181.9%

**Miscellaneous Retirement Plan**

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
			(Overfunded) AAL (UAAL) (a-b)			
7/1/2005	\$ 1,397,236,509	\$ 1,156,704,781	\$ 240,531,728	82.8%	\$ 206,261,519	116.6%
7/1/2006	1,507,980,747	1,250,681,091	257,299,656	82.9%	217,024,554	118.6%
7/1/2007	1,617,214,275	1,353,435,664	263,778,611	83.7%	225,726,055	116.9%

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

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
			(Overfunded) AAL (UAAL) (a-b)			
7/1/2006	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2007	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2008	\$ 591,575,250	-	\$ 591,575,250	0.0%	N/A	N/A

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

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

**CITY OF OAKLAND**  
**Required Supplementary Information**  
**June 30 2008**

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

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

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2007 *	\$ 7,516,000	\$ 9,371,000	\$ (1,855,000)	124.7%	-	N/A

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

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2007 *	\$ 888,100,000	\$ 566,000,000	\$ 322,100,000	63.7%	\$ 400,000	80525%

\* The plans used the aggregate actuarial cost method to determine annual required contributions in prior fiscal years. Beginning with the July 1, 2007 actuarial valuation, the entry age normal cost method was used as a surrogate method to meet the disclosure requirements of GASB Statement No. 50.

**CITY OF OAKLAND**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2008**  
*(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	\$ 175,430	\$ 175,429	\$ 201,765	\$ 26,336
State:				
Sales and use	48,964	48,964	53,090	4,126
Motor vehicle in-lieu	3,043	3,043	1,811	(1,232)
Local:				
Business license	47,920	47,920	52,542	4,622
Utility consumption	52,178	52,178	52,524	346
Real estate transfer	67,217	67,217	36,205	(31,012)
Transient occupancy	12,751	12,756	12,400	(356)
Parking	9,455	9,455	8,524	(931)
Franchise	13,480	13,482	13,791	309
Licenses and permits	1,240	1,241	1,612	371
Fines and penalties	26,656	27,906	21,653	(6,253)
Interest and investment income	-	-	10,374	10,374
Charges for services	62,088	61,208	55,048	(6,160)
Federal and state grants and subventions	1,500	1,583	5,935	4,352
Annuity income	13,200	13,200	2,495	(10,705)
Other	15,481	12,432	11,441	(991)
<b>TOTAL REVENUES</b>	<u>550,603</u>	<u>548,014</u>	<u>541,210</u>	<u>(6,804)</u>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials-				
Mayor	3,233	3,259	3,172	87
Council	3,644	4,283	4,423	(140)
City Administrator	11,582	12,041	11,459	582
City Attorney	9,801	9,858	10,112	(254)
City Auditor	1,428	1,432	1,230	202
City Clerk	2,700	2,521	1,906	615
Agencies/Departments:				
Personnel Resource Management	6,154	6,689	6,135	554
Information Technology	11,066	11,688	11,263	425
Financial Services	26,939	29,151	26,658	2,493
Contracting and Purchasing	2,457	2,457	1,997	460
Police Services	193,673	194,781	203,954	(9,173)
Fire Services	110,924	110,898	106,006	4,892
Life Enrichment:				
Parks and Recreation	16,647	19,089	16,907	2,182
Library	12,743	12,966	11,817	1,149
Cultural Arts and Museum	6,278	6,449	6,561	(112)
Aging & Health and Human Services	6,575	8,285	6,334	1,951
Community and Economic Development	4,215	13,989	8,161	5,828
Public Works	38,746	37,008	32,499	4,509
Other	939	3,569	9,115	(5,546)
Capital outlay	-	7,521	6,718	803
Debt service:				
Principal repayment	2,268	1,665	1,069	596
Bond issuance costs	-	-	268	(268)
Interest charges	591	694	733	(39)
<b>TOTAL EXPENDITURES</b>	<u>472,603</u>	<u>500,293</u>	<u>488,497</u>	<u>11,796</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>78,000</u>	<u>47,721</u>	<u>52,713</u>	<u>4,992</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sale proceeds	707	707	4,044	3,337
Transfers in	51,523	62,872	3,600	(59,272)
Transfers out	(130,189)	(135,609)	(95,091)	40,518
<b>TOTAL OTHER FINANCING USES, NET</b>	<u>(77,959)</u>	<u>(72,030)</u>	<u>(87,447)</u>	<u>(15,417)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>41</u>	<u>(24,309)</u>	<u>(34,734)</u>	<u>(10,425)</u>
Fund balances - beginning	<u>288,372</u>	<u>288,372</u>	<u>288,372</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$288,413</u>	<u>\$ 264,063</u>	<u>\$ 253,638</u>	<u>\$ (10,425)</u>

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

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2008**

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**(1) BUDGETARY DATA**

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

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

In June 2007, the City Council approved the City's two-year budget for fiscal years 2007-09. Although appropriations are adopted for a 24-month period, they are divided into two one-year spending plans. Agencies/departments ending the first year with budgetary non-project surplus, according to Council policy, will be allowed to carry-forward 1/3 for their operating budget, 1/3 for their capital spending, and 1/3 for reverting to the General Fund balance.

The final budgetary data presented in the required supplementary information reflects approved changes to the original 2007-08 budget. Certain projects are appropriated on a multi-year rather than annual basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations are carried forward to the following year with the approval of the City Administrator.

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

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

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2008**

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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
- Municipal Capital Improvement

### **Nonmajor Funds**

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

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

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2008**

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

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

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

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

In October 2001, the City entered into a debt service deposit agreement with a third party whereby the City received approximately \$9.6 million in exchange for forgoing its right to receive investment earnings on the amounts deposited with the trustee in advance of the date that the related debt was due to the bondholders. The compensation to the City was recorded as revenue in fiscal year 2002 when received on a budgetary basis. On a GAAP basis, the revenue was deferred and is being recognized over the 21-year life of the agreement. Amortization for the year ended June 30, 2008, was \$510,835.

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 - Budgetary basis	<u>\$ (34,734)</u>
Amortization of debt service deposit agreement	511
Net change in fund balance - GAAP basis	<u><u>\$ (34,223)</u></u>

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**June 30, 2008**

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The General Fund's fund balance on a Budgetary Basis is reconciled to that on a GAAP basis as of June 30, 2008, which is as follows (in thousands):

	<b>General Fund</b>
Fund balance as of June 30, 2008 - Budgetary basis	\$ 253,638
Unamortized debt service deposit agreement	(5,954)
Fund balance as of June 30, 2008 - GAAP basis	\$ 247,684

General Fund GAAP Basis Fund Balance at June 30, 2008, is composed of the following (in thousands):

	<b>General Fund</b>
Reserved:	
Encumbrances	\$ 6,193
Debt service	15,382
Pension obligations	105,000
Unreserved	121,109
<b>TOTAL FUND BALANCES</b>	<b>\$ 247,684</b>

# COMBINING NONMAJOR GOVERNMENTAL FUNDS

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2008**  
*(In Thousands)*

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 59,467	\$ 9,555	\$ 747	\$ 69,769
Receivables, net:				
Accrued interest and dividends	300	33	3	336
Property taxes	5,411	1,916	-	7,327
Accounts receivable	14,936	-	-	14,936
Grants receivable	554	-	-	554
Due from other funds	3,887	113	-	4,000
Due from component unit	338	-	-	338
Notes and loans receivable, net	23,146	-	-	23,146
Restricted cash and investments	-	153,610	14,700	168,310
<b>TOTAL ASSETS</b>	<u>\$ 108,039</u>	<u>\$ 165,227</u>	<u>\$ 15,450</u>	<u>\$ 288,716</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 6,859	\$ 391	\$ 447	\$ 7,697
Due to other funds	15,360	958	6,246	22,564
Deferred revenue	27,189	1,351	-	28,540
Other	5,009	-	-	5,009
<b>TOTAL LIABILITIES</b>	<u>54,417</u>	<u>2,700</u>	<u>6,693</u>	<u>63,810</u>
<b>Fund Balances</b>				
Reserved:				
Encumbrances	18,314	-	401	18,715
Debt service	-	162,527	-	162,527
Unreserved/designated:				
Special revenue funds	35,308	-	-	35,308
Capital project funds	-	-	8,356	8,356
<b>TOTAL FUND BALANCES</b>	<u>53,622</u>	<u>162,527</u>	<u>8,757</u>	<u>224,906</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 108,039</u>	<u>\$ 165,227</u>	<u>\$ 15,450</u>	<u>\$ 288,716</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Nonmajor Governmental Total
<b>REVENUES</b>				
Taxes:				
Property	\$ 14,595	\$ 19,930	\$ -	\$ 34,525
State:				
Sales and use	11,722	-	-	11,722
Gas	7,305	-	-	7,305
Licenses and permits	17,707	-	-	17,707
Parking	7,223	-	-	7,223
Voter approved special tax	21,117	-	-	21,117
Fines and penalties	1,527	193	-	1,720
Interest and investment income	4,163	8,677	910	13,750
Charges for services	15,720	-	-	15,720
Other intergovernmental revenues	33,561	-	-	33,561
Federal and state grants and subventions	2,602	-	52	2,654
Other	4,112	785	-	4,897
<b>TOTAL REVENUES</b>	<u>141,354</u>	<u>29,585</u>	<u>962</u>	<u>171,901</u>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	602	-	-	602
Council	1,447	-	-	1,447
City Administrator	3,365	-	-	3,365
City Attorney	5,022	-	-	5,022
City Auditor	53	-	-	53
City Clerk	68	-	-	68
Agencies/Departments:				
Personnel Resource Management	1,383	-	-	1,383
Information Technology	1,408	-	-	1,408
Financial Services	1,321	9	-	1,330
Contracting and Purchasing	283	-	-	283
Police Services	16,341	-	-	16,341
Fire Services	8,502	-	-	8,502
Life Enrichment:				
Parks and Recreation	3,836	-	-	3,836
Library	44	-	-	44
Cultural Arts/Museum	315	-	-	315
Aging & Health and Human Services	21,120	-	-	21,120
Community and Economic Development	62,048	-	684	62,732
Public Works	34,226	-	665	34,891
Other	61	23	-	84
Capital outlay	10,272	-	200	10,472
Debt service:				
Principal repayment	-	72,351	-	72,351
Bond termination payments	-	5,674	-	5,674
Bond issuance cost	-	3,942	-	3,942
Interest charges	-	41,058	-	41,058
<b>TOTAL EXPENDITURES</b>	<u>171,717</u>	<u>123,057</u>	<u>1,549</u>	<u>296,323</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(30,363)</u>	<u>(93,472)</u>	<u>(587)</u>	<u>(124,422)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding bonds	-	241,410	-	241,410
Premiums on issuance of bonds	-	11,313	-	11,313
Payment to refunding bond escrow agent	-	(221,250)	-	(221,250)
Transfers in	16,285	78,806	-	95,091
Transfers out	(3,000)	-	-	(3,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>13,285</u>	<u>110,279</u>	<u>-</u>	<u>123,564</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>(17,078)</u>	<u>16,807</u>	<u>(587)</u>	<u>(858)</u>
Fund balances - beginning	70,700	145,720	9,344	225,764
<b>FUND BALANCES - ENDING</b>	<u>\$ 53,622</u>	<u>\$ 162,527</u>	<u>\$ 8,757</u>	<u>\$ 224,906</u>

# NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds-Special Revenue Funds**  
**June 30, 2008**  
*(In Thousands)*

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessmt District	Assessment Districts	Other Special Revenue	ORA Projects	Parks, Recreation, and Cultural	Total
<b>ASSETS</b>								
Cash and Investments	\$ 22,444	\$ -	\$ -	\$ 1,841	\$ 31,060	\$ -	\$ 4,122	\$ 59,467
Receivable, net:								
Accrued interest and dividends	106	-	-	15	161	1	17	300
Property taxes	-	-	2,763	160	2,409	-	79	5,411
Accounts receivable	1,973	2,401	73	31	10,443	-	15	14,936
Grants receivable	269	-	2	-	283	-	-	554
Due from other funds	-	-	-	-	-	3,887	-	3,887
Due from component unit	-	-	338	-	-	-	-	338
Notes and loans receivable, net	-	-	-	-	23,146	-	-	23,146
<b>TOTAL ASSETS</b>	<u>\$ 24,792</u>	<u>\$ 2,401</u>	<u>\$ 3,176</u>	<u>\$ 2,047</u>	<u>\$ 67,502</u>	<u>\$ 3,888</u>	<u>\$ 4,233</u>	<u>\$ 108,039</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 2,298	\$ 16	\$ 475	\$ 127	\$ 3,400	\$ 513	\$ 30	\$ 6,859
Due to other funds	-	2,398	4,160	-	1,797	7,005	-	15,360
Deferred revenues	105	-	2,574	137	24,313	-	60	27,189
Other	-	-	-	-	4,691	-	318	5,009
<b>TOTAL LIABILITIES</b>	<u>2,403</u>	<u>2,414</u>	<u>7,209</u>	<u>264</u>	<u>34,201</u>	<u>7,518</u>	<u>408</u>	<u>54,417</u>
<b>Fund Balances (deficit)</b>								
Reserved:								
Encumbrance	4,334	228	328	7	8,566	4,306	545	18,314
Unreserved/designated:								
Unreserved (deficit)	18,055	(241)	(4,361)	1,776	24,735	(7,936)	3,280	35,308
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>22,389</u>	<u>(13)</u>	<u>(4,033)</u>	<u>1,783</u>	<u>33,301</u>	<u>(3,630)</u>	<u>3,825</u>	<u>53,622</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 24,792</u>	<u>\$ 2,401</u>	<u>\$ 3,176</u>	<u>\$ 2,047</u>	<u>\$ 67,502</u>	<u>\$ 3,888</u>	<u>\$ 4,233</u>	<u>\$ 108,039</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds-Special Revenue Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessment District	Assessment Districts	Other Special Revenue	ORA Projects	Parks, Recreation, and Cultural	Total
<b>REVENUES</b>								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 1,726	\$ 12,869	\$ -	\$ -	\$ 14,595
State:								
Sales and use	11,722	-	-	-	-	-	-	11,722
Gas	-	7,305	-	-	-	-	-	7,305
Licenses and permits	-	-	23	-	17,684	-	-	17,707
Parking	-	-	-	-	7,223	-	-	7,223
Voter approved special tax	-	-	18,185	-	2,932	-	-	21,117
Fines and penalties	1,476	-	-	-	51	-	-	1,527
Interest and investment income	1,104	-	-	36	2,770	102	151	4,163
Charges for services	129	1	326	4	15,245	-	15	15,720
Other intergovernmental revenues	-	-	-	-	-	33,561	-	33,561
Federal and state grants and subventions	291	138	-	-	2,103	-	70	2,602
Other	-	19	4	479	2,577	341	692	4,112
<b>TOTAL REVENUES</b>	<u>14,722</u>	<u>7,463</u>	<u>18,538</u>	<u>2,245</u>	<u>63,454</u>	<u>34,004</u>	<u>928</u>	<u>141,354</u>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials:								
Mayor	-	-	-	-	55	495	52	602
Council	-	5	-	-	-	1,442	-	1,447
City Administrator	30	-	112	4	876	2,343	-	3,365
City Attorney	-	-	166	-	1,321	3,535	-	5,022
City Auditor	-	-	-	-	-	53	-	53
City Clerk	-	-	-	-	-	68	-	68
Agencies/Departments:								
Personnel Resource Management	-	-	-	-	1,274	109	-	1,383
Information Technology	-	-	48	-	535	825	-	1,408
Financial Services	-	148	156	-	116	901	-	1,321
Contracting and Purchasing	-	-	-	-	-	283	-	283
Police Services	-	-	-	-	13,914	2,427	-	16,341
Fire Services	-	-	-	1,598	6,904	-	-	8,502
Life Enrichment:								
Parks and Recreation	-	-	3,537	-	282	5	12	3,836
Library	-	-	-	-	36	-	8	44
Cultural Arts and Museum	-	-	293	-	-	-	22	315
Aging & Health and Human Services	1,129	-	-	-	19,468	523	-	21,120
Community and Economic Development	11,552	285	185	4	35,222	14,763	37	62,048
Public Works	7,073	5,659	19,029	-	371	2,086	8	34,226
Other	-	-	-	-	60	-	1	61
Capital outlay	4,621	100	4	-	1,071	4,377	99	10,272
<b>TOTAL EXPENDITURES</b>	<u>24,405</u>	<u>6,197</u>	<u>23,530</u>	<u>1,606</u>	<u>81,505</u>	<u>34,235</u>	<u>239</u>	<u>171,717</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(9,683)</u>	<u>1,266</u>	<u>(4,992)</u>	<u>639</u>	<u>(18,051)</u>	<u>(231)</u>	<u>689</u>	<u>(30,363)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	3,504	148	12,633	-	-	16,285
Transfers out	-	-	-	-	(3,000)	-	-	(3,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>3,504</u>	<u>148</u>	<u>9,633</u>	<u>-</u>	<u>-</u>	<u>13,285</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>(9,683)</u>	<u>1,266</u>	<u>(1,488)</u>	<u>787</u>	<u>(8,418)</u>	<u>(231)</u>	<u>689</u>	<u>(17,078)</u>
Fund balances (deficit) - beginning	32,072	(1,279)	(2,545)	996	41,719	(3,399)	3,136	70,700
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 22,389</u>	<u>\$ (13)</u>	<u>\$ (4,033)</u>	<u>\$ 1,783</u>	<u>\$ 33,301</u>	<u>\$ (3,630)</u>	<u>\$ 3,825</u>	<u>\$ 53,622</u>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Special Revenue Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	Traffic Safety and Control				State Gas Tax				Landscaping and Lighting District			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State:												
Sales and use	11,627	11,627	11,722	95	-	-	-	-	-	-	-	-
Gas	-	-	-	-	7,849	7,849	7,305	(544)	-	-	-	-
Voter approved special tax	-	-	-	-	-	-	-	-	17,832	17,832	18,185	353
Licenses and permits	-	-	-	-	-	-	-	-	13	13	23	10
Fines and penalties	1,302	1,302	1,476	174	-	-	-	-	-	-	-	-
Interest and investment income	-	-	1,104	1,104	-	-	-	-	-	-	-	-
Charges for services	697	697	129	(568)	-	-	1	1	58	58	326	268
Federal and state grants and subventions	80	295	291	(4)	-	-	138	138	-	-	-	-
Other	-	(213)	-	213	-	19	19	-	-	2	4	2
<b>TOTAL REVENUES</b>	<u>13,706</u>	<u>13,708</u>	<u>14,722</u>	<u>1,014</u>	<u>7,849</u>	<u>7,868</u>	<u>7,463</u>	<u>(405)</u>	<u>17,903</u>	<u>17,905</u>	<u>18,538</u>	<u>633</u>
<b>EXPENDITURES</b>												
Current:												
Elected and Appointed Officials-												
Council	-	-	-	-	-	1,097	5	1,092	-	-	-	-
City Administrator	61	62	30	32	-	-	-	-	107	112	112	-
City Attorney	-	-	-	-	-	-	-	-	166	166	166	-
Agencies/Departments:												
Information Technology	-	-	-	-	-	-	-	-	35	35	48	(13)
Financial Services	-	-	-	-	121	121	148	(27)	144	144	156	(12)
Life Enrichment:												
Parks and Recreation	-	-	-	-	-	-	-	-	3,325	3,326	3,537	(211)
Museum	-	-	-	-	-	-	-	-	347	347	293	54
Aging & Health and Human Services	1,130	1,407	1,129	278	-	-	-	-	-	-	-	-
Community and Economic Development	4,651	19,561	11,552	8,009	-	1,225	285	940	-	238	185	53
Public Works	9,860	7,863	7,073	790	7,728	7,186	5,659	1,527	18,396	18,374	19,029	(655)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	2,504	16,314	4,621	11,693	-	277	100	177	-	4	4	-
<b>TOTAL EXPENDITURES</b>	<u>18,206</u>	<u>45,207</u>	<u>24,405</u>	<u>20,802</u>	<u>7,849</u>	<u>9,906</u>	<u>6,197</u>	<u>3,709</u>	<u>22,520</u>	<u>22,746</u>	<u>23,530</u>	<u>(784)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<u>(4,500)</u>	<u>(31,499)</u>	<u>(9,683)</u>	<u>21,816</u>	<u>-</u>	<u>(2,038)</u>	<u>1,266</u>	<u>3,304</u>	<u>(4,617)</u>	<u>(4,841)</u>	<u>(4,992)</u>	<u>(151)</u>
<b>OVER (UNDER) EXPENDITURES</b>												
<b>OTHER FINANCING SOURCES</b>												
Transfers in	4,620	5,270	-	5,270	-	-	-	-	4,618	4,618	3,504	(1,114)
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>4,620</u>	<u>5,270</u>	<u>-</u>	<u>5,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,618</u>	<u>4,618</u>	<u>3,504</u>	<u>(1,114)</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>120</u>	<u>(26,229)</u>	<u>(9,683)</u>	<u>27,086</u>	<u>-</u>	<u>(2,038)</u>	<u>1,266</u>	<u>3,304</u>	<u>1</u>	<u>(223)</u>	<u>(1,488)</u>	<u>(1,265)</u>
Fund balances -beginning	32,072	32,072	32,072	-	(1,279)	(1,279)	(1,279)	-	(2,545)	(2,545)	(2,545)	-
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 32,192</u>	<u>\$ 5,843</u>	<u>\$ 22,389</u>	<u>\$ 27,086</u>	<u>\$ (1,279)</u>	<u>\$ (3,317)</u>	<u>\$ (13)</u>	<u>\$ 3,304</u>	<u>\$ (2,544)</u>	<u>\$ (2,768)</u>	<u>\$ (4,033)</u>	<u>\$ (1,265)</u>

(Continued)

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Special Revenue Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

(Continued)	Assessment Districts				Other Special Revenue			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>								
Taxes:								
Property	\$ 1,833	\$ 1,833	\$ 1,726	\$ (107)	\$ 12,976	\$ 12,976	12,869	\$ (107)
State:								
Sales and use	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-
Voter approved special tax	-	-	-	-	7,836	7,836	7,223	(613)
Parking	-	-	-	-	2,826	2,826	2,932	106
Licenses and permits	-	-	-	-	24,265	24,265	17,684	(6,581)
Fines and penalties	-	-	-	-	21	21	51	30
Interest and investment income	-	-	36	36	-	217	2,770	2,553
Charges for services	-	-	4	4	13,597	13,598	15,245	1,647
Federal and state grants and subventions	-	-	-	-	4,218	5,068	2,103	(2,965)
Other	2	2	479	477	83	1,541	2,577	1,036
<b>TOTAL REVENUES</b>	<u>1,835</u>	<u>1,835</u>	<u>2,245</u>	<u>410</u>	<u>65,822</u>	<u>68,348</u>	<u>63,454</u>	<u>(4,894)</u>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials-								
Mayor	-	-	-	-	-	118	55	63
City Administrator	3	4	4	-	889	1,356	876	480
City Attorney	-	-	-	-	1,321	1,321	1,321	-
City Auditor	-	-	-	-	-	34	-	34
Agencies/Departments:								
Personnel Resource Management	-	-	-	-	-	2,000	1,274	726
Information Technology	-	-	-	-	441	535	535	-
Financial Services	-	-	-	-	71	103	116	(13)
Police Services	-	-	-	-	10,283	17,909	13,914	3,995
Fire Services	1,818	2,018	1,598	420	7,692	12,497	6,904	5,593
Life Enrichment:								
Parks and Recreation	-	-	-	-	-	373	282	91
Library	-	-	-	-	-	150	36	114
Aging, Health and Human Services	-	-	-	-	19,084	29,581	19,468	10,113
Community and Economic Development	500	499	4	495	34,719	43,405	35,222	8,183
Public Works	-	-	-	-	225	1,541	371	1,170
Other	-	-	-	-	-	114	60	54
Capital outlay	-	-	-	-	50	3,721	1,071	2,650
<b>TOTAL EXPENDITURES</b>	<u>2,321</u>	<u>2,521</u>	<u>1,606</u>	<u>915</u>	<u>74,775</u>	<u>114,758</u>	<u>81,505</u>	<u>33,253</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<u>(486)</u>	<u>(686)</u>	<u>639</u>	<u>1,325</u>	<u>(8,953)</u>	<u>(46,410)</u>	<u>(18,051)</u>	<u>28,359</u>
<b>OVER (UNDER) EXPENDITURES</b>								
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	369	369	148	221	12,633	13,632	12,633	(999)
Transfers out	-	-	-	-	(3,000)	(3,000)	(3,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>369</u>	<u>369</u>	<u>148</u>	<u>221</u>	<u>9,633</u>	<u>10,632</u>	<u>9,633</u>	<u>(999)</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>(117)</u>	<u>(317)</u>	<u>787</u>	<u>1,546</u>	<u>680</u>	<u>(35,778)</u>	<u>(8,418)</u>	<u>27,360</u>
Fund balances - beginning	996	996	996	-	41,719	41,719	41,719	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 879</u>	<u>\$ 679</u>	<u>\$ 1,783</u>	<u>\$ 1,546</u>	<u>\$ 42,399</u>	<u>\$ 5,941</u>	<u>\$ 33,301</u>	<u>\$ 27,360</u>

# NONMAJOR DEBT

## SERVICE FUNDS

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

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

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

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

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

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

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

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds-Debt Service Funds**  
**June 30, 2008**  
*(In Thousands)*

	<u>General Obligation Bonds</u>	<u>Lease Financing</u>	<u>Civic Improvement</u>	<u>JPFA Fund</u>	<u>Other Assessment Bonds</u>	<u>Special Revenue Bonds</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and investments	\$ 5,972	\$ -	\$ -	\$ 308	\$ 3,171	\$ 104	\$ 9,555
Receivables, net:							
Accrued interest and dividends	32	-	-	1	-	-	33
Property taxes	1,833	-	-	-	83	-	1,916
Due from other funds	-	-	113	-	-	-	113
Restricted cash and investments	-	3	23,511	115,911	1,143	13,042	153,610
<b>TOTAL ASSETS</b>	<u>\$ 7,837</u>	<u>\$ 3</u>	<u>\$ 23,624</u>	<u>\$ 116,220</u>	<u>\$ 4,397</u>	<u>\$ 13,146</u>	<u>\$ 165,227</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 210	\$ 6	\$ 175	\$ 391
Due to other funds	-	507	451	-	-	-	958
Deferred revenue	1,280	-	-	-	71	-	1,351
<b>TOTAL LIABILITIES</b>	<u>1,280</u>	<u>507</u>	<u>451</u>	<u>210</u>	<u>77</u>	<u>175</u>	<u>2,700</u>
<b>Fund Balances (Deficit)</b>							
Reserved:							
Reserved for debt service	6,557	(504)	23,173	116,010	4,320	12,971	162,527
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>6,557</u>	<u>(504)</u>	<u>23,173</u>	<u>116,010</u>	<u>4,320</u>	<u>12,971</u>	<u>162,527</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$ 7,837</u>	<u>\$ 3</u>	<u>\$ 23,624</u>	<u>\$ 116,220</u>	<u>\$ 4,397</u>	<u>\$ 13,146</u>	<u>\$ 165,227</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds-Debt Service Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	General Obligation Bonds	Lease Financing	Civic Improvement	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total
<b>REVENUES</b>							
Property taxes	\$ 19,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,930
Fines and penalties	193	-	-	-	-	-	193
Interest and investment income	246	-	2,651	5,509	160	111	8,677
Other	-	-	-	-	785	-	785
<b>TOTAL REVENUES</b>	<u>20,369</u>	<u>-</u>	<u>2,651</u>	<u>5,509</u>	<u>945</u>	<u>111</u>	<u>29,585</u>
<b>EXPENDITURES</b>							
Agencies/Departments:							
Financial services	-	-	-	-	9	-	9
Other	8	-	-	11	3	1	23
Debt Service:							
Principal repayment	8,111	12,250	2,400	9,150	520	39,920	72,351
Bond termination payments	-	-	-	5,674	-	-	5,674
Bond issuance cost	-	-	-	2,054	-	1,888	3,942
Interest charges	11,167	5,383	955	9,327	358	13,868	41,058
<b>TOTAL EXPENDITURES</b>	<u>19,286</u>	<u>17,633</u>	<u>3,355</u>	<u>26,216</u>	<u>890</u>	<u>55,677</u>	<u>123,057</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,083</u>	<u>(17,633)</u>	<u>(704)</u>	<u>(20,707)</u>	<u>55</u>	<u>(55,566)</u>	<u>(93,472)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of debt	-	-	-	113,450	-	127,960	241,410
Premiums on issuance of bonds	-	-	-	5,489	-	5,824	11,313
Payment to refunding bond escrow agent	-	-	-	(102,150)	-	(119,100)	(221,250)
Transfers in	-	17,610	-	7,985	-	53,211	78,806
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>17,610</u>	<u>-</u>	<u>24,774</u>	<u>-</u>	<u>67,895</u>	<u>110,279</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	1,083	(23)	(704)	4,067	55	12,329	16,807
Fund balances (deficit) - beginning	5,474	(481)	23,877	111,943	4,265	642	145,720
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 6,557</u>	<u>\$ (504)</u>	<u>\$ 23,173</u>	<u>\$116,010</u>	<u>\$ 4,320</u>	<u>\$ 12,971</u>	<u>\$ 162,527</u>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Debt Service Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	General Obligation Bonds				Lease Financing				Civic Improvement			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>												
Taxes:												
Property	\$ 19,300	\$ 19,300	\$ 19,930	\$ 630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and penalties	-	-	193	193	-	-	-	-	-	-	-	-
Interest and investment income	-	-	246	246	7	7	-	(7)	3,579	3,579	2,651	(928)
Other	-	-	-	-	21,500	21,500	-	(21,500)	-	-	-	-
<b>TOTAL REVENUES</b>	<u>19,300</u>	<u>19,300</u>	<u>20,369</u>	<u>1,069</u>	<u>21,507</u>	<u>21,507</u>	<u>-</u>	<u>(21,507)</u>	<u>3,579</u>	<u>3,579</u>	<u>2,651</u>	<u>(928)</u>
<b>EXPENDITURES</b>												
Current:												
Other	22	22	8	14	12	12	-	12	12	12	-	12
Debt service:												
Principal repayment	8,111	8,111	8,111	-	33,750	33,750	12,250	21,500	2,400	2,400	2,400	-
Bond issuance cost	-	-	-	-	-	-	-	-	-	-	-	-
Interest charges	11,167	11,167	11,167	-	5,374	5,374	5,383	(9)	1,167	1,167	955	212
<b>TOTAL EXPENDITURES</b>	<u>19,300</u>	<u>19,300</u>	<u>19,286</u>	<u>14</u>	<u>39,136</u>	<u>39,136</u>	<u>17,633</u>	<u>21,503</u>	<u>3,579</u>	<u>3,579</u>	<u>3,355</u>	<u>224</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,083	1,083	(17,629)	(17,629)	(17,633)	(4)	-	-	(704)	(704)
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	-	-	-	17,630	17,630	17,610	(20)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,630</u>	<u>17,630</u>	<u>17,610</u>	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	<u>-</u>	<u>-</u>	<u>1,083</u>	<u>1,083</u>	<u>1</u>	<u>1</u>	<u>(23)</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>(704)</u>	<u>(704)</u>
Fund balances (deficit) - beginning	3,211	3,211	5,474	2,263	(442)	(442)	(481)	(39)	24,437	24,437	23,877	(560)
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 3,211</u>	<u>\$ 3,211</u>	<u>\$ 6,557</u>	<u>\$ 3,346</u>	<u>\$ (441)</u>	<u>\$ (441)</u>	<u>\$ (504)</u>	<u>\$ (63)</u>	<u>\$ 24,437</u>	<u>\$ 24,437</u>	<u>\$ 23,173</u>	<u>\$ (1,264)</u>

(Continued)

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Debt Service Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

(Continued)

	JPFA Fund				Other Assessment Bonds				Special Revenue Bonds			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment income	5,453	5,453	5,509	56	-	-	160	160	-	-	111	111
Other	-	-	-	-	717	717	785	68	-	-	-	-
<b>TOTAL REVENUES</b>	<u>5,453</u>	<u>5,453</u>	<u>5,509</u>	<u>56</u>	<u>717</u>	<u>717</u>	<u>945</u>	<u>228</u>	<u>-</u>	<u>-</u>	<u>111</u>	<u>111</u>
<b>EXPENDITURES</b>												
Current:												
Agencies/Departments:												
Financial Services	-	-	-	-	31	31	9	22	-	-	-	-
Other	6	6	11	(5)	24	24	3	21	22	22	1	21
Debt service:												
Principal repayment	9,150	9,150	9,150	-	305	520	520	-	39,920	39,920	39,920	-
Bond termination payments	-	5,674	5,674	-	-	-	-	-	-	-	-	-
Bond issuance cost	-	2,054	2,054	-	-	-	-	-	-	1,888	1,888	-
Interest charges	9,763	9,839	9,327	512	358	358	358	-	13,770	13,928	13,868	60
<b>TOTAL EXPENDITURES</b>	<u>18,919</u>	<u>26,723</u>	<u>26,216</u>	<u>507</u>	<u>718</u>	<u>933</u>	<u>890</u>	<u>43</u>	<u>53,712</u>	<u>55,758</u>	<u>55,677</u>	<u>81</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	<u>(13,466)</u>	<u>(21,270)</u>	<u>(20,707)</u>	<u>563</u>	<u>(1)</u>	<u>(216)</u>	<u>55</u>	<u>271</u>	<u>(53,712)</u>	<u>(55,758)</u>	<u>(55,566)</u>	<u>192</u>
<b>OVER (UNDER) EXPENDITURES</b>												
<b>OTHER FINANCING SOURCES (USES)</b>												
Proceeds from bonds issuance	-	113,450	113,450	-	-	10	-	-	-	127,960	127,960	-
Premiums on issuance of bonds	-	5,489	5,489	-	-	-	-	-	-	5,824	5,824	-
Payment to refunding bond escrow agent	-	(102,150)	(102,150)	-	-	-	-	-	-	(119,100)	(119,100)	-
Transfers in	13,465	13,541	7,985	(5,556)	663	854	-	(854)	53,711	53,869	53,211	(658)
Transfers out	-	-	-	-	(663)	(1,184)	-	1,184	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>13,465</u>	<u>30,330</u>	<u>24,774</u>	<u>(5,556)</u>	<u>-</u>	<u>(320)</u>	<u>-</u>	<u>330</u>	<u>53,711</u>	<u>68,553</u>	<u>67,895</u>	<u>(658)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1)</u>	<u>9,060</u>	<u>4,067</u>	<u>(4,993)</u>	<u>(1)</u>	<u>(536)</u>	<u>55</u>	<u>601</u>	<u>(1)</u>	<u>12,795</u>	<u>12,329</u>	<u>(466)</u>
Fund balances - beginning	111,943	111,943	111,943	-	4,265	4,265	4,265	-	642	642	642	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 111,942</u>	<u>\$ 121,003</u>	<u>\$ 116,010</u>	<u>\$ (4,993)</u>	<u>\$ 4,264</u>	<u>\$ 3,729</u>	<u>\$ 4,320</u>	<u>\$ 601</u>	<u>\$ 641</u>	<u>\$ 13,437</u>	<u>\$ 12,971</u>	<u>\$ (466)</u>

# NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds-Capital Projects Funds**  
**June 30, 2008**  
*(In Thousands)*

	<u>Parks and Recreation</u>	<u>Emergency Services</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 747	\$ -	\$ 747
Receivables, net:			
Accrued interest and dividends	3	-	3
Restricted cash and investments	<u>\$ 2,953</u>	<u>\$11,747</u>	<u>\$ 14,700</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,703</u>	<u>\$11,747</u>	<u>\$ 15,450</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 8	\$ 439	\$ 447
Due to other funds	<u>-</u>	<u>6,246</u>	<u>6,246</u>
<b>TOTAL LIABILITIES</b>	<u>8</u>	<u>6,685</u>	<u>6,693</u>
<b>Fund balances</b>			
Reserved:			
Encumbrance	45	356	401
Unreserved/designated:			
Projects	<u>3,650</u>	<u>4,706</u>	<u>8,356</u>
<b>TOTAL FUND BALANCES</b>	<u>3,695</u>	<u>5,062</u>	<u>8,757</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,703</u>	<u>\$11,747</u>	<u>\$ 15,450</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds-Capital Projects Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	<u>Parks and Recreation</u>	<u>Emergency Services</u>	<u>Total</u>
<b>REVENUES</b>			
Interest and investment income	\$ 605	\$ 305	\$ 910
Federal and state grants and subventions	<u>-</u>	<u>52</u>	<u>52</u>
<b>TOTAL REVENUES</b>	<u>605</u>	<u>357</u>	<u>962</u>
<b>EXPENDITURES</b>			
Current:			
Agencies/departments:			
Community and Economic Development	108	576	684
Public Works	96	569	665
Capital outlay	<u>175</u>	<u>25</u>	<u>200</u>
<b>TOTAL EXPENDITURES</b>	<u>379</u>	<u>1,170</u>	<u>1,549</u>
<b>DEFICIENCY OF REVENUES</b>			
<b>UNDER EXPENDITURES</b>	<u>226</u>	<u>(813)</u>	<u>(587)</u>
<b>NET CHANGE IN FUND BALANCES</b>	226	(813)	(587)
Fund balances - beginning	<u>3,469</u>	<u>5,875</u>	<u>9,344</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,695</u>	<u>\$ 5,062</u>	<u>\$ 8,757</u>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Capital Project Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	Parks and Recreation				Emergency Services			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>								
Interest and investment income	\$ -	\$ 600	\$ 605	\$ 5	\$ -	\$ -	\$ 305	\$ 305
Federal and state grants and subventions	-	-	-	-	-	-	52	52
<b>TOTAL REVENUES</b>	<u>-</u>	<u>600</u>	<u>605</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>357</u>	<u>357</u>
<b>EXPENDITURES</b>								
Current:								
Parks and Recreation	-	-	-	-	-	17	-	17
Community and Economic Development	-	680	108	572	-	1,797	576	1,221
Public Works	-	1,937	96	1,841	-	3,807	569	3,238
Capital outlay	-	194	175	19	-	1,633	25	1,608
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>2,811</u>	<u>379</u>	<u>2,432</u>	<u>-</u>	<u>7,254</u>	<u>1,170</u>	<u>6,084</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	-	(2,211)	226	2,437	-	(7,254)	(813)	6,441
Fund balances - beginning	4,368	4,368	3,469	(899)	5,875	5,875	5,875	-
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 4,368</u>	<u>\$ 2,157</u>	<u>\$ 3,695</u>	<u>\$ 1,538</u>	<u>\$ 5,875</u>	<u>\$ (1,379)</u>	<u>\$ 5,062</u>	<u>\$ 6,441</u>

# INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

**CITY OF OAKLAND**  
**Combining Statement of Fund Net Assets**  
**Internal Service Funds**  
**June 30, 2008**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Purchasing</u>	<u>Total</u>
<b>ASSETS</b>							
Current assets:							
Cash and Investments	\$ -	\$ 64	\$ -	\$ -	\$ -	\$ -	\$ 64
Accounts receivable	92	8	51	-	-	3	154
Due from other funds	-	-	-	-	-	74	74
Inventories	223	-	-	-	913	-	1,136
Restricted cash and investments	4,233	477	-	-	-	-	4,710
<b>Total Current assets</b>	<u>4,548</u>	<u>549</u>	<u>51</u>	<u>-</u>	<u>913</u>	<u>77</u>	<u>6,138</u>
Non-current assets:							
Capital assets:							
Land and other assets not being depreciated	-	-	310	-	-	-	310
Facilities and equipment, net of depreciation	17,530	586	350	225	-	-	18,691
<b>Total Non-current Assets</b>	<u>17,530</u>	<u>586</u>	<u>660</u>	<u>225</u>	<u>-</u>	<u>-</u>	<u>19,001</u>
<b>TOTAL ASSETS</b>	<u>22,078</u>	<u>1,135</u>	<u>711</u>	<u>225</u>	<u>913</u>	<u>77</u>	<u>25,139</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	552	14	1,039	71	-	4	1,680
Accrued interest payable	26	17	54	-	-	-	97
Due to other funds	20,182	-	22,806	6	4,563	1,550	49,107
Notes payable	2,343	361	331	-	-	-	3,035
<b>Total Current Liabilities</b>	<u>23,103</u>	<u>392</u>	<u>24,230</u>	<u>77</u>	<u>4,563</u>	<u>1,554</u>	<u>53,919</u>
Non-current liabilities:							
Notes payable	3,532	1,183	3,091	-	-	-	7,806
<b>Total Non-current Liabilities</b>	<u>3,532</u>	<u>1,183</u>	<u>3,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,806</u>
<b>TOTAL LIABILITIES</b>	<u>26,635</u>	<u>1,575</u>	<u>27,321</u>	<u>77</u>	<u>4,563</u>	<u>1,554</u>	<u>61,725</u>
<b>NET ASSETS (DEFICIT)</b>							
Invested in capital assets, net of related debt	11,655	(958)	(2,762)	225	-	-	8,160
Unrestricted (deficit)	(16,212)	518	(23,848)	(77)	(3,650)	(1,477)	(44,746)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ (4,557)</u>	<u>\$ (440)</u>	<u>\$ (26,610)</u>	<u>\$ 148</u>	<u>\$ (3,650)</u>	<u>\$ (1,477)</u>	<u>\$ (36,586)</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Purchasing</u>	<u>Total</u>
<b>OPERATING REVENUES</b>							
Charges for services	\$ 17,279	\$ 2,287	\$ 18,739	\$ 1,542	\$ 1,186	\$ 444	\$ 41,477
Other	94	-	-	-	-	-	94
<b>TOTAL OPERATING REVENUES</b>	<u>17,373</u>	<u>2,287</u>	<u>18,739</u>	<u>1,542</u>	<u>1,186</u>	<u>444</u>	<u>41,571</u>
<b>OPERATING EXPENSES</b>							
Personnel	5,974	1,486	11,182	500	1,044	572	20,758
Supplies	6,042	407	966	98	7	13	7,533
Depreciation and amortization	4,056	230	31	20	-	-	4,337
Contractual services and supplies	130	6	450	-	-	-	586
Repairs and maintenance	810	95	2,086	75	-	-	3,066
General and administrative	1,686	62	3,069	341	77	36	5,271
Rental	382	180	554	621	81	-	1,818
Other	294	379	5,723	18	996	3	7,413
<b>TOTAL OPERATING EXPENSES</b>	<u>19,374</u>	<u>2,845</u>	<u>24,061</u>	<u>1,673</u>	<u>2,205</u>	<u>624</u>	<u>50,782</u>
<b>OPERATING LOSS</b>	(2,001)	(558)	(5,322)	(131)	(1,019)	(180)	(9,211)
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest and investment income	-	32	-	3	-	-	35
Interest expense	(932)	(77)	(910)	-	(178)	(19)	(2,116)
Rental	-	-	218	-	-	-	218
Insurance claims and settlements	-	-	11	-	-	-	11
Other, net	217	-	-	-	-	-	217
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(715)</u>	<u>(45)</u>	<u>(681)</u>	<u>3</u>	<u>(178)</u>	<u>(19)</u>	<u>(1,635)</u>
<b>LOSS BEFORE TRANSFERS</b>	<u>(2,716)</u>	<u>(603)</u>	<u>(6,003)</u>	<u>(128)</u>	<u>(1,197)</u>	<u>(199)</u>	<u>(10,846)</u>
Transfers in	-	-	-	-	1,278	-	1,278
Transfers out	-	-	-	-	-	(1,278)	(1,278)
<b>TOTAL TRANSFERS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,278</u>	<u>(1,278)</u>	<u>-</u>
Changes in net assets (deficit)	(2,716)	(603)	(6,003)	(128)	81	(1,477)	(10,846)
Total net assets (deficit) - beginning	(1,841)	163	(20,607)	276	(3,731)	-	(25,740)
<b>TOTAL NET ASSETS (DEFICIT) - ENDING</b>	<u>\$ (4,557)</u>	<u>\$ (440)</u>	<u>\$ (26,610)</u>	<u>\$ 148</u>	<u>\$ (3,650)</u>	<u>\$ (1,477)</u>	<u>\$ (36,586)</u>

**CITY OF OAKLAND**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Stores</u>	<u>Purchasing</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash received from customers, including other funds and cash deposits	\$ 17,187	\$ 2,345	\$ 18,688	\$ 1,545	\$ 1,247	\$ 437	\$ 41,449
Cash from other sources	94	-	-	-	-	-	94
Cash paid to employees for services	(5,974)	(1,486)	(11,182)	(500)	(1,044)	(572)	(20,758)
Cash paid to suppliers for goods & services	(10,204)	(1,487)	(12,876)	(1,131)	(1,183)	(118)	(26,999)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>1,103</u>	<u>(628)</u>	<u>(5,370)</u>	<u>(86)</u>	<u>(980)</u>	<u>(253)</u>	<u>(6,214)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Proceeds of interfund loans	1,526	-	6,439	6	-	1,550	9,521
Repayment of interfund loans	-	-	-	-	(120)	-	(120)
Interest paid on interfund loans	(615)	-	(754)	-	(178)	(19)	(1,566)
Transfers in	-	-	-	-	1,278	-	1,278
Transfers out	-	-	-	-	-	(1,278)	(1,278)
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>911</u>	<u>-</u>	<u>5,685</u>	<u>6</u>	<u>980</u>	<u>253</u>	<u>7,835</u>
<b>CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES</b>							
Acquisition of capital assets	(3,701)	(1)	(72)	(245)	-	-	(4,019)
Repayment of long-term debt	(2,245)	(346)	(316)	-	-	-	(2,907)
Interest paid on long-term debt	(317)	(77)	(156)	-	-	-	(550)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(6,263)</u>	<u>(424)</u>	<u>(544)</u>	<u>(245)</u>	<u>-</u>	<u>-</u>	<u>(7,476)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest income	-	32	-	3	-	-	35
Other, net	217	-	229	-	-	-	446
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>217</u>	<u>32</u>	<u>229</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>481</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(4,032)</u>	<u>(1,020)</u>	<u>-</u>	<u>(322)</u>	<u>-</u>	<u>-</u>	<u>(5,374)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>8,265</u>	<u>1,561</u>	<u>-</u>	<u>322</u>	<u>-</u>	<u>-</u>	<u>10,148</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 4,233</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,774</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>							
Operating loss	\$ (2,001)	\$ (558)	\$ (5,322)	\$ (131)	\$ (1,019)	\$ (180)	\$ (9,211)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>							
Depreciation	4,056	230	31	20	-	-	4,337
Changes in assets and liabilities:							
Receivables	(92)	58	(51)	3	6	(3)	(79)
Due from other funds	-	-	-	-	55	(74)	(19)
Inventories	95	-	-	-	(3)	-	92
Accounts payable and accrued liabilities	(955)	(358)	(28)	22	(19)	4	(1,334)
Total Adjustments	3,104	(70)	(48)	45	39	(73)	2,997
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 1,103</u>	<u>\$ (628)</u>	<u>\$ (5,370)</u>	<u>\$ (86)</u>	<u>\$ (980)</u>	<u>\$ (253)</u>	<u>\$ (6,214)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>							
Cash and investments	-	64	-	-	-	-	64
Restricted cash and investments	4,233	477	-	-	-	-	4,710
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 4,233</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,774</u>

# FIDUCIARY FUNDS

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

## **PENSION TRUST FUNDS**

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

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

## **OTHER TRUST 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, and retiree medical payments; that are not related to Oakland Redevelopment Agency projects or parks, recreation or cultural activities. The Private Pension Trust Fund accounts for employee deferred compensation fund.

**CITY OF OAKLAND**  
**Combining Statement of Fiduciary Net Assets**  
**Pension Trust Funds**  
**June 30, 2008**  
*(In Thousands)*

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and investments	\$ 647	\$ 4,068	\$ 4,715
Receivables:			
Interest and dividends	1	1,498	1,499
Investments and contributions	11	28,624	28,635
Restricted cash and investments:			
Short-term investments	23	39,865	39,888
U.S. government bonds	-	72,540	72,540
U.S. corporate bonds	-	75,488	75,488
Domestic equities and mutual funds	6,848	251,403	258,251
International equities and mutual funds	-	79,064	79,064
Real estate mortgage loans	-	50	50
	<u>6,871</u>	<u>518,410</u>	<u>525,281</u>
Securities lending collateral	-	89,147	89,147
<b>TOTAL ASSETS</b>	<u>7,530</u>	<u>641,747</u>	<u>649,277</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	77	71,758	71,835
Securities lending liability	-	89,147	89,147
<b>TOTAL LIABILITIES</b>	<u>77</u>	<u>160,905</u>	<u>160,982</u>
<b>NET ASSETS</b>			
<b>HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 7,453</u>	<u>\$ 480,842</u>	<u>\$ 488,295</u>

**CITY OF OAKLAND**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	<u>OMERS</u>	<u>PFRS</u>	<u>TOTAL</u>
<b>ADDITIONS:</b>			
Contributions:			
Members	\$ -	\$ 14	\$ 14
Investment Income:			
Net increase			
in fair value of investments	(1,041)	(46,988)	(48,029)
Interest	8	11,047	11,055
Dividends	268	5,571	5,839
Securities lending income	-	2,516	2,516
Total investment income, net	(765)	(27,854)	(28,619)
Less investment expense	(22)	(2,618)	(2,640)
Borrowers' rebates and other agent fees and securities lending transactions	-	(2,208)	(2,208)
Net investment income	(787)	(32,680)	(33,467)
Other income	-	125	125
<b>TOTAL ADDITIONS</b>	<u>(787)</u>	<u>(32,541)</u>	<u>(33,328)</u>
<b>DEDUCTIONS:</b>			
Disbursements to members and beneficiaries:			
Retirement	681	45,328	46,009
Disability	120	27,276	27,396
Death	5	2,376	2,381
<b>TOTAL DISBURSEMENTS TO MEMBERS AND BENEFICIARIES</b>	806	74,980	75,786
Administrative expenses	324	730	1,054
Change in payable to City	(4,205)	-	(4,205)
<b>TOTAL DEDUCTIONS</b>	<u>(3,075)</u>	<u>75,710</u>	<u>72,635</u>
Change in net assets	2,288	(108,251)	(105,963)
Net assets - beginning	5,165	589,093	594,258
Net assets - ending	<u>\$ 7,453</u>	<u>\$ 480,842</u>	<u>\$ 488,295</u>

**CITY OF OAKLAND**  
**Statement of Fiduciary Net Assets**  
**Private Trust Funds**  
**June 30, 2008**  
*(In Thousands)*

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	Private Purpose Trust Fund	Private Pension Trust Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 6,201	\$ 368	\$ 6,569
Receivables:			
Accrued interest and dividends	19	2	21
<b>TOTAL ASSETS</b>	<b>6,220</b>	<b>370</b>	<b>6,590</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	16	6	22
Other	7	1	8
<b>TOTAL LIABILITIES</b>	<b>23</b>	<b>7</b>	<b>30</b>
<b>NET ASSETS</b>			
Net assets held in trust	\$ 6,197	\$ 363	\$ 6,560

**CITY OF OAKLAND**  
**Statement of Changes in Fiduciary Net Assets**  
**Private Trust Funds**  
**Year Ended June 30, 2008**  
*(In Thousands)*

	<u>Private Purpose Trust Fund</u>	<u>Private Pension Trust Fund</u>	<u>Total</u>
<b>ADDITIONS:</b>			
Contributions	\$ -	\$ 325	\$ 325
Trust receipts	856	110	966
Investment income	<u>221</u>	<u>14</u>	<u>235</u>
<b>TOTAL ADDITIONS</b>	<u>1,077</u>	<u>449</u>	<u>1,526</u>
<b>DEDUCTIONS:</b>			
Administrative expenses	-	86	86
Other	83	-	83
Police services	<u>1,257</u>	<u>-</u>	<u>1,257</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,340</u>	<u>86</u>	<u>1,426</u>
Change in net assets	(263)	363	100
<b>NET ASSETS - BEGINNING</b>	<u>6,460</u>	<u>-</u>	<u>6,460</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 6,197</u>	<u>\$ 363</u>	<u>\$ 6,560</u>

# STATISTICAL SECTION

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# CITY OF OAKLAND STATISTICS

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This part of the City of Oakland's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

## **Financial Trends**

Schedules one through five contain trend information to assist in understanding how the City's financial performance and well-being have changed over times.

## **Revenue Capacity**

Schedules six through twelve report tax revenues by sources which include: property taxes, state taxes and local taxes.

## **Debt Capacity**

Schedules thirteen through sixteen present information that helps in understanding the City's current level of outstanding debt, the legal debt margin, and the ability to issue additional debt in the future.

## **Component Unit**

Schedule seventeen contains debt information related to the Port of Oakland, a component unit of the City. This schedule assists in understanding the resources available to pay debt service.

## **Demographic and Economic Information**

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

## **Operating Information**

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

Sources: The City's Comprehensive Annual Financial Report for the relevant year. The City implemented GASB 34 in fiscal year ended June 30, 2002.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 1**

**NET ASSETS BY COMPONENT**

*(in thousands)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 395,311	\$ 385,354	\$ 389,345	\$ 310,633	\$ 319,932	\$ 353,715	\$ 401,881
Restricted	246,923	429,353	316,026	292,415	267,824	317,558	336,908
Unrestricted	(634,634)	(400,886)	(260,074)	(55,983)	(8,522)	37,704	(117,971)
Total governmental activities net assets	<u>\$ 7,600</u>	<u>\$ 413,821</u>	<u>\$ 445,297</u>	<u>\$ 547,065</u>	<u>\$ 579,234</u>	<u>\$ 708,977</u>	<u>\$ 620,818</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 103,197	\$ 109,682	\$ 113,610	\$ 107,396	\$ 110,279	\$ 109,886	\$ 111,881
Unrestricted	(4,287)	(3,643)	(6,185)	3,114	989	2,173	7,731
Total business-type activities net assets	<u>\$ 98,910</u>	<u>\$ 106,039</u>	<u>\$ 107,425</u>	<u>\$ 110,510</u>	<u>\$ 111,268</u>	<u>\$ 112,059</u>	<u>\$ 119,612</u>
Primary government							
Invested in capital assets, net of related debt	\$ 498,508	\$ 495,036	\$ 502,955	\$ 418,029	\$ 430,211	\$ 463,601	\$ 513,762
Restricted	246,923	429,353	316,026	292,415	267,824	317,558	336,908
Unrestricted	(638,921)	(404,529)	(266,259)	(52,869)	(7,533)	39,877	(110,240)
Total primary government net assets	<u>\$ 106,510</u>	<u>\$ 519,860</u>	<u>\$ 552,722</u>	<u>\$ 657,575</u>	<u>\$ 690,502</u>	<u>\$ 821,036</u>	<u>\$ 740,430</u>

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

Source: City of Oakland Statement of Net Assets

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 2**

**CHANGES IN NET ASSETS**

(in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>							
Governmental Activities:							
General government	\$ 80,170	\$ 95,671	\$ 67,069	\$ 65,865	\$ 71,471	\$ 91,119	\$ 102,218
Public safety	250,503	302,273	297,869	319,908	335,171	348,436	412,050
Life enrichment	99,223	105,133	102,314	96,649	101,902	105,728	115,315
Community and economic development	108,101	110,400	121,160	117,689	140,351	183,968	203,406
Public works	72,639	83,548	70,369	107,457	100,448	101,075	79,348
Interest on long-term debt	72,924	56,072	58,820	62,238	73,224	79,864	74,545
Total governmental activities expenses	<u>\$ 683,560</u>	<u>\$ 753,097</u>	<u>\$ 717,601</u>	<u>\$ 769,806</u>	<u>\$ 822,567</u>	<u>\$ 910,190</u>	<u>\$ 986,882</u>
Business-type activities:							
Sewer	\$ 15,848	\$ 17,960	\$ 20,597	\$ 21,337	\$ 24,841	\$ 29,365	\$ 30,502
Parks and recreation	94	68	159	160	734	1,087	384
Total business-type activities	<u>\$ 15,942</u>	<u>\$ 18,028</u>	<u>\$ 20,756</u>	<u>\$ 21,497</u>	<u>\$ 25,575</u>	<u>\$ 30,452</u>	<u>\$ 30,886</u>
Total primary government expenses	<u>\$ 699,502</u>	<u>\$ 771,125</u>	<u>\$ 738,357</u>	<u>\$ 791,303</u>	<u>\$ 848,142</u>	<u>\$ 940,642</u>	<u>\$ 1,017,768</u>
<b>Program Revenues (see schedule 3)</b>							
Governmental activities:							
Charges for services:							
General government	\$ 25,131	\$ 27,946	\$ 14,913	\$ 25,641	\$ 16,266	\$ 13,741	\$ 22,276
Public safety	14,715	15,489	38,959	66,983	42,492	9,803	10,331
Life enrichment	5,123	4,355	73	125	79	3,992	5,110
Community and economic development	21,553	21,599	7,287	12,528	7,947	16,437	45,466
Public works	21,872	26,898	3,600	6,190	3,927	31,269	27,113
Operating grants and contributions	63,235	79,784	78,965	74,694	77,154	106,903	91,278
Capital grants and contributions	10,553	9,262	10,366	-	-	-	-
Total governmental activities program revenues	<u>\$ 162,182</u>	<u>\$ 185,333</u>	<u>\$ 154,163</u>	<u>\$ 186,161</u>	<u>\$ 147,865</u>	<u>\$ 182,145</u>	<u>\$ 201,574</u>
Business-type activities:							
Charges for services:							
Sewer	\$ 19,153	\$ 19,364	\$ 22,590	\$ 24,252	\$ 24,678	\$ 29,838	\$ 33,264
Parks and recreation	100	122	58	244	197	237	487
Operating grants and contributions	19	19	-	-	-	21	-
Total business-type activities program revenues	<u>\$ 19,272</u>	<u>\$ 19,505</u>	<u>\$ 22,648</u>	<u>\$ 24,496</u>	<u>\$ 24,875</u>	<u>\$ 30,096</u>	<u>\$ 33,751</u>
Total primary government program revenues	<u>\$ 181,454</u>	<u>\$ 204,838</u>	<u>\$ 176,811</u>	<u>\$ 210,657</u>	<u>\$ 172,740</u>	<u>\$ 212,241</u>	<u>\$ 235,325</u>
<b>Net (Expense)/Revenue</b>							
Governmental activities	\$ (521,378)	\$ (567,764)	\$ (563,438)	\$ (583,645)	\$ (674,702)	\$ (735,868)	\$ (785,308)
Business-type activities	3,330	1,477	1,892	2,999	(700)	(356)	2,865
Total primary government net expense	<u>\$ (518,048)</u>	<u>\$ (566,287)</u>	<u>\$ (561,546)</u>	<u>\$ (580,646)</u>	<u>\$ (675,402)</u>	<u>\$ (736,224)</u>	<u>\$ (782,443)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes							
Property taxes	\$ 172,029	\$ 202,297	\$ 200,731	\$ 234,127	\$ 268,693	\$ 317,666	\$ 358,338
State taxes	68,603	79,444	72,906	68,451	67,304	67,723	73,928
Local taxes, license and permits	160,729	199,720	197,873	251,301	261,815	256,658	235,470
Other	66,883	64,414	117,238	84,850	30,406	108,048	50,153
Interest and investment income	36,463	40,043	5,566	46,063	78,053	48,073	47,852
Transfers	659	629	600	621	600	600	600
Special Items	-	-	-	-	-	59,020	-
Total governmental activities	<u>\$ 505,366</u>	<u>\$ 586,547</u>	<u>\$ 594,914</u>	<u>\$ 685,413</u>	<u>\$ 706,871</u>	<u>\$ 857,788</u>	<u>\$ 766,341</u>
Business-type activities:							
Interest and investment income	\$ 10	\$ 199	\$ 94	\$ 707	\$ 1,996	\$ 1,745	\$ 1,434
Other	1,891	6,082	-	-	62	2	-
Transfers	(659)	(629)	(600)	(621)	(600)	(600)	(600)
Total business-type activities	<u>\$ 1,242</u>	<u>\$ 5,652</u>	<u>\$ (506)</u>	<u>\$ 86</u>	<u>\$ 1,458</u>	<u>\$ 1,147</u>	<u>\$ 834</u>
Total primary government	<u>\$ 506,608</u>	<u>\$ 592,199</u>	<u>\$ 594,408</u>	<u>\$ 685,499</u>	<u>\$ 708,329</u>	<u>\$ 858,935</u>	<u>\$ 767,175</u>
<b>Change in Net Assets</b>							
Governmental activities	\$ (16,012)	\$ 18,783	\$ 31,476	\$ 101,768	\$ 32,169	\$ 129,743	\$ (18,967)
Business-type activities	4,572	7,129	1,386	3,085	758	791	3,699
Total primary government	<u>\$ (11,440)</u>	<u>\$ 25,912</u>	<u>\$ 32,862</u>	<u>\$ 104,853</u>	<u>\$ 32,927</u>	<u>\$ 130,534</u>	<u>\$ (15,268)</u>

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

Source: City of Oakland Statement of Activities

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 3**

**PROGRAM REVENUES BY FUNCTION/PROGRAM**

*(in thousands)*

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

Source: City of Oakland Statement of Activities

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 4**

**FUND BALANCES, GOVERNMENTAL FUNDS**

*(in thousands)*

	<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>
General Fund													
Reserved	\$ 196,067	\$	214,317	\$	10,779	\$	151,494	\$	134,151	\$	138,891	\$	126,575
Unreserved	29,666		38,801		222,529		140,343		152,368		143,016		121,109
Total general fund	<u>\$ 225,733</u>	<u>\$</u>	<u>253,118</u>	<u>\$</u>	<u>233,308</u>	<u>\$</u>	<u>291,837</u>	<u>\$</u>	<u>286,519</u>	<u>\$</u>	<u>281,907</u>	<u>\$</u>	<u>247,684</u>
All Other Governmental Funds													
Reserved	\$ 327,871	\$	475,385	\$	284,475	\$	445,531	\$	496,474	\$	797,702	\$	828,314
Unreserved, reported in:													
Special revenue funds	(11,809)		(108,238)		4,704		19,785		42,102		32,444		8,129
Capital projects funds	4,222		6,599		164,788		143,456		130,221		98,912		73,147
Total all other governmental funds	<u>\$ 320,284</u>	<u>\$</u>	<u>373,746</u>	<u>\$</u>	<u>453,967</u>	<u>\$</u>	<u>608,772</u>	<u>\$</u>	<u>668,797</u>	<u>\$</u>	<u>929,058</u>	<u>\$</u>	<u>909,590</u>

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

Source: City of Oakland Balance Sheet, Governmental Funds

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 5**

**CHANGES IN FUND BALANCES,  
GOVERNMENTAL FUNDS**

*(in thousands)*

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 330,836	\$ 368,764	\$ 403,226	\$ 402,435	\$ 439,159	\$ 457,949	\$ 535,706	\$ 578,474	\$ 616,754	\$ 648,153
Licenses and permits	8,061	9,098	11,442	11,758	13,098	13,476	15,676	19,006	20,390	19,319
Fines and penalties	14,736	15,625	17,111	17,806	20,645	28,189	26,325	25,467	26,859	23,497
Interest/investment net income	48,275	35,449	37,116	35,481	40,619	7,672	38,495	30,721	49,141	49,894
Charges for services	38,192	41,181	50,310	60,840	65,324	67,176	73,133	70,711	75,242	76,735
Other intergovernmental revenues	-	-	-	-	-	-	-	-	-	33,561
Federal and State grants and subventions	61,334	83,759	75,701	48,234	72,483	79,918	97,009	73,778	97,382	94,428
Other revenues	40,580	17,159	22,001	61,391	70,027	48,608	53,711	47,558	74,758	24,200
<b>Total revenues</b>	<b>\$ 542,014</b>	<b>\$ 571,035</b>	<b>\$ 616,907</b>	<b>\$ 637,945</b>	<b>\$ 721,355</b>	<b>\$ 702,988</b>	<b>\$ 840,055</b>	<b>\$ 845,715</b>	<b>\$ 960,526</b>	<b>\$ 969,787</b>
<b>Expenditures</b>										
General government	\$ 29,166	\$ 31,689	\$ 35,338	\$ 41,389	\$ 39,365	\$ 42,225	\$ 45,466	\$ 49,411	\$ 67,194	\$ 45,600
Financial and Personnel Services	13,565	15,978	15,327	16,637	17,025	22,339	22,197	24,181	26,018	35,761
Information Technology	-	-	-	-	-	-	-	-	-	13,666
Contracting and Purchasing	-	-	-	-	-	-	-	-	-	2,280
Police services	114,462	130,662	145,521	151,791	166,266	166,175	178,813	187,968	206,561	225,893
Fire services	60,637	72,237	77,129	84,239	88,154	91,542	98,029	111,162	112,699	118,429
Life enrichment										
Administration	-	-	1,693	561	660	1	7	-	-	-
Parks & Recreation	27,290	41,818	38,180	32,481	28,556	29,445	16,740	17,296	19,148	20,872
Library	14,314	13,871	15,178	16,540	17,096	18,460	20,547	22,942	24,631	23,833
Museum	4,597	5,512	5,707	7,278	7,561	8,327	7,383	267	6,976	6,883
Marketing	-	-	-	-	-	2,367	-	-	-	-
Aging, Health & Human Services	20,849	19,856	21,347	24,568	27,740	33,238	35,609	46,581	53,228	56,239
Cultural Arts	-	1,717	1,972	1,382	1,753	41	-	6,832	-	-
Community & Economic Development	73,923	84,394	73,745	118,234	122,715	92,788	101,031	135,561	169,233	206,908
Public Works	42,527	48,504	60,835	52,841	51,458	60,328	73,338	79,816	91,490	71,971
Other	55,054	48,313	46,773	41,471	36,652	30,372	38,327	23,048	10,641	10,597
Capital outlay	64,108	18,606	14,397	22,055	27,056	24,779	36,219	25,014	49,895	46,312
Debt service										
Bond issuance costs	-	-	-	3,711	4,212	12,874	4,478	2,496	4,467	4,210
Other refunding cost	-	-	-	-	-	-	-	-	-	5,674
Principal	30,457	36,144	50,351	39,686	50,356	61,831	88,506	72,583	79,964	92,940
Interest	74,410	73,743	75,649	58,558	55,020	62,897	60,656	69,027	69,682	71,528
<b>Total expenditures</b>	<b>\$ 625,359</b>	<b>\$ 643,044</b>	<b>\$ 679,142</b>	<b>\$ 713,422</b>	<b>\$ 741,645</b>	<b>\$ 760,029</b>	<b>\$ 827,346</b>	<b>\$ 874,185</b>	<b>\$ 991,827</b>	<b>\$ 1,059,596</b>
Excess of revenues over(under) expenditures	\$ (83,345)	\$ (72,009)	\$ (62,235)	\$ (75,477)	\$ (20,290)	\$ (57,041)	\$ 12,709	\$ (28,470)	\$ (31,301)	\$ (89,809)
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	\$ -	\$ 1,166	\$ 1,573	\$ -	\$ -	\$ 3,927	\$ 433,956	\$ 105,840	\$ 143,988	\$ -
Issuance of refunding bonds	-	-	-	213,655	202,765	188,650	-	-	102,590	241,410
Premiums on issuance of bonds	-	-	-	788	-	587	13,535	328	1,963	11,313
Payment to refunding bond escrow agent	-	-	-	(208,907)	(110,826)	(96,395)	(247,860)	(27,853)	(22,729)	(221,250)
Property sale proceeds	-	79	104	16,094	8,569	1,497	394	4,262	618	4,045
Transfers in	73,122	116,700	8,514	142,816	79,144	95,404	109,911	101,643	97,397	98,691
Transfers out	(111,121)	(164,902)	(59,261)	(142,157)	(78,515)	(94,804)	(109,311)	(101,043)	(95,897)	(98,091)
<b>Total other financing sources (uses)</b>	<b>\$ (37,999)</b>	<b>\$ (46,957)</b>	<b>\$ (49,070)</b>	<b>\$ 22,289</b>	<b>\$ 101,137</b>	<b>\$ 98,866</b>	<b>\$ 200,625</b>	<b>\$ 83,177</b>	<b>\$ 227,930</b>	<b>\$ 36,118</b>
Special item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,020	\$ -
<b>Change in fund balances</b>										
Net change in fund balances	\$ 18,408	\$ (10,638)	\$ (9,438)	\$ (53,188)	\$ 80,847	\$ 41,825	\$ 213,334	\$ 54,707	\$ 255,649	\$ (53,691)
Total fund balance - beginning	24,464	42,872	32,234	599,205	546,017	645,450	687,275	900,609	955,316	1,210,965
Total fund balance - ending	\$ 42,872	\$ 32,234	\$ 22,796	\$ 546,017	\$ 626,864	\$ 687,275	\$ 900,609	\$ 955,316	\$ 1,210,965	\$ 1,157,274
Debt service as a percentage of noncapital expenditures	18.68%	17.60%	18.95%	14.75%	15.34%	18.71%	19.42%	16.97%	16.36%	18.02%

Note: Debt ratio was calculated by dividing debt service by total government expenditures excluding capital outlay \$92,150 for fiscal year 2008.

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

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

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 6**

**TAX REVENUES BY SOURCE,  
GOVERNMENTAL FUNDS**

*(in thousands)*

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales &amp; Use</b>	<b>Motor Vehicle in-lieu</b>	<b>Gas</b>	<b>Business License</b>	<b>Utility Consumption</b>	<b>Real Estate Transfer</b>	<b>Transient Occupancy</b>	<b>Parking</b>	<b>Voter Approved</b>	<b>Franchise</b>	<b>Total</b>
1999	\$ 140,029	\$ 43,808	\$ 17,701	\$ 7,389	\$ 31,825	\$ 36,938	\$ 28,892	\$ 9,430	\$ 5,827	\$ -	\$ 8,997	\$ 330,836
2000	155,941	46,791	19,314	8,052	35,845	41,592	34,359	12,100	5,686	-	9,084	368,764
2001	162,895	52,877	21,361	10,419	38,738	48,703	38,309	12,766	6,762	-	10,396	403,226
2002	163,130	45,749	22,854	7,705	42,094	49,547	37,272	10,530	7,525	5,085	10,944	402,435
2003	193,738	48,798	24,259	6,387	42,020	46,581	42,088	10,863	8,242	5,359	10,824	439,159
2004	200,646	47,760	18,178	6,968	44,223	48,056	55,665	9,857	9,799	5,205	11,592	457,949
2005	232,061	51,148	9,656	7,647	43,902	49,781	77,722	10,926	11,580	30,155	11,128	535,706
2006	268,361	56,844	2,984	7,476	43,790	48,770	79,483	11,690	15,196	31,728	12,152	578,474
2007	314,468	58,006	2,268	7,449	50,339	51,426	61,505	12,303	16,202	29,778	13,010	616,754
2008	358,074	64,812	1,811	7,305	52,542	52,524	36,205	12,400	15,747	32,942	13,791	648,153
Change 1999-2008	155.7%	47.9%	-89.8%	-1.1%	65.1%	42.2%	25.3%	31.5%	170.2%	n/a	53.3%	95.9%

Note: Reflects revenues of the General, Special Revenue, Debt Service and Capital Projects Funds, and Oakland Redevelopment Agency

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

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 7**

**ASSESSED VALUE AND ESTIMATED ACTUAL  
VALUE OF TAXABLE PROPERTY**

*(in thousands)*

<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Less: Redevelopment Tax Increments</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
1999	\$ 6,000,890	\$ 11,816,263	\$ 2,065,964	\$ 19,883,117	\$ 1,570,310	\$ 1,881,435	\$ 16,431,372	5.325	\$ 87,497,056	18.78%
2000	6,293,257	12,756,685	1,860,397	20,910,339	1,700,240	2,193,715	17,016,384	5.816	98,967,289	17.19%
2001	6,645,913	13,862,254	2,004,626	22,512,793	1,791,760	2,452,166	18,268,867	5.451	99,583,594	18.35%
2002	7,200,754	15,231,115	2,165,091	24,596,960	1,666,969	3,057,178	19,872,813	5.613	111,546,099	17.82%
2003	7,725,624	16,906,517	1,997,630	26,629,771	1,828,260	3,524,500	21,277,011	5.392	114,725,643	18.55%
2004	8,374,188	18,571,148	1,964,460	28,909,796	1,863,890	4,090,609	22,955,297	5.811	133,393,231	17.21%
2005	9,157,808	20,308,258	1,878,079	31,344,145	2,067,228	5,186,441	24,090,476	5.534	133,316,694	18.07%
2006	10,206,973	22,383,882	1,962,917	34,553,772	2,310,189	7,750,010	24,493,573	5.519	135,180,029	18.12%
2007	11,410,672	24,862,440	1,894,048	38,167,160	2,347,281	9,552,758	26,267,121	5.667	148,855,775	17.65%
2008	12,472,317	27,192,312	2,132,949	41,797,578	2,478,761	9,552,758	29,766,059	5.508	163,951,453	18.16%

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

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 8**

**DIRECT AND OVERLAPPING  
PROPERTY TAX RATES**

Fiscal Year	<u>City Direct Rates</u>				<u>Overlapping Rates</u>						East Bay Municipal Utility Debt	East Bay Regional Parks District	East Bay Reg. Parks District Debt
	Basic Rate	Debt Service Fund	1981 Pension Liability	Total Direct Rate	Alameda County	Education	Education Debt	BART and AC Transit	BART Debt	Other			
1999	0.3485	0.0265	0.1575	0.5325	0.3086	0.2165	0.0318	0.0517	0.0167	0.0505	0.0091	0.0242	0.0092
2000	0.3485	0.0756	0.1575	0.5816	0.3086	0.2165	0.0274	0.0517	-	0.0505	0.0087	0.0242	0.0088
2001	0.3485	0.0391	0.1575	0.5451	0.3086	0.2165	0.0923	0.0517	-	0.0505	0.0085	0.0242	0.0065
2002	0.3485	0.0553	0.1575	0.5613	0.3086	0.2165	0.0959	0.0517	-	0.0505	0.0084	0.0242	0.0072
2003	0.3485	0.0332	0.1575	0.5392	0.3086	0.2165	0.0994	0.0517	-	0.0505	0.0084	0.0242	0.0065
2004	0.3485	0.0751	0.1575	0.5811	0.3086	0.2165	0.0923	0.0517	-	0.0505	0.0079	0.0242	0.0057
2005	0.3485	0.0474	0.1575	0.5534	0.3086	0.2165	0.0875	0.0517	-	0.0505	0.0076	0.0242	0.0057
2006	0.3485	0.0459	0.1575	0.5519	0.3086	0.2165	0.1018	0.0517	-	0.0505	0.0072	0.0242	0.0057
2007	0.3485	0.0607	0.1575	0.5667	0.3086	0.2165	0.1074	0.0517	-	0.0505	0.0068	0.0242	0.0085
2008	0.3485	0.0448	0.1575	0.5508	0.3086	0.2165	0.1030	0.0517	-	0.0505	0.0065	0.0242	0.0080

Note: Rates per \$1,000 assessed value

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 9**

**PRINCIPAL PROPERTY TAX PAYERS**

<u>Taxpayer</u>	<u>1999</u>		<u>2008</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Oakland City Center Venture LLC	\$ 169,998,605	0.928%	\$ 193,371,119	0.492%
SIC Lakeside Drive LLC	-	0.000%	199,428,657	0.507%
Oakland Property LLC		0.000%	159,120,000	0.405%
Kaiser Foundation Health Plan Inc	80,087,192	0.437%	150,845,907	0.384%
1800 Harrison Foundation	-	0.000%	117,197,866	0.298%
555 Twelfth Street Venture LLC		0.000%	105,113,958	0.267%
Brandywine Ordway LLC	-	0.000%	104,040,000	0.265%
Clorox Company	76,977,963	0.420%	93,865,620	0.239%
KSL Claremont Resort, Inc.	57,507,937	0.314%	85,149,410	0.217%
Zhone Technologies Campus LLC	-	0.000%	71,004,400	0.181%
<b>Total</b>	<b>\$ 384,571,697</b>	<b>2.100%</b>	<b>\$ 1,279,136,937</b>	<b>3.253%</b>

(1) 2008 based on total assessed value of \$39,318,818,006

(2) 1999 based on total assessed value of \$18,312,807,466

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 10**

**PROPERTY TAX LEVIES  
AND COLLECTIONS**

*(in thousands)*

<b>1% TAX ROLL</b>							
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date		
		Amount	Percent of Levy		Amount	Percent of Levy	
1999	\$ 47,448	\$ 46,138	97.24%	0	\$ 46,138	97.24%	
2000	49,855	47,921	96.12%	0	47,921	96.12%	
2001	53,376	51,120	95.77%	0	51,120	95.77%	
2002	56,947	55,270	97.06%	0	55,270	97.06%	
2003	61,164	59,276	96.91%	0	59,276	96.91%	
2004	65,248	63,546	97.39%	0	63,546	97.39%	
2005	68,095	66,301	97.37%	0	66,301	97.37%	
2006	73,331	71,198	97.09%	0	71,198	97.09%	
2007	79,357	75,654	95.33%	0	75,654	95.33%	
2008	86,220	81,048	94.00%	0	81,048	94.00%	

<b>Voter-Approved Debt Tax Roll</b>							
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date		
		Amount	Percent of Levy		Amount	Percent of Levy	
1999	\$ 35,848	\$ 34,599	96.52%	0	\$ 34,599	96.52%	
2000	45,245	43,475	96.09%	0	43,475	96.09%	
2001	42,225	40,748	96.50%	0	40,748	96.50%	
2002	49,024	46,849	95.56%	0	46,849	95.56%	
2003	48,441	46,001	94.96%	0	46,001	94.96%	
2004	61,760	59,602	96.51%	0	59,602	96.51%	
2005	59,673	57,558	96.46%	0	57,558	96.46%	
2006	63,369	60,887	96.08%	0	60,887	96.08%	
2007	75,071	70,586	94.03%	0	70,586	94.03%	
2008	76,453	70,621	92.37%	0	70,621	92.37%	

Note: Collections in subsequent year data not available

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 11**

**TAXABLE SALES BY CATEGORY**

*(in thousands)*

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Auto & Transportation	n/a	n/a	\$ 922,018	\$ 895,331	\$ 929,517	\$ 871,710	\$ 817,924	\$ 860,194	\$ 912,876	\$ 840,330
Business & Industry	n/a	n/a	688,074	588,871	715,740	700,079	622,816	667,630	613,457	691,322
General Consumer Goods	n/a	n/a	501,218	504,084	480,747	453,363	461,085	554,136	549,394	536,955
Restaurants and Hotels	n/a	n/a	439,638	442,948	430,058	406,565	441,158	496,814	483,765	527,276
Building & Construction	n/a	n/a	319,187	348,829	393,261	369,886	491,196	488,972	495,607	465,797
Food & Drugs	n/a	n/a	372,774	342,013	341,625	308,529	316,990	321,467	330,643	341,677
Fuel & Service Stations	n/a	n/a	290,612	317,736	342,098	593,926	869,866	1,058,122	1,186,535	1,236,876
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,533,521</b>	<b>\$ 3,439,812</b>	<b>\$ 3,633,046</b>	<b>\$ 3,704,058</b>	<b>\$ 4,021,035</b>	<b>\$ 4,447,335</b>	<b>\$ 4,572,277</b>	<b>\$ 4,640,233</b>
City direct sales tax rate								1.5%	1.5%	1.5%

Source: HdL Companies

CITY OF OAKLAND  
STATISTICS

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SCHEDULE 12

DIRECT AND OVERLAPPING  
SALES TAX RATES

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>State of California</u>
1999	n/a	n/a
2000	n/a	n/a
2001	n/a	n/a
2002	n/a	n/a
2003	n/a	n/a
2004	n/a	n/a
2005	n/a	n/a
2006	1.50%	7.25%
2007	1.50%	7.25%
2008	1.50%	7.25%

Source: California State Board of Equalization

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 13**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

*(in thousands)*

Fiscal Year	<u>Governmental Activities</u>											<u>Business-type Activities</u>									
	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Lease Revenue Bonds	Pension Obligation Bonds	Accreted Interest	Special Assessment Bonds	Notes Payable	Capital Leases	Accrued Vacation and Sick Leave	Liability for self-insurance (est.)	Claims Payable (est.)	Environmental Cost (est.)	OPEB Obligation	Pledge Oblig. For Authority Debt	Sewer Fund Notes Payable	Sewer Fund Bonds	Unamortized Bond Premium	Total Primary Government	Percentage of Personal Income (1)	Per Capita
1999	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a
2000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2001	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2002	133,295	214,295	67,346	399,675	435,686	-	8,870	52,283	-	31,923	90,694	45,242	-	n/a	99,048	7,663	-	-	1,586,020	13.56%	4
2003	167,350	246,660	63,631	382,645	442,592	-	8,463	49,448	-	32,798	91,367	49,569	-	n/a	96,590	7,045	-	-	1,638,158	14.00%	4
2004	232,045	235,555	59,594	386,200	436,873	-	7,940	46,153	-	37,436	94,874	48,716	-	n/a	93,950	6,362	-	-	1,685,698	14.41%	4
2005	227,010	270,085	50,195	488,721	366,405	70,811	7,370	18,440	26,769	31,503	96,166	43,099	5,499	n/a	91,150	5,655	62,330	2,829	1,864,037	15.94%	5
2006	358,124	319,115	49,154	346,110	341,475	85,884	7,085	17,940	20,218	33,709	100,493	44,945	2,319	n/a	88,100	4,925	60,840	2,710	1,883,146	16.10%	5
2007	345,214	514,475	45,795	325,105	313,625	104,356	6,800	17,090	31,809	33,601	98,381	43,598	11,198	n/a	85,350	4,126	59,305	2,593	2,042,421	22.41%	5
2008	331,528	496,630	40,495	323,340	282,705	125,743	6,200	19,045	26,968	35,646	80,382	50,242	8,980	43,668	82,450	3,346	57,720	2,475	2,017,563	19.12%	5

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

(1) Per capita income \$25,118 multiplied by population 420,183 gives personal income \$10,554,156,594

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 14**

**RATIOS OF GENERAL BONDED  
DEBT OUTSTANDING**

*(in thousands)*

General Bonded Debt Outstanding

<u>Fiscal Year</u>	<u>Net Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Percentage of Actual Taxable Value of Property (%)</u>	<u>Per Capita (3) <i>(in dollars)</i></u>
1999	\$ 132,960	\$18,313,000	0.7260	\$332.48
2000	129,665	19,210,000	0.6750	322.47
2001	137,080	20,721,000	0.6616	336.81
2002	133,295	22,930,000	0.5813	326.06
2003	167,350	24,802,000	0.6747	405.99
2004	232,045	27,046,000	0.8580	563.76
2005	227,010	29,277,000	0.7754	550.59
2006	358,124	32,244,000	1.1107	869.75
2007	345,214	35,820,000	0.9637	830.86
2008	331,528	39,319,000	0.8432	789.01

(1) Source: City of Oakland Annual Debt Service Roll Forward, General Obligation Debt Total as of June 30, 2008

(2) Source: County of Alameda.

(3) Population 420,183 as of 1/1/08 per State of California Demographic Information by City.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 15**

**DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable</u>	<u>City Share of Debt</u>
<b>Direct Bonded Debt</b>		
City of Oakland (1)	100	\$ 331,528,315
City of Oakland and Coliseum Authority General Fund Obligations	100	503,685,000
City of Oakland 1915 Act Bond Obligations	100	6,495,000
City of Oakland Pension Obligations	100	282,704,842
<b>Total Direct Bonded Debt:</b>		<u>\$ 1,124,413,157</u>
<b>Overlapping Bonded Debt</b>		
Alameda-Contra Costa Transit District Certificates of Participation	21.582	\$ 2,913,570
Alameda County Board of Education Public Facilities Corporation	17.969	44,923
Alameda County and Coliseum Authority General Fund Obligation	17.969	82,601,337
Alameda County Pension Obligations	17.969	41,062,781
Bay Area Rapid Transit District	7.099	33,175,047
East Bay Municipal Utility District, Special District #1	51.995	16,724,192
East Bay Regional Park District	10.313	15,412,263
Chabot-Las Positas Community College District	1.154	5,498,974
Chabot-Las Positas Community College District General Fund Obligations	1.154	57,585
Peralta Community College District	54.783	198,144,633
Peralta Community College District Pension Obligation	54.783	81,541,664
Berkeley & Castro Valley Unified School District	0.004 & 0.126	122,477
Oakland Unified School District	99.997	563,973,080
Oakland Unified School District Certificates of Participation	99.997	78,842,635
San Leandro Unified School District	11.451	8,910,596
San Leandro Unified School District Certificates of Participation	11.451	176,918
Castro Valley Unified School District Certificates of Participation	0.126	1,027
City of Emeryville 1915 Act Bonds	4.183	429,385
<b>Total Overlapping Bonded Debt:</b>		<u>\$ 1,129,633,087</u>
<b>Total Direct and Overlapping Debt</b>		<u>\$ 2,254,046,244</u>
Less: East Bay M.U.D. Special District #1 (100% self-supporting)		<u>16,724,192</u>
<b>Total Net Direct and Overlapping Bonded Debt</b>		<u><u>\$ 2,237,322,052</u></u>

(1) Source: City of Oakland Annual Debt Service Roll Forward, General Obligation Debt Total as of June 30, 2008

Source: City of Oakland Treasury Division

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 16**

**LEGAL DEBT MARGIN INFORMATION**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$616,176,449	\$638,114,414	\$685,082,511	\$745,230,478	\$798,115,131	\$860,823,608	\$903,392,821	\$918,508,985	\$985,017,038	\$1,116,227,253
Total net debt applicable to limit	132,960,000	129,665,000	137,080,000	133,295,000	167,350,000	232,045,000	227,010,000	358,124,189	345,214,363	331,528,315
Legal debt margin	\$483,216,449	\$508,449,414	\$548,002,511	\$611,935,478	\$630,765,131	\$628,778,608	\$676,382,821	\$560,384,796	\$639,802,675	\$784,698,938
Total net debt applicable to the limit as a percentage of debt limit (%)	21.58%	20.32%	20.01%	17.89%	20.97%	26.96%	25.13%	38.99%	35.05%	29.70%

Source: County of Alameda and City of Oakland Annual Debt Service Roll Forward (General Obligation Debt Total as of June 30, 2008).

**CITY OF OAKLAND  
STATISTICS**

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**SCHEDULE 17**

**PLEDGED-REVENUE COVERAGE,  
PORT OF OAKLAND**

*(thousands of dollars)*

Fiscal Year	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
1999	\$ 79,302	\$ 11,620	\$ 26,039	\$ 37,659	210.58%
2000	83,655	12,180	25,496	37,676	222.04%
2001	98,605	18,920	18,757	37,677	261.71%
2002	85,485	13,810	39,380	53,190	160.72%
2003	94,610	10,638	46,323	56,961	166.10%
2004	110,797	9,241	50,124	59,365	186.64%
2005	126,636	8,155	53,633	61,788	204.95%
2006	136,566	14,968	56,806	71,774	190.27%
2007	138,458	19,892	62,756	82,648	167.53%
2008	144,931	25,076	76,958	102,034	142.04%

Source: Port of Oakland

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 18**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b> <i>(thousands of dollars)</i>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate (%)</b>
1999	399,900	\$ N/A	\$ N/A	N/A	63,652	3.5
2000	402,100	12,919,473	32,130	33.3	54,867	2.8
2001	407,000	13,730,552	33,736	33.3	55,525	2.9
2002	408,800	16,192,977	39,611	33.3	53,108	6.7
2003	412,200	17,979,340	43,618	33.3	52,629	6.8
2004	411,600	18,163,496	44,129	33.3	49,334	6.1
2005	412,300	9,044,213	21,936	33.3	49,334	5.3
2006	411,755	11,697,548	28,409	33.3	41,467	7.1
2007	415,492	9,114,233	21,936	33.3	39,802	7.4
2008	420,183	10,554,157	25,118	36.1	39,705	9.6

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

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

**CITY OF OAKLAND  
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**SCHEDULE 19**

**PRINCIPAL EMPLOYERS**

<b>Employer</b>	<b>2008</b>			<b>2006</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>
Oakland Unified School District	7,000	1	4.01%	8,000	2	4.58%
Kaiser Permanente	6,611	2	3.79%	5,450	3	3.12%
Alameda County	6,363	3	3.64%	9,740	1	5.58%
City of Oakland	4,600	4	2.63%	4,290	5	2.46%
United States Postal Service	4,000	5	2.29%	N/A		
Southwest Airlines Co.	2,414	6	1.38%	N/A		
Summit Medical Center	2,400	7	1.37%	2,230	10	1.28%
Oakland Children's Hospital	2,340	8	1.34%	N/A		
Federal Express	2,214	9	1.27%	2,790	7	1.60%
University of California	2,000	10	1.15%	N/A		
Kaiser Foundation Hospitals	N/A			4,340	4	2.49%
Bay Area Rapid Transit	N/A			2,800	6	1.60%
Alta-Bates Medical Center	N/A			2,620	8	1.50%
Kaiser Foundation Health Plan	N/A			2,590	9	1.48%
<b>Total</b>	<b>39,942</b>			<b>44,850</b>		

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

Source: Fiscal Year 2006 - Economic Development Alliance for Business, Alameda County Largest Employers.  
 Fiscal Year 2008 - City of Oakland, Community and Economic Development Agency  
 Total employment of 174,580 (2007 estimate) from DemographicsNow.com is used to calculate the percentage of employment

**CITY OF OAKLAND  
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**SCHEDULE 20**

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

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Aging, Health & Human Services	N/A	N/A	N/A	N/A	N/A	224	219	210	213	208
Community & Economic										
Development Agency	N/A	N/A	N/A	N/A	N/A	285	266	258	262	419
Fire										
Firefighters and officers	492	492	492	492	506	481	464	445	456	462
Civilians	65	66	66	74	81	78	72	77	81	82
General Government										
Management services	N/A	N/A	N/A	N/A	N/A	214	207	199	222	211
Finance	N/A	N/A	N/A	N/A	N/A	184	175	201	210	209
Retirement Services	N/A	N/A	N/A	N/A	N/A	8	6	7	7	5
Personnel Resource Mgmt	N/A	N/A	N/A	N/A	N/A	36	35	38	41	53
Contracts and Purchasing	N/A	22								
Information Technology Division	N/A	N/A	N/A	N/A	N/A	73	72	76	76	92
Library	N/A	N/A	N/A	N/A	N/A	181	172	173	160	150
Marketing - CAM	N/A	N/A	N/A	N/A	N/A	22	22	22	22	21
Museum	N/A	N/A	N/A	N/A	N/A	67	61	56	58	55
Parks and recreation	N/A	N/A	N/A	N/A	N/A	216	81	88	81	76
Police										
Officers	713	751	747	839	763	759	714	701	725	746
Civilians	412	462	494	443	443	385	370	354	335	432
Public Works	N/A	N/A	N/A	N/A	N/A	609	698	709	727	561
<b>Total</b>	<b>4,025</b>	<b>4,218</b>	<b>4,218</b>	<b>4,556</b>	<b>3,858</b>	<b>3,822</b>	<b>3,634</b>	<b>3,614</b>	<b>3,676</b>	<b>3,804</b>

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

Source: City of Oakland Personnel Resource Mgmt.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 21**

**OPERATING INDICATORS BY  
FUNCTION/PROGRAM**

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government							
Building permits issued	15,805	15,910	16,424	15,942	15,674	16,488	14,957
Building inspections conducted	N/A	N/A	N/A	N/A	78,306	89,388	95,064
Authorized new dwelling units	757	930	857	1,350	1,377	2,035	704
Commercial value (in thousands)	165,731	260,000	156,669	173,292	173,908	171,157	213,696
Residential value (in thousands)	317,792	170,527	268,600	356,256	646,214	611,036	258,617
Police							
Dispatched calls	N/A	N/A	N/A	N/A	317,323	299,283	289,032
Field Contacts	N/A	N/A	N/A	N/A	8,270	7,221	9,641
Physical arrests	N/A	N/A	N/A	N/A	10,958	14,908	16,866
Parking violations	N/A	N/A	548,922	539,115	512,376	470,008	459,459
Traffic violations	N/A	N/A	N/A	N/A	36,233	39,098	44,897
Fire							
Emergency responses	62,825	60,819	41,999	34,806	58,736	61,470	49,784
Fires extinguished	N/A	N/A	N/A	N/A	3,095	2,021	3,800
Inspections	3,563	1,070	1,070	2,310	2,515	2,631	3,062
Port of Oakland							
Imports (in tonnage)	9,144,261	9,905,575	10,759,090	12,434,675	15,223,082	16,081,289	16,203,404
Exports (in tonnage)	13,795,200	13,071,935	14,170,929	14,510,634	14,837,250	14,710,407	16,191,383
Total tonnage	22,939,461	22,977,510	24,930,019	26,945,309	30,060,332	30,791,696	32,394,787
Containers	968,895	1,079,479	N/A	1,160,270	1,292,277	1,369,123	1,363,367
Other public works							
Street resurfacing (miles)	N/A	N/A	N/A	N/A	2.44	14.58	13.83
Potholes repaired	N/A	N/A	N/A	N/A	5,020	12,574	11,758
Parks and recreation							
Athletic field permits issued	N/A	N/A	N/A	N/A	465	543	330
Community center admissions	N/A	N/A	N/A	N/A	909,303	1,436,682	1,423,577
Library							
Volumes in collection	N/A	1,291,097	1,292,980	1,357,589	1,300,023	1,956,249	1,242,415
Total volumes borrowed	N/A	1,950,437	1,779,358	2,062,891	2,316,772	2,270,755	2,328,712
Water							
New connections	N/A	N/A	N/A	N/A	890	389	474
Water main breaks	N/A	N/A	N/A	N/A	269	261	251
Average daily consumption (gallons/family)	214.5	213	213	203	203	203	N/A
Peak daily consumption (thousands of gallons)	385,000	385,000	385,000	385,000	385,000	385,000	N/A
Wastewater							
Average daily sewage treatment (thousands of gallons)	75,000	72,000	72,000	76,000	77,000	75,500	75,000

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

**CITY OF OAKLAND  
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**SCHEDULE 22**

**CAPITAL ASSET STATISTICS  
BY FUNCTION/PROGRAM**

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Aviation facilities										
Airports operated	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1
Paved airport runways	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4	4
Total length of runways (in feet)	N/A	N/A	N/A	N/A	N/A	N/A	24,520	25,038	25,038	25,038
Area of airport (in acres)	N/A	N/A	N/A	N/A	N/A	N/A	2,500	2,600	2,600	2,600
Police										
Stations	N/A	2	7	8						
Patrol units	N/A	611	630	622						
Fire stations	N/A	N/A	N/A	N/A	N/A	N/A	25	25	25	25
Harbor facilities										
Miles at waterfront	N/A	19	19	19						
Berthing length at wharves (in feet)	N/A	23,063	23,063	23,063						
Harbor area (in acres)	N/A	786	786	786						
Hospitals	N/A	2	2	4						
Library branches	N/A	N/A	N/A	N/A	N/A	N/A	16	16	16	15
Museums	N/A	N/A	N/A	N/A	N/A	N/A	2	2	2	1
Other public works										
Streets (in lane miles)	N/A	2,294	2,287	2,288						
Streetlights	N/A	36,219	33,952	36,219						
Traffic signals	N/A	671	680	671						
Parks and recreation										
Acreage	N/A	N/A	N/A	N/A	N/A	N/A	2,500	2,500	2,500	2,500
Swimming pools	N/A	N/A	N/A	N/A	N/A	N/A	7	7	5	7
Tennis courts	N/A	N/A	N/A	N/A	N/A	N/A	44	44	36	44
Playgrounds	N/A	N/A	N/A	N/A	N/A	N/A	13	13	89	106
Baseball/softball diamonds	N/A	N/A	N/A	N/A	N/A	N/A	64	46	46	40
Soccer/football fields	N/A	N/A	N/A	N/A	N/A	N/A	13	13	15	15
Community centers	N/A	N/A	N/A	N/A	N/A	N/A	29	29	29	34
Water										
Water mains (miles)	N/A									
Fire hydrants	N/A	6,700	6,705	6,719						
Storage capacity (thousands of gallons)	N/A									
Wastewater										
Sanitary sewers (miles)	N/A	29	29	29						
Treatment capacity (million gallons per day)	N/A	120	120	320						

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

# CITY OF OAKLAND STATISTICS

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## GENERAL INFORMATION

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

With an estimated population of over 420,183, ranking the eighth largest city in the State of California, Oakland is a city of contrasts. It has a thriving industrial port located near restored historic buildings. Major corporate headquarters are in close proximity to traditional businesses and small shops. Historic structures continue to be preserved and revitalized while new buildings are built.

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

### ALL-AMERICAN CITY

According to U.S. Census figures, Oakland is the most culturally and ethnically diverse city in America. This diversity is reflected in a dynamic, multicultural arts, culture and dining scene. Less obvious to people passing through Oakland is the extraordinary number of individuals and groups of all ethnic backgrounds who work quietly, often voluntarily, usually with little public notice, to improve living conditions for everyone. There are about 150 neighborhood, community, and merchant organizations in Oakland, an unusually large number for any city.

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

### GOVERNMENT

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

## CITY OF OAKLAND STATISTICS

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Attorney are both elected officials and serve four-year terms.

The Mayor and City Council is the governing body of the City and is comprised of eight elected officials. One Council member is elected “at large”, while the other seven Council members represent specific districts. The Mayor and City Council are elected to serve four-year terms. The City Manager, appointed by the Mayor, is responsible for day-to-day administrative and fiscal operations of the City.

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

The City provides a full range of services contemplated by statute or charter, including those functions delegated to cities under state law. These services include public safety (police and fire), sanitation and environmental health enforcement, recreational and cultural activities, public improvements, planning, zoning, and general administrative services. Oakland is also the seat of Alameda County, which is one of California’s largest counties.

### COMMERCIAL SECTORS

Oakland has made significant gains in diversifying its economic base. While manufacturing jobs have decreased, the economy now offers a healthy mix of trade, transshipment, government, high tech, financial, real estate, medical, publishing, and service-oriented occupations. It also has growing skilled-crafts and re-emerging food production sectors. Because it is considered the transportation hub of Northern California, the growth in its port and international airport activities have been unprecedented in the last five years driven by agricultural and high tech products shipped to and from the far east economies. In a March 18, 2004 press release, the Port moved \$1.2 billion in agricultural goods in 2003 and is the primary seaport for more than 70% of California wine, dried fruits, and other edible exports.

Oakland is abundant in resources that are available to its businesses and residents. State-of-the-art transportation, communications, and utility facilities keep the City running smoothly. Waterfront restaurants, shops, live performance venues, and a nine-screen movie theater makes Jack London Square a lively nighttime attraction. In addition, new office and retail buildings, public facilities, hotels, a convention center, park enhancements, seven farmer’s markets, outdoor cinema, 32 art galleries and scores of public art installations and the annual Art & Soul festival have created a cosmopolitan environment in the downtown. The City’s 40 increasingly robust neighborhood retail areas are expanding and being revitalized. Abandoned warehouses, foundries and long silent cigar, macaroni, and tent factories are being converted into live/work studios for crafts people.

## CITY OF OAKLAND STATISTICS

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City departments and processes are being streamlined, restructured, and customer focused to better serve the needs of the businesses and the community. A variety of incentives are available to companies located in its Enterprise, Foreign Trade, and Recycling Market Development Zones. The East Bay Entrepreneur Center, located in downtown Oakland, links businesses with the many services available to them throughout the area and serves as an ombudsman for companies dealing with the City. Neighborhood Commercial Revitalization Specialists work with merchants in each commercial district to promote the district, obtain loans, expedite permits, and arrange for City services.

Oakland is a city of rich history, impressive growth, and a promising future. Located within the **nation's largest metropolitan area**, California's eighth largest city is strategically positioned as the economic heart of the East Bay. Oakland is ready for the twenty-first century with a diverse business base and opportunities for expansion in business services, retail, and the cutting-edge advanced technology industries. Downtown Oakland offers competitively priced office space, a fiber optic infrastructure, and the amenities for both traditional and emerging enterprises.

As the economic, transportation, and civic hub of the East Bay, Oakland offers tremendous opportunity for retailers. The City's approximately 420,183 residents per capita income in 2008 averaged \$25,118. Portions of Oakland are among the wealthiest consumer markets in California; nearly one-quarter of the City's households report household income in excess of \$77,500. Estimated annual taxable sales were \$4.6 billion in 2008. Compared to other East Bay cities, Oakland sees a significant number of auto-related purchases, with opportunities available in consumer goods, building materials, and office products.

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

- "...4<sup>th</sup> Best commercial real estate market in the country" (Moody's Investors 2003);
- "...6<sup>th</sup> Best City to live in the U.S." (Money, Dec. 2002);
- "...7<sup>th</sup> Most Creative City in America." (Carnegie Mellon);
- "...8<sup>th</sup> Best Place for Business in the U.S." (Forbes 2002 Annual Survey);
- "...uniquely positioned as an excellent point for international business." (Mickey Kanter, former U.S. Secretary of Commerce);
- "...projected to have the highest average household income growth rate (3.67%) in the U.S. for the period 2004-2009. (NPA Data Services, 2005);
- "...ranked 4<sup>th</sup> best potential retail market in the nation (Marcus & Millichap, 2007);
- "...ranked 2<sup>nd</sup> in technology intensity and 4<sup>th</sup> highest percentage of U.S. households with computer users. (MetaFacts, April 2003);
- "...among the top ten green cities in the U.S. (*SustainLane* 2006, 2007);
- "...ranked the top commercial real estate market in the nation, projected to have the largest increase in rents of all U.S. cities through 2007 (*Cushman & Wakefield*, 2006); and
- "...ranked eighth in the nation in the percentage of women-owned businesses (*Center for Women's Business Research*, September 2004, based on U.S. Census Bureau data).

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

## DEMOGRAPHICS

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

The well-maintained four freeways (I-880, I-580, Hwy 13, and Hwy 24), mass transit systems, and ferry service make getting to and from downtown Oakland a relatively quick and easy process—travel times to San Francisco, San Jose and other area cities are surprisingly short.

*In Mayor Ronald Dellum's first State of the City Speech in January 2008, he laid out specific steps his administration will pursue during his next year in office.*

### **Making Our Neighborhoods Safer by Hiring More Police**

In order to meet his commitment to reach the current authorized strength of 803 police officers by the end of calendar year 2008, the Mayor has the following recruitment and retention strategies:

- Increasing the number of recruits going through the Police Academy;
- Increasing success rates at the Police Academy by developing a new, intensive pre-academy program to ready potential applicants for success in the academy;
- Putting more police officers on the street;
- Expanding the recruitment programs; and
- Reviewing future policing needs.

### **Tackling the Root Causes of Violence**

The Mayor wants to solve the root causes of crime and violence, which he calls it a public health crisis, by addressing the economic disparity and community instability facing the residents. He will bring Oakland together to resolve this public health crisis by doing the following:

- Bringing more jobs to at-risk youth and ex-offenders;
- Getting guns off the street; and
- Building a safe and strong community.

### **Economic Development – A Comprehensive Approach**

The Mayor said Oakland needs and deserves an economic development strategy that clearly sets goals

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and targets for economic growth and sets out a plan for meeting those targets.

Key components include:

- Continuing our efforts to conform General Plan land use with zoning regulations to encourage development;
- Working to attract investments to key opportunity sites;
- Building on our work with Oakland Partnership, Chambers of Commerce, financial institutions, and non-profit organizations to help Oakland businesses; and
- Aligning workforce development with the needs of Oakland's key and emerging industries.

On housing development, the Mayor believes that the City must support and encourage continued investment in all areas to revitalize neighborhoods, provide mixed income communities, and ensure that current Oakland residents share in the benefits of new development.

Immediate steps include:

- Encouraging development of new market rate housing by providing clear policies and guidelines that establish predictability for private developers;
- Adopting an inclusionary zoning ordinance to ensure that private development yields community benefits in the form of affordable housing;
- Modifying the condo conversion ordinance to create opportunities for tenant purchase and affordable homeownership for moderate-income households;
- Expanding the city's first-time homebuyers program with special emphasis on providing housing for Oakland first responders, including police, fire, nurses and teachers; and
- Protecting renters from displacement by closing loopholes in the Rent Adjustment Ordinance.

### **Health and Education for Oakland's Families**

The Mayor believes that an unhealthy child cannot perform to his/her academic potential, and how well Oakland educates and takes care of its children plays an important role in our future. The Mayor's efforts include:

- Promoting an integrated school services initiative by working with partners at the School District and the Alameda County Health Care Services Agency;
- Building school-based health centers, partner with Oakland Unified School District, Alameda County and Kaiser Permanente; and
- Developing Clinics at Peralta Community Colleges, this partnership will replicate the school-based health center approach at Peralta's sites.

*In 1999, the City launched "Downtown 10K Initiative":* the 10K Downtown Housing Initiative, has realized its goal of attracting 10,000 new residents to downtown Oakland by encouraging the development of 6,000 market-rate housing units. A near perfect climate, California's best mass transit system, a central Bay Area location and a growing downtown workforce all contribute to make

## CITY OF OAKLAND STATISTICS

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downtown Oakland a great place to live.

As of September 2007, the 10K Downtown Housing Initiative has resulted in the start of 84 residential projects with 10,468 units. Of these, twenty-five projects (2,274 units) have been completed, eighteen projects (2,187 units) are in construction, twenty-one projects (2,316 units) have received planning approvals, and sixteen projects (3,691 units) are in the planning process. The Initiative has literally altered Oakland's skyline with the construction of the Essex on Lake Merritt, the first high-rise residential construction in downtown Oakland in a decade. Once these projects are completed, the 10K Initiative will have exceeded its goal by 4,468 units or almost double.

To enhance the downtown for retail, the City/Redevelopment Agency is (1) constructing \$7 million of sidewalk improvements and pedestrian and transit amenities, (2) providing Façade Improvement and Tenant Improvement matching grants; and (3) encouraging the development of public parking.

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

The Oakland Airport served more than 14 million passengers annually from 2004 to 2007. FAA forecasts show that by 2012, nearly 20 million passengers will travel through Oakland each 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. 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 Bank of America, the City has launched an aggressive \$1 billion First-time Homebuyer Program targeted at helping Oakland residents buy their own home.

### **HISTORY**

Oakland's first inhabitants, the Ohlone Indians, arrived about 1200 B.C. and lived in small tribal groups on the edge of the hills surrounding the Bay. The Ohlone Indians were a stocky hunting and

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gathering group who lived in such harmony with nature that they left no permanent mark on the landscape. They maintained such a peaceful attitude with each other that they had no word for war.

Spanish explorers first entered the area that is now Oakland by land in 1772. They reported the natural geography as possibly the most perfect on earth. Near the shore were magnificent oaks; on the hills stood acres of giant redwoods. In the spring, wildflowers filled the valley with golden poppies and purple iris. Deer, rabbits, bears and wildcats roamed the woods. Creeks tumbled into a Bay filled with salmons, crabs, sturgeons, smelts, lobsters, clams, and mussels. The marsh that would become Lake Merritt was alive with wildfowls.

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

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

Oakland was incorporated as a city in 1852, and construction of shipping wharfs began immediately. Ferry service between Oakland and San Francisco had existed for years, but by building large wharfs and dredging a shipping channel, Oakland became an independent destination. Oakland grew steadily through the 19th century. After the devastating earthquake in 1906, many people and businesses chose to relocate from San Francisco to Oakland. Oakland's population more than doubled between 1900 and 1910.

Oakland benefited from the general prosperity of the area through the 1920s. California farms expanded their markets, contributing to canning, processing, and shipping companies based in Oakland. 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.

# CITY OF OAKLAND STATISTICS

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## TRANSPORTATION

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

### The Port of Oakland

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

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

### Oakland International Airport

Oakland International is San Francisco Bay Area's most convenient airport and is a leader in on-time performance with 72.6% of its flights out on time. Strategically located at the center of the region, Oakland International handled 14.6 million passengers in 2007 and almost 700,000 metric tons of air cargo annually. It is the 31<sup>st</sup> largest airport in the United States by passenger traffic, and the second largest airport in the Bay Area. The airport is comprised of two airfields: South Field (the main commercial airfield) and North Field (primarily used by general and corporate aviation and some cargo companies). Between the two airfields, 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 29 gates, including an international arrivals building for Oakland's growing international service to such destinations as Guadalajara, Morelia, Leon, Mexico, Paris, and Papeete, Tahiti and the Azores Islands. Service between Oakland and Hawaii was inaugurated in February 2000 and direct flights to New York, JFK and Newark, New Jersey were started. The \$110

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million Terminal 2 Expansion Project will add five gates and a food court, plus new baggage-screening facilities. The airport employs approximately 15,900 people. United Airlines and Alaska Airlines operate maintenance facilities at Oakland International.

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

Oakland International handles nearly 700,000 metric tons of cargo annually, it is among the top 30 airports in the world in the amount of cargo handled. Five all-cargo carriers currently serve Oakland International. Additionally, air cargo is on the domestic and international passenger carriers that serve the airport. About one in every four employees works in a job related to cargo. FedEx, which currently doubled its operations in Oakland by opening a new 13-acre, 191,000 square foot complex, operates a regional sorting and international import clearance facility at Oakland, where nearly 2,100 people are employed. UPS employs 450 people in its airport sort facility and operates a regional distribution center at the nearby Oakland Airport Business Park.

### **Mass Transit**

Local bus service is provided by AC Transit, the public bus system serving 13 cities (and adjacent unincorporated communities) in 364 square miles along the east shore of San Francisco Bay. Serving a population of 1.5 million, AC Transit operates a network of 105 transbay and local East Bay bus routes, 98% of which make transfer connections with the Bay Area Rapid Transit (BART) system. AC Transit buses also serve the new Amtrak Station and ferry terminal at Jack London Square, the Oakland International Airport, and many other Bay Area attractions including downtown San Francisco.

BART is a 104-mile, automated rapid transit system serving over 3 million people in the three BART counties of Alameda, Contra Costa, and San Francisco counties, as well as northern San Mateo County. Trains traveling up to 80 mph connect 17 Bay Area cities and 43 stations. Travel between Oakland and San Francisco averages only 20 minutes on BART.

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

### **EDUCATION**

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

The District operates 66 elementary, 14 middle, 6 comprehensive high, and 6 alternative high schools. They also operate 35 child development centers and 4 adult education schools. The pupil to teacher

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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 nine other Bay Area colleges, including U.C. Berkeley. A wide array of non-profit, county and City-sponsored skills enhancement training programs are provided to Oakland residents, and career development is successfully encouraged at area high school academies.

### **HEALTH CARE**

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

### **PUBLIC SAFETY**

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

### **PARKS AND RECREATION**

Sports, performing arts, boating, camping, gardens, and many other leisure activities are available at more than 140 parks, playgrounds, community centers, and other recreational facilities operated by the City. There are two public golf courses and a third driving range. Seven outdoor pools offer seasonal lap and recreational swimming, instruction, and showers. The Parks and Recreation Department operates more than 40 tennis courts. Oakland's Feather River Camp, a family camp located in the Plumas National Forest, is operated by the nonprofit group Camps in Common and offers both tent and cabin sites for overnight camping. Families and groups enjoy the rustic amenities, swimming, a variety of activities, and theme weeks offered at the camp throughout the summer months. Instruction in sailing, wind surfing, and kayaking are available at Lake Merritt. Boats are available for rent, including paddleboats, kayaks, rowboats, canoes, and sailboats. The City provides public boat launches at its seven-acre, waterfront park on the estuary and at Lake Merritt. The Port of Oakland owns and operates three marinas with berths.

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

### **CULTURAL ARTS**

Oakland is home to one of the most vibrant visual, performing and cultural arts communities in the

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

The Mayor and City Council have established a priority to “Celebrate Arts and Culture to express the creativity and diversity of Oakland.” The Cultural Arts & Marketing Division, Office of the City Administrator, is the City’s local arts agency which provides services to the arts community and sponsors culturally enriching programs, exhibitions, and events to celebrate Oakland’s creative and cultural diversity. Through its three program areas, the Cultural Funding Program, Public Art Program, and Special Projects, the Cultural Arts & Marketing Division seeks to broaden and strengthen community participation in the development, support, and promotion of Oakland’s rich artistic and cultural heritage at the local, regional, and national level.

**Cultural Funding Program**—The City of Oakland, through a competitive application process, awards over \$1.1 million in contracts 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: creating a series of mosaic insets for the seatwalls at the newly renovated Willow Park in West Oakland, creating a series of interpretive sculptures along the Greenbelt, stretching from Hardy Park to Redondo park, off Claremont Avenue, installing artworks in the Raimondi Park and Sports Fields in West Oakland, implementing the Adopt-A-Sculpture Program, and several Measure DD-funded projects along Lake Merritt and the Oakland Estuary.

**Special Projects**—The City collaborates with other community organizations, businesses, public institutions, and City agencies to produce programs, events, festivals, and celebrations that promote Oakland’s art and culture. Current projects include: Oakland Artisan Marketplace, Art & Soul Oakland Festival, and support for 20 major festivals citywide.

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

**Oakland Museum of California**—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.

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**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.

**Malonga Casquelourd Center for the Arts** — This is a multi-cultural performing arts complex that is home to the 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.

**The Oakland School for the Arts**—This new Charter School provides students with intensive pre-professional training in the arts, within a college-preparatory curriculum for grades 8-12, and will be located on the ground floor of the soon-to-be restored Fox Theater in the Uptown district. It is among the highest performing public schools in the State.

### SPORTS

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

In March 23 and 25, 2006, the University of San Francisco and the Oakland Arena hosted the 2006 NCAA Men’s Basketball Division 1 Regional Finals. It was the first time the University of San Francisco hosted this prestigious event and the first time since 1995 that the Oakland Arena served as the host venue. The City of Oakland drew considerable praise from the NCAA for its hosting of this exciting run-up to the Final Four while attracting more than 50,000 visitors and generating extensive regional media coverage.

### 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

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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.