REMARKETING – NOT NEW ISSUES

RATINGS:
SERIES A-1 BONDS: Moody's: "Aa1/VMIG 1"
Standard &Poor's: "AA-/A-1+"
SERIES A-2 BONDS: Moody's: "Aa1/VMIG 1"
Standard &Poor's: "AA-/A-1+"
(See "Ratings" herein

On the date of original delivery of the Bonds, Brown & Wood LLP, San Francisco, California, and Kennedy, Gong, Mitchell & Combs, LLP, Oakland, California, Co–Bond Counsel, issued their opinions that, based upon an analysis of then–existing laws, regulations, rulings and judicial decisions, interest on the Bonds was exempt from State of California personal income taxes, and that interest on the Bonds was not excluded from gross income for federal income tax purposes. Co–Bond Counsel expressed no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$95,435,000
Oakland–Alameda County Coliseum Authority
Lease Revenue Bonds
(Oakland Coliseum Arena Project)

$47,755,000 1996 Series A–1 Variable Rate Lease Revenue Bonds (Taxable)
$47,680,000 1996 Series A–2 Variable Rate Lease Revenue Bonds (Taxable)

Dated: Date of Original Delivery | Due: February 1, 2026

This cover page contains information for general reference only and is subject in all respects to more complete information contained elsewhere in this Remarketing Memorandum. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Remarketing Memorandum to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Bonds are being remarketed hereby in connection with the execution and delivery of an irrevocable, direct–pay letter of credit with respect to the 1996 Series A–1 Bonds (the "Series A–1 Letter of Credit") and an irrevocable, direct–pay letter of credit with respect to the 1996 Series A–2 Bonds (the "Series A–2 Letter of Credit") by The Bank of New York Mellon (the "Letter of Credit Provider") expected to be effective on and as of June 21, 2012 (the "Effective Date"). The Bonds are remarketed in fully registered form without coupons in denominations of $100,000 or any integral multiple thereof and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Payments of the principal of, premium, if any, and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as trustee for the Bonds (the "Trustee") to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds.

Initially, interest on the Bonds will be payable in the Commercial Paper Period and the Bonds of each series will bear interest at such Commercial Paper Rate or Rates for such Commercial Paper Segments as determined by the respective remarketing agent for such series. The Bonds may be converted to different consecutive Rate Periods to bear interest at a Daily Rate, Weekly Rate, Commercial Paper Rate or Term Rate as described herein. The Bonds will be in denominations of $100,000 or any integral multiple of $5,000 in excess thereof when the Bonds bear interest at a Weekly Rate or a Daily Rate or a Commercial Paper Rate, and in denominations of $5,000 or any multiple thereof when the Bonds bear interest at a Term Rate. Interest on the Bonds in the Commercial Paper mode is payable at the end of the respective Commercial Paper Segment as further described herein. **The Bonds are subject to redemption and optional and mandatory tender prior to maturity as described herein.**

BNY Mellon Capital Markets, LLC will be the Remarketing Agent for the Series A–1 Bonds commencing on June 21, 2012. Barclays Capital Inc. is the Remarketing Agent for the Series A–2 Bonds.

The payment of principal, purchase or redemption price of and interest due on the remarketed Bonds will be secured by a Letter of Credit to be issued by **The Bank of New York Mellon** with respect to each series of the Bonds, respectively, concurrently with the delivery of the remarketed Bonds.

BNY MELLON

The Bonds were originally issued on August 2, 1996 by the Oakland–Alameda County Coliseum Authority (the "Authority") pursuant to a Trust Agreement, dated as of June 1, 1996 (as amended and supplemented, the "Trust Agreement"), by and between the Authority and the Trustee. The 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 County of Alameda (the "County") and the City of Oakland (the "City") under a Master Lease, dated as of June 1, 1996 (the "Master Lease"), by and between the Authority and the County and the City, pursuant to which the County and the City have agreed to lease the Arena from the Authority. The Base Rental Payments to be made by the County and the City pursuant to the Master Lease are payable jointly and severally by the County and the City from their respective General Funds to the Authority for the use and possession by the County and the City of the Arena.

The Base Rental Payments to be made by the County and the City will be in amounts (divided equally between the County and the City) calculated to be sufficient to pay principal of and interest on the Bonds when due. The County and the City have agreed in the Master Lease to make all Base Rental Payments and Additional Payments, subject to the abatement of such Base Rental Payments and Additional Payments in the event of material damage to or destruction of the Arena or taking of the Arena in whole or in part. The County and the City have each covenanted in the Master Lease to take such action as may be necessary to include one–half of the Base Rental Payments and Additional Payments due under the Master Lease in their respective annual budgets, and to make necessary annual appropriations therefor. The County and the City have also covenanted that if either shall fail, in any fiscal year, to budget or pay one–half of such Base Rental Payments and Additional Payments due under the Master Lease payable during such fiscal year, the County or the City, as the case may be, will, by supplemental budget resolution in such fiscal year, appropriate and pay such additional amounts necessary to make up any such deficiency in the amount not appropriated or paid by either the County or the City, as the case may be.

The Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. Neither the full faith and credit of the Authority, the County or the City is pledged to the payment of the interest on or principal of the Bonds nor to the payment of Base Rental Payments. Neither the payment of the principal of or interest on the Bonds nor the obligation to make Base Rental Payments constitutes a debt, liability or obligation of the Authority, the County or the City for which any such entity is obligated to levy or pledge any form of taxation or for which any such entity has levied or pledged any form of taxation. The Authority has no taxing power.

Dated: June 15, 2012

BNY MELLON CAPITAL MARKETS, LLC	**BARCLAYS**
Remarketing Agent for the Series A-1 Bonds	**Remarketing Agent for the Series A-2 Bonds**

SUMMARY OF CERTAIN PROVISIONS OF THE VARIABLE RATE BONDS*

	Daily Rate Period	Weekly Rate Period	Commercial Paper Rate Period	Term Rate Period
Interest Payment Dates and Record Dates	First Business Day of each calendar month to the registered owner as of the Business Day next preceding the interest payment date.	First Business Day of each calendar month to the registered owner as of the Business Day next preceding the interest payment date.	On the Business Day next succeeding the last day of the Commercial Paper Segment to the registered owner as of the Business Day next preceding the interest payment date.	On the first day of the sixth month following commencement of the Term Rate Period in each year to the registered owner as of the fifteenth day of the month next preceding the interest payment date.
Rate Determination	Determined by the Remarketing Agent each Business Day not later than 10:30 a.m.	Determined by the Remarketing Agent not later than 10:00 a.m. on the first day of such Weekly Rate Period and thereafter no later than Tuesday of each week during the Weekly Rate Period.	Determined by the Remarketing Agent not later than the first day of a Commercial Paper Segment (and in the case of a Commercial Paper Segment of one day, no later than 2:00 p.m. on such date)	Determined by the Authority.
Rate Period	Effective date when adjusting to Daily Rate and each Business Day thereafter.	First Weekly Rate begins on first day of the Weekly Rate Period and ends on the following Tuesday and thereafter begins on each Wednesday and ends on the next succeeding Tuesday.	Commercial Paper Rate effective for term of not less than one nor more than 90 days.	Term of one year or any integral multiple of six months in excess of one year.
Notice of Variable Rate to Holder	Trustee to provide notice.	Trustee to provide notice.	Trustee to provide notice.	Trustee to provide notice.
Mandatory Tender Dates	On the effective date of any change in a Rate Period; on the Business Day designated by the Trustee following notice from the Bank that an "Event of Default" has occurred under the Credit Facility; on the Business Day not later than 5 days preceding termination of the Credit Facility or Liquidity Facility; and on the Substitution Date.	On effective date of any change in a Rate Period; on the Business Day designated by the Trustee following notice from the Bank that an "Event of Default" has occurred under the Credit Facility; on the Business Day not later than 5 days preceding the termination of Credit Facility or Liquidity Facility; and on the Substitution Date.	On the day next succeeding the last day of any Commercial Paper Segment; on the effective date of any change in a Rate Period; on the Business Day designated by the Trustee following notice from the Bank that an "Event of Default" has occurred under the Credit Facility; on the Business Day not later than 5 days preceding termination of the Credit Facility or Liquidity Facility; and on the Substitution Date.	On day next succeeding any Term Rate Period which ends prior to the day originally established as the last day of such Term Rate Period; on effective date of any change in a Rate Period; on the Business Day designated by the Trustee following notice from the Bank that an "Event of Default" has occurred under the Credit Facility; on the Business Day not later than 5 days preceding the termination of the Credit Facility or Liquidity Facility; and on the Substitution Date.
Optional Tender Dates; Notice of Optional Tender	Any Business Day; notice sent by owner to Tender Agent not later than 11:00 a.m. on Purchase Date.	Any Business Day; notice sent by owner to Tender Agent not later than 5:00 p.m. not less than seven days prior to Purchase Date.	None; none.	None; none.
Physical Delivery of and Payment for Bonds Subject to Optional and Mandatory Tender	To Tender Agent by 1:00 p.m. on Purchase Date; payment same day in immediately available funds.	To Tender Agent by 1:00 p.m. on Purchase Date; payment same day in immediately available funds.	To Tender Agent by 1:00 p.m. on Purchase Date; payment same day in immediately available funds.	To Tender Agent by 1:00 p.m. on Purchase Date; payment in clearinghouse funds.
Written Notice of Rate Period Change to the Variable Rate Bondowners	Trustee to mail notice to DTC at least 15 days prior to adjustment to a Daily Rate Period change.	Trustee to mail notice to DTC at least 15 days prior to effective date of Weekly Rate Period change.	Trustee to mail notice to DTC at least 15 days prior to effective date of Commercial Paper Rate Period.	Trustee to mail notice to DTC at least 15 days prior to effective date of the Term Rate Period.

*This table is provided for general reference only. This table does not purport to summarize all of the provisions of the Bonds and is subject in all respects to more complete information set forth herein. See "THE BONDS" and APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS."

OAKLAND–ALAMEDA COUNTY COLISEUM AUTHORITY

Ignacio De La Fuente, Commissioner and Chair
Scott Haggerty, Commissioner and Vice Chair
Desley Brooks, Commissioner
Nate Miley, Commissioner
Aaron Goodwin, Commissioner
Yui Hay Lee, Commissioner
Mary C. Warren, Commissioner
Chris Dobbins, Commissioner

COUNTY OF ALAMEDA, CALIFORNIA

BOARD OF SUPERVISORS

Nate Miley (District 4)
President

Keith Carson (District 5)
Vice President

Scott Haggerty (District 1)

Richard Valle (District 2)

Wilma Chan (District 3)

CITY OF OAKLAND, CALIFORNIA

Jean Quan, Mayor

CITY COUNCIL

Larry Reid, Jr. (District 7)
President of the City Council

Desley Brooks (District 6)
Councilmember and Vice Mayor

Jane Brunner (District 1)
Councilmember

Patricia Kernighan (District 2)
Councilmember

Nancy Nadel (District 3)
Councilmember

Libby Schaaf (District 4)
Councilmember

Ignacio De La Fuente (District 5)
Councilmember

Rebecca Kaplan (At-Large)
Councilmember

FINANCIAL ADVISOR

KNN Public Finance
A Division of Zions First National Bank
Oakland, California

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

BOND AND DISCLOSURE COUNSEL

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

No dealer, broker, salesperson or other person has been authorized by the Authority, the County, the City or the Remarketing Agents to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Remarketing Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction which it is unlawful for such person to make such offer, solicitation or sale.

This Remarketing Memorandum is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Remarketing Memorandum which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The information set forth herein has been furnished by the Authority, the City and the County and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by, the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Remarketing Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the Authority, the County or the City since the date hereof.

IN CONNECTION WITH THIS REMARKETING, THE REMARKETING AGENTS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

REMARKETING MEMORANDUM

$95,435,000
Oakland–Alameda County Coliseum Authority
Lease Revenue Bonds
(Oakland Coliseum Arena Project)

$47,755,000 1996 Series A–1 Variable Rate Lease Revenue Bonds (Taxable)
$47,680,000 1996 Series A–2 Variable Rate Lease Revenue Bonds (Taxable)

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Remarketing Memorandum. The remarketing of the Bonds to potential investors is made only by means of the entire Remarketing Memorandum. Capitalized terms used in this Introduction and not otherwise defined herein shall have the respective meanings assigned to them elsewhere in this Remarketing Memorandum.

Purpose

The purpose of this Remarketing Memorandum, which includes the cover page and appendices hereto, is to set forth certain information concerning the remarketing by the Oakland–Alameda County Coliseum Authority (the "Authority") of its Lease Revenue Bonds (Oakland Coliseum Arena Project), 1996 Series A–1 and 1996 Series A–2, originally issued in the aggregate principal amount of $140,000,000, of which $95,435,000 is currently outstanding (collectively, the "Bonds"). The Bonds were originally issued by the Authority on August 2, 1996 to provide funds (i) to finance the costs of constructing the Arena (the "Arena") located at the Oakland–Alameda County Coliseum Complex (the "Coliseum Complex") as well as other costs associated with the retention of GSW Sports LLC, a California general partnership, d/b/a Golden State Warriors (the "Warriors"), to play professional basketball at the Arena (the "Project"), (ii) to provide funds to pay interest and related expenses on the Bonds during construction, (iii) to fund a reserve fund for the Bonds and (iv) to pay the costs of issuance of the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Reserve Fund," and "THE ARENA PROJECT" herein.

The Bonds were issued pursuant to a trust agreement dated as of June 1, 1996 (as amended and supplemented, the "Trust Agreement"), between the Authority and Texas Commerce Bank National Association, as predecessor in interest to the current trustee, The Bank of New York Mellon Trust Company, N.A. (the "Trustee").

The Authority

The Authority is a joint exercise of powers agency organized under the laws of the State of California (the "State") by the County of Alameda (the "County") and the City of Oakland (the "City") created pursuant to an Amended and Restated Joint Exercise of Power Agreement dated as of December 17, 1996. The Authority was formed to assist in the financing of public capital improvements, such as the Project. See "THE AUTHORITY."

Authority for Issuance of the Bonds

The Bonds were originally issued pursuant to the Marks–Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State (the "Bond Act"), the Trust Agreement, and pursuant to and in accordance with other applicable laws of the State, the County charter, the City charter and ordinances and resolutions adopted by the City, the County and the Authority, all as more fully described herein.

Letters of Credit and Reimbursement Agreements

Payment of the principal, purchase or redemption price of, and interest on each series of Bonds will be supported by separate, irrevocable direct-pay letters of credit (the "Series A-1 Letter of Credit" and the "Series A-2 Letter of Credit," respectively, and collectively, the "Letters of Credit"). The Series A-1 Letter of Credit will be issued by The Bank of New York Mellon and the Series A-2 Letter of Credit will be issued by The Bank of New York Mellon. The Letters of Credit will each be issued as an "Alternate Credit Facility" under the provisions of the Trust Agreement. Each of the Letters of Credit will permit the Trustee to draw thereunder, upon request made with respect to the Series A-1 Bonds or the Series A-2 Bonds, as applicable and in accordance with the respective terms thereof, up to: (i) an amount sufficient (a) to pay principal of the Series A-1 Bonds or the Series A-2 Bonds, as applicable when due, whether upon maturity, redemption or acceleration or (b) to pay that portion of the purchase price of the Series A-1 Bonds or the Series A-2 Bonds, as applicable, delivered for purchase and not remarketed equal to the principal amount of such Series A-1 Bonds or Series A-2 Bonds, as applicable; plus (ii) an amount equal to 90 days interest accrued on the Series A-1 Bonds or the Series A-2 Bonds, as applicable, calculated at the rate of 18% per annum (computed on the basis of a 360-day year) (a) to pay accrued interest on the Series A-1 Bonds or the Series A-2 Bonds, as applicable, when due or (b) to pay the accrued interest portion of the purchase or redemption price of Series A-1 Bonds or Series A-2 Bonds, as applicable, delivered for purchase and not remarketed. Under certain circumstances, the Authority is permitted under the Trust Agreement to replace each of the Letters of Credit. Each of the Letters of Credit will be initially issued in an amount equal to the currently outstanding principal amount of the Series A-1 Bonds or the Series A-2 Bonds, as applicable, plus 90 days interest thereon calculated at the rate of 18% per annum.

Each of the Letters of Credit will initially expire on June 21, 2015 (the respective "Stated Termination Date"), unless the Stated Termination Date is extended by the Letter of Credit Provider in its sole discretion, and may be terminated prior thereto upon the occurrence of certain events. In consideration for issuing each of the Letters of Credit, the Letter of Credit Provider will enter into two Reimbursement Agreements with the Authority (respectively, the "Series A-1 Reimbursement Agreement" and the "Series A-2 Reimbursement Agreement" and collectively, the "Reimbursement Agreements") each dated as of June 1, 2012. See "THE LETTERS OF CREDIT AND THE REIMBURSEMENT AGREEMENTS."

Security for the Bonds

The Bonds are limited obligations of the Authority payable solely from Revenues of the Authority, consisting primarily of base rental payments (the "Base Rental Payments") payable by the County and the City to the Authority pursuant to a Master Lease, dated as of June 1, 1996 (the "Master Lease"), by and between the Authority, as lessor thereunder, and the County and the City, as lessees thereunder. The Base Rental Payments are joint and several obligations of the County and the City and are payable by the County and the City from their respective general funds for the right to the use and possession by the County and the City of the Arena. Pursuant to the license agreement by which the Warriors play professional basketball in the Arena, the Warriors are required to pay to the Authority annually an amount of certain premium seating revenue, to the extent available, sufficient to pay principal of and interest on the Bonds and any Related Obligations (as such term is defined in the Master Lease) up to a maximum annual amount of $7,428,000. Prior to their deposit with the Trustee, such revenues are not pledged to Bondholders and Bondholders shall not have a security interest in such moneys. See "THE WARRIORS AGREEMENTS" herein.

Pursuant to a Ground and Facility Lease, dated as of June 1, 1996 (the "Ground Lease"), by and between the County and the City, as lessors thereunder, and the Oakland–Alameda County Coliseum Financing Corporation (the "Corporation"), a nonprofit public benefit corporation whose members are designated by the City and County, as lessee thereunder, the County and the City leased the Arena to the Corporation. Pursuant to an Assignment Agreement, dated as of June 1, 1996 (the "Assignment Agreement"), between the Corporation and the Authority, the Corporation assigned its right, title and interest in the Ground Lease to the Authority to assist the Authority, the County and the City in financing the Project.

The Base Rental Payments of the County and the City are in such amounts (divided equally between the County and the City) calculated to be sufficient to pay principal of and interest on the Bonds and amounts owing under any Related Obligations when due, subject to a maximum annual amount of $19,000,000. The County and the City have agreed, jointly and severally, in the Master Lease to make all Base Rental Payments and Additional Payments, subject to the abatement of such Base Rental Payments and Additional Payments in the event of material damage to or destruction of the Arena or taking of the Arena in whole or in part. The County and the City have each covenanted in the Master Lease to take such action as may be necessary to include one–half of the Base Rental Payments and Additional Payments due under the Master Lease in their respective annual budgets, and to make necessary annual appropriations therefor. The County and the City have also covenanted that if either shall fail, in any fiscal year, to budget or pay one–half of such Base Rental Payments and Additional Payments due under the Master Lease payable during such fiscal year, the County or the City, as the case may be, will, by supplemental budget resolution in such fiscal year, appropriate and pay such additional amounts necessary to make up any such deficiency in the amount not appropriated or paid by either the County or City, as the case may be.

Bonds Constitute Limited Obligations; Master Lease Not Debt

The Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues (as such term is defined in the Trust Agreement). Neither the full faith and credit of the Authority, the County or the City is pledged for the payment of the interest on or principal of the Bonds nor for the payment of Base Rental Payments. Neither the payment of the principal of or interest on the Bonds nor the obligation to make Base Rental Payments constitutes a debt, liability or obligation of the Authority, the County or the City for which any such entity is obligated to levy or pledge any form of taxation or for which any such entity has levied or pledged any form of taxation. The Authority has no taxing power.

Summaries Not Definitive

Brief descriptions of the Bonds, the Authority, the County, the City and the Project are included in this Remarketing Memorandum, together with summaries of the Master Lease, the Ground Lease, the Assignment Agreement, the Trust Agreement, the Letters of Credit and Reimbursement Agreements and the Warriors Agreements. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Bonds, the Master Lease, the Ground Lease, the Assignment Agreement, the Trust Agreement, the Letters of Credit and Reimbursement Agreements and the Warriors

Agreements are qualified in their entirety by reference to the actual documents, or with respect to the Bonds, the forms thereof included in the Trust Agreement, copies of all of which are available for inspection at the corporate trust office of the Trustee in San Francisco, California.

No Continuing Disclosure; Additional Information

The Bonds are currently exempt from the provisions of Rule 15(c)2–12 (the "Rule") of the Securities and Exchange Commission.

In connection with the issuance of other obligations unrelated to the Bonds, the Authority, the County and the City from time to time have undertaken to provide continuing disclosure information in accordance with the provisions of the Rule. Certain information relating to the Authority, the County and the City may be filed from time to time with the Municipal Securities Rulemaking Board as required by the Rule.

THE ARENA PROJECT

The Arena

The proceeds of the Bonds were used principally to reconstruct the Arena (currently known as the "Oracle Arena") and satisfy certain obligations of the Authority, the City and the County, in connection with the retention of the Warriors to play professional basketball at the Arena. Construction of the new Arena began in August of 1996 and was completed in November of 1997. Sitting on a 8.5-acre lot, the Arena has a maximum seating capacity of 19,200, and includes 72 luxury suites and three exclusive clubs. In addition to its being a venue for professional basketball events, the Arena is from time to time used for ice hockey, wrestling, roller hockey, college basketball, volleyball, concerts, family events such as the circus, ice shows, Disney on Ice, and other events.

In connection with the Arena, the Warriors, the City, the County and the Authority (the City, the County and the Authority being sometimes referred to herein collectively as the "Public Entities") entered into certain agreements (the "Warriors Agreements") to establish the terms and conditions under which the Warriors would continue to play professional basketball at the Arena. See "THE WARRIORS AGREEMENTS" herein for an overview of some of the provisions of the Warriors Agreements.

The Coliseum Complex

The Coliseum Complex is comprised of a 120-acre site upon which is situated the Arena as well as an open air amphitheater stadium named the O. co Coliseum (the "Stadium"), and approximately 10,000 outdoor parking spaces.

The Coliseum Complex is located in the City near the Oakland International Airport. Interstate 880 is the main artery of access, directly tying the Coliseum Complex to the City of San Jose to the south, the Bay Bridge and San Francisco to the west, and the cities of Richmond and Vallejo to the north. Interstate 880 also ties in directly with all other major transportation arteries. In addition, the Coliseum/Oakland Airport station of the San Francisco Bay Area Rapid Transit System ("BART") is located within 500 feet of the Coliseum Complex property providing easy transit access to the events.

The Coliseum Complex is a multi–purpose facility accommodating several sporting and entertainment events, including baseball, football, indoor athletic events, such as hockey and basketball, certain types of musical and theatrical presentations, as well as community and civic functions. The Stadium is the home of the Oakland Athletics, a professional American League baseball team, and the home of the Oakland Raiders, a professional National Football League football team. The Arena is home to the Golden State Warriors, a professional National Basketball Association basketball team.

The Stadium, original construction of which was completed in 1965 and a significant improvement project in 1996, is located on the east side of the Coliseum Complex. The Stadium is designed as a circular outdoor amphitheater with current seating accommodating approximately 63,000 people for football and soccer sporting events and approximately 35,000 people for baseball sporting events.

The Stadium project was financed by lease revenue bonds (the "Stadium Bonds") of the Authority issued in September, 1995. Pursuant to a recent refunding, the Stadium Bonds are currently outstanding in the aggregate principal amount of $122,815,000. Although the Stadium Bonds were initially secured by a lease of the Stadium and the Arena, in connection with the issuance of the Bonds, the Arena was released from the lien of the Stadium Bond issue. **The property leased under the Stadium Bond financing is separate from the property leased pursuant to the Master Lease. Each financing is secured by a separate lease payable from the general funds of the County and the City**.

The Coliseum Complex currently is operated by the Oakland Coliseum Joint Venture. ("OCJV"). OCJV's current contract expires on June 30, 2012. The Authority is considering an agreement with AEG Facilities Oakland LLC to manage the Complex. See "THE AUTHORITY."

THE BONDS

General

The Bonds are being remarketed in the aggregate principal amount of $95,435,000 in the Commercial Paper Rate Period. The Bonds are remarketed in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book–entry form only. Purchasers will not receive certificates representing their interests in the Bonds purchased. Payments of principal of, premium, if any, and interest on the Bonds will be paid by the Trustee to DTC which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX F – "BOOK–ENTRY ONLY SYSTEM" herein.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR HOLDERS OF BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF BONDS.

The Bonds

The Bonds are dated as of the date of their original delivery and mature on February 1, 2026. The Bonds are remarketed in a Commercial Paper Rate Period and will bear interest at Commercial Paper Rate or Rates for such Commercial Paper Segments as determined by the respective Remarketing Agent.

BNY Mellon Capital Markets, LLC, commencing June 21, 2012, has been appointed by the Authority as the exclusive remarketing agent with respect to the Series A–1 Bonds and Barclays Capital Inc. has been appointed by the Authority as the exclusive remarketing agent with respect to the Series A–2 Bonds (each a "Remarketing Agent"). The Authority has entered into a Remarketing Agreement with each Remarketing Agent with respect to the remarketing of each Series of Bonds.

Bonds of each Series will be divided into consecutive Rate Periods, during which the Bonds of each such series may bear interest at a Daily Rate, Weekly Rate, Commercial Paper Rate or Term Rate. In the event that Bonds of each series are in different Rate Periods, the description of the Bonds herein shall refer to the series of Bonds in such Rate Periods.

The Bonds bearing interest at a Daily or Weekly Rate are subject to tender for purchase at the option of the Owners of the Bonds, and under certain circumstances the Bonds are subject to mandatory tender for purchase, in the manner and at the times described herein. The Bonds are subject to extraordinary, optional and mandatory redemption prior to maturity in the manner and at the times described herein. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS."

When the Bonds bear interest at a Commercial Paper Rate, a Weekly Rate or a Daily Rate, the authorized denominations of such Bonds will be $100,000 or any integral multiple of $5,000 in excess thereof. When the Bonds bear interest at a Term Rate, the authorized denominations will be $5,000 or any integral multiple thereof.

Payment of Principal and Interest. The principal of and premium, if any, on the Bonds shall be payable to the Owners upon surrender thereof at the principal corporate trust office of the Trustee. Interest shall be payable to the registered Owners as of the Record Date (as defined below), such interest to be paid on any Variable Rate Bond held in book–entry only form in immediately available funds pursuant to DTC procedures. Otherwise interest shall be payable (i) by bank check mailed by first class mail on the interest payment date to such Owners or (ii) in immediately available funds (by wire transfer or by deposit to the account of the Owner of any such Variable Rate Bond if such account is maintained with the Trustee) to any Owner which owns Bonds in an aggregate principal amount of at least $1,000,000 on the Record Date and who shall have provided wire transfer instructions to the Trustee prior to the close of business on such Record Date; except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the Owners in whose name any such Bonds are registered as of a special record date to be fixed by the Trustee, notice of which shall be given to such Owners not less than 10 days prior thereto. Notwithstanding the foregoing, interest on any Variable Rate Bond bearing a Commercial Paper Rate (except any Variable Rate Bond held in book–entry only form) shall be paid only upon presentation to the Tender Agent of the Variable Rate Bond on which such payment is due.

For any Weekly Rate Period or Daily Rate Period, interest on the Bonds shall accrue to and be payable on the first Business Day (as hereinafter defined) of each calendar month, and on the Business Day next succeeding the last day of each Rate Period. For any Commercial Paper Rate Segment, interest on the Bonds shall be payable on the Business Day next succeeding the last day thereof. For any Term Rate Period, interest shall be payable on the first day of the sixth month following the commencement of the Term Rate Period and the first day of each sixth month thereafter, and on the Business Day next succeeding the last day of such Term Rate Period. Interest shall be computed, in the case of any Weekly Rate Period, Daily Rate Period or Commercial Paper Rate Period, on the basis of a 360–day year for the number of days actually elapsed and, in the case of a Term Rate Period, on the basis of a 360–day year consisting of twelve 30–day months. The Trust Agreement provides that the maximum interest rate on Bonds bearing interest at a Daily Rate, Weekly Rate, Commercial Paper Rate or Term Rate is 18% per annum.

A "Business Day" means a day that is not a Saturday, Sunday or legal holiday on which banks located in the State of New York or in any state in which the office of the Trustee, the Tender Agent or the Remarketing Agent are located or at which requests for funds under the Liquidity Facility or the

Credit Facility are made are authorized to remain closed or on which the New York Stock Exchange is closed.

The "Record Date" for the Bonds is (i) with respect to any interest payment date in respect of any Weekly Rate Period, Daily Rate Period or Commercial Paper Rate Period, the Business Day next preceding such interest payment date, or (ii) with respect to any interest payment date in respect of a Term Rate Period, the fifteenth day of the month preceding such interest payment date.

Interest Rates and Rate Periods. The Term of the Bonds of each Series shall be divided into consecutive Rate Periods, during each of which the Bonds of such Series shall bear interest at the Daily Rate, Weekly Rate, Commercial Paper Rate(s) or Term Rate as described below. Changes in Rate Periods will be effective and notice of changes of Rate Periods will be given as described herein. Upon notice from the Bank, the Authority may not change from one Rate Period to another Rate Period without the prior written consent of the Bank. Except as described under clause (2) under "Commercial Paper Rate Period - Adjustment from Commercial Paper Rates" below, no more than one Rate Period may apply to the Bonds of one Series at the same time.

Commercial Paper Rate Period

Commercial Paper Segments and Commercial Paper Rates. During each Commercial Paper Rate Period, each Variable Rate Bond shall bear interest during each Commercial Paper Segment for such Variable Rate Bond at the Commercial Paper Rate for such Commercial Paper Segment.

Each Commercial Paper Segment for any Variable Rate Bond shall be a period ending on a day immediately preceding a Business Day, of not less than one nor more than 90 days, determined by the Remarketing Agent to be, in its judgment, the period which, together with all other Commercial Paper Segments for all Bonds, is likely to result in an average weighted duration of approximately 30 days and within such duration limitation having the lowest overall net interest expense on the Bonds. Any Variable Rate Bond purchased on behalf of the Authority and remaining unsold by the Remarketing Agent as of the close of business on the effective date of the Commercial Paper Segment for such Variable Rate Bond will have a Commercial Paper Segment of one day, or, if such Commercial Paper Segment would end on a day which does not precede a Business Day, a Commercial Paper Segment of more than one day ending on the first day immediately preceding the next succeeding Business Day. No Commercial Paper Segment shall extend beyond the final maturity date of the Bonds. If, for any reason, the Remarketing Agent fails or is unable to determine a Commercial Paper Segment on any Variable Rate Bond, the Commercial Paper Segment for such Variable Rate Bond shall be one day, or, if such Commercial Paper Segment would end on a day which does not precede a Business Day, such Commercial Paper Segment shall end on the first day immediately preceding the Business Day next succeeding such day.

The Commercial Paper Rate for each Commercial Paper Segment for each Variable Rate Bond shall be the lowest rate determined by the Remarketing Agent (based on an examination of federally taxable securities comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) which would enable the Remarketing Agent to sell such Bonds on the effective date of each rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If, for any reason, a Commercial Paper Rate for a Commercial Paper Segment of one day is not determined or effective, the Commercial Paper Rate for such Commercial Paper Segment shall be 150% of the 30–day composite commercial paper rate posted by the Federal Reserve Bank of New York as calculated by the Remarketing Agent; provided, however, that such rate shall not exceed 18% per annum.

Adjustment From Commercial Paper Rates. At any time during a Commercial Paper Rate Period, the interest rate borne by the Bonds shall be adjusted from Commercial Paper Rates and the Bonds shall instead bear interest as otherwise permitted in the Trust Agreement, upon receipt by the Trustee, the Bank and the Remarketing Agent of written notice from the Authority specifying the Rate Period to follow with respect to the Bonds and instructing the Remarketing Agent to:

(1) determine Commercial Paper Segments of such duration that, as soon as possible, all Commercial Paper Segments shall end on the same date, not earlier than the 11th day (14th day if such Bonds are then held in book–entry only form) following the third Business Day (or such shorter period acceptable to the Trustee) following the receipt by the Trustee of notice from the Authority, which date shall be the last day of the then current Commercial Paper Rate Period, and, upon the establishment of such Commercial Paper Segments, the day next succeeding the last day of all such Commercial Paper Segments shall be the effective date of the Daily Rate Period, Weekly Rate Period or Term Rate Period selected by the Authority; or

(2) determine Commercial Paper Segments of such duration as will, in the judgment of the Remarketing Agent, best promote an orderly transition to the new Rate Period beginning not earlier than the 11th day (14th day if such Bonds are then held in book–entry only form) following the third Business Day (or such shorter period acceptable to the Trustee) after the receipt by the Trustee and Remarketing Agent of the notice of such selection of the Authority.

If the Authority selects alternative (2) above, the day next succeeding the last day of the Commercial Paper Segment for each Variable Rate Bond shall be, with respect to such Variable Rate Bond, the effective date of the Daily Rate Period, Weekly Rate Period or Term Rate Period selected by the Authority. An adjustment from a Commercial Paper Rate Period described in this paragraph may result in some of the Bonds bearing interest at a Daily Rate, Weekly Rate or Term Rate while other Bonds continue to bear interest at Commercial Paper Rates.

For a description of the Daily Rate Period, Weekly Rate Period and Term Rate, see APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT."

Opinion of Counsel

The adjustment from a Commercial Paper Rate Period, Daily Rate Period or Weekly Rate Period to a Term Rate Period, the adjustment from a Term Rate Period of one duration to a Term Rate Period of another duration or with different optional redemption rights, any adjustment to a Commercial Paper Rate Period, and the adjustment from a Term Rate Period to a Daily Rate Period or Weekly Rate Period, is conditioned in each case on the delivery by nationally recognized bond counsel of an opinion to the effect that the adjustment is authorized or permitted by the Trust Agreement and applicable law. Notwithstanding the foregoing, no opinion of counsel shall be required in the event of an automatic adjustment to a Commercial Paper Rate Period occurring as a result of a failure to set a Term Rate or the ineffectiveness of an adjustment from a Term Rate Period to another Rate Period.

Determinations Binding

The establishment and determination of the various interest rates and the various Rate Periods referred to above shall be conclusive and binding upon the Remarketing Agent, the Trustee, the Authority and the Owners of the Bonds.

Rescission of Election

Notwithstanding anything herein to the contrary, the Authority may rescind any election by it to adjust to or continue a Rate Period with respect to Bonds as described above prior to the effective date of such adjustment or continuation by giving written notice thereof to the City and the County, the Trustee, the Liquidity Facility Provider, the Credit Provider and the Remarketing Agent prior to such effective date. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Owners of the Bonds, then such notice of adjustment or continuation shall be of no force and effect. If the Trustee receives notice from the Authority of rescission of an adjustment to or continuation of a Rate Period after the Trustee has given notice thereof to the Owners of the Bonds, then the Rate Period for the Bonds shall automatically adjust to a Commercial Paper Rate Period on the date originally scheduled for such adjustment or continuation. No opinion of nationally recognized bond counsel shall be required in connection with the automatic adjustment to a Commercial Paper Rate Period pursuant to this paragraph. If a Commercial Paper Rate for the first day of such Commercial Paper Rate Period is not determined as provided under "Commercial Paper Rate Period—Adjustment to Commercial Paper Rates", the Commercial Paper Rate for the first day of such Commercial Paper Rate Period shall be 150% of the 30–day composite commercial paper rate posted by the Federal Reserve Bank of New York as calculated by the Remarketing Agent.

Mandatory Tender for Purchase of Bonds

The Bonds are subject to mandatory tender for purchase at a purchase price equal to the principal amount thereof plus accrued interest, if any, upon the occurrence of any of the following events:

(a) on the effective date of any change in a Rate Period for such Variable Rate Bond;

(b) as to each Variable Rate Bond in a Commercial Paper Rate Period, on the day next succeeding the last day of any Commercial Paper Segment with respect to such Variable Rate Bond;

(c) on a Business Day designated by the Trustee, which day shall not be more than 15 days following receipt by the Trustee of notice from the Bank that an "Event of Default" has occurred under the Reimbursement Agreement with respect to such Bonds;

(d) on the Business Day not later than 5 days preceding the Expiration Date of any Credit Facility, including the Letter of Credit, with respect to the Bonds; or

(e) as to all Bonds of a Series, on the date upon which a new Credit Facility or Liquidity Facility is being accepted by the Trustee that results in the reduction or withdrawal of the rating on the Series of Bonds to which such Credit Facility or Liquidity Facility relates.

The Bonds are also subject to mandatory tender for purchase on the day next succeeding any Term Rate Period which ends prior to the day originally established as the last day of such Term Rate Period, at a purchase price equal to the principal amount thereof plus an amount equal to any premium which would have been payable on such day had the Authority directed optional redemption of such Bonds on that day.

The Trustee shall give notice to the Owners of the Bonds of the termination of any Credit Facility and of the provision of any proposed Alternate Credit Facility, not less than 15 days prior to such termination.

For a description of tender rights and optional tenders for holders of Bonds in the Daily Rate Period, Weekly Rate Period or Term Rate Period, see APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT."

Payment of Purchase Price

If moneys sufficient to pay the purchase price of Bonds to be purchased as described above under "Mandatory Tender for Purchase" shall be held by the Tender Agent on the date such Bonds are to be purchased, such Bonds shall be deemed to have been purchased, irrespective of whether or not such Bonds shall have been delivered to the Tender Agent, and the former Owner will have no claim under the Trust Agreement or otherwise except for the payment of the purchase price.

Payment of the purchase price of any such Variable Rate Bond shall be made in immediately available funds (except in clearinghouse funds for Bonds in Term Rate Periods unless such Bonds are held in book–entry only form), but only upon presentation and surrender of such Variable Rate Bond to the Tender Agent (except for Bonds held in book–entry only form). Payment of the purchase price of any such Variable Rate Bond held in book–entry only form shall be made by 2:30 p.m., New York City time.

Remarketing of Bonds

Each Remarketing Agent shall use its best efforts to remarket any Variable Rate Bond required to be purchased as described above which it has agreed to remarket pursuant to the applicable Remarketing Agreement. Any Variable Rate Bond so remarketed shall remain outstanding and may again become subject to purchase. If any such Variable Rate Bond shall not be remarketed, they shall become Provider Bonds. The purchase price of any such Variable Rate Bond shall be paid from moneys drawn under the Credit Facility.

Summary of Certain Provisions of the Bonds. The table at the front of this Remarketing Memorandum entitled "SUMMARY OF CERTAIN PROVISIONS OF THE VARIABLE RATE BONDS" is for general reference only, and summarizes the dates on which interest will be paid and the record dates applicable thereto, the dates each interest rate will be determined, the period each interest rate will be in effect, the requirements for notice to registered owners of interest rate adjustments, the dates on which Bonds are subject to mandatory tender for purchase, the dates on which registered owners may tender their Bonds for purchase to the Tender Agent and the requirements in order to change from one Rate Period to a new Rate Period. (All times shown are New York City time.) The table does not purport to summarize all material provisions of the Bonds and is provided for quick reference only. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT" for a further summary of the provisions of the Trust Agreement.

Redemption of the Bonds

Extraordinary Redemption

The Bonds are subject to extraordinary redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot within each stated maturity of the Bonds, in authorized denominations, from prepayments made by the County or the City from the net proceeds received by the County or the City due to a taking of the Arena or portions thereof under the power of eminent domain, or from the net proceeds of insurance received for material damage to or destruction of the Arena or portions thereof or from the net proceeds of title insurance, under the circumstances described in the Trust Agreement and the Master Lease, at a redemption price equal to the principal amount of the Bonds to be redeemed and accrued interest thereon to the date of redemption, without premium. If less than all outstanding Bonds are to be redeemed on any one date, the Trustee shall select such Bonds to be redeemed so that the aggregate annual debt service on the Bonds which will be payable after such redemption date will be as nearly proportional as practicable to the aggregate annual debt service on the Bonds outstanding prior to such redemption date, except that any Provider Bonds held by the Liquidity Facility Provider shall be redeemed first.

Mandatory Sinking Fund Redemption

The Bonds are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part on February 1, by lot, from and in the amount of the mandatory sinking account payments due and payable on such dates, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon, to the redemption date, without premium, in the amounts and on the dates set forth below (subject to modification in the event of extraordinary redemption as described above or in the event of optional redemption):

1996 Series A–1 Term Bonds (Due February 1, 2026)

Sinking Fund Payment Date (February 1)	Mandatory Sinking Account Payments
2013	$2,200,000
2014	2,300,000
2015	2,500,000
2016	2,700,000
2017	2,900,000
2018	3,100,000
2019	3,300,000
2020	3,500,000
2021	3,800,000
2022	4,100,000
2023	4,400,000
2024	4,700,000
2025	5,000,000
2026[1]	3,255,000
Total	$47,755,000

1996 Series A–2 Term Bonds (Due February 1, 2026)

Sinking Fund Payment Date (February 1)	Mandatory Sinking Account Payments
2013	$2,200,000
2014	2,400,000
2015	2,600,000
2016	2,700,000
2017	2,900,000
2018	3,100,000
2019	3,300,000
2020	3,500,000
2021	3,800,000
2022	4,100,000
2023	4,400,000
2024	4,600,000
2025	5,000,000
2026[1]	3,080,000
Total	$47,680,000

(1) Maturity date.

Optional Redemption

Optional Redemption During Any Commercial Paper Rate Period. During any Commercial Term Rate Period, each Variable Rate Bond may be redeemed at the option of the Authority on the day next succeeding the last day of each Commercial Paper Segment for such Variable Rate Bond at a redemption price equal to its principal amount.

Selection of Bonds for Redemption

Whenever less than all Outstanding Bonds are to be redeemed, the Authority shall designate the principal amount of Bonds of each maturity to be redeemed; provided that Provider Bonds held by the Liquidity Facility Provider shall be redeemed prior to any Other Bonds. If less than all of the Outstanding Bonds of the same Series are to be redeemed at any one time, the Trustee shall select Bonds to be redeemed by lot in such manner as the Trustee shall determine (except that any Provider Bonds shall be first redeemed). All or a portion of any Bond may be redeemed in accordance with the Trust Agreement; provided, however, that the portion of any Bond to be redeemed shall be in authorized denominations and all Bonds to remain Outstanding after any redemption in part shall be in authorized denominations. In the event term Bonds are designated for redemption, the Authority may designate which mandatory sinking account payments are allocated to such redemption.

Notice of Redemption

Whenever redemption is authorized under the Trust Agreement, the Trustee is required to mail to affected Owners of the Bonds a notice of redemption containing the information required by the Trust Agreement, by first–class mail, not less than 30 days nor more than 60 days before the date of any such redemption date. So long as DTC or its nominee is acting as securities depository for the Bonds, all such mailed notices shall be sent to DTC or its nominee, as the registered Owner of the Bonds and not to the beneficial owners of the Bonds.

Neither the failure of an Owner of the Bonds to receive any such notice, nor the failure to give such notice to certain depositories or information services as required by the Trust Agreement, nor any defect in any such notice, shall invalidate any of the proceedings for the redemption or mandatory tender of any Bonds.

If notice of redemption has been duly given and money for the payment of the redemption of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue (with respect to the Bonds so redeemed), and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Discontinuance of DTC Services. In the event that (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Authority determines to remove DTC from its functions as a depository, DTC's role as securities depository for the Bonds and use of the book–entry system will be discontinued. If the Authority fails to select a qualified securities depository to replace DTC, the Authority will cause the Trustee to execute and deliver new Bonds in fully registered form in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are required in a written request of the Authority. The Trustee shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written request of the Authority. Upon such registration, such persons in whose names the Bonds are registered will become the registered owners of the Bonds for all purposes.

In the event that the book–entry system is discontinued, the following provisions would also apply: (a) Bonds may be exchanged for a like aggregate principal amount of Bonds of the same series, type and maturity of other authorized denominations; (b) the transfer of any Bond may be registered on the books maintained by the Trustee under the Trust Agreement for such purpose only upon the surrender thereof to the Trustee accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee; (c) for every exchange or transfer of Bonds, the Trustee shall require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge that may be imposed with respect to such exchange or registration of transfer; (d) all interest payments on the Bonds will be payable on their respective interest payment dates to the Owners thereof as appear on the registration books maintained by the Trustee on the record dates indicated in the Trust Agreement; and (e) all payments of principal or the purchase price or redemption price of the Bonds will be made in immediately available funds upon surrender thereof at the corporate trust office of the Trustee or the Tender Agent, as applicable.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

Pledge Under the Trust Agreement

The Trust Agreement provides that the Bonds are payable solely from, and are secured by a lien on, (a) all Base Rental Payments paid by the County and the City and received by the Authority pursuant to the Master Lease as further described below (but not Additional Payments), (b) interest and other income from any investment of any money in any fund or account (other than the Rebate Fund or the Purchase Fund) established pursuant to the Trust Agreement or the Master Lease and (c) Swap Revenues (as defined in the Trust Agreement) (collectively, the "Revenues"), all under the terms and conditions set forth in the Trust Agreement. As and to the extent set forth in the Trust Agreement, all the Revenues are irrevocably pledged for the security and payment of the Bonds and Related Obligations; but nevertheless out of the Revenues certain amounts may be applied for other purposes as provided in the Trust Agreement. Currently there are no swaps outstanding in respect of the Bonds.

The Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. Neither the full faith and credit of the Authority, the County or the City is pledged for the payment of the interest on or principal of the Bonds nor for the payment of Base Rental Payments under the Master Lease. Neither the payment of the principal of or interest on the Bonds nor the obligation to make Base Rental Payments under the Master Lease constitutes a debt, liability or obligation of the Authority, the County or the City for which any such entity is obligated to levy or pledge any form of taxation or for which any such entity has levied or pledged any form of taxation. The Authority has no taxing power.

Base Rental Payments

General. As rental for the right to use and occupy the Arena, the County and the City covenant to pay Base Rental Payments and also to pay Additional Payments in amounts required by the Authority. The Base Rental Payments are calculated to be sufficient to pay the principal of and interest on the Bonds and amounts owing under any swap agreement (including any termination payment with respect to any swap), hedge agreement, credit agreement, liquidity agreement or similar agreement entered into by the Authority in connection with the Bonds ("Related Obligations") as the same become due and payable; provided that the aggregate Base Rental Payments for any rental payment period shall not exceed $19,000,000 (or a pro rata portion thereof for the first rental payment period (the "Maximum Annual Rental").

FOR INFORMATION REGARDING THE COUNTY AND THE CITY, INCLUDING FINANCIAL INFORMATION, SEE APPENDICES A THROUGH D ATTACHED HERETO. SEE ALSO "THE COUNTY AND THE CITY" AND "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" HEREIN.

Allocation of Certain Premium Seating Revenues; General Fund Obligation. Under the Warriors Agreements, the Authority, on behalf of the City and County, is allocated certain revenue (consisting principally of a portion of the premium seating revenue generated at the Arena) in an annual amount of up to $7,428,000 (see "THE WARRIORS AGREEMENTS" herein) which is available for the payment of Base Rental Payments. **There can be no assurance that such revenue will be available or sufficient in amount to pay Base Rental Payments.**

In the event that such premium seating revenue and other revenue from the Arena is not available or is insufficient to make Base Rental Payments, the obligation of the County and the City to pay Base Rental Payments, as well as Additional Payments, when due will constitute an obligation of the County and the City payable from their respective General Funds.

Covenant to Budget and Appropriate. Pursuant to the Master Lease, the County and the City each covenant to take such action as may be necessary to include one–half (1/2) of the amount of the Maximum Annual Rental and any Additional Payments due under the Master Lease in their respective annual budgets, and to make the necessary annual appropriations for such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of each and every public official of the County and the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County and the City to carry out and perform such covenants. To the extent that either the County or City fails, in any year, to budget or pay its share of the Maximum Annual Rental and any Additional Payments due under the Master Lease, the City or County, as the case may be, has covenanted to, by supplemental budget, appropriate and pay such additional amounts as may be necessary to cure any deficiency in the amount which were to be appropriated and paid by the other lessee.

Insurance. The Arena is to be insured to the extent set forth in the Master Lease. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – MASTER LEASE – Fire and Extended Coverage and Earthquake Insurance" and "– Rental Interruption or Use and Occupancy Insurance" herein. The Master Lease requires the County and the City, at their own expense, to insure or have insured the Arena with companies acceptable to the Authority for such amounts and against such hazards (except earthquake insurance shall only be obtained if available on the open market from reputable insurance companies at reasonable cost) as the Authority may require, including, but not limited to, insurance for damage to the Arena and liability coverage for personal injuries, death or property damage. Otherwise, such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Arena, excluding the cost of excavations, of grading and filling, and of the land (except that any earthquake insurance may be subject to a deductible clause of not to exceed ten percent (10%) of said replacement cost for any one loss and except that such other insurance may be subject to deductible clauses for any one loss of not to exceed two hundred fifty thousand dollars ($250,000) or a comparable deductible adjusted for inflation), or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed.

The proceeds of such insurance are to be used for the repair, reconstruction or replacement of the damaged or destroyed portion of the Arena. Alternatively, the Authority, if the proceeds of such insurance and any amounts transferrable from the Reserve Fund as allocable to the Bonds to be redeemed, together with any other moneys then available for the purpose are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds equal to the amount of Outstanding Bonds attributable to the portion of the Arena so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the Arena bears to the aggregate cost of the Arena and as first approved by the Bank), may elect not to repair, reconstruct or replace the damaged or destroyed portion of the facility and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Trust Agreement.

The Authority, the County and the City have also agreed to promptly apply for any federal disaster aid or State disaster aid in the event that any portion of the Arena is damaged or destroyed as a result of an earthquake or other disaster. Any proceeds received as a result of such disaster aid shall be applied by the Authority to the repair, reconstruction, restoration or replacement of the damaged or destroyed portions of the Arena, or to the redemption of Bonds if such use of disaster aid is permitted.

The County and the City shall be required to procure or cause to be procured and maintain or cause to be maintained throughout the term of the Master Lease, to the extent such insurance is commercially available at reasonable cost, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Arena as a result of any of the hazards covered by the insurance required by the Master Lease, in an amount sufficient to pay the maximum annual Base Rental Payments for any two year period (except that such insurance may be subject to a deductible clause of not to exceed one hundred thousand dollars ($100,000) or a comparable deductible adjusted for inflation).

Abatement

Use and Occupancy. Base Rental Payments are paid by the County and the City in each rental payment period for and in consideration of the right of use and occupancy of the Arena during each such period for which said rental is to be paid. See “THE OAKLAND–ALAMEDA COUNTY COLISEUM – The Arena Project” and APPENDIX G – “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – MASTER LEASE” hereto.

Damage or Destruction. The Base Rental Payments will be abated proportionately during any period in which by reason of any damage or destruction (other than by condemnation which is otherwise provided for in the Master Lease) there is substantial interference with the use and occupancy of any portion of the Arena by the County or the City, in the proportion in which the cost of that portion of the Arena rendered unusable bears to the cost of the whole of the Arena. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Master Lease continues in full force and effect and the County and the City waive any right to terminate the Master Lease by virtue of any such damage or destruction. In the event the Arena cannot be repaired during the period that proceeds of the County’s and City’s rental interruption insurance will be available in lieu of Base Rental Payments (a period of two years) plus the period for which funds are available from the Reserve Fund, or in the event that casualty insurance proceeds are insufficient to provide for complete repair of the Arena, there could be insufficient funds to cover payments to Bondowners in full. See APPENDIX G – “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – MASTER LEASE – Fire and Extended Coverage and Earthquake Insurance” and “– Rental Interruption or Use and Occupancy Insurance” herein.

Default and Remedies

Upon an Event of Default described below, the County and the City will be deemed to be in default under the Master Lease and the Authority may exercise any and all remedies available pursuant to law or granted pursuant to the Master Lease, subject to the Authority’s assignment of the right to enforce certain of these remedies to the Trustee pursuant to the Trust Agreement. The Master Lease provides that upon any such default, including a failure to pay any Base Rental Payments or Additional Payments, the Authority may either (1) terminate the Master Lease and recover certain damages or (2) continue to collect rent from the County and the City on an annual basis by seeking a separate judgment each year for that year’s defaulted Base Rental Payments and/or (3) reenter the Arena and relet it, subject to the terms and conditions of the License Agreement referred to in “THE WARRIORS AGREEMENTS” herein. The enforcement of some or all of these remedies would be subject to limitations on legal remedies against public agencies in the State, statutory and judicial limitations on lessors’ remedies under real property leases and to other terms of the Ground Lease and the Master Lease. The Trustee has no interest in Authority’s leasehold interest in the Arena under the Ground Lease, has no right to terminate the Master Lease or reenter or relet the Arena and no possessory right to the Arena. **Upon the occurrence of an event of default, there is no remedy of the acceleration of the total Base Rental Payments due**

over the term of the Master Lease, and the Trustee is not empowered to sell or lease a fee simple, leasehold or other interest in the Arena and use the proceeds of such sale to prepay the Bonds or pay debt service thereon.

Events of Default under the Master Lease include (i) the failure of the County and the City to pay any rental payable under the Master Lease when the same becomes due and payable, (ii) the failure of the County and the City to keep, observe or perform any term, covenant or condition of the Master Lease to be kept or performed by the County and the City after notice and the elapse of a 30–day grace period and (iii) the bankruptcy or insolvency of the County or the City.

FOR A FURTHER DESCRIPTION OF THE PROVISIONS OF THE MASTER LEASE, INCLUDING THE TERMS THEREOF AND A DESCRIPTION OF CERTAIN COVENANTS THEREIN, INCLUDING MAINTENANCE, UTILITIES, TAXES, ASSESSMENTS, INSURANCE AND EVENTS OF DEFAULT AND AVAILABLE REMEDIES, SEE "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – MASTER LEASE" IN APPENDIX G ATTACHED HERETO.

Reserve Fund

The Reserve Fund was established pursuant to the Trust Agreement and is required to be funded in an amount equal to the Reserve Fund Requirement (as defined below). All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or principal, in that order, of the Bonds in the event of any deficiency in payment of such interest and principal or for the retirement of all the Bonds then Outstanding, provided that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Reserve Fund in excess of the Reserve Requirement shall be withdrawn from the Reserve Fund and deposited in the Revenue Fund, on or before each interest payment date. The Reserve Fund currently contains approximately $3,275,000. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Reserve Fund" herein.

"Reserve Fund Requirement" means, as of any date of calculation (calculated on a Bond Year basis), and commencing on or prior to (i) the Final Acceptance Date or (ii) the date no moneys remain in the Capitalized Interest Account (such date estimated at being May 1, 1998), an amount equal to twelve (12) months interest on the Bonds; provided that with respect to an issue of Bonds bearing interest at a variable rate, for which a fixed rate Swap is not in place the interest rate thereon for purposes of calculating the Reserve Fund Requirement shall be assumed to be equal, if such interest is excludable from gross income for federal income tax purposes, to the "25 Bond Revenue Bond Index" most recently published in The Bond Buyer preceding the applicable date of calculation, plus 50 basis points (not to exceed the amount that may be deposited in the Reserve Fund from Bond proceeds without requiring yield restriction under the Code) or, if such interest is not so excludable, to the interest on direct U.S. Treasury Obligations with comparable maturities, plus 50 basis points. The Reserve Fund Requirement may only be reduced upon the redemption, payment at maturity or defeasance of a portion of the Bonds.

In the alternative, a surety bond or insurance policy issued to the Trustee, on behalf of the Bondowners, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the Bonds (a "municipal bond insurer") the claims–paying ability of which is rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's Ratings Services or a letter of credit issued or confirmed by a state or national bank, or a foreign bank with an agency or branch located in the continental United States, which has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category of Moody's Investors Service and Standard & Poor's Ratings Services, but in no event less than the rating for the Bonds given by any rating agency which has a then currently effective rating on the Bonds, may be deposited in the Reserve Fund to meet the Reserve Fund Requirement, and subject to the terms and conditions of the Trust Agreement.

Substitution of Arena

Pursuant to the Master Lease, with the consent of the Bank, the County, the City and the Authority may substitute real property for the Arena for purposes of the Ground Lease and the Master Lease, but only after the County and City shall have filed with the Authority, the Bank and the Trustee, with copies to each rating agency then providing a rating for the Bonds, among other documents, a Certificate of the County and the City, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County or the City, evidencing that the annual fair rental value of the facilities leased after such substitution (which may be based on the construction or acquisition cost or replacement cost of such facility to the County and the City) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending June 30 or in any subsequent year ending June 30, and further stating that such substitution does not materially adversely affect the County and the City's use and occupancy of the facilities leased. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – MASTER LEASE – Substitution."

Additional Bonds

The Authority may at any time, by Supplemental Trust Agreement, provide for the issuance of Additional Bonds subject to satisfaction of certain provisions contained in the Trust Agreement. Additional Bonds will be payable from Base Rental Payments and other Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing the outstanding Bonds therefore issued under the Trust Agreement, subject to the terms and conditions of the Trust Agreement. In addition, the Authority may enter into Related Obligations the payments under which would be on a parity with the Bonds. See APPENDIX G – "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Additional Bonds", "– Pledge of Revenues; Assignment of Rights to Trustee" and "– Creation of Special Funds and Accounts" herein.

THE LETTERS OF CREDIT AND THE REIMBURSEMENT AGREEMENTS

The Letters of Credit and Reimbursement Agreements

The Letter of Credit for the 1996 Series A-1 Bonds. The principal, redemption and purchase price of and the interest on the 1996 Series A-1 Bonds are secured by amounts available to be drawn by the Trustee under the irrevocable direct-pay Letter of Credit issued by The Bank of New York Mellon ("BNYM") (the "Series A-1 Letter of Credit"). The initial stated amount of the Series A-1 Letter of Credit is $49,903,975, of which up to $47,755,000 is available to pay the outstanding and unpaid principal or the portion of the purchase price equal to the principal of the 1996 Series A-1 Bonds and up to $2,148,975 is available to pay up to 90 days' accrued interest on the 1996 Series A-1 Bonds assuming a maximum interest rate of 18% per annum and computed on the basis of the actual number of days elapsed over a year of 360 days. Drawings by the Trustee under the Series A-1 Letter of Credit will reduce the amounts available for subsequent drawings, subject to reinstatement as provided in the Series A-1 Letter of Credit.

The Series A-1 Letter of Credit expires on the earliest to occur of: (i) 4:00 p.m., Eastern Time, on June 21, 2015, (ii) upon BNYM's honor of the Trustee's drawing for the redemption or mandatory tender and purchase of all 1996 Series A-1 Bonds, or (iii) notice by the Authority that no 1996 Series A-1 Bonds are outstanding under the Trust Agreement, or (iv) the delivery of an Alternate Credit Facility to the Trustee, and in each case the surrender of the Series A-1 Letter of Credit to BNYM for cancellation.

The Letter of Credit for the 1996 Series A-2 Bonds. The principal, redemption and purchase price of and the interest on the 1996 Series A-2 Bonds are secured by amounts available to be drawn by the Trustee under the irrevocable direct-pay Letter of Credit issued by BNYM (the "Series A-2 Letter of Credit", and, collectively with the Series A-1 Letter of Credit, the "Letters of Credit"). The initial stated amount of the Series A-2 Letter of Credit is $49,825,600, of which up to $47,680,000 is available to pay the outstanding and unpaid principal or the portion of the purchase price equal to the principal of the 1996 Series A-2 Bonds and up to $2,145,600 is available to pay up to 90 days' accrued interest on the 1996 Series A-2 Bonds assuming a maximum interest rate of 18% per annum and computed on the basis of the actual number of days elapsed over a year of 360 days. Drawings by the Trustee under the Series A-2 Letter of Credit will reduce the amounts available for subsequent drawings, subject to reinstatement as provided in the Series A-2 Letter of Credit.

The Series A-2 Letter of Credit expires on the earliest to occur of: (i) 4:00 p.m., Eastern Time, on June 21, 2015, (ii) upon BNYM's honor of the Trustee's drawing for the redemption or mandatory tender and purchase of all 1996 Series A-2 Bonds, or (iii) notice by the Authority that no 1996 Series A-2 Bonds are outstanding under the Trust Agreement, or (iv) the delivery of an Alternate Credit Facility to the Trustee, and in each case the surrender of the Series A-2 Letter of Credit to BNYM for cancellation.

The Reimbursement Agreements. The Letters of Credit are issued pursuant to the terms of the respective Reimbursement Agreement between the Authority and BNYM. Among other things, the Reimbursement Agreements provide for (a) the repayment to BNYM for the ratable benefit of BNYM of all draws made under the Series A-1 Letter of Credit on the date such drawings are made (other than drawings made to pay that portion of the purchase price constituting principal and interest of any tendered 1996 Series A-1 Bonds); (b) the repayment to BNYM of all draws made under the Series A-2 Letter of Credit on the date such drawings are made (other than drawings made to pay that portion of the purchase price constituting principal and interest of any tendered 1996 Series A-2 Bonds); (c) the payment or reimbursement to BNYM for the ratable benefit of BNYM of certain specified fees, costs and expenses; (d) certain affirmative and negative covenants to be observed on the part of the Authority; and (e) certain indemnification obligations on the part of the Authority.

If an Event of Default occurs under any of the Reimbursement Agreements, on account of any failure to reimburse BNYM, BNYM may direct the Trustee to exercise any remedy available under the Trust Agreement, including the mandatory tender and purchase of the Bonds. Such actions shall in no way limit the rights of the Trustee to make draws under the Letters of Credit in accordance therewith.

The following events constitute "Events of Default" under each of the Reimbursement Agreements:

- Failure by the Authority to pay when due any amount payable under any provision of the Reimbursement Agreements or under the Fee Letters or in respect of the Bonds, or the City or the County shall default in the due and punctual payment of any Base Rental Payment; or

- Any representation or warranty made, or deemed made, by the Authority in the Reimbursement Agreements (or any of its officers) in connection with the Reimbursement Agreements or the City or the County (or any of their respective officers) in connection with the Letters of Representations that is not qualified by concepts of materiality shall prove to have been incorrect in any material respect when made or deemed made; or any representation or warranty made, or deemed made, by the Authority (or any of its officers) in connection with the Reimbursement Agreements or the City or the County (or any of their respective officers) in connection with the Letters of Representations that is qualified by concepts of materiality shall prove to have been incorrect in any respect when made or deemed made; or

- Failure by the Authority to perform or observe (i) any term, covenant or agreement contained in the Reimbursement Agreements or in the Fee Letters, or (ii) any other term, covenant or agreement contained in the Reimbursement Agreements or any other Related Document on its part to be performed or observed and any such failure shall remain unremedied for thirty (30) days after notice thereof has been provided to the Authority; provided, that if (i) such failure cannot be cured with the payment of money and cannot with diligence be cured within such 30-day period and (ii) the Authority is diligently and in good faith proceeding to cure, and the Authority so certifies to BNYM in writing as to each of items (i) and (ii) above, then the period for cure shall be extended for the period necessary for the Authority to cure such failure (but not more than sixty (60) days without the written consent of BNYM); or

- The Authority, the City or the County shall (i) have entered involuntarily against it an order for relief under the Bankruptcy Code, (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a custodian, receiver, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (v) institute any proceeding seeking to have entered against it an order for relief under the Bankruptcy Code to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding in connection with the dissolution or termination of the existence of the Authority; or

- A custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Authority, the Oakland-Alameda County Financing Corporation ("Financing"), the City or the County or any substantial part of its property, or a proceeding described in subsection (v) of the foregoing paragraph shall be instituted against the Authority, Financing, the City or the County and such appointment continues undischarged or any such proceeding continues undismissed or unstayed for a period of sixty (60) or more days; or

- Dissolution or termination of the existence of the Authority, Financing, the City or the County; or

- A moratorium shall have been declared or announced by a governmental authority (whether or not in writing) with respect to any general fund debt of the City or the County; or

- Any payment provision, collateral provision or other material provision of the Reimbursement Agreements or any Related Documents to which Authority, Financing, the City or the County is a party shall at any time for any reason cease to be valid and binding on the Authority, Financing, the City or the County, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Authority, Financing, the City or the County, or a proceeding shall be commenced by any governmental agency or authority having jurisdiction over the Authority, Financing, the City or the County seeking to establish the invalidity or unenforceability thereof, or the Authority, Financing, the City or the County shall deny that it has any or further liability or obligation under the Reimbursement Agreements or any Related Document to which the Authority, Financing, the City or the County is a party; or

- Any "Event of Default" under and as defined in any Related Document (other than a default by the Warriors under the License Agreement) shall have occurred and be continuing (and all applicable grace periods have elapsed), or any default by the Warriors under the License Agreement shall have occurred and be continuing (and all applicable grace periods have elapsed and all remedies have been exhausted), in each case, other than an Event of Default caused solely by the wrongful dishonor by BNYM of a draw on the Letters of Credit; or

- A default shall have occurred by the City, the County, the Authority, or Financing under any Related Document and any cure period applicable thereto shall have elapsed (and if no cure period is specified with respect to defaults, then within thirty (30) days after the Authority has knowledge of the default and fails to cure such default); or

- The failure by the Warriors to pay to the Authority up to $7,428,000 from the first Premium Seating Revenues received by the Warriors in each fiscal year pursuant to the License Agreement and the Deposit Agreement by no later than the end of such fiscal year;

- Failure of the City or the County to maintain a rating (whether by withdrawal, suspension or downgrade) of at least BBB from S&P, a rating of at least Baa2 from Moody's and a rating of at least BBB from Fitch on its general obligation debt; or

- The Authority, the City or the County shall default in the payment of any Debt (other than the Debt arising under the Reimbursement Agreements), whether such Debt now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument, under which there may be issued, or by which there may be secured or evidenced, any Debt, whether such Debt now exists or may be hereafter created, shall occur, which default in payment or event of default shall result in such Debt becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; or

- A final, nonappealable judgment or order for the payment of money in excess of $5,000,000 shall be rendered against the Authority, Financing, the City or the County and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order, or (ii) there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

If any Event of Default shall have occurred and be continuing, BNYM may (a) give notice to the Bond Trustee instructing the Bond Trustee (i) that an Event of Default has occurred under the applicable Reimbursement Agreement and (ii) to give notice of a mandatory tender of all 1996 Series A-1 Bonds or 1996 Series A-2 Bonds, as applicable, for purchase by BNYM, whereupon the Bond Trustee shall present a Mandatory Tender Drawing under the applicable Letter of Credit, and (b) subject to the last sentence of this section, declare (provided, however, such declaration shall automatically be deemed to have been given without further action on the part of BNYM in the case of an Event of Default in connection with the appointment of a custodian, receiver, trustee, examiner or liquidator; dissolution or termination of the Authority, Financing, the City, or the County; or a moratorium with respect to any general fund debt of the City and the County) the principal and interest of all Liquidity Advances and Term Loan Advances and the corresponding Series A-1 Bank Bonds or Series A-1 Bank Bonds, as applicable, and all other amounts due under the applicable Reimbursement Agreement to become immediately due and payable, whereupon the same shall become immediately due and payable, and give notice to the Bond Trustee that all Base Rental Payments thereafter received under the Master Lease in the maximum amount provided in the Master Lease and without duplication, all principal, interest and all other amounts payable in respect of the 1996 Series A-1 Bonds and/or the 1996 Series A-2 Bonds, as applicable, are to be voluntarily prepaid at the Authority's option or paid to BNYM, as sole owner and holder of all of the outstanding Series A-1 Bank Bonds and/or the 1996 Series A-2 Bonds, as applicable. In addition, so long as BNYM and assignees are the sole holders of all outstanding 1996 Series A-1 Bonds and/or the 1996 Series A-2 Bonds, as applicable, BNYM may exercise any and all remedies available to it at law or in equity. Notwithstanding anything to the contrary, in no event may BNYM together with any holders of Related Obligations (as defined in the Trust Agreement) demand payment from the Authority pursuant to the Master Lease in excess of the maximum amount authorized (other than for Additional Bonds) for Base Rental Payments thereunder (but in any event not less than $19,000,000 each year), subject in all cases to abatement of rental due to inability to occupy the Arena.

The Letter of Credit Provider

The following information has been furnished by the Letter of Credit Provider for use in this Remarketing Memorandum. Such information has not been independently confirmed or verified by the Authority, the County, the City or the Remarketing Agent. No representation is made herein by the Authority, the County, the City or the Remarketing Agent as to the accuracy or adequacy of such information subsequent to the date hereof, or that the information contained and incorporated herein by reference is correct.

The Bank of New York Mellon, a New York state chartered bank (the "Bank"), is one of the two principal banking subsidiaries of The Bank of New York Mellon Corporation (NYSE: BK), a bank holding company and a financial holding company ("BNY Mellon"). BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 36 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, offering investment management and investment services through a worldwide team.

As of March 31, 2012, it had $26.6 trillion in assets under custody and administration, $1.3 trillion in assets under management, serviced $11.9 trillion in outstanding debt and processed global payments averaging $1.4 trillion per day. Additional information is available at www.bnymellon.com.

The Bank has long-term senior debt ratings of "Aa1", "AA-", "AA" and "AA" and short-term deposit ratings of "P1", "A-1+", "F1+" and "R-1 (high)" from Moody's Investors Service, Inc., Standard & Poor's Rating Services, Fitch Ratings and DBRS, respectively. A debt rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

BNY Mellon's principal office is located at One Wall Street, New York, New York 10286. A copy of the most recent Annual Report on Form 10-K of BNY Mellon may be obtained from BNY Mellon's Public Relations Department, One Wall Street, 31st Floor, (212) 635-1569.

THE WARRIORS AGREEMENTS

Memorandum of Understanding

The Authority and the Warriors have entered into certain agreements effective July 15, 1996, as amended, which set forth certain financial and other material terms relating to the Arena Project (as amended, the "Warriors Agreements"). The Warriors Agreements established the terms and conditions under which the construction of the new Arena occurred and the terms under which the Warriors play basketball at the Arena and included the agreement described below. Pursuant to a settlement agreed upon among the parties effective October 1, 2003 and other supplements, the original agreements were modified as reflected below.

The License Agreement by and among the Authority and the Warriors establishes the terms and conditions under which the Authority grants an operating license to the Warriors for basketball events and other events held by the Warriors at the new Arena for 20 years (with an option to extend the term of the license for up to four consecutive periods of five years each, commencing with the 1997–98 season). During the term of the license, the Warriors agree to play all of their regular season and playoff season home basketball games at the Arena and to pay $1,500,000 in annual rent. After June 30, 2007, the Warriors may terminate the license by paying the Authority a termination payment in an amount sufficient to retire all of the then outstanding Bonds. The Authority believes that if the Warriors vacate the Arena after 2017 it has continuing obligations to make up deficits in debt service until the Bonds are paid. The Authority also receives for payment of debt service on the Bonds up to $7,428,000 annually from revenue derived from certain premium seating in the Arena. The Authority also receives a fee of 5% of the ticket price on all ticket sales to be applied to Arena operating costs.

Relocation of Warriors

On May 22, 2011, San Francisco Mayor Edwin M. Lee announced that the Warriors plan to build a new sports and entertainment arena on the San Francisco waterfront. According to the Warriors' website, the plan calls for the new arena to be completed in time for the 2017-18 season. The arena would be located at Piers 30-32 on San Francisco Bay, south of the Bay Bridge, between the Ferry Building and AT&T Park. San Francisco would provide the land and the Warriors would pay to repair the piers and privately finance the arena project. The planned new facility would host the Warriors, as well as provide a venue for concerts, cultural events and conventions. More information on the possible relocation of the Warriors is available at www.nba.com/warriors. The Authority takes no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by such reference.

THE COUNTY AND THE CITY

The County of Alameda, the seventh most populous county in California, is one of California's original 27 counties and covers 813 square miles. The City of Oakland is the County seat and is the third largest city in the San Francisco Bay Area, behind the City of San Jose and the City and County of San Francisco, and the eighth most populous city in California. See APPENDIX A – "CERTAIN

INFORMATION CONCERNING THE COUNTY OF ALAMEDA" and APPENDIX C – "CERTAIN INFORMATION CONCERNING THE CITY OF OAKLAND" herein.

THE AUTHORITY

The Oakland–Alameda County Coliseum Authority was formed pursuant to the provisions of Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State and an Amended and Restated Joint Exercise of Powers Agreement, dated as of December 17, 1996 (the "Joint Powers Agreement") by and between the County and the City. The Authority was formed to assist the County and the City in the financing of public capital improvements. The Authority functions as an independent entity and its policies are determined by an eight–member board consisting of two members of the City Council of Oakland, two members of the Alameda County Board of Supervisors, and four non–elected members (two appointed by each of the City and County). The Authority has an executive director who is assisted by the County and City staff or by consultants to the Authority.

The Authority currently operates the Coliseum Complex by way of contract with the Oakland Coliseum Joint Venture ("OCJV"), a Delaware limited liability corporation consisting of SMG, a Pennsylvania, general partnership and Williams Pacific Ventures, Inc. OCJV books events at the Coliseum Complex, provides game day operations for the Raiders and Warriors, maintains the Coliseum Complex and manages the construction or installation of improvements to the Coliseum Complex. The Authority contracts with Levy Restaurants to provide food and beverage service at the Arena and with Bay Area Sports Catering to provide food and beverage service at the Stadium.

The OCJV is compensated with an annual fixed fee of $200,000, allocated one-half to the Stadium and one-half to the Arena; and an incentive fee which is calculated based on the OCJV generated revenues. The total compensation for the year ended June 30, 2011 was $750,000. The Agreement with OCJV terminates June 30, 2012 and the Authority has received and considered proposals from a number of entities for operation of the complex. On May 14, 2012, the Board of the Authority authorized the Authority to enter into negotiations with AEG Facilities, LLC ("AEG") for a new management contract. AEG, a subsidiary and stand alone division of Anschutz Entertainment Group, Inc., is a facilities management company that currently operates facilities including Staples Arena in Los Angeles and Target Center in Minneapolis.

The current officers of the Authority are set forth below:

Name	Office	Expiration of Term
Ignacio De La Fuente	Commissioner and Chair	January 20, 2013
Scott Haggerty	Commissioner and Vice Chair	January 24, 2013
Desley Brooks	Commissioner	January 20, 2013
Nate Miley	Commissioner	January 24, 2013
Aaron Goodwin	Commissioner	October 8, 2013
Yui Hay Lee	Commissioner	October 8, 2013
Mary C. Warren	Commissioner	December 31, 2013
Chris Dobbins	Commissioner	January 24, 2013

The Authority currently has outstanding $122,815,000 Lease Revenue Bonds (Oakland Coliseum Project), 2012 Refunding Series A (herein previously referred to as, the "Stadium Bonds") issued on May 31, 2012 to refund outstanding debt which was originally issued to finance improvements to the Stadium located at the Oakland–Alameda County Coliseum Complex and other payments in connection with the relocation of the Oakland Raiders, a professional football team, to Oakland. **The security for**

the Stadium Bonds is separate and distinct from that for the Bonds. See APPENDIX E – "AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2011."

RISK FACTORS

The following section describes certain risk factors affecting the payment of and security for the Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Remarketing Memorandum in evaluating the Bonds. There can be no assurance that other risk factors will not become material in the future.

Base Rental Payments Not County or City Debt

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY, THE COUNTY OR THE CITY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS NOR FOR THE PAYMENT OF BASE RENTAL PAYMENTS. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY, THE COUNTY OR THE CITY FOR WHICH ANY SUCH ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH ANY SUCH ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER. In the event that available premium seating revenues are less than required to make Base Rental Payments, and the County's or the City's other revenue sources are less than its total obligations, either the County or the City could choose to fund other municipal services before making Base Rental Payments and other payments due under the Master Lease. The same result could occur if, because of State Constitutional limits on expenditures, the County and the City are not permitted to appropriate and spend all of its available revenues. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

Covenant to Budget and Appropriate

Pursuant to the Master Lease, the County and the City covenant to take such actions as may be necessary to include Base Rental Payments due in their respective annual budgets and to make the necessary annual appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the County and the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable such entity to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon original issuance of the Bonds, Co–Bond Counsel rendered their opinion (substantially in the form of Appendix H hereto) to the effect that, subject to the limitations and qualifications described therein, as of the date of such opinion, the Master Lease constituted a valid and binding obligation of the County and the City.

Abatement Risk

The Base Rental Payments are paid by the County and the City in each rental payment period for and in consideration of the right of use and occupancy of the Arena during each such period for which said rental is to be paid. During any period in which, by reason of material damage or destruction, there is substantial interference with the use and possession by the County and the City of any portion of the Arena, Base Rental Payments due under the Master Lease with respect to the Arena will be abated proportionately, and the County and the City waive any and all rights to terminate the Master Lease by virtue of any such interference and the Master Lease shall continue in full force and effect. The method for calculating the amount of abatement is described in "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Abatement" herein.

The County and the City are located in a region considered to be seismically active. Pursuant to the Master Lease, the County and the City are only required to maintain earthquake insurance if it is available in the open market from reputable insurance companies at reasonable cost. The County and the City do not anticipate that earthquake insurance will be maintained on the Arena.

Seismic Considerations

There are several geological faults in the greater San Francisco Bay Area that have potential to cause serious earthquakes. These faults include the San Andreas Fault, as well as the Hayward Fault and the Calaveras Fault which runs through the central and eastern portions of the County. The Hayward Fault runs within approximately 10 miles of the Coliseum Complex.

In recognition of the potential hazard, the Coliseum Complex was designed and constructed in 1964 in accordance with 1964/65 seismic standards and improved in 1995 in accordance with then-current State of California seismic standards. The Arena Project was constructed in accordance with State of California 1994 seismic standards in effect at the time of construction.

The Loma Prieta earthquake, which occurred in October 1989 along the San Andreas Fault with a magnitude of 7.1 on the Richter Scale and an epicenter near Santa Cruz, approximately 25 miles south of the Coliseum Complex, caused no structural damage to the Coliseum Complex.

No earthquake insurance is maintained specifically on the Arena currently and the Master Lease does not require the County and City to obtain earthquake insurance unless it is obtainable at a reasonable price.

Risks Related to Warriors Agreements

In connection with the retention of the Warriors, the City, the County and the Authority have entered into the Warriors Agreements, pursuant to which the public entities have undertaken certain obligations. Failure of one or more of the public entities to perform their respective obligations under the Warriors Agreements could provide a basis for the Warriors to terminate their obligation to play basketball at the Arena, potentially resulting in a diminution of revenues which would otherwise be available to the public entities for, among other purposes, payment of the Bonds and related obligations. However, the obligation of the City and the County to make Base Rental Payments under the Master Lease is not contingent upon the performance by the Warriors or any other party of their respective obligations under the Warriors Agreements.

No Acceleration of Base Rental Payments Upon Default

In the event of a default, there is no remedy of acceleration of the total Base Rental Payments due over the term of the Master Lease and the Trustee having no interest in the Arena is not empowered to sell a fee simple, leasehold or other interest in the Arena. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, statutory and judicial limitations on lessors' remedies under real property leases, other terms of the Ground Lease and the Master Lease and limitations on enforcement of judgments against funds needed to serve the public welfare and interest as described below.

Limitation of Remedies

The enforcement of any remedies provided in the Master Lease and Trust Agreement could prove both expensive and time consuming. The Trustee has no interest in Authority's leasehold interest in the Arena under the Ground Lease, has no right to terminate the Master Lease or reenter or relet the Arena and no possessory right to the Arena. Although the Master Lease provides that if the City and County defaults the Authority may reenter the Arena and relet it, portions of the Arena may not be easily recoverable, and even if recovered, could be of little value to others because of the Arena's specialized nature.

The Trustee may elect to proceed against the City and the County to recover damages pursuant to the Master Lease. Any suit for money damages would be subject to statutory and judicial limitations on lessors' remedies under real property leases, other terms of the Ground Lease and Master Lease and limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

In addition to the limitations on remedies contained in the Master Lease and the Trust Agreement, the rights and remedies provided in the Trust Agreement and the Master Lease may be limited by and are subject to provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect creditors' rights. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the County or the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Authority could be prohibited or severely restricted from taking any steps to enforce their rights under the Master Lease and from taking any steps to collect amounts due from the County or the City under the Master Lease.

Changes in Law

There can be no assurance that the State Legislature will not at some future time enact legislation that will amend or create laws resulting in a reduction of moneys securing or available to pay Base Rental Payments. Similarly, the California electorate could adopt initiatives or the State Legislature could adopt legislation with the approval of the electorate amending the State Constitution which could have the effect of reducing moneys available to pay Base Rental Payments.

Hazardous Substances

Owners and operators of real property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly and adversely affect the operations and finance of the Arena.

The County and the City, which have occupied the site of the Arena since the 1960's, know of no existing hazardous substances which require remedial action on or near the Arena other than certain storage tanks and a tar spot located on the Arena site. However, it is possible that other such substances do currently or potentially exist and that the Public Entities are not aware of them.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the State Constitution

Article XIII A of the California Constitution, known as "Proposition 13," was approved by the California voters in June of 1978. It limits the amount of ad valorem tax on real property to 1% of "full cash value," as determined by the county assessor. Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value," or thereafter, the appraised value of real property when "purchased, newly constructed or a change in ownership has occurred" (as such terms are used in Article XIII A) after the 1975 assessment. Furthermore, all real property valuation may be increased or decreased to reflect the inflation rate, as shown by the consumer price index or comparable data, in an amount not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors. Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on 1) indebtedness approved by the voters prior to July 1, 1978, 2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two–thirds of the votes cast by the voters voting on the proposition, or 3) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% voting on the proposition, but only if certain accountability measures are included in the proposition.

The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre–decline value of the property) at an annual rate higher or lower than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate persons with disabilities and for seismic upgrades to property. Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

If property values decline due to recessionary or other factors, the County may review the assessed values of properties. See APPENDIX A – "CERTAIN INFORMATION CONCERNING THE COUNTY OF ALAMEDA – Assessed Valuations" and APPENDIX C – "CERTAIN INFORMATION CONCERNING THE CITY OF OAKLAND – GENERAL FUND REVENUES – Property Taxation – Assessed Valuations."

Article XIII B of the State Constitution

On October 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by California voters in 1988 and 1990, respectively, substantially modified Article XIII B. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living and population. The initial version of Article XIII B provided that the "base year" for establishing an appropriations limit was Fiscal Year 1978-79, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91 each appropriation limit must be recalculated using the actual Fiscal Year 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitations of a local government under Article XIII B include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to all tax revenues plus the proceeds to an entity of government from (a) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (b) the investment of tax revenues, and (c) certain subventions received from the State. Article XIII B permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If any entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. Amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs. Appropriations for "qualified capital outlays" are excluded from the limits of Proposition 111.

Section 7900 et. seq. of the California Government Code defines certain terms used in Article XIII B and sets forth the methods for determining the appropriations limits for local jurisdictions. Relying on these definitions and Chapter 60, Statutes of 1990 effective August 1, 1990, which implemented Proposition 111, the County has determined that its appropriations limit for "proceeds of taxes" for Fiscal Year 2011-12 is $1.760 billion, an increase of 3.35 percent over Fiscal Year 2010-2011. The estimated Fiscal Year 2011-12 budgeted proceeds of taxes for the County are $578 million. The City has estimated that its appropriations limit for "proceeds of taxes" for Fiscal Year 2011-2012 is $457,422,586, an increase of 2.95% over Fiscal Year 2010-2011.

Articles XIII C and XIII D of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of a local agency to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of a local agency require a majority vote and taxes for specific purposes, even if deposited in the general fund, require a two–thirds vote. Further, any general purpose tax which the local agency imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election held prior to November 5, 1998. The voter approval requirements of Article XIII C reduce a local agency's flexibility to deal with fiscal problems by raising revenue through new or extended or increased taxes and no assurance can be given that the City or County will be able to raise taxes in the future to meet increased expenditure requirements.

Article XIII D contains several provisions making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property.

Article XIII D also contains several provisions affecting a "fee" or "charge," defined for purposes of Article XIII D to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) with respect to any parcel or person, exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the property in question, or (v) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The local agency must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the local agency may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services (or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIII D), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two–thirds voter approval by the electorate residing in the affected area. The City has two enterprise funds that are self–supporting from fees and charges, which could, depending upon judicial interpretation of Proposition 218, ultimately be determined to be property related for purposes of Article XIII D. In the event that fees and charges cannot be appropriately increased, or are reduced pursuant to exercise of the initiative power (described in the following paragraph), the City may have to decide whether to support any deficiencies in these enterprise funds with moneys from the general fund or to curtail service, or both.

In addition to the provisions described above, Article XIII C removes prohibitions and limitations on the initiative power in matters of any "local tax, assessment, fee or charge." Consequently, the voters of the City or County could, by future initiative, repeal, reduce or prohibit the future imposition or increase of any local tax, assessment, fee or charge. "Assessment," "fee" and "charge," are not defined in Article XIII C and it is not clear whether the definitions of these terms in Article XIII D (which are generally property–related as described above) would limit the scope of the initiative power set forth in Article XIII C. If the Article XIII D definitions are not held to limit the scope of Article XIII C initiative powers, then the Article XIII C initiative power could potentially apply to revenue sources that currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the City or County will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

Statutory Limitations

On November 4, 1986, California voters adopted Proposition 62, an initiative statute that, among other things, requires (i) that any new or increased general purpose tax be approved by a two–thirds vote of the local governmental entity's legislative body and by a majority vote of the voters, and (ii) that any new or increased special purpose tax be approved by a two–thirds vote of the voters.

In *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the "Santa Clara decision"), the California Supreme Court upheld a Court of Appeal decision invalidating a one–half cent countywide sales tax for transportation purposes levied by a local transportation authority. The California Supreme Court based its decision on the failure of the authority to obtain a two–thirds vote for the levy of a "special tax" as required by Proposition 62. The Santa Clara decision did not address the question of whether it should be applied retroactively. In *McBrearty v. City of Brawley*, 59 Cal. App. 4th 1441 (1997), the Court of Appeal, Fourth District, concluded that the Santa Clara decision is to be applied retroactively to require voter approval of taxes enacted after the adoption of Proposition 62 but before the Santa Clara decision.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra et. al*. In this case, the court held that the public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Proposition 1A

The California Constitution and existing statutes give the Legislature authority over property taxes, sales taxes and the vehicle license fee (the "VLF"). The Legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State mandates a new local program or higher level of service. Due to the ongoing financial difficulties of the State in recent years, it has not provided reimbursements for many mandated costs. In other cases, the State has suspended mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 3, 2004, the voters of the State approved Proposition 1A, which amended the California Constitution to, among other things, reduce the State Legislature's authority over local government revenue sources by placing restrictions on the State's access to local government's property, sales and vehicle license fee revenues. Proposition 1A generally prohibits the shift of property tax revenues from cities, counties and special districts, except to address a "severe state financial hardship," which must be approved by a two-thirds vote of both houses of the Legislature, and only then if, among other things, such amounts were agreed to be repaid with interest within three years. The measure also (a) protects the property tax backfill of sales tax revenues diverted to pay the State's economic recovery bonds, and the reinstatement of the sales tax revenues once such bonds are repaid, and (b) protects local agency vehicle license fee revenue (or a comparable amount of backfill payments from the State).

If the State reduces the VLF rate below its current level of 0.65 percent of the vehicle value, Proposition 1A requires the State to provide local governments with equal replacement revenues. Proposition 1A provides two significant exceptions to the above restrictions regarding sales and property taxes. First, the State may shift to schools and community colleges up to 8 percent of local government property tax revenues if the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay local governments for the diversion of their property tax revenues, with interest, within three years. Second, Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. If the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A restricts the State's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A could result in fewer changes to local government revenues than otherwise would have been the case.

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash–flow or budget balancing purposes to the State General Fund or any other State fund. The City and County are unable to predict how Proposition 22 will be interpreted, or to what extent the measure will affect the revenues in the general fund of local agencies, although it could eventually provide greater stability in local agency revenues.

Proposition 26

On November 2, 2010, the voters of the State approved Proposition 26 ("Proposition 26"), revising certain provisions of Articles XIIIA and XIIIC of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two–thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two–thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two–thirds vote. In addition, for State–imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two–thirds vote if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re–adoption by the requisite two–thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase, rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances, parking violations, etc.; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Article XIII D. Fees, charges and payments that are made pursuant to a voluntary contract that are not "imposed by a local government" are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two–thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

Further Initiatives

The laws and Constitutional provisions described above were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the County, or the City's or the County's ability to expend revenues. None of the Authority, the City or the County can anticipate the nature or impact of such measures.

TAX MATTERS

On the date of original delivery of the Bonds, Brown & Wood LLP, and Kennedy, Gong, Mitchell & Combs, LLP, Co–Bond Counsel, issued their opinions that, based upon then-existing laws, regulations, rulings and judicial decisions, interest on the Bonds was exempt from State of California personal income taxes, and interest on the Bonds was <u>not</u> excluded from gross income for federal income tax purposes. Co–Bond Counsel expressed no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The original form of the opinion of Co–Bond Counsel is set forth in APPENDIX H hereto.

Although Co–Bond Counsel rendered their opinion that interest on the Bonds was exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondowner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondowner or the Bondowner's other items of income or deduction, and no opinion is expressed regarding any other tax consequences.

LITIGATION

No litigation is pending or threatened against the Authority, the City or the County concerning the validity of the Bonds. The Authority is not aware of any litigation pending or threatened questioning the political existence of the Authority, the County, the City or contesting the County's or the City's ability to appropriate or make Base Rental Payments and Additional Payments, if any.

There are a number of other lawsuits and claims pending against the County and the City. In the opinion of Alameda County Counsel, the aggregate amount of liability that the County might incur as a result of adverse decisions in such cases would be covered under the County's self–insurance program. The City is involved in certain litigation and disputes relating to its operation. Upon the basis of information presently available, the City Attorney believes that there are substantial defenses to such litigation and disputes and any ultimate liability in excess of applicable insurance coverage resulting therefrom will not materially affect the ability of the City to pay Base Rental Payments in connection with the Bonds. See APPENDIX C – "CERTAIN INFORMATION CONCERNING THE CITY OF OAKLAND – OTHER MATTERS – Litigation."

RATINGS

Moody's Investors Service ("Moody's") and Standard and Poor's Ratings Services, a division of the McGraw–Hill Companies, Inc. ("S&P") are expected to assign the Series A-1 Bonds the long-term ratings of "Aa1" and "AA-," and the short-term ratings of "VMIG 1" and "A-1+," respectively, with the understanding that the Series A-1 Letter of Credit will be issued by the Series A-1 Letter of Credit Provider on the Effective Date. Moody's and S&P are expected to assign the Series A-2 Bonds the long-term ratings of "Aa1" and "AA-," and the short-term ratings of "VMIG 1" and "A-1+," respectively, with the understanding that the Series A-2 Letter of Credit will be issued by the Series A-2 Letter of Credit Provider on the Effective Date. Such ratings reflect only the views of such rating agencies and explanations of the significance of such ratings may be obtained only from the respective rating agency. There is no assurance that such ratings will continue for any given period or that they will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward+- revision or withdrawal of such ratings may have an adverse effect on the market price of the related series of Bonds.

REMARKETING

BNY Mellon Capital Markets, LLC, commencing June 21, 2012, will serve as Remarketing Agent for the Series A-1 Bonds. Barclays Capital Inc. currently serves as Remarketing Agent for the Series A-2 Bonds. The Remarketing Agents may be removed or replaced at any time, subject to the terms and conditions of the Trust Agreement and the related remarketing agreement between the Authority and the applicable Remarketing Agent.

FINANCIAL ADVISOR

The Authority has retained KNN Public Finance, a division of Zions First National Bank, Oakland, California, as financial advisor (the "Financial Advisor") in connection with the Bonds. The Financial Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Remarketing Memorandum.

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS

Macias Gini & O'Connell LLP served as independent auditor to the County and the City for Fiscal Year 2010-11, and its reports for the County and the City for the fiscal year ended June 30, 2011 are attached hereto as APPENDIX B and APPENDIX D, respectively. Vavrinek, Trine, Day & Company LLP served as independent auditor to the Authority for Fiscal Year 2010-11, and its report for the fiscal year ended June 30, 2011 is attached hereto as APPENDIX E. The independent auditors were not requested to consent to the inclusion of their report in Appendices B, D and E, respectively, nor have they undertaken to update their reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Remarketing Memorandum, and no opinion is expressed by the Auditors with respect to any event subsequent to the date of their reports.

MISCELLANEOUS

This Remarketing Memorandum is not to be construed as a contract or agreement between the Authority and holders of any of the Bonds. All quotations from and summaries and explanations of the Reimbursement Agreements, Warriors Agreements, Ground and Facility Lease, Assignment Agreement, Master Lease, Trust Agreement, the Bond Act and of other statutes and documents contained herein, do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact.

DELIVERY

The delivery of this Remarketing Memorandum has been duly authorized by the Authority.

APPENDIX A

CERTAIN INFORMATION CONCERNING THE COUNTY OF ALAMEDA

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THE COUNTY OF ALAMEDA

The County of Alameda, California (the "County") was established on March 25, 1853. Located on the east side of the San Francisco Bay, the County extends from the cities of Albany and Berkeley in the north to the city of Fremont in the south. The County covers 813 square miles and contains 14 incorporated cities. The County is the seventh most populous county in the State, with a population of 1,521,157 as of January 1, 2011. The county seat is located in the city of Oakland.

COUNTY GOVERNMENT

Administration

The County is governed by a five-member Board of Supervisors (the "Board"). Each Supervisor is elected on a non-partisan basis from a separate district where he/she lives. Within the broad limits established by the State Constitution, State General Law and the Alameda County Charter, the Board exercises both the legislative and the executive functions of government. The Board is also the governing body for a number of agencies, authorities and special districts within the County.

To make the supervisorial districts equal in population, the boundaries are adjusted every ten years through redistricting. That process was most recently completed in 2010. Terms of office for the supervisors are four years. Staggered elections are held every two years for three supervisors and then for two supervisors. The salary of the Board members is fixed by the Board itself. The President of the Board, chosen every two years from the membership of the Board, presides at all meetings of the Board and appoints committees to handle work involving the major programs of the County.

Brief biographies of the members of the Board, the Treasurer-Tax Collector, the Auditor-Controller and the County Administrator follow:

Scott Haggerty (District 1) was first elected to the Board in November 1996. He is currently serving his fourth four-year term on the Board. Supervisor Haggerty serves on the Board's Transportation and Planning; Public Protection and Unincorporated Services Committees. At the national level, Supervisor Haggerty represents the County at the National Association of Counties ("NACo") and is vice chair of its Large Urban County Caucus. He completed two terms as chair of NACo's Transportation Steering Committee, and also served as vice chair on its Rail and Transit Subcommittee. At the regional level, he is a member and former chair of the Metropolitan Transportation Commission ("MTC"), the agency responsible for allocating state and federal funds to transportation projects in nine counties. In relation to MTC, he also serves on the Bay Area Toll Authority, which administers the toll program for the San Francisco Bay Area's seven toll bridges. He is also a member and former chair of the Bay Area Air Quality Management District and the Association of Bay Area Governments. At the local level, Supervisor Haggerty serves as vice chair of the Alameda County Transportation Commission and is a member and former chair of the Livermore Amador Transit Authority and the Altamont Commuter Express Joint Powers Authority.

Wilma Chan (District 3) was elected to the Board in 2010. Supervisor Chan served as the first woman Majority Leader of the California State Assembly representing Oakland, Alameda and Piedmont from 2000-2006. Prior to her election to the Assembly, she was elected twice to serve on the Board where she wrote the strategic plan to keep the County Medical Center open and formed the Alameda County First Five Commission (Every Child Counts). Supervisor Chan received her Bachelor's degree in History from Wellesley College and an MA in education policy and administration from Stanford University.

Nate Miley (District 4) is the current President of the Board and was elected to the Board in November 2000. Supervisor Miley serves as chair of the Board's Social Services Committee, Procurement and Contracting Policy Committee and the Unincorporated Services Committee. He also chairs the Local Area Formation Commission, and serves on the Alameda County Transportation Commission, Bay Area Air Quality Management District and Oakland Alameda County Coliseum Authority and is a member of the East Bay Interagency Alliance. After finishing law school at the University of Maryland in 1976, he moved to Oakland to work as a Jesuit Volunteer. Supervisor Miley began his community involvement by taking a position with the Oakland Community Organizations. In 1986, he created the United Seniors of Oakland and Alameda County to advocate for better senior services, such as housing and transportation. He previously served as an Oakland City Councilmember from 1990 to 2000.

Keith Carson (District 5) is the current Vice President of the Board and was elected to the Board in November 1992. Supervisor Carson is Chair of the Alameda County East Bay Economic Development Alliance and a Board of Retirement Trustee for the Alameda County Employees' Retirement Association. Supervisor Carson serves as a member of the Board of Directors for the California State Association of Counties. He is also a member of the Alameda County Transportation Commission and of the Alameda County Waste Management Authority. Supervisor Carson serves as Chair of the Finance Committee for the Bay Area World Trade Center and is the vice chair of the Bay Area Council Economic Institute.

The Board seat for District 2 became vacant on April 20, 2012 following the resignation of Supervisor Nadia Lockyer. The County charter provides a mechanism for the Board to fill a vacancy on the Board which must be done within 60 days following the occurrence of the vacancy. The four other Supervisors are sufficient for purposes of taking any required actions of the Board. The Board anticipates filling this vacancy within the 60-day period and that this seat will be up for election in November 2012.

Donald R. White was initially appointed County Treasurer-Tax Collector by the Board in March of 1985. He is currently serving his sixth four-year term, having been re-elected on June 8, 2010. Mr. White was born in Oakland and was awarded his Bachelor of Science degree in Business Administration from California State University at Hayward. Prior to his appointment as Treasurer of the County, Mr. White worked in public accounting for the multinational accountancy firm of Ernst & Young and as a partner in the minority-owned accountancy firm of Adams, Grant, White and Company. Mr. White is a Board of Retirement Trustee for the Alameda County Employees' Retirement Association ("ACERA").

Patrick O'Connell was elected Auditor-Controller in June 1986. He is currently serving his seventh four-year term, having been re-elected on June 8, 2010. Mr. O'Connell has been with the County and the Auditor's Office since 1969. Under his direction, the County has been awarded the Prestigious Certificate of Achievement for Excellence in Financial Reporting for the last 27 years. He sits on the Board of Directors of the CSAC Financing Corporation and is a Past President of the State Association of County Auditors. He holds a Bachelor of Arts degree from California State University at Hayward.

Susan S. Muranishi was appointed County Administrator by the Board in December of 1995. As County Administrator, Ms. Muranishi provides leadership guidance to the Board, Agency/Department heads and the public through fiscal and administrative policy development and program oversight. Currently, she is responsible for a $2.0 billion budget and over 9,000 County employees. Prior to being appointed to her present position, she served as the Assistant County Administrator. Ms. Muranishi has been with the County since 1975, performing a variety of fiscal/budgetary management functions and related duties. She holds a Bachelor of Arts degree from the University of California at Berkeley.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

The following table shows the population of the County, the State of California and the United States for the years 2007 to 2012. The County's population increased by 48,052, or approximately 3.2%, over this five-year period.

TABLE A-1
COUNTY OF ALAMEDA, STATE OF CALIFORNIA AND THE UNITED STATES
POPULATION
2008 THROUGH 2012

Year	County of Alameda[1]	State of California[1]	United States[2]
2008	1,484,085	36,704,375	304,374,846
2009	1,497,799	36,966,713	307,006,550
2010	1,510,271[3]	37,253,956[3]	309,349,689
2011	1,517,756	37,427,946	311,591,917
2012	1,532,137	37,678,563	N/A

(1) Source: State of California Department of Finance, Demographic Research Unit, as shown on May 1, 2012. Reflects population estimates as of January 1.
(2) Source: U.S. Census Bureau, as shown on April 27, 2012. Reflects population estimates as of July 1.
(3) As of April 1, includes adjustment for 2010 Census information.

Personal Income

The following table summarizes the total personal income and per capita personal income for the County and the State for the calendar years 2007 through 2010:

TABLE A-2
COUNTY OF ALAMEDA AND STATE OF CALIFORNIA
TOTAL PERSONAL INCOME AND PER CAPITA INCOME
2007 THROUGH 2010[1]

Year	Area	Total Personal Income ($ in Thousands)	Per Capita Personal Income[2]
2007	County	$ 71,893,560	$ 49,387
	State	1,566,400,134	43,211
2008	County	74,305,916	50,302
	State	1,610,697,843	44,003
2009	County	69,974,222	46,695
	State	1,526,531,367	41,301
2010	County	72,757,457	48,087
	State	1,587,403,857	42,514

(1) Information for the County is not currently available after 2010.
(2) Per capita personal income is total personal income divided by Census Bureau midyear population estimates, which differ from the population estimates shown above in Table A-1.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, as shown on April 25, 2012.

Employment

The following table compares labor force, employment and unemployment for the County, the State of California and the United States for the years 2007 through 2011. For the month ending March 2012, the County's unadjusted unemployment rate was 9.7 percent (75,200 persons), the State's unadjusted unemployment rate was 11.5 percent (2,121,500 persons), and the United States' unadjusted unemployment rate was 8.4 percent (12,904,000 persons).

TABLE A-3
COUNTY OF ALAMEDA, STATE OF CALIFORNIA AND UNITED STATES
ANNUAL AVERAGE LABOR FORCE AND INDUSTRY EMPLOYMENT
2007 THROUGH 2011[(1)]

Year	Area	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2007	County	746,700	711,700	35,000	4.7%
	California	17,921,000	16,960,700	960,300	5.4
	United States	153,124,000	146,047,000	7,078,000	4.6
2008	County	757,100	710,600	46,500	6.1
	California	18,203,100	16,890,000	1,313,100	7.2
	United States	154,287,000	145,362,000	8,924,000	5.8
2009	County	761,000	681,000	80,000	10.5
	California	18,208,300	16,144,500	2,063,900	11.3
	United States	154,142,000	139,877,000	14,265,000	9.3
2010	County	755,500	670,000	85,500	11.3
	California	18,316,400	16,051,500	2,264,900	12.4
	United States	153,889,000	139,064,000	14,825,000	9.6
2011	County	760,900	682,000	78,900	10.4
	California	18,384,900	16,226,600	2,158,300	11.7
	United States	153,617,000	139,869,000	13,747,000	8.9

(1) All data presented as annual averages.

Source: For State and County information, State of California Employment Development Department, California Labor Market Information Division. For the U.S. information, U.S. Department of Labor, Bureau of Labor Statistics. All as shown on April 30, 2012.

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Major Employers

The ten largest employers in the County and their respective annual average number of employees as of June 30, 2011, are set forth in the following table.

TABLE A-4
COUNTY OF ALAMEDA
PRINCIPAL EMPLOYERS
AS OF JUNE 30, 2011

Rank	**Employer**	**Type of Business**	**Number of Employees**[1]	**% of Total County Employment**[2]
1	University of California, Berkeley	Education	14,084	2.12 %
2	County of Alameda	Local Government	8,843	1.33
3	Lawrence Livermore National Laboratory	Energy Development and Conservation	7,000	1.05
4	Oakland Unified School District	Education	5,808	0.88
5	Lawrence Berkeley Laboratory	Research and Development	5,000	0.75
6	City of Oakland	Local Government	4,703	0.71
7	Safeway Inc.	Grocery Retail	4,268	0.64
8	Edy's Grand Ice Cream	Food Manufacture	4,191	0.63
9	Cost Plus Incorporated	Trade	4,113	0.62
10	Cooper Co's Inc.	Health Care Equipment and Supplies	4,000	0.60
	Total		**62,010**	**9.33%**

(1) The number of employees shown, except for the County and the City of Oakland, include all employees in the East Bay area. Total employment for only the County is unavailable. The East Bay area is comprised of Alameda and Contra Costa Counties.

(2) Percentage calculated based on the County's average unadjusted employment of 663,600 for 2011. For the employers listed, other than the County and the City of Oakland, percentage shown is an estimate and may be higher than actuals.

Note: The City's principal employer data in Table 5 of APPENDIX C differs from the County's employer data because the City uses a different data source.

Source: County of Alameda Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2011.

Industry and Employment

The largest area industries, in terms of the percentage of estimated employment in each respective industry, as of February 2012, are as follows.

TABLE A-5
OAKLAND-FREMONT-HAYWARD METRO. DIV[(1)]
EMPLOYMENT BY INDUSTRY
AS OF FEBRUARY, 2012[(2)]

Industry	Employment (Thousands)	Percentage of Total
Trade, Transportation and Utilities	174.1	18.2%
Government	163.0	17.1
Professional and Business Services	157.6	16.5
Educational and Health Services	142.3	14.9
Leisure and Hospitality	85.1	8.9
Manufacturing	78.3	8.2
Construction	45.1	4.7
Financial Activities	46.6	4.9
Other Services	37.1	3.9
Information	22.9	2.4
Mining and Logging	1.2	0.1
Total Non-Farm	953.3	99.9
Farm	1.4	0.1
Total All Industries	**954.7**	**100.0%**

(1) Data showing only the County is not currently available. Data for the Oakland-Fremont-Hayward Metropolitan Division, comprised of Alameda and Contra Costa Counties, is displayed. Reflects preliminary February numbers.
(2) Data not adjusted for seasonality.

Source: State of California Employment Development Department Oakland-Fremont-Hayward Metro. Div. (Alameda and Contra Counties), as shown March 23, 2012.

The following table shows employment by selected industry groups in the County for calendar years 2007 through 2010:

TABLE A-6
COUNTY OF ALAMEDA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY GROUP[(1)]
2007 THROUGH 2010[(2)]

Industry Group	2007	2008	2009	2010
Trade, Transportation and Utilities	137,000	131,800	121,700	118,300
Government	131,700	124,600	121,200	118,200
Professional and Business Services	108,600	112,900	102,800	104,400
Educational and Health Services	79,500	83,000	89,500	91,100
Manufacturing	73,700	72,300	64,100	60,500
Leisure and Hospitality	54,800	56,300	53,900	54,100
Financial Activities	33,300	30,600	22,400	22,900
Other Services	23,700	23,700	22,900	22,900
Information	16,000	16,100	14,900	14,000

(1) Industry employment is by place of work and excludes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.
(2) Annual information not currently available for 2011.

Source: State of California Employment Development Department.

Commercial Activity

Commercial activity is an important contributor to the County's economy. The following table shows the County's taxable transactions for calendar years 2007 through 2010.

TABLE A-7
COUNTY OF ALAMEDA
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
2007 THROUGH 2010
($ IN THOUSANDS)

Type of Business	2007	2008	2009	2010
Clothing and Clothing Accessories Stores[(1)]	$ 666,247	$ 747,645	$ 878,290	$ 926,611
General Merchandise Stores[(2)]	2,292,279	2,126,734	1,629,370	1,710,291
Food and Beverage Stores[(4)]	801,916	780,311	866,117	884,033
Food Services and Drinking Places[(5)]	1,953,544	1,989,406	1,925,171	1,994,522
Furniture and Home Furnishings Stores[(6)]	811,390	823,075	410,092	412,979
Electronics and Appliance Stores	-- [(3)]	-- [(3)]	571,854	575,374
Building Materials and Garden Equipment and Supplies[(7)]	1,504,738	1,309,455	1,085,191	1,091,857
Motor Vehicle and Parts Dealers[(8)]	2,912,074	2,329,408	1,949,009	2,183,709
Gasoline Stations[(9)]	1,831,042	2,030,681	1,491,427	1,716,376
Other Retail Stores[(10)]	2,891,710	2,411,035	1,834,894	1,414,696
Business and Personal Services	1,068,985	959,945	-- [(3)]	-- [(3)]
All Other Outlets	9,097,215	8,355,262	7,788,780	8,167,458
Total All Outlets	**$25,831,140**	**$23,862,957**	**$20,430,195**	**$21,541,741**

(1) Referenced as "Apparel Stores Group" in calendar years 2007 and 2008.
(2) Referenced as "General Merchandise Group", which included Drug Stores, in calendar years 2007 and 2008.
(3) Figures for these groupings were not separately available during these years.
(4) Referenced as "Food Stores Group" in calendar years 2007 and 2008, which did not include packaged liquor stores.
(5) Referenced as "Eating and Drinking Group" in calendar years 2007 and 2008.
(6) Referenced as "Home Furnishings and Appliances", in calendar years 2007 and 2008, both of which included home furnishing and appliances.
(7) Referenced as "Building Materials Group", which did not include farm and garden supply, in calendar years 2007 and 2008.
(8) Referenced as "Automotive Group" in calendar years 2007 and 2008.
(9) Referenced as "Service Stations" in calendar years 2007 and 2008.
(10) Includes health and personal care stores, sporting goods, hobby, book and music stores, miscellaneous stores and nonstore retailers.

Source: Taxable Sales in California, California State Board of Equalization, as shown on April 3, 2012.

COUNTY FINANCIAL INFORMATION

Accounting

Except as noted below, the County's accounting policies and audited financial statements conform to generally accepted accounting principles and standards for public financial reporting established by the Governmental Accounting Standards Board ("GASB"). The County's basis of accounting for its governmental type funds is the modified accrual basis with revenues being recorded when available and measurable and expenditures being recorded when services or goods are received and with all unpaid liabilities being accrued at year-end. All of the financial statements for governmental fund types have been prepared on this modified accrual basis and all financial statements for proprietary funds have been prepared on an accrual basis. See APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2011."

Funds accounted for by the County are categorized as follows:

Governmental Funds	General Fund Property Development Fund Flood Control Fund Grant Revenue Capital Projects Fund Debt Service Fund Other Governmental Funds
Proprietary Funds	Internal Service Funds
Fiduciary Funds	Pension and Other Employee Benefit Trust Funds Investment Trust Fund Private Purpose Trust Fund Agency Funds

Budget Procedure

Overview

The County is required by State law to adopt a balanced budget by October 2 of each year. After conducting public hearings and deliberating the details of the budget, the Board must, by policy, adopt the County's budget by June 30. Upon release of the Governor's Proposed Budget in January of each year, the County Administrator prepares a preliminary forecast of the County's budget based on current year expenditures, the Governor's Proposed Budget and projected revenues. Between January and the time the State adopts its own budget (legally due no later than June 15 but often subject to delay), County staff monitors, reviews and analyzes the State budget and all adjustments made by the State Legislature. Upon adoption of the final State budget, the County Administrator may recommend revisions to the forecasted County budget to align County expenditures with approved State funding. The County Administrator does not typically recommend such revisions; none have been made for Fiscal Year 2011-12.

In order to ensure that the budget remains in balance and to keep spending in line with revenues throughout the Fiscal Year, the County Administrator monitors actual expenditures and revenue receipts on a quarterly basis. The County completed its review of the Fiscal Year 2011-12's second quarter expenditures and revenues, and is projecting savings as of that quarter's end. The County has begun its third quarter review, which is expected to be completed in late May 2012. In the event of a projected year-end deficit, corrective actions are proposed and considered by the Board to reduce expenditures. The County's ability to increase its revenues is limited by State law. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" in the forepart of this Official Statement.

Values-Based Budgeting

The County develops its budget recommendations through a "Values-Based Budgeting" process. Under the Values-Based Budgeting process, the Board has adopted a Mission Statement, County Credo (statement of shared values), Statement of Roles and Responsibilities and a set of budget principles. The budget principles include: a) that the budget be balanced with adequate contingency and reserve funds; b) that the budget adequately fund agreed-upon programs and levels of service; and c) that revenues and expenditures be identified as continuing or one-time. In addition, the County has also developed seven budget priorities: a) vulnerable populations such as infants, children, young mothers and families, frail elderly and disabled persons who require food, clothing, shelter, and health care; b) public safety for all residents through prevention and control of crime and the effective prosecution of criminals, including incarceration and alternatives to incarceration; c) control of drug abuse by means of education, prevention, treatment and criminal prosecution; d) deliberate budget measures to promote prevention as a corollary to service in addition to a focus on treatment and control; e) assurance that essential support services are budgeted whenever priority programs are funded; f) the encouragement and reward of programs and services which promise more efficient and effective ways of delivering essential County services; and g) assurance that the minimal level of mandated services will be provided.

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Recent General Fund Budgets

The following table presents, with respect to the County's General Fund, adopted budget information for each of the Fiscal Years ending June 30, 2009, 2010, 2011 and 2012.

TABLE A-8
COUNTY OF ALAMEDA
GENERAL FUND ADOPTED BUDGET[(1)]
FOR FISCAL YEARS 2008-09 THROUGH 2011-12
($ IN THOUSANDS)

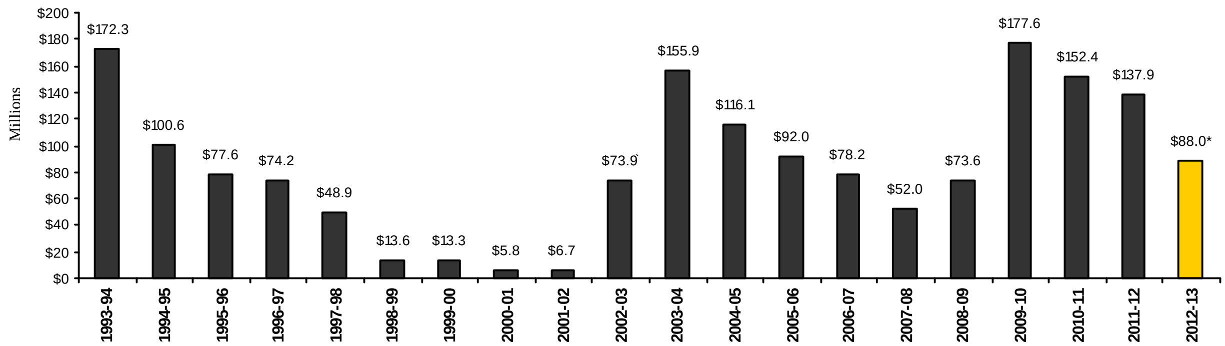
Fiscal Year Ending June 30	2008-09 Budget[(2)]	2009-10 Budget[(3)]	2010-11 Budget[(4)]	2011-12 Budget[(5)]
REVENUES:				
Fund Balance Available	$ 6,232	$ 19,879	$ 5,381	$ 7,073
Taxes (Property, Sales & Use, Other)	498,231	484,189	460,283	479,210
License and Permits	6,785	6,875	7,300	7,031
Fines and Forfeitures	13,771	10,396	19,434	16,260
Use of Money & Property	15,447	14,400	6,326	6,773
From Other Agencies	999,360	1,021,170	1,015,743	1,019,673
Charge for Services	296,117	314,968	302,713	305,223
Other Revenues	36,695	38,150	35,522	37,126
Other Financing Sources	89,518	91,484	117,136	88,944
Total Revenue	**$1,962,156**	**$2,001,511**	**$ 1,969,838**	**$1,967,313**
EXPENDITURES:				
General Government	$ 119,571	$ 118,851	$ 119,994	$ 119,912
Public Protection	573,017	543,882	519,133	555,738
Health Care Services	512,185	558,129	549,327	579,755
Public Assistance	630,215	623,381	651,104	599,536
Non Program Activities	56,734	54,866	58,498	51,069
Contingencies/Reserves	58,552	93,897	59,131	49,961
Capital Projects	8,651	5,280	9,454	8,426
Public Ways	2,229	2,304	2,282	2,010
Recreation	747	643	664	658
Education	255	278	251	248
Total Expenditures	**$1,962,156**	**$2,001,511**	**$ 1,969,838**	**$1,967,313**

(1) The Board approves the annual budget prior to each Fiscal Year based on the estimated fund balance as of June 30 and the budget is approved with the expectation that the budget numbers will be adjusted as necessary to reflect the actual fund balance as of June 30. The numbers shown here, with the exception of Fiscal Year 2011-12, reflect those final budget adjustments made to reflect actual fund balances.
(2) Budget adopted by the Board of Supervisors June 20, 2008.
(3) Budget adopted by the Board of Supervisors June 25, 2009.
(4) Budget adopted by the Board of Supervisors June 25, 2010.
(5) Budget adopted by the Board of Supervisors June 24, 2011.

Source: County of Alameda Auditor-Controller.

The County has taken proactive steps to minimize budget shortfalls, including negotiating with most employee labor groups to forgo planned salary increases and to pay a share of employee health benefit premiums. In addition, the County's innovative Fiscal Management Rewards (FMR) program credits departments/agencies for operating efficiently and within budget. In Fiscal Year 2011-12, the FMR program generated $57 million in savings that was applied to balance the budget, and the County closed a $137.9 million funding gap while avoiding many of the severe measures taken by other jurisdictions. For fiscal Year 2012-13, the County's funding gap was $88 million, a decrease of $50 million or 36 percent from Fiscal year 2011-12. The County closed the funding gap with the use of $48.4 million of FMR savings and a combination of increased revenue of $11.8 million and reduction of $22.9 million in appropriations. The proposed budget is balanced and has been presented to the Board of Supervisors for adoption on June 22, 2012. Since Fiscal Year 2009-10, the County has successfully closed annual budget gaps in excess of $555.9 million.

The following chart shows the County's funding gaps since Fiscal Year 1993-94.



* Estimated Fiscal Year 2012-13 budget gap
Source: County of Alameda Final Budget 2011-2012.

State Funding of Counties

California counties administer numerous health and social service programs as the administrative agent of the State and pursuant to State law. Many of these programs have been either wholly or partially funded with State revenues which have been subject each year to the State budget and appropriation process. Currently, the County is required to provide health care to indigents, administer welfare programs, provide justice facilities (courts and jails) and administer the property tax system and real estate recordings. Due to competing program priorities and the lack of available State funds, some of these programs have had reduced State support without a corresponding reduction in program responsibilities for county governments. The result has been that the County has increased its contribution from discretionary revenues to maintain mandated services while optional local services have been reduced. The Board has responded to this trend in part by controlling discretionary expenditures and increasing fees where feasible.

The level of intergovernmental revenues that the County receives from the State in Fiscal Year 2011-12 and in subsequent Fiscal Years will be affected by the financial condition of the State. The County receives a significant portion of its funding from subventions by the State. For a discussion of the current status of State budget developments and potential impacts on the County, see the following discussion under "– State Budget" below.

State Budget

Since the beginning of 2010, the nation and California have been gradually recovering from what has been characterized as the worst recession since the Great Depression. Recent national economic output has grown as has personal income in both the State and the nation, and job growth has similarly. However, because of the magnitude of the economic displacement resulting from the recession, California continues to face significant financial challenges.

Revenues from the State represent approximately 34.1 percent of the County's Fiscal Year 2011-12 General Fund Budget, and State revenue reductions could have a significant impact on the County's finances. In prior years, the State has reduced revenues to counties to help solve the State's budget problems, although Proposition 1A, a 2004 ballot initiative approved by voters, provides certain protections to counties. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 1A" in the forepart of this Official Statement.

To the extent the State is constrained by constitutional or statutory spending limits, or by other fiscal considerations, State assistance to local governments may be reduced. Recent State budgets have reflected the State's efforts to stabilize its fiscal position in response to the challenging and uncertain economic environment. In 2009, the California legislature enacted legislation allowing the State to delay scheduled payments to local governments in Fiscal Year 2010-11, until May 2011. In prior years, the State's cash management problems caused it to refrain from making some payments or issuing "IOUs" so that the State's "priority payments," such as debt service and payroll, could be made as scheduled. The State's budgetary decisions during the recent economic downturn have had, and will continue to have, a significant financial and programmatic impact on counties, cities and other local jurisdictions.

The following information concerning the State's budget has been obtained from publicly available information on the websites of the State Department of Finance, the State Treasurer and the California Legislative Analyst's Office. Estimates and projections provided below are based upon various assumptions which may be affected by numerous factors, including future economic conditions in the State and the nation, and there can be no assurance that the estimates will be achieved. For further information and discussion of the State's budget or of any factors underlying the State's projections, see the aforementioned websites. The County believes such information to be reliable. However, the County has not independently verified such information, and takes no responsibility for its accuracy or completeness.

State Budget for Fiscal Year 2011-12. On June 30, 2011, the State's budget for Fiscal Year 2011-12 (the "2011 Budget Act") was enacted. The 2011 Budget Act projects State General Fund revenues and transfers for Fiscal Year 2011-12 at $88.5 billion, a reduction of $6.3 billion compared with Fiscal Year 2010-11. General Fund expenditures for Fiscal Year 2011-12 were projected at $85.9 billion – a reduction of $5.5 billion compared to the prior year.

In approving the 2011 Budget Act, Governor Jerry Brown exercised his line-item veto power to reduce General Fund expenditures, mostly in the Judicial Branch, which included a reduction of $22.9 million related to parole revocation workload. The 2011 Budget Act also includes special fund expenditures of $34.2 billion and bond fund expenditures of $9.4 billion. The estimated General Fund revenue reflects a combination of factors, including expiration of temporary taxes and surcharges (which totaled approximately $7.1 billion in Fiscal Year 2010-11) and the transfer of about one percent of the State sales tax rate to local governments to fund the realignment described further below. See below the bullet point entitled "Realigning Services to Local Governments." Offsetting these reductions were improved revenue estimates for the remaining state tax sources. Expenditures reflected increases needed to offset the termination of federal stimulus funding provided for under the American Recovery and

Reinvestment Act of 2009 ("ARRA") which supported about $4.2 billion of State General Fund programs in Fiscal Year 2010-11.

The 2011 Budget Act closed a projected budget gap of $26.6 billion over Fiscal Years 2010-11 and 2011-12, and projected a $543 million reserve by June 30, 2012, for a total of $27.2 billion in solutions (including a combination of expenditure reductions, additional revenues, and other solutions) and improved revenue results for the state's tax base.

The 2011 Budget Act includes, but is not limited to, the following major expenditure reductions and other significant solutions targeted towards solving the State General Fund budget gap:

- Reduction in Medi-Cal health benefits & spending by $2.0 billion.

- Reduction in the State's support of the University of California and California State University by $1.4 billion.

- Reduction in California Work Opportunity and Responsibility to Kids Program ("CalWORKs") grants by $837 million.

- Redevelopment Agencies – Legislation enacted as part of the 2011 Budget Act eliminated redevelopment agencies but optionally allowed them to continue in existence if their sponsoring entity pays a fee to local schools and certain special districts. For those redevelopment agencies that were dissolved, the statute redirected the property tax increment they would have received, after payment of redevelopment debt obligations, to local agencies and school districts according to their base property tax allocations. The Redevelopment Agency of the County of Alameda and the Board had exercised the option that would enable the Redevelopment Agency of the County of Alameda to remain extant upon payment of a fee. However, on December 29, 2011, the California Supreme Court in *California Redevelopment Association v. Matosantos* upheld the legislation that eliminated California redevelopment agencies but struck down the legislation that provided the option of paying a fee to remain in operation after the restructuring. On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency will be transferred to the control of the successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various taxing agencies pursuant to AB1X 26. The County has elected to act as the successor agency to the Redevelopment Agency of the County of Alameda.

- Realigning Services to Local Governments – The 2011 Budget Act includes a major realignment of public safety programs from the State to local governments ("AB 109"). The realignment was designed to move program and fiscal responsibility to the level of government that the State believes can best provide the service, eliminating duplication of effort, generating savings, and increasing flexibility. As a result of the realignment, the State expects General Fund savings from the realigned programs to be about $2.6 billion in Fiscal Year 2011-12. See "– Realignment of Certain Services to Local Governments."

The 2011 Budget Act recognized the potential risk to the State's fiscal condition if certain forecasted revenues did not materialize and included a "trigger mechanism" to provide automatic expenditure reductions if the projections of Fiscal Year 2011-12 revenues, as updated in November and December of 2011 by the State's Legislative Analyst Office and the State's Department of Finance, respectively, were more than $1 billion less than projected under the 2011 Budget Act.

On December 13, 2011 the Department of Finance estimated that State revenues for Fiscal Year 2011-12 would not meet, and would be $2.2 billion less than, earlier revenue projections. If projected revenues fell short of expectations by more than $1 billion dollars, the Legislature had established the specific spending reductions (up to a maximum of approximately $1.5 billion in reductions) that should occur determined by the amount of the projected revenue shortfall. As part of its December forecast and based on its forecast that revenue would be $2.2 billion less than projected, the Department of Finance decreased expenditures by $980.8 million. These reductions, effective January 1, 2012, included:

- $248 million from the Home-to-School Transportation program
- $102 million from California community college apportionments
- $100 million from the Department of Developmental Services
- $100 million from the University of California
- $100 million from the California State University

The County does not anticipate a material impact on its receipt of revenues from the State as a result of these "trigger" reductions.

<u>Governor's Proposed 2012-2013 State Budget</u>. On January 5, 2012, the Governor released his proposed budget for Fiscal Year 2012-13 (the "Proposed 2012-13 Budget"). The Proposed 2012-13 Budget projected that the State would end Fiscal Year 2011-12 with a deficit of $4.1 billion, and that absent corrective actions, the State will spend an additional $5.1 billion more than it expects to receive during Fiscal Year 2012-13. Combined, the State was expected to face a $9.2 billion budget problem for Fiscal Year 2012-13. The Proposed 2012-13 Budget proposed a reduction in the amount of $10.3 billion in expenditures (and cost savings) to balance the budget and to build a $1.1 billion reserve, including, among others, significant reductions in health and human services programs and education, including significant reductions in expenditures to the CalWorks program and subsidized child care, Medi-Cal related services, and Proposition 98 funding for K-12 schools and community colleges.

<u>May Revision to the Proposed 2012-13 Budget</u>. State law requires the Governor to update the Governor's budget projections and budgetary proposals by May 14 of each year (the "May Revision"). The May Revision is normally the basis for final negotiations between the Governor and Legislature to reach agreement on appropriations and other legislation to fund State government for the ensuing fiscal year. The May Revision was released on May 14, 2012 and estimates an increase in the budget deficit the State will face in Fiscal Year 2012-13 from the original estimate of $9.2 billion to $15.7 billion. The May Revision cites lower than expected revenues, a 16% increase in funding for K-14 education and decisions by the federal government and the courts that blocked certain measures by the State to reduce its spending. To address this increased budget gap, the May Revision proposes an additional $4.1 billion reduction in spending in addition to that described above.

Possible Impact of Governor's Proposed 2012-13 Budget on the County. While the Proposed 2012-13 Budget has significant implications for County residents, particularly with respect to reductions in in-home supportive services and child care, the County currently expects that the impact on its Fiscal Year 2012-13 budget will be modest. There are two key areas of potential direct fiscal impact on the County:

- Transition of Children from the Healthy Families Program to MediCal over a nine month period beginning in October 2012 - Under the Governor's Proposed 2012-13 Budget, 22,000 County children will transition out of the Healthy Families Program. It is anticipated that between 15 and 20 percent of these children will be eligible for Early and Periodic Screening, Diagnosis and Treatment ("EPSDT") (mental health services). However, the State has reduced its fiscal role in EPSDT by limiting its share of Medi-Cal for this program, essentially capping the amount of funds that counties can claim for reimbursement. Thus, by increasing the number of children eligible for EPSDT, while maintaining a cap on overall EPSDT funding, the Proposed Budget 2012-13 will likely create a deficit for the County with respect to this program area.

- Department of Juvenile Justice ("DJJ") charges, effective January 1, 2013 - The Governor's Proposed 2012-13 Budget stays the "trigger" cut set forth in the 2011 Budget related to DJJ youth (wherein counties were to be charged $125,000 for each youth placed at DJJ effective January 1, 2012), but set a date by which all DJJ youth must be locally housed upon the DJJ's closure on January 1, 2013. The May Revision indicates that the DJJ will remain open and that counties will be charged $24,000 annually for each youth placed at DJJ. The County currently has approximately 50 DJJ youth.

The May Revision assumes the passage of the Governor's proposed tax initiative at the November 2012 election. The initiative, if passed, will temporarily increase the personal income tax ("PIT") on the State's wealthiest taxpayers by 1 percent, 1.5 percent or 2 percent, depending on income and filing status, and temporarily increase the sales tax by one-half of a percent. If placed on the ballot and approved by the voters, these tax increases would be effective from January 1, 2013 through December 31, 2016 and are projected to increase State revenues by $8.5 billion by the end of Fiscal Year 2012-13.

On March 15, 2012, the Governor announced his agreement with the proponents of a competing tax initiative to support a different version of a tax proposal (the "March Revenue Initiative"). At this time, the Governor is collecting signatures for both initiatives. The March Revenue Initiative provides for the following PIT increases for seven years through 2018 by 1 percent, 2 percent or 3 percent, depending on income. The March Revenue Initiative provides for an increase of 0.25 percent in the sales and use tax through December 31, 2016. If placed on the ballot and approved by the voters, the March Revenue Initiative is projected to result in $6.8 billion of additional revenues for the 2012-13 State budget, and an average of $5.4 billion during the following five fiscal years.

If voters reject the proposed tax increases, the May Revision proposes a trigger, to occur on January 1, 2013, that would reduce expenditures for Fiscal Year 2012-13 by an additional $6.1 billion, including an additional reduction in the amount of $5.5 billion in Proposition 98 funding for schools and community colleges.

Future State Budgets

No prediction can be made by the County as to whether the State will encounter budgetary problems in future fiscal years, and if this occurs, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on County finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, over which the County has no control.

Realignment of Certain Services to Local Governments

As part of the 2011 Budget Act, the California Legislature enacted a major shift, or "realignment," of certain State program responsibilities and related revenues to local governments ("Realignment"). In total, Realignment provides $6.3 billion to local governments (primarily counties) to fund various criminal justice, mental health, and social services programs in Fiscal Year 2011-12. Realignment funding is derived from three sources: 1) the dedication of 1.0625 cents of the existing sales tax rate ($5.1 billion); 2) the redirection of $763 million of the revenue generated by Proposition 63 (the "millionaire tax" which supports mental health programs statewide); and 3) the redirection of a portion of vehicle license fee revenues ($453.4 million).

Realignment is best understood as comprising two distinct components: Health and Human Services and Public Safety. With respect to the former, the State has replaced the funding previously provided to counties as State reimbursement or direct payment with local appropriations equivalent to prior year funding levels. To date, the only significant programmatic change has resulted from the Health and Human Services component of Realignment related to the transfer of responsibility for funding education-related mental health services from counties to local school districts.

With respect to Public Safety, however, county governments have taken on a host of new responsibilities related to released inmates, newly convicted offenders, and parole violators. The County has received a $9.2 million appropriation from the State to address the needs of the realigned criminal justice population. The County anticipates that this funding will be sufficient to support its achievement of the complementary goals of increasing public safety and reducing recidivism.

Stabilizing Realignment funding for future fiscal years is a top legislative priority for both the County and the larger California State Association of Counties ("CSAC"). On November 1, 2011, CSAC filed a 2012 ballot initiative with the Attorney General. That initiative seeks to provide constitutional protections for Realignment funding by specifically designating realigned programs and making non-discretionary the appropriation of particular revenue streams supporting those activities. On December 1, 2011, Governor Brown also filed a 2012 ballot initiative with the Attorney General. Like CSAC's initiative, Governor Brown's initiative seeks to provide funding for Realignment, among other things, by raising the sales tax by 1/2 cent and income taxes for people making more than $250,000 (the tax increase would expire after 5 years).

Dissolution of the Redevelopment Agencies

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. See "—State Funding of Counties—*State Budget*" above. Approximately 12 percent of property taxes were allotted to redevelopment agencies. The County contributed approximately $62.2 million to all redevelopment agencies located within the County on an annual basis. Benefits to the County of the dissolution of redevelopment agencies will increase over time as debts of former redevelopment agencies are retired. The County anticipates that it will realize the amount of funds that had previously been contributed to redevelopment agencies as annual discretionary property tax revenues. The actual monetary benefit to the County and other taxing entities will not be known until all the successor agencies' enforceable obligations are determined. For Fiscal Year 2011-12, Alameda

County will receive $3.2 million from the Redevelopment Agency of Alameda County's unused fund balance.

County Financial Statements

The general purpose financial statements of the County for the Fiscal Year ended June 30, 2011 were audited by Macias Gini & O'Connell LLP, independent accountants (the "Auditor"), as stated in their report appearing in APPENDIX B. The County has not requested, nor has the Auditor given, the Auditor's consent to the inclusion in APPENDIX B of its report on such financial statements. The Auditor's review in connection with the audited financial statements included in APPENDIX B included events only as of June 30, 2011 and no review or investigation with respect to the subsequent events has been undertaken in connection with such financial statements by the Auditor. The County will certify that it is not aware of any events occurring since June 30, 2011 that would cause the financial information in APPENDIX C hereof to be incorrect or misleading in any material respect. See APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2011."

The following table presents, with respect to the County's General Fund, the County's audited statements of revenue and expenses for each of the five Fiscal Years ended 2007 through 2011. For a summary of the actual audited financial results of the County for Fiscal Year 2010-11, see APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2011."

TABLE A-9
COUNTY OF ALAMEDA
STATEMENT OF REVENUES, EXPENDITURES AND ENDING FUND BALANCES
(GENERAL FUND ONLY)
FISCAL YEARS 2006-07 THROUGH 2010-11 (Audited)
($ IN THOUSANDS)

	Audited 2006-07	Audited 2007-08	Audited 2008-09	Audited 2009-10	Audited 2010-11
REVENUES					
Taxes (Property, Sales & Use, Other)	$ 486,302	$ 484,867	$ 482,204	$ 461,221	$ 466,724
Licenses and Permits	7,028	7,640	5,663	5,871	4,980
Fines, Forfeitures & Penalties	32,013	34,440	40,883	40,836	33,309
Use of Moneys & Property	38,447	35,140	20,300	10,295	6,861
State Aid	676,615	637,563	688,057	629,807	661,100
Federal Aid	248,164	302,163	285,709	363,062	362,572
Other Aid	11,501	14,819	16,933	28,183	22,799
Charges for Current Services	267,596	237,943	276,193	304,506	322,398
Other Revenues	34,331	29,039	30,943	18,377	89,852
Total Revenues	**$ 1,801,997**	**$ 1,783,614**	**$ 1,846,885**	**$ 1,862,158**	**$ 1,970,595**
EXPENDITURES					
General Government	$ 128,379	$ 117,110	$ 129,099	$ 119,159	$ 123,302
Public Protection	519,785	545,569	540,097	525,927	537,667
Public Assistance	561,879	579,463	601,577	602,080	593,696
Health and Sanitation	419,544	465,557	486,175	513,379	512,856
Public Ways and Facilities	1,439	1,744	2,136	2,004	2,279
Recreation and Cultural Services	562	562	719	594	675
Education	212	200	220	198	120
Bond Issuance Costs	232	9,817	-	-	780
Capital Outlay	4,595	6,783	8,666	1,649	1,053
Total Expenditures	**1,636,627**	**1,726,805**	**1,768,689**	**1,764,990**	**1,772,428**
Revenues Over Expenses	165,370	56,809	78,196	97,168	198,167
Total Other Financing Sources (Uses)	(15,165)	(38,529)	(33,521)	(34,395)	(62,579)
Net Change in Fund Balances	150,205	18,280	4,675	62,773	135,588
Beginning Fund Balance - July 1	651,397	801,602	819,882	864,557	927,330
Fund Balance End of Period - June 30	**$ 801,602**	**$ 819,882**	**$ 864,557**	**$ 927,330**	**$ 1,062,918**

Sources: County of Alameda Comprehensive Annual Financial Reports for the Fiscal Years ended June 30, 2007, 2008, 2009, 2010 and 2011.

The following table presents the County's General Fund balance sheet as of June 30 for each of the five Fiscal Years ended 2007, 2008, 2009, 2010 and 2011.

TABLE A-10
COUNTY OF ALAMEDA
GENERAL FUND BALANCE SHEET
FISCAL YEARS 2006-07 THROUGH 2010-11
($ IN THOUSANDS)

Fiscal Year Ending June 30	Audited 2006-07	Audited 2007-08	Audited 2008-09	Audited 2009-10	Audited 2010-11
ASSETS					
Cash and Investments with County Treasurer	$ 603,456	$ 717,941	$ 705,937	$ 693,135	$ 865,277
Cash and Investments with Fiscal Agents	18	48	48	1,768	3,682
Deposits with Others	1,903	434	488	6	1,303
Receivables, net of allowance for uncollectable accounts	282,138	282,031	299,359	294,657	271,281
Due from Other Funds	48,559	15,866	47,424	157,515	29,805
Due from Component Unit	66,704	61,748	50,342	32,285	91,389
Properties held for resale	255	255	255	255	255
Prepaid Expenses	-0-	23	-0-	-0-	-0-
Loans Receivable	1,678	2,134	1,472	1,454	4,454
Total Assets	**$ 1,004,711**	**$ 1,080,480**	**$ 1,105,325**	**$ 1,181,075**	**$ 1,267,446**
LIABILITIES					
Accounts Payable & Accrued Expenditures	$ 108,673	$ 124,011	$ 113,663	$ 151,169	$ 135,275
Due to component unit	5,744	7,482	9,124	9,004	6,305
Deferred & Unearned Revenue	88,692	129,105	117,981	93,572	62,948
Total Liabilities	**203,109**	**260,598**	**240,768**	**253,745**	**204,528**
FUND BALANCES[(1)]:					
Nonspendable	4,035	3,368	2,667	2,383	1,725
Restricted	167,627	178,840	203,838	255,670	303,635
Committed[(2)]	484,466	513,396	552,461	561,131	638,601
Assigned[(3)]	95,884	118,045	85,712	102,765	101,961
Unassigned	49,590	6,233	19,879	5,381	16,996
Total Fund Balance	**801,602**	**819,882**	**864,557**	**927,330**	**1,062,918**
TOTAL LIABILITIES AND FUND BALANCES	**$ 1,004,711**	**$ 1,080,480**	**$ 1,105,325**	**$ 1,181,075**	**$ 1,267,446**

(1) The Auditor Controller has restated fund balances for Fiscal Years 2006-07 through 2009-10 to conform to the GASB 54 requirements. The County's Comprehensive Annual Financial Reports reported the following General Fund balances: Fiscal Year 2006-07, $226,371,000 reserved and $575,231,000 unreserved; FY 2007-08, $246,546,000 reserved and $573,336,000 unreserved; Fiscal Year 2008-09, $246,383,000 reserved and $618,174,000 unreserved; Fiscal Year 2009-10, $299,432,000 reserved and $627,898,000 unreserved.

(2) Committed Fund Balance includes what was previously reported as designations for General Contingencies and Capital Expenditures.

(3) Assigned Fund Balance includes encumbrances and fund balance to be appropriated in a subsequent fiscal year.

Source: County of Alameda Auditor-Controller.

County Reserves

The County's General Fund reserves help provide a substantial cash balance that is available to cover cash flow deficits in various County funds. As of June 30, 2011, the total fund balance for the General Fund was approximately $1.06 billion, which includes a "Committed" (under GASB 54) fund balance of approximately $638.6 million for General Contingencies.

From time to time, the County offers for sale surplus County properties primarily located in the eastern portions of the County. Proceeds from the sale of surplus properties are deposited into the Surplus Property Development Trust Fund (the "SPDTF," also known as the "Emerald Fund"). As of February 29, 2012, the market value of the SPDTF was approximately $297.5 million. By Board policy, the corpus of the SPDTF is preserved while interest earned on the funds is available to fund capital projects, including to pay debt service. Sales currently under contract are expected to provide $56.5 million by the end of Fiscal Year 2012-13 to be deposited in the SPDTF. The County is currently marketing additional surplus properties that are expected to provide proceeds in excess of $100 million in sales, and an additional $25 million in fee reimbursements, but the timing and amount of such deposits depend on the recovery of the real estate market.

COUNTY REVENUES

General

The County derives its revenues from a variety of sources including, but not limited to, *ad valorem* property taxes, sales and use taxes, licenses and permits issued by the County, use of County property and money, aid from other governmental agencies, charges for services provided by the County and other miscellaneous revenues. For Fiscal Years 2008-09 through 2011-12, the approximate percentages of the County's General Fund budgeted revenue sources were as follows.

TABLE A-11
COUNTY OF ALAMEDA, GENERAL FUND
BREAKDOWN OF BUDGETED REVENUE SOURCES
FOR FISCAL YEARS 2008-09 THROUGH 2011-12

	Percent of Total			
Revenue Source	**FY 2008-09**	**FY 2009-10**	**FY 2010-11**	**FY 2011-12**
Aid from Federal, State and Local Government	50.9%	51.1%	51.6%	51.8%
Taxes (Property, Sales & Use, Other)	25.4	24.2	23.3	24.4
Charges for Services	15.1	15.7	15.4	15.5
Other Financing Sources	4.6	4.6	5.9	4.5
Other Revenues	1.9	1.9	1.8	1.9
Fines & Forfeitures	0.7	0.5	1.0	0.8
Use of Money & Property	0.8	0.7	0.3	0.3
Licenses & Permits	0.3	0.3	0.4	0.4
Available Fund Balance	0.3	1.0	0.3	0.4
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: County of Alameda, Auditor-Controller.

Intergovernmental Revenues

Aid from other governmental agencies is the County's largest revenue source, accounting for approximately $1.02 billion in the County's adopted budget for Fiscal Year 2011-12, or over half of the County's total General Fund revenues. The County derives approximately 34.1 percent of its General Fund revenues from the State in payment for services provided by the County for the State. Approximately 16.6 percent of the County's General Fund revenues are from the federal government. Thus, the County is subject to severe cutbacks when State and/or federal government revenues are reduced, delayed or deferred. See "COUNTY FINANCIAL INFORMATION – State Funding of Counties" in this APPENDIX A.

In Fiscal Year 2010-11, the County received temporary support from federal stimulus revenues provided for under ARRA in the amount of $47.3 million. The County's 2011-12 Budget includes estimates of $6.9 million in ARRA funding.

Ad Valorem Property Taxes

Property Subject to Taxation

Taxes are levied for each Fiscal Year on taxable real and personal property which is situated in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing assessed property, the taxes on which are a lien on real property that is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The "supplemental roll" was established by legislation in 1984 and directs the County Assessor to reassess real property at market value upon completion of construction or a change of ownership. A property on the supplemental roll is eligible for billing 30 days after reassessment and notification to the assessee. The resultant charge (or refund) is a one-time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of construction and the date of the next regular tax roll upon which the assessment is entered. Billings of supplemental assessments are made on a monthly basis and due on the date mailed. If mailed between the months of July through October, the first installment becomes delinquent on December 10 and the second on April 10. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month following the month of billing and the second installment becomes delinquent on the last day of the fourth month following the date the first installment was delinquent.

State law allows an exemption of $7,000 from assessed valuation of the full cash value of an owner-occupied principal residence. However, the State reimburses all local taxing authorities for the loss of revenues imputed on these exemptions. The State Constitution and various statutes provide exemptions from *ad valorem* property taxation for certain classes of property such as intangible property and some property that belongs to institutions such as churches, nonprofit colleges, tax-exempt nonprofit hospitals and tax-exempt charitable institutions.

Assessed Valuations

General. The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. The assessed valuation of properties forms the basis for determining the amount of property tax revenues received by the County. Assessed valuations are reported at 100 percent of the full cash value of the property, as defined in Article XIII A of the State Constitution and Section 110.1 of the California Revenue and Taxation Code and Section 110 of the California Revenue and Taxation Code for both real and personal property.

The following table sets forth information relating to the assessed valuation of property.

TABLE A-12
COUNTY OF ALAMEDA
ASSESSED VALUATION
FISCAL YEARS 2007-08 THROUGH 2011-12
($ IN THOUSANDS)

	2007-08	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Secured[1]	$189,038,173	$197,887,385	$192,426,027	$189,707,304	$190,766,931
Unsecured	10,848,291	11,396,170	11,840,467	11,848,283	11,698,061
Exempt	(4,880,956)	(5,115,665)	(5,476,280)	(5,793,021)	(6,560,413)
Total	$195,005,508	$204,167,890	$198,790,214	$195,762,567	$195,904,579
Total Change in Assessed Valuation	8.00%[2]	4.70%	(2.63%)	(1.52%)	0.07%

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(1) Includes Utility Valuation.
(2) Compared to 2006-07.

Source: County of Alameda Auditor-Controller. See also Page 128 of APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2011."

In each of the prior two Fiscal Years, the assessment roll decreased in value compared to the prior year. The Fiscal Year 2010-11 assessment roll was 1.5 percent lower than Fiscal Year 2009-10, which was 2.6 percent lower than Fiscal Year 2008-09. This decrease in assessed value had not been previously experienced in the County since at least the 1950s. For Fiscal Year 2011-12, the County experienced a slight overall growth in valuation (0.07%). However, most of that growth resulted from an increase in the State Utility Valuation roll; the County Assessor reduced valuations for 108,537 residential properties, resulting in an aggregate valuation decline of $18.1 billion.

Lower assessed valuations have a direct adverse effect upon property tax collected (see "Property Tax Collections" below). While approximately 85 percent of property tax revenue collected is passed through to schools and other jurisdictions, the County relies heavily on its share of such revenues to support its operations. Property tax revenues comprise approximately 15.3 percent of the County's General Fund revenues, but approximately 59 percent of the County's discretionary revenue (i.e., revenue that is not mandated as to use).

Under the California Constitution, property owners (other than public utilities) may protest the assessed value of their property to the county assessment appeals board. The assessment appeals board has jurisdiction to raise or lower the property assessed valuation, thereby affecting the amount of property taxes payable by the property owner for the tax year in question and, in certain cases, future tax years. In especially large cases, the County may impound funds to provide for reserves to fund significant tax refunds in the event of a successful protest.

As described under "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII A of the State Constitution" in the main body of this Official Statement, the full cash value of real property is adjusted annually to reflect any increase or decrease in value over the previous year's value on the lien date (January 1). However, the increase can be no greater than the cumulative of the inflation factor for each year applied to the base year value that is established by the fair market value of the property when there is a change in ownership or completion of new construction on the property. The inflation factor for each year is the change from October to October of the California Consumer Price Index for all items, as determined by the California Department of Industrial Relations, but in no case may the inflation factor be more than 2 percent per year.

Pending Appeals. While the vast majority of assessment reductions are proactively determined by the County Assessor, assessment appeals increased significantly as taxpayers seek to have their property tax valuations reduced. Assessment appeals rose by over 150 percent from Fiscal Year 2007-08 to Fiscal Year 2008-09, and remained high in Fiscal Year 2009-10. Filings dropped by nearly half from Fiscal Year 2009-10 to 2010-11, and preliminary filings data suggests that the reduced level of activity realized in the previous year will continue in Fiscal Year 2011-12. Currently, there are no material assessment appeals pending.

Taxation of State-Assessed Utility Property. The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (the "SBE") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property," a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. Each county establishes one countywide tax rate area, and the assessed value of all unitary and operating nonunitary properties is assigned to this tax rate area. No other property is assigned to this tax rate area. With the passage of Assembly Bill 2670 as of Fiscal Year 2007-08, the assessed values of the regulated railways, which were previously reported by the SBE in local tax rate areas, are now being reported as one combined value in the newly established unitary railroad countywide tax rate area. All unitary and operating nonunitary properties are taxed at special countywide rates and distributed to taxing jurisdictions according to statutory formula. Currently, approximately 1.3 percent of the County's total net assessed valuation constitutes unitary property subject to assessment by the SBE, for which $25,062,412 of property taxes were allocated in Fiscal Year 2010-11. The portion of these taxes allocated to the County General Fund was $6,707,608.

Property Tax Collections

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year. Such taxes become delinquent if not paid by December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared to be in default on June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month up to the time of redemption. In general, if taxes are unpaid for a period of five years or more, the tax defaulted property is declared to be subject to the Treasurer-Tax Collector's power of sale and may be subsequently sold by the Treasurer-Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid on August 31, or for taxes added to the unsecured roll after July 31, on the last day of the month succeeding enrollment. A 10 percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one and 1.5 percent per month or portion thereof begins to accrue on November 1, or for taxes added to the unsecured roll after July 31, on the first day of the third month after the 10 percent penalty applies. The County has four ways of collecting unsecured personal property taxes: (a) filing a civil action against the taxpayer; (b) filing a certificate in the office of the County Recorder specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (c) filing a certificate of delinquency for recordation in the County Recorder's office, in order to obtain a lien on certain property of the taxpayer; and (d) seizing and selling of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

Set forth below is certain information regarding County property tax collections. During Fiscal Year 2010-11, these tax collections, after the transfer required by State law to the Educational Revenue Augmentation Fund for schools, were allocated approximately 42 percent to school districts and community college districts within the County, 18 percent to cities, 15 percent to the County of Alameda, 13 percent to special districts and 12 percent to redevelopment agencies.

TABLE A-13
COUNTY OF ALAMEDA
PROPERTY TAX LEVIES, DELINQUENCIES AND COLLECTIONS
FISCAL YEARS 2006-07 THROUGH 2010-11
($ IN THOUSANDS)

		Secured Collections		Secured Delinquencies	
Fiscal Year	Tax Levies	Amount	Percent	Amount	Percent
2006-07	$1,964,210	$1,893,640	96.41%	$70,570	3.59%
2007-08	2,134,519	2,036,946	95.43	97,573	4.57
2008-09	2,259,945	2,158,801	95.52	101,144	4.48
2009-10	2,224,270	2,154,763	96.88	69,507	3.12
2010-11	2,186,981	2,134,537	97.60	52,444	2.40

		Unsecured Collections		Unsecured Delinquencies	
Fiscal Year	Tax Levies	Amount	Percent	Amount	Percent
2006-07	$117,977	$112,229	95.13%	$5,747	4.87%
2007-08	124,493	118,738	95.38	5,755	4.62
2008-09	133,388	125,403	94.01	7,985	5.99
2009-10	135,911	128,338	94.43	7,573	5.57
2010-11	140,564	129,905	92.42	10,659	7.58

Source: County of Alameda Auditor-Controller.

As shown in the above table, the percentage of secured property tax collections continue to increase, and secured delinquencies continue to decline. Foreclosures impact County property tax collections when bank-owned homes are resold for lower prices, which result in lower assessed valuation for such properties. As reported by Data Quick Information Systems, although foreclosure activity remains high, the rate of foreclosure in the County, as reflected by Trustee Deeds Recorded, has been declining, with a 7 percent decrease realized from the second quarter of 2010 to the second quarter of 2011, and a 22.3 percent decrease from the second quarter of 2011 to the fourth quarter of 2011.

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Principal Assessees

Table A-14 shows the ten principal assessees in the County as of June 30, 2011, and the approximate amount of assessee's secured assessed value and percentage of total secured assessed value.

TABLE A-14
COUNTY OF ALAMEDA
TEN PRINCIPAL ASSESSEES
AS OF JUNE 30, 2011
($ IN THOUSANDS)

Assessees	Type of Business	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Pacific Gas & Electric Company	Utility	$1,469,411	1	0.76%
New United Motor Manufacturing, Inc.[(1)]	Industrial	923,279	2	0.48
AT&T California	Utility	377,180	3	0.19
Kaiser Foundation Hospitals	Medical	374,940	4	0.19
Kaiser Foundation Health Plan, Inc.	Medical	354,243	5	0.18
Catellus Development Corporation	Real Estate	329,014	6	0.17
Bayer Healthcare, LLC	Medical	277,564	7	0.14
SCI Limited Partnership	Real Estate, Industrial	264,228	8	0.14
Northern California Industrial Portfolio, Inc.	Real Estate	263,336	9	0.14
SA Challenger Inc.	Real Estate	253,310	10	0.13
TOTAL:		**$4,886,505**		**2.52 %**

(1) Although its property was assessed for taxation on January 1, 2010 (and it was therefore obligated for Fiscal Year 2010-11 taxes), New United Motor Manufacturing, Inc. closed in April 2010. In October 2010, Tesla Manufacturing purchased part of the closed site. The portion of the property purchased was valued at $49,814,705, exclusive of personal property, which amount was the sale price to Tesla.

Source: Alameda County Assessor's Office.

The Teeter Plan

On October 5, 1993, the County adopted an alternative form of property tax distribution, commonly known as the Teeter Plan. Under the Teeter Plan, the County provides participating local agencies with their full tax levy allocation at the beginning of each Fiscal Year, rather than providing actual collections (levy less delinquencies). In exchange, the County collects late taxes and the penalties that accrue on delinquent payments. The County finances the advancement of uncollected taxes to local agencies that opted into the Teeter Plan internally. As of June 30, 2011, the internal borrowing to finance the Teeter Plan program had an outstanding balance of $9.1 million.

Charges for Current Services

A significant source of revenues is received from charges for current services provided by the County, accounting for $305.2 million of the County's budgeted General Fund revenues in Fiscal Year 2011-12, or approximately 15.5 percent of General Fund revenues. This revenue source is a recoupment of costs for services such as recording fees, legal fees, health services fees, court and law enforcement fees.

Sales and Use Tax

The State collects the County's Sales and Use Tax ("SUT") on retail transactions, together with the State's and special districts' respective shares of such tax revenues, and then remits to the County its share of local SUT collections. In the County, the current sales tax rate is 8.75 percent. The sales tax rate may vary statewide depending upon the location of the sale.

Due to high unemployment and the national recession, SUT revenues declined in Fiscal Years 2008-09 through 2009-10. For Fiscal Year 2010-11, SUT revenues were $147.1 million. The Fiscal Year 2011-12 Budget includes SUT revenues in the amount of $153.4 million, accounting for 7.8 percent of the County's budgeted General Fund revenues in Fiscal Year 2011-12. Based upon the County's review of its Fiscal Year 2011-12's second quarter, the County is currently projecting SUT revenues of $159.1 million. This is approximately 8.1 percent more than was received in Fiscal Year 2010-11, showing moderate growth in anticipated SUT collections.

SUT is derived from several discrete sources, including a portion of taxes on sales in the unincorporated area of the County and available to the County for general purposes, a portion of taxes on sales throughout the County restricted to health care uses, and a statewide sales tax dedicated for local law enforcement activities pursuant to Proposition 172 (Public Safety Sales Tax). The Public Safety Sales Tax comprises 71.7 percent of all sales tax revenue in the County's General Fund budget for Fiscal Year 2011-12, thus the County's sales tax collections are dependent upon statewide economic activity.

COUNTY EXPENDITURES

General

As noted in the financial statements included herein, the County's major expenditures each year are public assistance, health care services and public protection, accounting for approximately $599.5 million, $579.8 million and $555.7 million, respectively, in the County's General Fund budget for the Fiscal Year 2011-12, or approximately 30.5 percent, 29.5 percent and 28.2 percent, respectively, of the County's total Fiscal Year 2011-12 General Fund expenditures.

County Services

Many of the County's functions are required under County ordinances or by State or federal mandates. State and federally mandated programs, primarily in the social and health services areas, are directed to be maintained at certain minimum levels which may, under some conditions, limit the County's ability to control its budget. However, under designated State and federal programs, eligible costs are subject to reimbursement according to specific guidelines. County services are partially funded through such reimbursements and charges for services, with the balance of costs funded by County discretionary revenues.

The County has periodically faced deferrals of payments by the State in the past and has already experienced deferrals in Fiscal Year 2011-12. Several payments due in July 2011 were not fully paid by the State until September 2011. Given that many programs impacted by deferrals have been realigned from the State to the County and given the County's practice of maintaining substantial cash balances in its Treasurer's Pool, the County does not anticipate an impairment of its ability to make Base Rental payments as a result of the State's deferral. See "THE COUNTY INVESTMENT POOL" and "COUNTY FINANCIAL INFORMATION – State Funding of Counties" in this APPENDIX A.

Public Assistance

The County provides a variety of services through its Social Services Agency, including employment services, cash assistance, child care services, child welfare services, foster care programs, services to the aged and administration of welfare aid payments.

The Board approved $599.5 million in expenditures for all social services programs in the General Fund budget for Fiscal Year 2011-12, or approximately 30.5 percent of the County's General Fund appropriations. The County's share of costs for all social services programs, after partial funding from State and federal reimbursements and other revenue, is budgeted at $78.8 million for Fiscal Year 2011-12.

Health-Related Services

Under State law, the County is required to administer State and federal health programs and to provide for a portion of their costs with local revenues, such as sales and property taxes. The County is also responsible for all indigent medical care in the County pursuant to State law. The County provides services to all County residents regardless of their ability to pay.

Health care services are provided by two County departments, the Health Care Services Agency and the Alameda County Medical Center ("ACMC").

The Health Care Services Agency ("Agency") provides a variety of health services, including behavioral health (including mental health, alcohol and other drug treatment), environmental health (including food services inspection and other regulatory efforts), public health (including food and nutrition services), and correctional health services. The Agency is responsible for health care services for County residents qualifying as medically indigent. A portion of the Agency's services are provided under contract with ACMC, providing approximately $100 million of ACMC's funding. The County contracts with several private and public health-care providers, in addition to ACMC, for the provision of primary care services for the indigent and special needs populations in the County. The Board approved $579.8 million in General Fund appropriations for all Agency programs for Fiscal Year 2011-12, or approximately 29.5 percent of the County's General Fund expenditures. The County's share of costs for all health services programs, after partial funding from State and federal reimbursements and other revenue, are budgeted at $133.6 million for Fiscal Year 2011-12.

Effective July 1, 1998, the County reorganized its health delivery facilities as the ACMC, a public hospital authority under California law, and the governance, administration and operation of Highland General Hospital, Fairmont Hospital and the John George Psychiatric Pavilion and related health clinic facilities were transferred from the County to ACMC. The ACMC is governed by a board of trustees, appointed by the County's Board of Supervisors, which adopts its own budget, and is reported as a discretely presented component unit of the County. ACMC provides medical and health services both independently and in conjunction with other components of the public and private health care networks in the County including, but not limited to, the criminal justice system, County public health, mental health and substance abuse programs, and community hospitals and health centers.

In the years immediately following the establishment of ACMC as a public hospital authority, ACMC experienced significant operating losses and negative cash flows from operations, requiring substantial working capital support from the County. In August 2004, the County placed a $200 million limitation on net loans to ACMC, and a schedule was established by which ACMC would reduce its reliance on the County Treasury for cash flow purposes. The ACMC has made significant repayment progress and, as of April 30, 2012, the balance of this loan stood at $101 million.

Although ACMC is currently operating at a profit and its future fiscal outlook is positive, if circumstances were to change and ACMC, as a hospital authority, was terminated, the County may be required to assume some of the liabilities of ACMC related to the operation of its hospitals and clinics.

In March 2004, County voters approved Measure A, a half-cent sales tax increase, 75 percent of the proceeds of which are allocated to ACMC, and the remaining 25 percent of the proceeds of which are allocated to other health care costs and are included in the General Fund budget described in this APPENDIX A. Measure A tax receipts followed the pattern of other County-wide tax receipts and, after several years of increase, have declined since Fiscal Year 2006-07. In Fiscal Year 2010-11 receipts, in the amount of $26.8 million, showed signs of recovery from the recession with a 12 percent increase in revenue. The County's share of Measure A revenues are budgeted at $26.5 million in Fiscal Year 2011-12. Based on the current fiscal year's first six months of receipts, there is a projected 4 percent increase in receipts over the prior fiscal year's receipts. Authorization for this tax will expire in 2019, unless renewed by two-thirds (2/3) voter approval.

Public Protection Services

The County's criminal justice system is supported primarily by local County revenues and State funding. Major components of this system include the Sheriff's and District Attorney's offices, Probation Department, Indigent Defense, Court Security and Trial Court funding obligations retained by the County subsequent to the transfer of trial court responsibility to the State. The Board approved $555.7 million in General Fund expenditures for all public protection programs for Fiscal Year 2011-12, or approximately 28.2 percent of the County's total General Fund appropriations. The County's share of costs for all public safety programs, after partial funding from State and federal reimbursements and other revenue, are budgeted at $213.3 million for Fiscal Year 2011-12.

General Government

The County provides a full array of municipal services to residents of its unincorporated areas, including planning, zoning, community development and public works, and is also responsible for the administration of the numerous countywide activities such as the property tax system (including property assessment, assessment appeals, collection of taxes, and distribution of taxes to cities, redevelopment agencies, special districts, and local school districts), elections, and treasury services for all County school districts and special districts. In addition, services internal to the County's operations, such as information technology and building maintenance, are also accounted for within general government.

The Board approved $119.9 million in General Fund expenditures for all general government programs in the Fiscal Year 2011-12 budget, or approximately 6.1 percent of total General Fund expenditures. The County's share of costs for all general government programs, after partial funding from State and federal reimbursements and other revenue, is budgeted at $68.5 million for Fiscal Year 2011-12.

EMPLOYMENT COSTS; POST-RETIREMENT OBLIGATIONS

Full-Time Equivalent Employees

The following table sets forth the total number of County employment positions for each of the last five years:

TABLE A-15
COUNTY OF ALAMEDA
FULL-TIME EQUIVALENT EMPLOYEES
AS OF JUNE 30

Fiscal Year	Number
2006-07	7,698
2007-08	7,989
2008-09	8,044
2009-10	8,028
2010-11	7,898

Source: County of Alameda Auditor-Controller.

Employee Relations and Collective Bargaining

Information reported by the County Human Resource Services Department shows that approximately 86 percent of employees (excluding firefighters) are represented by bargaining units of 16 labor organizations. The remaining 14 percent of employees (excluding firefighters) are largely unrepresented management employees. Service Employees International Union Local 1021, the Probation Peace Officers Association and the Deputy Sheriffs Association, combined, represent approximately 72.7 percent of all County employees in a variety of classifications.

The County has not experienced a strike or work stoppage since the late 1970s, and the County considers its relations with its employee organizations to be positive. As reflected in the County's budgets for Fiscal Years 2010-11 and 2011-12, most employee organizations have agreed to forego general salary increases for up to three years and pay a share of health benefits premiums. Most bargaining units have deferred planned salary increases.

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The bargaining units, number of County employees and contract expiration dates are shown in the following table.

TABLE A-16
COUNTY OF ALAMEDA
EMPLOYEE BARGAINING REPRESENTATION
AND NUMBER OF EMPLOYEES
AS OF JUNE 30, 2011

Employee Organization	Number of Employees[1]	Contract Expiration Date
SEIU Local 1021	4,312	12/22/2012
ACMEA, General Government and Confidential Units	1,067	12/21/2011 [2]
Deputy Sheriffs' Association	893	3/14/2015
BTC- Crafts & Trades	246	12/22/2012
PPOA- Group Counselors	205	8/29/2015
Teamsters Local 856 Probation Officers	192	8/29/2015
Local 21, PACE	151	9/12/2015
Local 21- PD Attorneys	97	6/23/2012
ACMEA Sheriff's Mgmt	76	1/17/2015
ACMEA- Gen Gov/Safety Prob Mgr	56	12/19/2015
CEMU- Civil Engineer Mgmt	32	7/7/2012
Local 21- Prof Engineers	24	3/3/2012 [3]
UAPD- Physicians/Dentists	30	12/06/2014
Local 21, ACCA- Deputy County Counsel	27	6/23/2012
Local 21- Civil Engineers	25	3/3/2012 [3]
ACWFIA- Welfare Investigators	6	6/21/2014
Subtotal Represented Employees	**7,439**	
Unrepresented employees	1,404	
Total County	**8,843**	
IAFF 55A-Fire Non Mgmt	327	6/30/2015
IAFF 55B-Fire Mgmt	23	6/30/2015
Subtotal Represented Fire Dept. Employees	**350**	
Unrepresented Employees	81	
Total Fire Dept. Employees	431	
Total of County & Fire Employees	**9,274**	

(1) Figures represent total number of full-time and part-time employees, and are not full time equivalent amounts.
(2) This bargaining unit has reached agreement on its new contract which will be presented to the Board of Supervisors for approval this month.
(3) Negotiations for the new contract are underway and are proceeding in a positive manner. The parties continue to operate under the terms of their expired contract.

Source: County of Alameda Auditor-Controller.

Defined Benefit Pension Plan

The County is the major participant in the Alameda County Employees' Retirement Association ("ACERA"). The total payroll covered by ACERA was $892.5 million as of December 31, 2010. ACERA began operations on January 1, 1948, and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, policies and procedures adopted by the ACERA Board of Retirement (the "Board of Retirement"). ACERA operates as a cost-sharing multiple-employer defined benefit plan for the County, the Superior Court of California and five participating employers located in the County, but does not operate under the control of the Board of Supervisors.

ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State Law and are subject to amendment only by an act of the State of California Legislature. Alternative benefit and contribution schedules are permissible with the Board of Supervisors' approval. All risks and costs, including benefit costs, are shared by the participating entities. An actuarial valuation is performed annually for the system as a whole. ACERA's financial statements and required supplementary information are audited annually by independent auditors. The current actuarial valuation as of December 31, 2011 and the annual financial report as of December 31, 2010, may be obtained by writing to ACERA, 475 14th Street, Suite 1000, Oakland, California, 94612.

All full-time employees of participating entities appointed to permanent positions are required by statute to become members of ACERA. Safety membership includes employees who are in active law enforcement, deferred firefighters, probation officers and juvenile institutional officers. General membership includes all other eligible classifications. Both Safety and General classifications have two benefit tiers based on a member's hire date. Generally, members with an entry date prior to July 1, 1983 belong to Tier 1, while those with an entry date on or after July 1, 1983 belong to Tier 2. Most active ACERA members belong to Tier 2. Relative to the more senior Tier 1 members, active members in Tier 2 contribute somewhat less to the retirement plan as a percent of compensation and will receive somewhat lower retirement benefits. Members become vested in retirement benefits upon completion of five years of credited service. ACERA's regular retirement benefits are based on years of credited service, final average salary, and age at retirement, according to the applicable statutory formulae. Members who qualify for service retirement are entitled to receive monthly service retirement benefits for life. Vested General members may retire at age 50 with 10 years of qualifying membership, at any age with 30 years of qualifying service, or at age 70, regardless of service credit. Vested Safety members may retire at age 50 with 10 years of qualifying membership at any age with 20 years of qualifying service, or at age 70, regardless of service credit. In August 2009, the County negotiated a new agreement with the Deputy Sheriff's Association and certain units of the Alameda County Management Employees Association that will reduce pension benefits and costs for members hired after October 17, 2010 through the implementation of new tiers. Effective that date, all new Safety members hired in the County Sheriff's Office or Probation Department can elect to enter either Safety Tier 2c (2 percent at age 50) or Safety Tier 2d (3 percent at age 55). Upon the death of a retired member, their surviving spouse may receive a reduced annuity (unreduced if retirement was for a service-related disability) that is subsidized by the plan. Other benefits payable from the retirement plan include disability retirement, death benefits and deferred retirement for vested members who terminate employment prior to retirement eligibility. Some death benefits are paid from the Supplemental Retirees Benefit Reserve which is discussed below.

The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits. Member contributions are refundable upon termination from the retirement system. The County and special districts are required by statute to contribute the balance of amounts necessary to finance the estimated benefits accruing for their employees. The total employer contributions to the plan are equal to the annual required contributions for each year.

The Pension Trust Fund is under the control of the Board of Retirement and is governed by Article XVI, Section 17 of the California Constitution, and by the rules and regulations of the Retirement Act of 1937. The fund accumulates contributions from the County and other participating entities, contributions from employees, and earnings from the fund's investments. Disbursements are made from the fund for retirements, disability and death benefits, refund and administrative costs. This fund includes all assets of the retirement system.

California Government Code Section 31595 allows the Board of Retirement to invest funds in its discretion. Eligible asset categories for investment are U.S. Equity, International Equity, Fixed Income, Real Estate, Private Equity and Alternatives, Real Return Pool, and Cash and Cash Equivalent. ACERA is prohibited from investing in securities issued by the County or any agency thereof. ACERA has chosen to manage its portfolio's investment risks by contractually requiring each portfolio investment manager to abide by strict investment guidelines specifically tailored to each individual manager's investment strategy. ACERA's guidelines specify the investment style, the performance objective, performance benchmarks and portfolio characteristics for allocations. For example, in the case of foreign currency risk, the policy guidelines for the U.S. dollar equity portfolios differ from those for the non-U.S. dollar equity portfolios. Likewise in the case of credit risk, the guidelines for one fixed income portfolio specify a minimum acceptable credit rating for each debt instrument while the guidelines for a different fixed income portfolio merely require that the average of credit ratings for a certain fair value percentage of the portfolio meet a minimum requirement. Each manager is likewise subject to a "manager standard of care" that establishes a fiduciary relationship between the manager and ACERA. On an ongoing basis, ACERA's investment staff monitors all investment managers for compliance with the respective guidelines. Each manager's results are judged against a market index, customized to the manager's strategy.

Funded Status and Contribution Rates

ACERA utilizes an actuarial value of assets when determining the plan's funded status and contribution requirements. The actuarial value of assets differs from the total market value of assets. The actuarial value of assets defers investment gain and loss recognition over a five-year period, last adjusted in 2010. This is done to reduce uncertainty of contribution rates that would result from market value fluctuations. In addition, the actuarial value of assets must not be less than 60 percent of market value or more than 140 percent of market value. As of the most recent actuarial valuation report, as of December 31, 2011, the actuarial valuation value of ACERA plan assets was $4.87 billion and the market value of assets was $5.07 billion. Non-valuation reserves, including contingency reserves for interest rate fluctuations and for the Supplemental Retirees Benefit Reserve (See "– Supplemental Retirees Benefit Reserve" below) are not included in the actuarial value of assets.

The actuarial accrued liability for plan benefits was $6.36 billion. The plan was 76.6 percent funded with an unfunded actuarial accrued liability ("UAAL") of $1.49 billion. The County's portion of the UAAL, as of December 31, 2011, is approximately $1.18 billion (79.25 percent).

The required contribution rate determined as of December 31, 2011 per the actuarial report for County employees was:

56.09% of covered payroll for Safety Tier 1
43.58% of covered payroll for Safety Tier 2
44.45% of covered payroll for Safety Tier 2c
42.02% of covered payroll for Safety Tier 2d
17.76% of covered payroll for General Tier 1
16.84% of covered payroll for General Tier 2

The total estimated employer contribution determined as of December 31, 2011 of $192.0 million was divided among participating employers as follows:

TABLE A-17
ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ESTIMATED EMPLOYERS' CONTRIBUTION
AS OF DECEMBER 31, 2011
($ IN THOUSANDS)

Participating Employer	Amount
Alameda County	$147,018
Medical Center, Superior Court and First 5	42,790
Housing Authority, Livermore Area Recreational Park District, and County Office of Education	2,203
Total	**$192,011**

Source: ACERA Actuarial Valuation and Review as of December 31, 2011.

The County's estimated employer contribution is equal to 76.57 percent of the above total.

For the December 31, 2011 valuation, the key assumptions used by ACERA include a 7.80 percent actuarial investment return assumption, an inflation rate of 3.50 percent and an across-the-board salary increase rate of 0.50 percent. Total assumed salary increases range from 4.60 percent to 7.20 percent for General members and from 4.70 percent to 10.20 percent for Safety members. Total salary increases include the across the board rate plus inflation plus longevity, merit increases and increases due to job changes. In Spring 2011, the ACERA Board of Retirement lowered the actuarial investment return assumption to 7.8 percent; this change will be reflected in ACERA's Actuarial Valuation and Review as of December 31, 2011 and ACERA's Comprehensive Annual Financial Report for Fiscal Year ending December 31, 2011.

Historical Funded Status and Contribution Rates

The following table shows the results of the five most recent ACERA actuarial valuations. Results shown are for all participating employers combined:

TABLE A-18
ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FUNDING PROGRESS – PENSION PLAN
($ IN MILLIONS)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio % (a)/(b)	Annual Covered Payroll (c)	UAAL as a % of Annual Covered Payroll (b)-(a)/(c)
12/31/2007	$ 4,560	$ 5,112	$ 552	89.2%	$ 794	69.6%
12/31/2008	4,644	5,538	894	83.9	864	103.4
12/31/2009	4,789	5,899	1,110	81.2	883	125.8
12/31/2010	4,776	6,163	1,387	77.5	898	154.4
12/31/2011	4,868	6,359	1,491	76.6	892	167.0

Source: ACERA Actuarial Valuation and Review as of December 31, 2011.

The following table shows the contribution rates based on the five most recent ACERA actuarial valuation reports.

TABLE A-19
ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
DETERMINATION OF CONTRIBUTION RATES[1]

As of December 31	Safety Tier 1	Safety Tier 2	Safety Tier 2c	Safety Tier 2d	General Tier 1	General Tier 2
2007	34.90	27.46	--	--	13.81	11.89
2008	43.51	33.51	--	--	14.60	13.05
2009	48.72	37.14	36.73	34.36	15.78	14.47
2010	53.65	41.32	41.14	40.50	17.61	16.35
2011	56.09	43.58	44.45	42.02	17.76	16.84

(1) Rates reflect percentage contribution; new contribution rates take effect in following fiscal year.

Source: ACERA Actuarial Valuation and Review as of December 31, 2011.

Changes in funded status and contribution rates over the recent five year period have been driven by actuarial assumptions changes and investment returns. Market returns that exceed or are lower than the expected rate are phased in through the actuarial asset smoothing method.

The County and other participating employers have made required contributions in all years. For each of the past five years, the County has made 100 percent of its Annual Required Contribution ("ARC"). Future contribution rates will be influenced by actual plan investment and demographic experience compared to assumptions, changes in actuarial assumptions or methods, and changes in statutory provisions.

Supplemental Retirees Benefit Reserve

The Supplemental Retirees Benefit Reserve ("SRBR") is a reserve administered by the Board of Retirement to pay certain non-vested benefits to eligible ACERA retirees. This reserve was established in 1985 when the Board of Retirement and the County's Board of Supervisors approved the adoption of Section 31618 of the Government Code. The County believes that the benefits established and funded through the SRBR, as well as those funded by the 401(h) account, are not a vested right. Two California Courts of Appeal have held that retirees do not have a vested right to County payments of medical premiums at a level that would result in retirees paying the same for medical coverage as active employees. All non-vested benefits are subject to modification and/or deletion by the ACERA Board of Retirement.

The SRBR is a funded trust that receives 50 percent of the investment earnings that are in excess of the target investment return of the ACERA trust. A target investment return is established for the ACERA trust. If actual investment returns in each six-month period exceed the target return, then 50 percent of the amount above the target return is transferred into the SRBR.

Consequently, ACERA's ability to maintain these non-vested benefits relates directly to how much money is in the SRBR; the benefits are not vested and will cease if the SRBR funds are exhausted. These benefits are for eligible retirees, including retirees from the County and other employers who contribute to the ACERA pension fund, namely the Hospital Authority (Medical Center), Superior Court, First 5, Housing Authority, Livermore Area Recreation and Parks District (LARPD) and the County Office of Education.

It is the County's view that a portion of the interest gain sharing transfer by ACERA into the SRBR should be counted as a contribution toward the GASB Statement No. 45 annual required contribution ("ARC").

The SRBR is used to make payments of non-vested benefits to retirees. The SRBR covers the following types of benefits:

1. Supplemental cost of living increases on pension benefits
2. Retiree death benefits
3. Active death equity benefits

ACERA's participating employers contribute to a 401(h) account so that healthcare benefits can be provided to retirees tax free through a Monthly Medical Allowance ("MMA"); ACERA then uses an equal amount of money from the SRBR as the employers' mandatory retirement contributions, so that the healthcare benefits are not an additional cost for the employers. The healthcare benefits are:

1. Monthly Medical Allowances
2. Reimbursement of Medicare Part B Premiums
3. Dental and Vision coverage

Post-employment Healthcare Benefits

Background. Employees who have retired from the County with the requisite service credit are eligible to receive an MMA toward the cost of their retiree health insurance that is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, if authorized by the Board, ACERA treats an equal amount of Supplemental Retiree Benefits Reserve ("SRBR") assets as employer contributions available for paying pension benefits. The County does not fund retiree medical benefits for its retired employees directly. An extensive review of the County's involvement with retiree medical benefits found that the only direct payment made was one small payment (under $50,000) several decades ago.

The County arranges health insurance coverage for employees, negotiating coverage levels and premium rates annually with several carriers. Employees who meet certain eligibility conditions and make the required contributions may continue coverage in those same health plans after retirement. Currently, the County uses a single blended rate for budgeting and setting premium and contribution rates for both active employees and non-Medicare eligible retirees. The County funds the premiums for employees and employer 401(h) contributions fund the premiums for retirees. ACERA establishes the amount of the MMA annually. For employees who retire with a minimum 20 years of service, the MMA has been set by the ACERA Board of Retirement at $522.16 for calendar years 2011 and 2012.

As the underlying cost for non-Medicare eligible retirees is higher than the blended average of active and non-Medicare eligible retirees, there is an implicit subsidy inherent in the cost allocation process. GASB 45 requires employers using a blended rate for active and non-Medicare eligible retirees to recognize the implicit subsidy cost.

The County has obtained from ACERA an offset of the amount of the implicit subsidy for its non-Medicare eligible retirees. The Board of Retirement votes to credit the County pension reserve with the amount of subsidy determined each year. From 2005 to 2011, the subsidy amounts have been credited to the County pension reserve.

The health insurance contracts covering non-Medicare eligible retirees and active employees are held by the County. Therefore, the County has the contractual authority to separate rates for the two groups.

The following table appears in ACERA's most recent comprehensive annual financial report, which notes that the calculation of benefit obligations pursuant to prescribed accounting requirements does not, in and of itself, imply that ACERA has any legal liability to provide the benefits valued. On November 21, 2011, the California Supreme Court in *Retired Employees Association of Orange County, Inc. v. County of Orange* (Cal. Supreme Court, Case No. S184059) held that under limited circumstances a vested right to retiree health benefits may be implied from a board-approved legislation, ordinance or resolution where the language therein or the circumstances associated with its passage evidence a clear legislative intent of the board to create "private rights of a contractual nature," despite the absence of any express vesting language or other such guarantee. The County does not believe that its Board (or the ACERA Board of Retirement) has passed any legislation, ordinance or resolution from which a vested right in health benefits for County retirees may be implied.

Furthermore, as the ACERA Board of Retirement cannot make payments to retirees after the SRBR is exhausted, the liability for these benefits is capped at the amount of SRBR assets; therefore, the unfunded liability for these benefits is, by definition, zero.

TABLE A-20
ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FUNDING STATUS PROGRESS – POST EMPLOYMENT MEDICAL BENEFITS WITHOUT LIMIT
($ IN THOUSANDS)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Liability (UAAL) (b)-(a)	Funded Ratio (%) Liability Limited to Assets	Funded Ratio (%) Without Limit[1] (a)/(b)	Covered Payroll (c)	Percentage of Payroll Without Limit (b)-(a)/(c)
12/31/06	496,246	591,493	95,247	100.0	83.9	762,139	12.5
12/31/07	614,444	639,821	25,377	100.0	96.0	793,558	3.2
12/31/08	608,314	703,320	95,006	100.0	86.5	864,260	11.0
12/31/09	591,289	763,501	172,212	100.0	77.4	882,606	19.5
12/31/10	561,356	732,905	171,549	100.0	76.6	898,342	19.1

(1) This funding ratio does not reflect the substance of the plan as established by the California Legislature under Article 5.5 of the County Employees Retirement Law of 1937. The funding for these benefits is limited to investment earnings to a special reserve allocated in accordance with the statute. The Board of Retirement has no authority to demand funding from employers or member participants to fund these benefits. If these reserves are depleted, benefits provided by this program will cease. Under the current actuarial assumptions, it is anticipated that the reserves will be sufficient to fund the County's Post Employment Medical Benefits ("OPEB") through the year 2027 and for non-OPEB through the year 2031. Because of these limitations on the Board of Retirement's ability to provide these benefits, this program is considered to be 100 percent funded.

Source: ACERA GASB Statements No. 25 and 43 Actuarial Valuation of Benefits Provided by the Supplemental Retirees Benefit Reserve as of December 31, 2010.

RISK MANAGEMENT

Self-Insurance and Purchased Insurance

The County uses a combination of self-insurance, participation in insurance pools, and purchased insurance coverage for protection against adverse losses. Excess general liability, workers' compensation and medical malpractice coverage are provided by 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 and primary insurance for its member counties. The County utilizes a combination of self insurance, pooled retentions, and excess insurance for the following programs:

Countywide Program Description	**Self Insured Retention**	**Pooled Retention (CSAC-EIA)**	**Excess Insurance (various carriers)**
General & Auto Liability	$1,000,000	$0	$36,000,000
Medical Malpractice	$100,000	$1,600,000	$21,600,000
Workers' Compensation and Employers' Liability	$3,000,000	$5,000,000	statutory
Pollution Liability	$500,000	$0	$10 million per occurrence/$10 million aggregate/$50 million aggregate all pool members

Countywide Program Description	**Self Insured Retention**	**Pooled Retention (CSAC-EIA)**	**Excess Insurance (various carriers)**
Property Coverage:			
All Risk: Declared value (real and personal property and rents) as of March 4, 2011 is $2,110,598,196	$50,000	$3,000,000	$610,000,000
Terrorism	$500,000	$3,000,000	$200,000,000
Flood: Declared value as of March 4, 2011 is $2,110,598,196	2% of total values per unit up to $25,000	$0	$602,500,000
Earthquake: Declared value as of March 4, 2011 is $1,837,713,254	5% of replacement value per unit per occurrence, with a $100,000 minimum deductible	The County participates in the CSAC-EIA property insurance pool. Individual properties within the pool are allocated into eight different groups (Towers I-VIII) to achieve geographical diversity within each group and spread the risk of loss from a single earthquake. The County property is spread between three groups (Towers I, II and IV) with $82.5 million in earthquake coverage available for each Tower and an additional $225 million in annual aggregate coverage shared among all properties in Towers I-V only, for total purchased earthquake coverage of $472.5 million, subject to limits of $307.5 million per Tower. The maximum limit available to any one Tower is $307.5 million. The maximum limit available to the County is $472.5 million.	

Source: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011.

The County also carries insurance covering Aircraft Coverage, Watercraft Coverage and various employee fidelity bonds and insurance policies.

THE COUNTY INVESTMENT POOL

The County Treasurer manages the County's investment pool (the "County Pool") in which certain funds of the County and certain funds of 32 other participating entities within the County are invested pending disbursement. The County Treasurer is *ex-officio* treasurer of each of these participating entities, which are legally required to deposit their cash receipts and revenues in the County Treasury. Under State law, withdrawals are allowed only to pay for expenses which have become due.

Each governing board of schools and special districts may allow, by appropriate board resolutions, certain withdrawals of non-operating funds for purposes of investing outside the County Pool. Some participating entities have used this authority to invest funds in the State's Local Agency Investment Fund ("LAIF"). Further, some districts have, from time to time, also authorized the County Treasurer to purchase separate investments (directed investments) for certain district trust funds to mature on predetermined future dates when cash would be required for disbursements.

The State legislature amended Section 53601 of the California Government Code to prevent withdrawal abuses. This amendment requires county treasurers to prescribe a withdrawal policy for participating entities in order to prevent withdrawals that could threaten the County Pool's liquidity. The County Treasurer's investment policy allows a participating entity to withdraw non-operating funds for the purpose of investing outside the County Pool once each month upon three days' prior written notice to the County Treasurer. Such withdrawal by a participating entity may not exceed $20 million at any one time. The County Treasurer's investment policy is renewed annually in accordance with applicable State law.

The County Pool is accounted for by the County Treasurer at book value which is based on cost of purchase, plus accrued interest included in the purchase price of an investment. The investment portfolio is not marked-to-market, but the market value of the portfolio is calculated and reported quarterly in the corresponding monthly report of the calendar quarter month to the Board of Supervisors.

Of the total book value of the County Pool, over half represents the combined shares of the 32 other participating entities. Of the County's share, about half was allocable to funds held for restrictive purposes, including trust and agency funds held for the benefit of third parties.

The following table summarizes the profile of the County's investment portfolio by category as of March 31, 2012:

TABLE A-21
ALAMEDA COUNTY TREASURER'S OFFICE
COMPOSITION OF TREASURER'S CASH POOL
AS OF MARCH 31, 2012

Investment Type	Book Value Cost	% Held	% Allowed by Section 53601
LAIF	$ 50,000,000	1.38%	N/A
Collateralized Time Deposits	97,848,000	2.70	no limit
Money Market Funds	105,000,000	2.90	20%
Collateralized Money Market Bank A/C	376,000,000	10.37	N/A
Commercial Paper	119,886,900	3.31	25%
Federal Agency Notes & Bonds	1,941,634,466	53.53	no limit
Federal Agency Discount Notes	235,688,358	6.50	no limit
Negotiable CD	230,000,000	6.34	30%
Medium Term Notes	53,129,275	1.47	30%
Treasury Securities – Coupon	260,107,576	7.17	no limit
Treasury Securities – Discount	99,937,364	2.76	no limit
Total Investments	$3,569,231,939	98.43%	
Cash in Bank and on Hand	56,739,462	1.56	
Total Treasurer's Pool	$3,625,971,401	100.00%	

Total may not add due to rounding.

Source: County of Alameda Treasurer-Tax Collector.

In the month ended March 31, 2012, the annualized cash basis yield of the Cash Pool was 0.32 percent and the market value of all holdings was approximately $3.6 billion. In addition, the portfolio liquidity was approximately $1,148,817,161 or 31.68 percent (comprised of cash and investments that mature within 90 days of the report date.)

The objectives of the County's investment policy to which it rigorously adheres are, in order of priority: 1) preservation of capital; 2) liquidity; and 3) yield.

CURRENT AND FUTURE FINANCINGS

County Debt Limit

As of June 30, 2011, the County's debt limit (1.25 percent of the total assessed value) was $2.45 billion. The County does not have any general obligation debt and has therefore not used any of its debt limit.

Short-Term Financings

In May 2010, the Board authorized the establishment of a not-to-exceed $100 million Lease Revenue Commercial Paper Certificate of Participation Program (the "CP Program"). Under the CP Program, tax-exempt Commercial Paper Notes (the "CP Notes") will be issued from time to time to pay approved project costs in anticipation of long-term financing. In June 2010, the County secured the CP Notes with a letter of credit issued by Union Bank Los Angeles and a confirming letter of credit issued by the Federal Home Loan Bank of San Francisco.

The County issued the first series of CP Notes on July 29, 2010 in the amount of $25 million to provide interim financing for hospital facility related construction costs. Interest rates for the CP Notes range from 0.10 percent to 0.20 percent, with no maturity greater than 123 days. As of February 29, 2012, the aggregate principal amount of outstanding CP Notes was $25 million.

The County does not have any short term tax and revenue anticipation notes outstanding.

Long-Term Obligations

On November 4, 2010, the Alameda County Joint Powers Authority issued $320 million Lease Revenue Bonds (Multiple Capital Projects) 2010 Series A to fund the first phase of the Acute Tower Replacement project at the Alameda County Medical Center's Highland Hospital. The bonds will receive interest subsidies at 35 percent for the $208 million Build America Bonds (BABs) and 45 percent for the $112 million Recovery Zone Economic Development Bonds (RZEDB). See "Future Financings – ACMC Acute Care Tower-Highland Hospital" below.

On December 13, 2011, the Authority entered into a purchase agreement for the acquisition of the North County Self-Sufficiency Project (and related property), which Project is comprised of approximately 100,000 square foot office building and 150 parking lot spaces. As part of this acquisition, the Authority assumed the Project's outstanding debt obligations, specifically $51,700,000 in aggregate principal amount of California Infrastructure and Economic Development Bank Revenue Bonds, Series 2004 (North County Center for Self-Sufficiency Corporation Project) (the "Center for Self-Sufficiency Bonds"), currently outstanding, as of January 1, 2012, in the amount of $45,675,000. The proceeds of the bonds were used primarily to finance the acquisition of certain land relating to, and the construction of, the Project.

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The following table is a summary of long-term obligations of the County as of June 30, 2011.

TABLE A-22
COUNTY OF ALAMEDA
LONG-TERM OBLIGATIONS
AS OF JUNE 30, 2011
($ IN THOUSANDS)

Type of Obligation and Purpose	Maturity	Interest Rates	Original Issue	Outstanding
Certificates of participation:				
Public Facilities Corporation:				
1989 Capital Projects capital appreciation bonds - principal (b)	06/15/2019	6.70-6.80%	$ 26,664	$ 3,656
2001A Refunding (a)(j)	12/01/2021	3.80-5.375	148,455	97,455
2007A Refunding (a)	12/01/2021	4-5.625	37,010	27,760
Certificates of participation-principal				128,871
1989 Capital Projects capital appreciation bonds-accretion (b)				12,043
Tobacco Settlement Asset-Backed bonds				
Tobacco Securitization bonds 2002 (g)	06/01/2042	2.25-6.00	220,525	178,400
Tobacco Securitization capital appreciation bonds 2006 – A & B (g)	06/01/2050	6.2-6.7	51,475	51,475
Tobacco Securitization capital appreciation bonds 2006 – C (g)	06/01/2055	7.55	16,384	16,384
Tobacco Securitization bonds-principal				246,259
Tobacco Securitization capital appreciation bonds 2006-accretion (g)				28,621
Pension obligation bonds (l)				
1996 bonds series B capital appreciation bonds-principal (a)	12/01/2018	7.03-7.58	306,863	154,585
1996 bonds series B capital appreciation bonds-accretion (a)				292,008
Lease revenue bonds				
Alameda County Joint Power Authority:				
Juvenile Justice Facility Bonds 2004 Series D (a)	12/01/2034	3.3-5.125	28,275	17,210
Juvenile Justice Refunding 2008A (a)	12/01/2034	4.0-5.0	120,145	120,145
Multiple Capital Projects 2010A (a)	12/01/2044	7.046	320,000	320,000
Association of Bay Area Governments:				
2004 ABAG 40 Refunding (c)	06/01/2012	2-3.75	6,095	835
Lease revenue bonds				458,190
Tax allocation bonds				
Alameda County Redevelopment Agency:				
Eden Area Redevelopment Bonds (i)	08/01/2036	4.0-5.0	34,735	31,890
Capital leases				
Fire equipment (h)	11/30/2012	0	697	174
Water efficiency measures (f)	10/30/2023	4.08	3,000	2,591
Structures & Improvement – 7200 Bancroft Ave. (a)	02/28/2021	52.07	1,896	1,896
Structures & Improvement – 2000 San Pablo Ave. (a) (m)	11/21/2035	13.2	25,000	24,855
Capital leases payable				29,516
Other Long-term obligations				
Special assessment bonds with government commitment				
West Happyland assessment district 1999 refunding (d)	09/02/2011	4.2-5.65	395	20
Tennyson-Alquire assessment district 1999 refunding (d)	09/02/2012	4.2-5.70	1,435	200
Special assessment bonds				220
Loans Payable (f)	06/22/2016 to 06/22/2026	1.0-4.1	16,620	12,743
Notes Payable (a)	01/05/2012	0.14-0.20	25,000	25,000
Notes Payable (i)	05/01/2014	4.5-9.77	1,322	1,322
Net pension obligation (e)				42,085
Net OPEB obligation (e)				116,467
Compensated employee absences payable (e)				66,722
Estimated liability for claims and contingencies (f)				92,805
Due to other governmental units (i)				6,812
Obligation to fund Oakland-Alameda Coliseum Authority deficit (a)(k)				72,450
Other long-term obligations				436,626
Governmental activities total long-term obligations				$1,818,609

Footnotes continued on next page.

Debt service payments are generally made from the following sources:

(a) Discretionary revenues of the general fund.
(b) Discretionary revenues of the fund that received the benefit of the asset, purchased or constructed.
(c) Discretionary revenues of the Road special revenue fund in other governmental funds.
(d) Tax assessments on benefited properties within the assessment districts.
(e) Discretionary revenues of the fund in which the employee's salary is charged.
(f) User-charge reimbursements from General Fund and non-major governmental funds.
(g) Revenues from tobacco master settlement agreement.
(h) Discretionary revenues of the Fire special revenue fund in non-major governmental funds.
(i) Tax increment revenues with respect to the redevelopment project area.
(j) To be refunded by the Series 2012 Bonds.
(k) Represents the County's portion of the outstanding balance of the Oakland-Alameda Coliseum Authority's 2000 Series C bonds (subseries 2000C-1 and subseries 2000C-2), which refunded bonds that financed improvements to the Oakland-Alameda County Coliseum. These bonds are secured by a lease that is a joint and several obligation of the County and the City of Oakland. Additionally, $50.928 million Oakland-Alameda Coliseum Authority 1996 Series A bonds are outstanding, which refunded bonds that financed improvements to the Oakland-Alameda Arena. These bonds are also secured by a lease that is a joint and several obligation of the County and the City of Oakland. The 1996 Series A bonds are not reported above as they are currently self-supporting from Arena revenues. All of these bonds are secured by letters of credit that expire August 17, 2012 (Coliseum) and July 25, 2012 (Arena). The Coliseum Authority is currently intending to replace these letters of credit or refund these bonds with fixed-rate bonds.
(l) On December 12, 1996, the County issued $306,863,185 of Pension Obligation Bonds to fund the then current balance of the County's unfunded actuarial accrued liability for retirement benefits to County employees. As of June 30, 2012, $154,585,000 of bonds are currently outstanding. The funding source to pay the annual debt is provided from three sources: the County's share of the debt is 72.20%, the State Superior Court share is 9.43% and the Alameda County Medical Center share is 18.37%.
(m) The capital lease shown here for 2000 San Pablo Ave. will be replaced by the debt obligation assumed by the County relating to the Center for Self-Sufficiency Bonds. See "CURRENT AND FUTURE FINANCINGS – Long Term Obligations" herein.

Sources: County of Alameda Comprehensive Financial Report for Fiscal Year ended June 30, 2011 and the County of Alameda Auditor-Controller.

Estimated Direct and Overlapping Debt.

Located within the County are numerous overlapping local agencies providing public services. These local agencies have outstanding bonds issued in the form of general obligation, lease revenue, certificates of participation and special assessment bonds. The following Table A-23 shows, as of June 30, 2011, bonded debt and long-term obligations sold in the public capital markets by the County and those public agencies whose boundaries overlap the boundaries of the County in whole or in part.

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TABLE A-23
COUNTY OF ALAMEDA
ESTIMATED DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2011

2010-11 Assessed Valuation:	$195,762,567,043 (includes unitary utility valuation)
Redevelopment Incremental Valuation:	24,575,544,170
Adjusted Assessed Valuation:	$171,187,022,873

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/30/11	
Bay Area Rapid Transit District	38.760%	$160,414,074	
East Bay Municipal Utility District, Special Service District No. 1	93.505	22,950,802	
Chabot-Las Positas Community College District	99.324	451,744,741	
Ohlone Community College District	100.	130,140,000	
Peralta Community College District	100.	435,575,000	
San Joaquin Delta Community College District	0.152	218,182	
Alameda Unified School District	100.	75,865,326	
Berkeley Unified School District	100.	238,409,222	
Castro Valley Unified School District	100.	83,550,000	
Dublin Unified School District	100.	195,200,008	
Fremont Unified School District	100.	188,864,060	
Hayward Unified School District	100.	196,044,877	
Livermore Valley Joint Unified School District	99.575	102,915,741	
New Haven Unified School District	100.	193,354,589	
Oakland Unified School District	100.	713,910,000	
Pleasanton Unified School District	100.	87,984,429	
San Leandro Unified School District	100.	167,576,387	
Other Unified School Districts	100.	363,499,872	
City of Alameda	100.	9,375,000	
City of Albany	100.	17,815,000	
City of Berkeley	100.	82,005,000	
City of Fremont	100.	48,205,000	
City of Oakland	100.	261,695,620	
Washington Township Healthcare District	100.	70,425,000	
East Bay Regional Park District	55.369	85,262,723	
Community Facilities Districts	100.	133,120,000	
1915 Act Bonds (Estimated)	100.	87,618,106	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		**$4,603,739,659**	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:	% Applicable	Debt 6/30/11	
Alameda County General Fund Obligations	**100. %**	**$ 711,512,000**	
Alameda County Pension Obligations	**100.**	**154,584,741**	(1)
Alameda-Contra Costa Transit District Certificates of Participation	90.081	33,748,847	
Chabot-Las Positas Community College District General Fund Obligations	99.324	4,464,614	
Peralta Community College District Pension Obligations	100.	151,709,090	
Hayward Unified School District Certificates of Participation	100.	17,920,000	
Oakland Unified School District Certificates of Participation	100.	60,905,000	
Pleasanton Unified School District General Fund Obligations	100.	17,510,000	
San Lorenzo Unified School District Certificates of Participation	100.	21,535,000	
Other School District Certificates of Participation	100.	5,130,000	
City of Berkeley General Fund and Pension Fund Obligations	100.	40,655,000	
City of Fremont General Fund Obligations	100.	148,480,000	
City of Hayward General Fund Obligations	100.	31,430,000	
City of Livermore General Fund Obligations	100.	84,815,000	
City of Oakland General Fund Obligations	100.	371,145,000	
City of Oakland Pension Obligations	100.	195,636,449	
Other City General Fund Obligations	100.	110,027,973	
Byron Bethany Irrigation District General Fund Obligations	0.394	21,532	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,161,230,246	
Less: City of Hayward supported obligations		1,827,000	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,159,403,246	
TOTAL DIRECT DEBT		**$866,096,741**	
TOTAL GROSS OVERLAPPING DEBT		$5,880,863,541	
TOTAL NET OVERLAPPING DEBT		$5,879,036,541	
GROSS COMBINED TOTAL DEBT		$6,764,969,905	(2)
NET COMBINED TOTAL DEBT		$6,763,142,905	

Table continued on next page.

Ratios to 2010-11 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	2.35%
Ratios to Adjusted Assessed Valuation:	
Total Direct Debt ($866,096,741)	0.51%
Gross Combined Total Debt	3.95%
Net Combined Total Debt	3.95%
STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11:	$1,305 (not in thousands)

(1) Excludes accreted value

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Note: According to California Municipal Statistics, Inc., self-supporting revenue bonds, tax allocation bonds, and non-bonded capital lease obligations are excluded from direct debt but are included as overlapping debt. (Except where indicated, dollar amounts expressed in thousands). The County makes no representation as to the accuracy of the above table. Inquiries concerning the scope and methodology of procedures carried out to complete the information presented should be directed to California Municipal Statistics, Inc.

Source: California Municipal Statistics., Inc.

Future Financings

ACMC Acute Care Tower-Highland Hospital. The County anticipates that the replacement of the Acute Care Tower at Highland Hospital will occur in three phases, with a total cost estimate of approximately $668 million. To date, the Authority has used $46 million from the master tobacco settlement revenues and issued $320 million in aggregate principal amount of lease revenue bonds to finance a portion of the cost of construction of the replacement of the Acute Care Tower. The County expects to issue two additional series of lease revenues bonds to complete the project, including the issuance of approximately $322 million lease revenue bonds in Fiscal Year 2012-13 and $133 million lease revenue bonds in Fiscal Year 2014-15. Project completion is projected for 2017. Annual debt service on these bonds will be paid by the County from its General Fund. Beginning Fiscal Year 2018-2019, ACMC is expected to reimburse the County for annual debt service in the amount of approximately $7 million per year.

East County Hall of Justice. The Board approved a Term Sheet for the construction of the East County Courthouse in December 2009 along with the Administrative Office of the Courts ("AOC") and the Superior Court. The Term Sheet estimates the cost of construction to be approximately $139 million. The costs of the Courthouse (80 percent of the total project costs) will be fully covered by State revenue sources, including $50 million from California Senate Bill 1407 revenues. The State's 2010-2011 Budget appropriated $50 million in one-time funding for the East County Courthouse, which funding was transferred to the AOC's architectural revolving fund. This amount, together with expected equity payments in the amount of $11.5 million from the Court's civil assessments and Courthouse Construction Funds totaling $10.5 million, is expected to decrease the amount of borrowing required for the project. Currently, it is anticipated that $84.85 million in bonds will be issued to finance this project; the County's portion is expected to be $34.685 million. The Court's portion of annual debt service will be fully funded by pledges of Courthouse Construction Funds, civil assessments and county facility payments diverted from the existing Pleasanton Courthouse. The portion of the building designated for County use will provide office space for District Attorney, Public Defender and Probation Department staffs. The County intends to fund its share of debt service from the Criminal Justice Facilities Trust Fund, the balance of which, as of December 1, 2011, exceeds $39.8 million and is expected to increase by approximately $3.1 million annually. Following the completion of a Development and Disposition Agreement between the County, the AOC and the Superior Court, which is expected to occur in Fiscal Year 2012-13, the County anticipates issuing debt for this project.

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE COUNTY OF ALAMEDA FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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County of Alameda, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

Castro Valley Branch, Alameda County Library

Patrick O'Connell, Auditor-Controller

New Beginnings

a partnership to benefit the youth of Alameda County

Cover Images: The new Castro Valley Library opened on October 31, 2009. The Library is a place for learning and gathering, a center for technology, and a vital partner with the schools and other community organizations. Visitors' experiences are enhanced by the features of this innovative, green building and the Castro Valley Creek. Visitors to the library can also buy a cup of coffee and a set of Library artwork note cards at the Fresh Start Café for Book Lovers, a project of the New Beginnings Program. The Castro Valley Library is located at 3600 Norbridge Avenue, Castro Valley, CA 94546.

Credits: Five major site-specific artworks and eleven framed artworks were created for this site. This Public Art Program is funded through Alameda County's "Percent-for-Art" public art ordinance managed by the Alameda County Arts Commission, on behalf of the Alameda County Board of Supervisors. Images (top to bottom, left to right) - Front Cover: Castro Valley Library; Main Reading Room with wall sculpture by Andre Caradec and Robert Fukuda; Children's Room with tile mural by Jos Sances; Main Entry with metal sculpture by Eric Powell; and pedestrian bridge over day-lighted creek with sculptural fence by David Duskin and David Whippen. Back Cover: Detail of mural by Jos Sances; detail of wall sculpture by Andre Caradec and Robert Fukuda; detail of Teen Room light artwork by Nancy Mizuno Elliott and Norman E. Moore; pastel on paper by Mark G. Mertens; fiber collage by Marion Coleman; watercolor on paper by Karen Frey; and mixed-media discarded book collage by Lisa Kokin. Artworks copyright the artists. Photographs copyright Sibila Savage Photography.

COUNTY OF ALAMEDA
STATE OF CALIFORNIA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2011

Patrick O'Connell
Auditor-Controller

T A B L E O F C O N T E N T S

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COUNTY OF ALAMEDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

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INTRODUCTORY SECTION

ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
PATRICK O'CONNELL

AUDITOR-CONTROLLER/CLERK-RECORDER

December 22, 2011

The Honorable Board of Supervisors
Alameda County
County Administration Building
Oakland, CA 94612

Members of the Board of Supervisors and the Citizens of Alameda County:

The Comprehensive Annual Financial Report (CAFR) of Alameda County (the County) for the fiscal year ended June 30, 2011, is hereby submitted in compliance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California.

The CAFR has been prepared by the Auditor-Controller's Office in compliance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal controls should not surpass their benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

The CAFR has been audited by the independent certified public accounting firm of Macias Gini & O'Connell LLP. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the County of Alameda for the year ended June 30, 2011, are free of material misstatements. The independent certified public accounting firm has issued an unqualified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2011.

Management's discussion and analysis (MD&A) immediately follow the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

In addition to the annual audit of this CAFR, the County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the 1996 amendments to that act, and the US Office of Management and Budget Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations.*" Information related to the single audit, including the schedule of expenditures of federal awards, findings and questioned costs, and the auditor's report on the internal control and compliance with applicable laws and regulations, is presented in a separate publication.

The CAFR includes all funds of the County. The County provides a full range of services, including public protection; social services; health care for the indigent; construction and maintenance of highways, streets and other infrastructure; recreational activities; library services and cultural events.

Chief Deputy Auditor
Steve Manning
1221 Oak St., Rm. 249
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Assistant Controller
Connie Land
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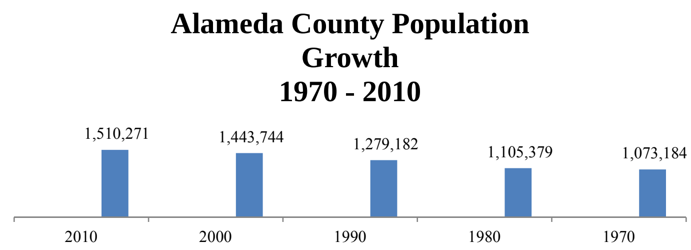
In addition to general government activities, this CAFR includes activities of the Alameda County Medical Center Hospital Authority (as a discretely presented component unit), the Alameda County Employees' Retirement Association and certain special districts and county service areas. The Oakland-Alameda County Coliseum Authority, which includes the Oakland-Alameda County Coliseum Financing Corporation as its blended component unit, is a joint venture between the County and the City of Oakland, each funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements, to the extent such funding is necessary. Finally, information about the Master Tobacco Settlement Corporation is included (as a blended component unit).

<u>ALAMEDA COUNTY</u>

<u>Profile of Government:</u>
Alameda County was established in 1853 and is governed by a five-member Board of Supervisors elected by popular vote. Other elected officials include the Auditor-Controller/Recorder, Assessor, Treasurer-Tax Collector, District Attorney, and Sheriff/Coroner. The Board of Supervisors is responsible for providing policy direction, approving the County budget, and representing the County in a number of areas including special districts. The County Administrator reports to the Board and is responsible for delivering County services.

<u>Local Ecomony:</u>
Located on the east side of the San Francisco Bay, Alameda County encompasses 813 square miles and extends from Albany in the North to Fremont in the South and Livermore in the East. The population of Alameda County exceeds 1.5 million making it the seventh most populous county in California according to US Census Bureau data. Population growth in Alameda County has been fairly consistent during the last forty years making it a desirable place to live and work.



Source US Census 2010

Alameda County possesses a large and diverse economic base, consisting of research and high technology, professional services, manufacturing, farming, finance, transportation, wholesale and retail trade, higher education, medical and health services, and government services. The County also has a diversified industrial base that provides well-paying jobs to its residents.

In international trade, Alameda County has a long history of strong cultural and business ties with Pacific Rim trading partners. Because of its central location and state-of-the-art port facilities, it is a major port for the Pacific Rim trade. The County's extensive network of air, sea, highway and rail facilities have made the County a major transportation hub for regional, national and international trade.

The Port of Oakland serves an essential role for the agricultural and manufacturing sectors of the California economy. California is the leading agricultural state in the nation, producing $34.8 billion in farm products for calendar year 2009. California farm products, such as fruits, nuts, vegetables, rice, and raw cotton are exported through the Port of Oakland, as are other products, including animal feed, chemicals, lumber, recycled paper and scrap metal. The Port is one of the top twenty shipping facilities in the world in annual container traffic and ranks in the top four nationally. The Port of Oakland loads and discharges more than 99 percent of the containerized goods moving through Northern California, the nation's fourth largest metropolitan area.

Oakland International Airport (OAK), owned and operated by the Port of Oakland, is a world class international airport handling in excess of 9 million passengers and over 1.1 billion pounds of cargo annually. Calendar year 2010 saw the total number of passengers handled at OAK increase to 9,542,333 or an increase of .4 percent. Air cargo traffic was up slightly to 1.106 billion pounds in calendar year 2010, up from 1.063 billion pounds in calendar year 2009 or an increase of 4 percent. Landed weights decreased by 4.4 percent to 8.7 billion pounds in calendar year 2010. The airport is the regional center for cargo distribution for Federal Express, United States Postal Service, United Parcel Service and Airborne Express.

In addition to its focus on passenger and cargo operations, the airport operates a successful general and corporate aviation facility at Oakland Airport's North Field. Approximately 60 tenants run businesses at the North Field, consisting of airline charters, flight and aircraft maintenance schools, flying clubs, aerial advertising and photography, aircraft maintenance, repair and sales of aircraft components, and aircraft fueling. The Rolls Royce Corporation is the North Field's largest employer with more than 380 employees.

The Livermore Valley is home to one of California's oldest wine regions with a rich winemaking tradition dating back to 1840. Currently, the Livermore Valley has 40 plus wineries, and more than 5,000 acres of vineyards. Wineries vary in size from limited release, 100-case special reserves to 400,000-case mass produced operations. The region's climate is ideal for producing fully ripened, balanced grapes for winemaking. The Livermore Valley's long and rich tradition of winemaking makes it a true tourist destination for wine lovers.

Alameda County is also the home of Ernest Orlando Lawrence Berkeley National Laboratory and Lawrence Livermore National Laboratory. Both sites are world-renowned scientific centers, where cutting-edge science and engineering are used to break new ground to enhance national security. Other areas of research at the two locations include developments in energy, biomedicine, and environmental science.

Many institutions of higher education are located in Alameda County, including the prestigious University of California at Berkeley, California State University of the East Bay, Mills College, Holy Names University, the California College of Arts and Crafts, seven community colleges and many vocational and specialty schools. These institutions of higher learning help to produce an educated work force to drive the economy of the Bay Area.

A number of major freeways, bridges, the Alameda-Contra Costa Transit system (AC Transit) and the Bay Area Rapid Transit system (BART) provide the County with a modern and efficient transportation system.

ECONOMIC OUTLOOK

California's economy continues to suffer because of the lasting impacts of the recent recession. Unemployment in California continues to be higher than the nationwide average. United States Department of Labor statistics show that nationally, the unemployment rate was at 9.1 percent in June 2011, down from 9.5 percent June 2010. However, unemployment in California stood at 11.8 percent in June 2011, down from the June 2010 rate of 12.3 percent. In Alameda County, the unemployment rate dropped from 11.5 percent in June 2010 to 10.9 percent in June 2011.

While these numbers reflect a positive trend, the overall unemployment rate in Alameda County is still uncharacteristically high for a region with such a diverse economic foundation.

The State of California and its ongoing budget problems have had a major impact on the County of Alameda's ability to provide essential services to its most vulnerable population. On June 24, 2011, the Board of Supervisors adopted a budget for the 2011 – 2012 Fiscal Year by closing a $137.9 million funding gap through a combination of permanent ongoing reductions, revenue increase and one-time strategies.

The prospects for a full economic recovery in California remain bleak. The UCLA Anderson School of Business Senior Economist Jerry Nickelsburg refers to what he sees as a "bifurcated" state, one in which the coastal regions continue to grow out of the recession, while the inland regions suffer from economic "doldrums." Nickelsburg goes on to say that "the most likely scenario for the state will be a slow build over the next 12 months followed by an incipient recovery period." The Anderson School of Business forecast for California sees virtually no growth in employment, with employment growth of 0.7 percent in 2012.

While the signs point to a slow and painful economic recovery for California, Alameda County is positioning itself to be one of the leaders in California out of the difficult economic times. Alameda County continues to be a location where innovation and new ideas in industry are welcomed and encouraged. Last year, Tesla Motors purchased the former NUMI automobile factory in Fremont. The Tesla Factory is the only auto assembly plant in California, and the first facility dedicated exclusively to the mass production of electric vehicles. Also, the Lawrence Berkeley National Laboratory is set to expand the size of its campus and several cities in Alameda County are being considered to house this ambitious project.

Despite the dismal economic predictions for the foreseeable future the leadership of Alameda County continues to employ sound fiscal judgment to address the severe economic issues it is facing. In the last two fiscal years Alameda County has closed budget gaps totaling $290.3 million while still providing essential services to the citizens of Alameda County.

MAJOR INITIATIVES

The County closed a $137.9 million funding gap by using a combination of permanent ongoing reductions, revenue increases and one-time strategies.

The Assessor's Office enhanced the capability of the property valuation program to provide an accurate, efficient and proactive annual review of properties for declines in market value. This practice reduces the need for taxpayers to file assessment appeals and saves the County the cost of adjudicating thousands of formal appeal applications.

The County Administrator's Office implemented a non-refundable $50 per parcel processing fee for assessment appeal applications which ensured adequate staffing and technological enhancements.

The County Administrator's Office in collaboration with the Information Technology Department implemented on-line filing of assessment appeals applications for the 2010 filing period.

The Information Technology Department was awarded the 2010 Digital Government Best of the Web Finalist for the Alameda county website for the second year in a row. The award is presented for progressive and innovative worldwide web sites and digital applications.

The Information Technology Department moved 30 servers to the County Data Center for various County departments resulting in $379,000 in annual savings.

The Auditor-Controller's Office developed online, Small, Local and Emerging Business (SLEB) and contracting compliance training for staff and contracting community and increased the number of certified SLEB vendors from 1,000 to over 1,300.

The General Services Agency completed construction and commissioning of a new 250 kilowatt rooftop photovoltaic array capable of fully powering the new Castro Valley Library.

The Community Development Agency initiated development of a Memorandum of Understanding with the City of Hayward to coordinate a planning process for redevelopment of the under-utilized Highway 238 parcels.

RELEVANT FINANCIAL POLICIES

Internal Control: The management of the County is responsible for establishing and maintaining adequate internal controls to assure that County operations are effective and efficient, applicable laws and regulations are followed, and financial reports are reliable. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that cost-benefit analyses require estimates and judgments by management.

Countywide internal control standards are established by the Auditor-Controller's Office. The Board of Supervisors adopted a policy that requires County departments to conduct triennial self-assessments of their internal controls, using control self-assessment tools developed by the Auditor-Controller's Office, and make improvements to enhance their fiscal accountability. The County's internal audit staff monitors the countywide assessment program.

Audit of Financial Statements: The County Charter and the California Government Code require an annual audit of the financial statements of the County. The accounting firm of Macias Gini & O'Connell LLP was selected by the County to perform the audit for fiscal year 2010-11. The independent auditor's report on the Basic Financial Statements is included in the financial section of this report and states that the County's Basic Financial Statements present fairly, in all material respects, the financial position of the County, as of June 30, 2011, and the changes in its financial position and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Audit of the Alameda County Employees' Retirement Association (ACERA): ACERA engaged the accounting firm of Williams, Adley & Company, LLP to perform an audit of its financial statements. The independent auditor's report states that ACERA's financial statements present fairly, in all material respects, the plan net assets of ACERA, as of December 31, 2010, and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Audit of the Alameda County Medical Center Hospital Authority (ACMC): ACMC engaged the accounting firm of Macias Gini and O'Connell LLP, to perform an audit of its financial statements. The independent auditor's report states that ACMC's financial statements present fairly, in all material respects, the financial position of ACMC, as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Single Audit: The County engaged the accounting firm of Macias Gini & O'Connell LLP to perform the annual audit of the expenditure of federal awards required by the Single Audit Act of 1984 and Amendments of 1996, and the related OMB Circular A-133. As part of the Single Audit, tests were made to determine the adequacy of internal controls related to the administration of federal financial assistance programs and to determine that the County had complied with applicable laws and regulations. The Single Audit report is available separately from this report.

Budgetary Controls: In accordance with the provisions of Sections 29000 through 29143, of the Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and adopts a budget for each fiscal year. Activities of the general fund, special revenue funds and capital projects fund are included in the annual budget. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established for major expenditure categories in each budget unit. The budgeted expenditures become law through the passage of the Appropriation Ordinance. This Ordinance constitutes the authorized spending threshold for the fiscal year, and cannot be exceeded, except by subsequent amendment of the budget by the Board of Supervisors. In the governmental funds, an encumbrance system is used to ensure effective budgetary control and to enhance cash planning and control. Encumbrances outstanding at June 30 are reported as reservations of fund balance. As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound fiscal management.

Pension and Other Postemployment Benefit Trust Fund Operations: All investment managers are under the supervision of the Board of Retirement and invest funds of the Alameda County Employees' Retirement Association (ACERA). ACERA operates as a cost-sharing multi-employer defined benefit plan for employees of Alameda County, the Superior Court of California for Alameda County, the Zone 7 Water Agency, and five participating special districts located in the County but not under the control of the County Board of Supervisors. All risks and costs are shared by the participating entities.

ACERA's funding objective is to meet long-term benefit obligations through contributions and investment income. Total contributions of $225.1 million, net investment income of $648.1 million, postemployment medical benefits on behalf of employers of $29.5 million, Employer Implicit Subsidy from Postemployment Medical Benefits of $5.3 million and miscellaneous income of $0.5 million combined for a total increase of $908.5 million. Of the total contributions of $225.1 million, the employers' share was $147.5 million while the employees' share was $77.6 million. Total contributions increased by $15.7 million in 2010 compared with $4.2 million increase in the previous year. For 2010, overall changes to plan net assets were $908.5 million, compared to increases of $1,207.5 million in 2009.

The net assets held in trust for pension and other postemployment benefits were $5.2 billion at December 31, 2010. All of the assets were available to meet ACERA's ongoing obligations to plan participants and their beneficiaries. The net assets held in trust for total benefits increased by $547.6 million or 11.7 percent, primarily as a result of favorable market investments in 2010. The actuarial value of the pension plan assets as a percentage of the actuarial accrued liability (funded ratio) for ACERA was 77.5 percent at December 31, 2010, a decline of 3.7 percent from December 31, 2009. According to the Supplemental Retirees Benefits Reserve (SRBR) actuarial valuation completed as of December 31, 2010, the Postemployment Medical Benefits and the Other Postemployment Benefits were 76.6 percent and 39.2 percent funded, respectively.

Total benefit payments for 2010 were $307.5 million which represented a $23 million or 8 percent increase over the prior year.

The postemployment medical benefits expense for 2010 was $29.8 million, up $2 million or 7 percent over the prior year.

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 County of Alameda for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the twenty-seventh consecutive year that Alameda County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the entire staff of the Auditor-Controller's Office. I would like to express my appreciation to all members of the departments who assisted and contributed to its preparation. In addition, I acknowledge the leadership and support provided by the Board of Supervisors and the County Administrator, which have made the preparation of this report possible.

Patrick O'Connell
Auditor-Controller
of Alameda County

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Alameda California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

President

Executive Director

COUNTY OF ALAMEDA ELECTORS

BOARD OF SUPERVISORS

COUNTY ADMINISTRATOR

GENERAL GOVERNMENT	PUBLIC PROTECTION	PUBLIC ASSISTANCE	HEALTH/SANITATION	PUBLIC WAYS/FACILITIES	RECREATION/CULTURAL SVCS	EDUCATION
Clerk, Board of Supervisors	COUNTY CLERK-RECORDER*	Social Services	Health Care Services	Road and Bridge Maintenance	Veterans' Memorial Buildings	County Library
AUDITOR-CONTROLLER*	DISTRICT ATTORNEY*	Public Guardian				Cooperative Extension
ASSESSOR*	SHERIFF-CORONER-PUBLIC ADMINISTRATOR*	Child Support Services				
TREASURER-TAX COLLECTOR*	Probation Officer					
County Counsel	Public Defender					
Human Resources	Housing and Community Development					
Public Works	Planning					
General Services	Agriculture/Weights and Measures					
Registrar of Voters						
Information Technology						

* Elected Officials

COUNTY OF ALAMEDA, CALIFORNIA

ELECTED AND APPOINTED PUBLIC OFFICIALS

As of June 30, 2011

ELECTED OFFICIALS

Board of Supervisors

Scott Haggerty	District 1
Nadia Lockyer	District 2
Wilma Chan	District 3
Nathan Miley	District 4
Keith Carson	District 5

Department Heads

Ronnie Thomsen	Assessor
Patrick O'Connell	Auditor-Controller-Clerk-Recorder
Nancy O'Malley	District Attorney
Gregory Ahern	Sheriff-Coroner
Donald R. White	Treasurer-Tax Collector

APPOINTED DEPARTMENT HEADS

Susan Muranishi	County Administrator
Crystal Hishida	Clerk, Board of Supervisors
Christopher Bazar	Director, Community Development
Lucrecia Farfan-Ramirez	Director, Cooperative Extension
Richard Karlsson	Interim County Counsel
Aki Nakao	Director, General Services
Alex Briscoe	Director, Health Care Services
Vacant	Director, Human Resource Services
David G. Macdonald	Director, Information Technology
Jean Hofacket	County Librarian
David Muhammad	Chief Probation Officer
Diane Bellas	Public Defender
Daniel Woldesenbet	Director, Public Works
David G. Macdonald	Registrar of Voters
Lori Cox-Jones	Acting Co-Director, Social Services Agency
Daniel B. Kaplan	Acting Co-Director, Social Services Agency

COUNTY OF ALAMEDA
CALIFORNIA

FINANCIAL SECTION

MGO Certified Public Accountants.

Sacramento • Walnut Creek • Oakland • Los Angeles/Century City • Newport Beach • San Diego

mgocpa.com

The Grand Jury and Honorable Members
of the Board of Supervisors
County of Alameda, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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 Alameda County Employees' Retirement Association (ACERA), which represents 71.4%, 75.1%, and 10.5%, 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, 2011. The ACERA financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for ACERA, are based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.K. to the financial statements, as of July 1, 2010, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of the County'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 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.

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2029 Century Park East, Suite 500, Los Angeles, CA 90067
4675 MacArthur Ct., Suite 600, Newport Beach, CA 92660
225 Broadway, Suite 1750, San Diego, CA 92101

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress, and the budgetary comparison schedules for the General Fund, Property Development, Flood Control and Grant Revenue special revenue funds listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, the combining financial statements and other supplementary information, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & O'Connell LLP

Oakland, California
December 22, 2011

Management's Discussion and Analysis

This section of the County of Alameda's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $1,676,927 (net assets). Of this amount, $697,984 is restricted for specified purposes and is not available to meet the government's ongoing obligations to citizens and creditors, $404,686 is invested in capital assets (net of related debt), and $574,257 is available to meet the County's ongoing obligations to citizens and creditors.

- The government's total net assets increased by $146,276 during the fiscal year. This change in the County's net asset is primarily due to the increase in revenues of $156,517 and a decrease in expenses of $15,378. The largest decreases in expenses came from Public Protection and Health and Sanitation, by $14,034 and $12,633, respectively.

- As of June 30, 2011, the County's governmental funds reported a combined ending fund balance of $2,164,615, an increase of $422,132 in comparison with the prior year. Less than one percent of this total amount, $15,066, is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, the unassigned fund balance for the general fund was $16,996 or 1 percent of total general fund expenditures of $1,772,428.

- The County's gross long-term debt (excluding unamortized premiums, discounts and refunding losses) increased by $329,059 during the fiscal year ended June 30, 2011. This was mostly due to the issuance of debt for the building of the Alameda County Medical Center – Acute Tower.

- The County received $45 million in American Recovery and Reinvestment Act funds in fiscal year 2011, this is $3 million less than the $48.8 million received in fiscal year 2010.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County of Alameda's basic financial statements. The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains 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 County's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the County'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 the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County'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 flow in future fiscal periods, such as revenues related to uncollected taxes and earned but unused vacation and compensating time off.

Both of the government-wide statements distinguish functions of the County 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 County include general government, public protection, public assistance, health and sanitation, public ways and facilities, recreation and cultural services, and education. The County currently does not have any business type activities.

The government-wide financial statements include not only the County of Alameda itself (known as the primary government), but also a legally separate hospital authority for which the County appoints the Board of Trustees. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 19-20 of this report.

Fund financial statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The County, 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 County can be divided into three categories: **governmental** funds, **proprietary** funds and **fiduciary** funds.

Governmental funds

Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. The County reports most of its basic services in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) year-end balances that are available for spending. Such information may be useful in evaluating the County'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 government'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 County 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, property development special revenue fund, flood control special revenue fund, grant revenue fund, capital projects fund, and debt service fund, all of which are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Proprietary funds

Proprietary funds are generally used to account for services for a government's business-type activities (activities supported by fees or charges). There are two types of proprietary funds and they are enterprise funds and internal service funds.

The County does not maintain any enterprise fund, which is used to report the same functions as business-type activities in the government-wide financial statements.

The County does maintain internal service funds, which are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, maintenance of buildings, risk management services, communications services and information technology services. Because all of 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 each of the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The County reports unapportioned taxes, as well as the external portion of the Treasurer's investment pool, the pension and other employee benefit trust funds and other agency funds under the fiduciary funds.

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-82 of this report.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information other than this discussion and analysis concerning the County's progress in its obligation to provide pension benefits, postemployment medical benefits, and other postemployment benefits to its employees and budget-to-actual information for the County's general and major special revenue funds. Required supplementary information can be found on pages 83-88 of this report.

(Amounts expressed in thousands)

Other supplementary information

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 89-117 of this report. Budgetary comparisons for the County's capital projects fund and non-major special revenue funds are also presented.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Alameda County, assets exceeded liabilities by $1,676,927 at June 30, 2011.

A large portion of the County's net assets, $404,686 or 24 percent, reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Alameda
Net Assets
June 30, 2011

	Governmental Activities	
	2011	2010
Assets:		
Current and other assets	$ 2,578,161	$ 2,193,267
Capital assets	1,119,620	1,046,386
Total assets	3,697,781	3,239,653
Liabilities:		
Current liabilities	398,699	382,481
Long-term liabilities	1,622,155	1,326,521
Total liabilities	2,020,854	1,709,002
Net assets:		
Invested in capital assets net of related debt	404,686	560,449
Restricted	697,984	641,476
Unrestricted (deficit)	574,257	328,726
Total net assets	$ 1,676,927	$ 1,530,651

An additional portion of the County's net assets, $697,984, represents resources that are subject to external restrictions as to how they may be used. The remaining balance of unrestricted net assets, $574,257, may be used to meet the government's ongoing obligations to citizens and creditors.

There was an increase of $56,508 in restricted net assets reported in connection with the County's governmental activities.

The County's net assets increased by $146,276 during the fiscal year ended June 30, 2011 versus a decrease of $25,618 before transfers for last fiscal year. As compared to last fiscal year, expenses decreased by $15,378. General revenues increased by a total of $11,851. There were increases in charges for services of $83,861 and in operating and capital grants and contributions of $60,805 over the previous year.

County of Alameda
Changes in Net Assets
June 30, 2011

	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	$ 598,729	$ 514,868
Operating grants and contributions	1,232,027	1,170,990
Capital grants and contributions	5,550	5,782
General revenues:		
Property taxes	399,701	403,847
Sales taxes - shared revenues	150,328	140,643
Other taxes	27,503	28,144
Interest and investment income	5,751	9,369
Other	34,009	23,439
Total Revenues	2,453,598	2,297,082
Expenses:		
General government	141,862	143,497
Public protection	752,191	766,225
Public assistance	674,181	680,142
Health and sanitation	584,815	597,448
Public ways and facilities	43,312	36,598
Recreation and cultural services	608	557
Education	22,863	22,813
Interest and long-term debt	87,490	75,420
Total expenses	2,307,322	2,322,700
Increase/(decrease) in net assets before transfers	146,276	(25,618)
Transfers	-	-
Change in net assets	146,276	(25,618)
Net assets - beginning	1,530,651	1,556,269
Net assets - end of period	$ 1,676,927	$ 1,530,651

Governmental activities

Governmental activities increased the County's net assets by $146,276, and accounted for the total addition in net assets of the County.

Operating grants and contributions increased $61,037 or about 5 percent during the year. The largest increase $39 million in state aid was due primarily to funding for mental health services provided for Mental Health Services Act and Early Periodic Screening, Diagnosis, and Treatment programs. There was a one-time increase in federal funding of $9.5 million for Alcohol and Drugs programs. Grant revenues increased $10 million for road and bridge maintenance. Federal funding increased $6.7 million for services to the 4,700 dislocated workers of NUMMI auto manufacturing plant in Fremont.

Charges for services increased $83,861 or 16 percent from the previous year. This increase was primarily due to an allowance reduction of $57 million for uncollectible accounts receivable from the Alameda County Medical Center. Revenues increased by $16 million because of contracts with the cities of Newark and Union City to provide fire protection services. Also, the sale of land to AvalonBay Communities by the Surplus Property Authority added $13.4 million to the revenues.

Capital grants and contributions decreased $232 as a result of a reduction in funding from the state for the Castro Valley Library project.

General revenues increased by $11,850 or 2 percent overall in the year ended June 30, 2011.

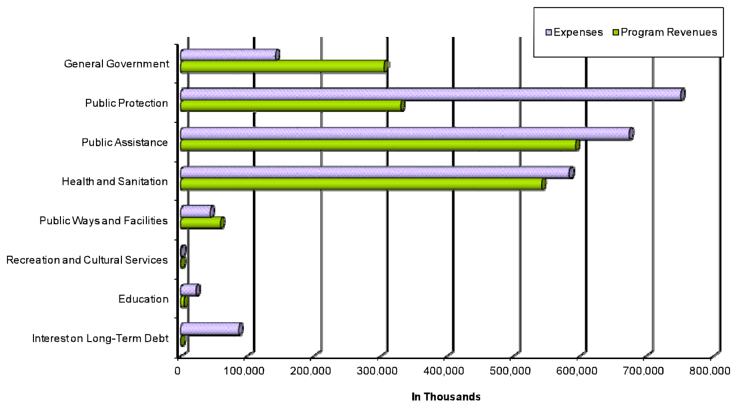
- Property tax revenues decreased by $4,146 or 1 percent during the year primarily due to reductions in assessed property values.
- Sales and use tax revenue increased by $9,685 or 7 percent during the year due to increased consumer spending as the economy began to recover slightly with a decreased unemployment rate compared to fiscal year 2010. Public protection alone received $4,521 more sales tax revenue than in the prior year and Measure A sales tax increased by $2,849.
- Other taxes decreased $641 or 2 percent, mostly due to lower utility users tax revenue of $531 and aircraft tax revenue of $351. These were partially offset by property transfer tax revenue which increased $176.5.
- Interest and investment income decreased by $3,618 or 39 percent. The average daily balance of funds invested through the Treasurer decreased 2 percent during fiscal year 2011. The gross annual yield on the Treasurer's pooled investments decreased from 0.72 percent in 2010 to 0.55 percent in fiscal year 2011. The net interest rate for the last quarter of fiscal year 2011 was only 0.7 percent.
- Other revenue increased $10,570 or over 45 percent largely due to sales of property which increased revenues by $13 million and offset by decreases in Tobacco Tax Settlement of $1 million.

Expenses related to governmental activity decreased $15,378 or 1 percent during the fiscal year ended June 30, 2011.

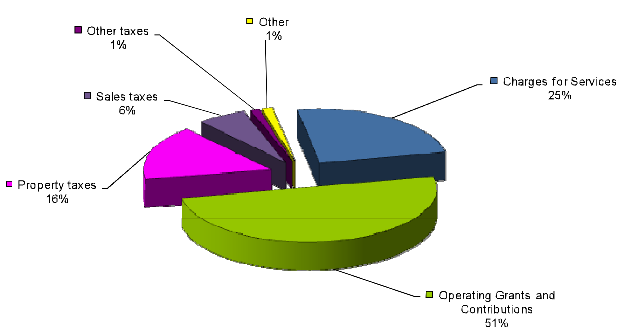
Public assistance expenses decreased $5,961, health and sanitation decreased by $12,633, general government expenses decreased by $1,635 and public protection expenses decreased by $14,034 from the previous year. Public ways and facilities increased by $6,714.

- The $5,961 decrease in public assistance expenses were due in large part to a $10.3 million reduction in General Assistance offset by a $7.5 million increase in funding to provide services for dislocated NUMMI workers.
- The $12,633 decrease in Health and Sanitation was primarily due to a $3.6 million decrease in American Recovery and Reinvestment Act (ARRA) funds, a $6.5 million decrease in program expenditures, and $24 million decrease due to a reduction in expenditure accruals for health care administration over the previous year. An increase of $19 million in behavioral health care expenses was due to the hiring of additional staff and increased services and supplies expenses.
- The $1,635 decrease in general government expenses was primarily caused by a decrease in contributions of $4 million to other post-employment benefits with an offset of $2 million due to a write-off of a deposit for the BART West Dublin Station.
- The $14,034 decrease in public protection expenses was due to a $17 million reduction of OPEB obligations for the Sheriff's department, coupled with a nearly $5 million reduction in ARRA. Expenses for salaries and benefits increased $7.4 million in order to provide fire protection services to Newark and Union City.
- The $6,714 increase in public ways and facilities was primarily due to an increase of $4.5 million from ARRA funding for construction projects in Altamont, Redwood, San Miguel, and Bockman, as well as a LED street light conversion project.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County'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.

Types of governmental funds reported by the County include the general fund, special revenue funds, debt service funds, and a capital projects fund.

As of the end of the fiscal year ended June 30, 2011, the County's governmental funds reported combined ending fund balances of $2,164,615, an increase of $422,132 or 24 percent as compared to the prior year. Approximately 1 percent of this total amount ($15,066) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance consists of non-spendable ($7,146), restricted ($830,917), committed ($1,206,522), or assigned ($104,964).

Revenues for governmental funds overall totaled approximately $2.473 billion for the fiscal year ended June 30, 2011, which represents an increase of $149,707 or 6 percent from the fiscal year ended June 30, 2010. Expenditures for governmental funds, totaling $2.421 billion, increased by $103,684 or almost 4 percent from the fiscal year ended June 30, 2010. In the fiscal year ended June 30, 2011, revenues for governmental funds exceeded expenditures by $51,886.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was $16,996, while total fund balance was $1,062,918. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 1 percent of total general fund expenditures of $1,772,428, while total fund balance represents 60 percent of that same amount.

General fund revenues increased 6 percent and expenditures remained relatively unchanged for the year. The fund balance in the County's general fund increased $135,588 during the fiscal year because revenues exceeded expenditures. This is due to the following factors:

- Property taxes revenue decreased $3,380 or 1%. This decrease was primarily caused by a reduction in assessed property values.
- Sales tax revenue increased $9,481 or 6.9% due to higher consumer spending.
- Fines, forfeitures, and penalties decreased by $7,527 or 18.4%. This was a result of net reduction of $3.2 million in revenues from general fines and forfeits and decrease of $4.6 million in revenue from penalties on delinquent taxes due to a drop in delinquency rate to 2.65 percent in fiscal year 2011 from 3.27 percent in the prior year.
- State aid increased by $31,293 or 5.0%. State funding for health services programs increased $42 million, social services administration increased $7 million, and public assistance programs increased $14 million due to program expansions, increased services, and funding shifts from federal to state aid. This was offset by a $25 million decrease in Medi-Cal state revenue mostly

because Medi-Cal federal revenues were posted to the federal aid account in fiscal year 2011 unlike in previous years where it was posted entirely to state aid.

- Charges for services increased by $17,891 or 5.9%, this was mostly due to a $28 million increase in Medi-Cal funding and an $11.5 million offset in law enforcement services revenue.

- Other revenue increased by $71,475 or 389%. This increase was primarily due to an allowance reduction of $57 million for uncollectible accounts receivable from the Alameda County Medical Center. A $10 million increase in welfare administration was largely due to one-time close-out revenues for programs due to availability of state funding at year end.

General fund expenditures increased by $7,438 from last fiscal year.

Overall, the general fund's performance resulted in revenues exceeding expenditures in the fiscal year ended June 30, 2011, by $198,167. In the prior year, general fund revenues exceeded expenditures by $97,168.

The property development fund has a total fund balance of $308,958. This fund accounts for activities related to the development and sale of County surplus land. The net increase in the fund balance during the current year was $4,696. This was primarily due to the sale of land to AvalonBay Communities.

The fund balance in the flood control fund decreased 2 percent in 2011 or a total of $4.0 million, from $177,105 to $173,138 primarily due to increases in maintenance and project activities during the fiscal year.

The capital projects fund has a total fund balance of $258,963, an increase of $214,165 from last year. The increase was primarily attributable to the construction of the Alameda County Medical Center - Acute Tower.

The fund balance in the debt service fund increased $42,542 from $68,076 to $110,618. This increase was primarily from the issuance of debt for the building of the Acute Tower.

Proprietary funds

The County's proprietary fund statements of internal service funds are reported with governmental activities in the government-wide financial statements. The county does not have any enterprise fund to report.

The net assets of the internal service fund increased $16 million mostly due to operating income of $24.5 million, which was reduced by transfers-out of $9 million mostly for debt service.

Fiduciary funds

The County maintains fiduciary funds for the assets of the Alameda County Employees' Retirement Association (ACERA) and funds held in trust for employees for before-tax reimbursement of health care expenses. As of December 31, 2010, the end of ACERA's fiscal year, the net assets of ACERA and the other employee benefits trust totaled approximately $5.2 billion, representing an increase of $548 million

in net assets from the prior year's net assets. The increase was primarily due to an increase in the fair value of investments and interest and dividend revenues.

As of June 30, 2011, the investment trust fund's net assets totaled $1,418,230, a $154,162 decrease in net assets during the fiscal year. The decrease in net assets of the investment trust fund was due to withdrawals exceeding contributions to the fund by $158,200, plus a net investment income of $4,038.

General fund budgetary highlights

The County's final budget of the general fund differs from the original budget in that it contains supplemental appropriations approved during the fiscal year. The difference of $47,975 between the original budget and the final amended budget represents increased appropriations, the most significant of which are briefly summarized as follows:

- General government increased appropriations by $5,453. The increase was primarily due to an additional appropriation of $3.3 million as a result of final fund balance calculations for the previous fiscal year, and a $0.8 million mid-year Board approved salary and benefits adjustments.

- The public protection departments increased appropriations by $20,778. This included $7 million mid-year salary and benefit increases approved by the Board of Supervisors. An increase of $3.6 million in the Detention and Corrections Division was due to the hiring of 22 additional staff. An additional appropriation of $3.3 million was for budget adjustments and to prepare the County's financial report for FY 2010-11.

- The public assistance departments increased appropriations by $5,490. This included $2.3 million mid-year salary and benefit increases approved by the Board of Supervisors, and a $0.8 million increase for a Youth Board program.

- Appropriations for health and sanitation increased by $19,439. The increase includes a $7.5 million addition for Alameda County Excellence (ACE) health services, an additional appropriation of $7.2 million as a result of final fund balance calculations for the previous fiscal year, and $4.7 million state-approved Mental Health Services Act (MHSA) payments to Community Based Organizations (CBO).

Overall, the County's actual general fund revenues exceeded its budgeted fiscal year 2011 revenues by $79,216 or 4 percent. Revenues that had significant variances include the following:

- Fines, forfeitures and penalties revenue exceeded the budget by $16,429 or 97 percent. The major variance from budget of $17.1 million was due to increase in property tax delinquencies. Due to the increased number of foreclosures, banks are paying prior secured property taxes and related supplemental taxes, bringing them current. Those payments include the related penalties.

- State aid revenue was under-realized by $11,105 or 2 percent, while Federal aid revenue was over-realized by $24,711 or 7 percent. CalWORKS received $7.1 million less in federal aid and $8 million more in state aid than budgeted for administration. CalWORKS assistance payments state aid came in at $13.8 million higher than budget and federal aid was $17.4 million less. Medi-Cal revenues came in at $49 million under budget for state aid and $38 million over budget for federal aid because all Medi-Cal program revenue was budgeted to state aid, but was posted to state/federal revenue accounts as it was received.

- Charges for current services exceeded budget by $9,712 or over 3 percent. An increase of $4.7 million in revenue for Medi-Cal is due to the receipt of funds from the prior year in excess of the accrued amount. Revenues from the Santa Rita Jail exceeded budget by $2.8 million. Unanticipated elections resulted in increased revenue of $1.3 million for election services.

(Amounts expressed in thousands)

- Other revenue exceeded budget by $47,377 or 112 percent. This is primarily due to a $57 million reduction of the allowance for uncollectible receivables from Alameda County Medical Center. That amount was reduced by a $6.7 million under-realization of the Tobacco Tax Settlement funds.

Variations between budget and actual expenditures in the general fund reflect overall expenditures less than the adjusted budget by $143,384 or 7 percent. In general, this represents savings from the major governmental functions, primarily due to vacancies, delays in start-up of new programs or projects, cost-containment measures and contingency appropriations that did not have to be spent. Significant savings came from the following County functions:

- Health and sanitation expenses came in at $73,430 or 12 percent less than budget. Measure A expenditures were $11.3 million lower than budgeted. Approximately $19.2 million under expenditures was due to vacant positions, liquidation of prior encumbrances, and underutilizations of funds set aside for mental health services at state hospitals.

- Public assistance spent $26,614 or 4 percent less than budget. A reduction in full time staff resulted in savings of $5.5 million. Assistance payments were $11.4 million lower than budgeted because CalWORKS and Refugee Assistance expenditures were over-projected for the year.

- General government spent $26,802 or 17 percent less than budget. A savings of $11.5 million was due to less than budgeted subsidy provided for the Oakland-Alameda County Coliseum Authority. The budget was $4 million under-realized due to fiscal management reward savings. Savings of $5.9 million was due to unfilled positions and cost savings in services and supplies expenses. The Registrar of Voters was below budget by $3 million due to lower election costs than was anticipated.

- Public protection spent $15,921 or 3 percent less than budget. Budget savings of about $9.7 million were due to reduction in discretionary spending, project delays, and staff vacancies. Decreased construction activity during the fiscal year resulted $1.3 million in expenditures savings due to fewer building inspections. Savings of $1.9 million for the jails was primarily due to costs reduction resulting from lower average daily population in the jails, unfilled vacant positions, and other cost savings.

Capital assets and debt administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2011, amounts to $1,119,620 (net of accumulated depreciation), as shown in the table below. This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, bridges, flood control canals and other infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was 7 percent.

Capital Assets Net of Accumulated Depreciation
June 30, 2011

	Governmental Activities 2011	Governmental Activities 2010
Land and other assets not being depreciated	$ 223,826	$ 129,051
Structures and improvements, machinery and equipment, and infrastructure, net of depreciation	895,794	917,335
Total	$ 1,119,620	$1,046,386

Major capital asset events during the current fiscal year included the following:

- Several infrastructure projects in the road fund added $20.7 million to construction in progress during the year.

- Additional construction on the Alameda County Medical Center-Acute Tower resulted in an increase in construction costs of $64.5 million. The purchase of land and buildings at 1111 Jackson Street and 235 12th Street resulted in a net increase of $19.7 million.

For government-wide statement of net assets presentation, all depreciable capital assets are depreciated from the date they are placed into service through the end of the current fiscal year.

Governmental fund financial statements record capital asset purchases as expenditures.

Additional information about the County's capital assets can be found in Note 4 (page 50) to the financial statements.

Debt Administration

At the end of the current fiscal year, the County had long-term obligations outstanding of $1.8 billion, excluding unamortized premiums and refunding losses of $6,718. Of this amount, $140,914 is certificates of participation bonds, $274,880 is tobacco securitization bonds, $446,593 is pension obligation bonds, $458,190 is lease revenue bonds, $31,890 is tax allocation bonds, $42,085 is net pension obligation, $116,467 is net OPEB obligation, and $29,516 is capital leases. The remainder, $278,074, includes special assessment debt with government commitment and other long-term obligations of the County.

(Amounts expressed in thousands)

Outstanding Long-term Obligations
June 30, 2011

	Governmental Activities	
	2011	2010
Certificates of participation	$ 140,914	$ 160,221
Tobacco securitization bonds	274,880	272,799
Special assessment debt with governmental commitment	220	335
Pension obligation bonds	446,593	477,740
Lease revenue bonds	458,190	141,705
Tax allocation bonds	31,890	32,565
Capital leases	29,516	29,849
Net pension obligation	42,085	42,857
Net OPEB obligation	116,467	72,400
Other long-term obligations	277,854	259,079
Total	$ 1,818,609	$ 1,489,550

The County's total debt increased by $329,059. This was primarily due to the increase in lease revenue debt issued for the building of Alameda County Medical Center – Acute Tower and other long-term obligations. These increases were partially offset by a decrease in certificates of participation and pension obligation bonds.

Alameda County's legal debt limit is 1.25 percent of total assessed value. As of June 30, 2011, the legal limit was $2.45 billion; however, the County did not have any general obligation bonds and, therefore, has not used any of its debt limitation.

Ratings on general obligation debt and lease revenue went up due to their view of the County's covenant to budget and appropriate lease payments, supported by what they consider are the strong general credit characteristics of the County. Although Alameda County has no general obligation debt it has general obligation equivalent ratings as follows:

	2011 Rating	2010 Rating
Moody's	Aa2	Aa3
Standard and Poor's	AA+	AA
Fitch	AA-	AA-

In addition, the County's lease-based financings are rated as follows:

	2011 Rating	2010 Rating
Moody's	A1	A1
Standard and Poor's	AA	AA
Fitch	AA-	A+

Additional information on the County of Alameda's long-term obligations can be found in note 6 (page 54) of the notes to the basic financial statements.

Economic factors and next year's budget and rates

- According to the U.S. Department of Labor, the unemployment rate for Alameda County was 10.9 percent in June 2011, compared to the revised rate of 11.4 percent in June 2010. The State's seasonally adjusted unemployment rate was 11.8 percent in June 2011.

- The assessed value of the County's property increased 8.0 percent in 2008 and 4.7 percent in 2009. A negative growth of 2.6 and 1.5 percent was recorded in 2010 and 2011, respectively.

- The county government experienced an increase in sales tax revenue during fiscal year 2011. This was due to an economic recovery and improvements in the housing market. Spending for goods and services throughout the state and the country showed signs of improvement as unemployment rates, as indicated above, began to decrease.

All of the above factors were considered in preparing the County's budget for fiscal year 2012.

The County adopted its fiscal year 2012 budget on June 24, 2011 before the State of California adopted its own budget on June 30, 2011.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Below is the contact information for questions about this report or requests for additional financial information.

Alameda County
Office of the Auditor-Controller
1221 Oak Street, Room 249
Oakland, CA 94612

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BASIC FINANCIAL STATEMENTS

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET ASSETS
JUNE 30, 2011
(amounts expressed in thousands)

	Primary Government: Governmental Activities	Component Unit: Alameda County Medical Center
ASSETS		
Current assets:		
Cash and investments with County Treasurer	$ 1,484,602	$ 49,747
Cash and investments with fiscal agents	293,332	-
Restricted cash	-	600
Deposits with others	4,566	2,118
Receivables, net of allowance for uncollectible accounts	338,776	143,445
Due from component unit	3,284	-
Due from primary government	-	6,587
Advance to component unit	848	-
Inventory of supplies	266	4,093
Prepaid items	4,451	1,593
Loans receivable	3,000	-
Total current assets	2,133,125	208,183
Noncurrent assets:		
Restricted assets - cash and investments with fiscal agents	303,026	-
Unamortized bond issuance cost	20,042	-
Properties held for resale	7,983	-
Properties held for redevelopment	13,986	-
Due from component unit, net of allowance	88,984	-
Advance to component unit	4,819	-
Loans receivable	6,196	-
Capital assets:		
Land and other assets not being depreciated	223,826	3,671
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	895,794	33,507
Total capital assets, net	1,119,620	37,178
Total noncurrent assets	1,564,656	37,178
Total assets	3,697,781	245,361
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	175,783	77,323
Due to component unit	6,587	-
Due to primary government	-	3,284
Compensated employee absences payable	39,404	8,410
Estimated liability for claims and contingencies	23,200	5,319
Certificates of participation and bonds payable	96,751	-
Lease obligations	343	-
Loans and notes payable	26,288	-
Accrued interest payable	4,940	-
Unearned revenue	21,653	-
Advance from primary government	-	848
Due to other governmental units	-	-
Obligation to fund Coliseum Authority deficit	3,750	-
Total current liabilities	398,699	95,184
Noncurrent liabilities:		
Net pension obligation	42,085	8,625
Net OPEB obligation	116,467	25,276
Compensated employee absences payable	27,318	7,201
Estimated liability for claims and contingencies	69,605	16,371
Certificates of participation and bonds payable	1,249,218	-
Lease obligations	29,173	-
Loans and notes payable	12,777	-
Due to primary government	-	119,984
Advance from primary government	-	4,819
Due to other governmental units	6,812	-
Obligation to fund Coliseum Authority deficit	68,700	-
Total noncurrent liabilities	1,622,155	182,276
Total liabilities	2,020,854	277,460
Net Assets		
Invested in capital assets, net of related debt	404,686	31,511
Restricted:		
Public protection	330,628	-
Public assistance	76,575	-
Health and sanitation	189,484	-
Public ways and facilities	71,414	-
Education	12,325	-
Other purposes	17,558	25,311
Unrestricted (deficit)	574,257	(88,921)
Total net assets (deficit)	$ 1,676,927	$ (32,099)

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets: Primary Government	Component Unit
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Alameda County Medical Center**
Primary government:						
Governmental activities:						
General government	$ 141,862	$ 125,619	$ 179,643	$ -	$ 163,400	$ -
Public protection	752,191	238,915	91,450	506	(421,320)	-
Public assistance	674,181	18,860	574,681	-	(80,640)	-
Health and sanitation	584,815	202,110	335,540	4,993	(42,172)	-
Public ways and facilities	43,312	10,513	48,949	-	16,150	-
Recreation and cultural services	608	169	-	-	(439)	-
Education	22,863	2,543	1,764	51	(18,505)	-
Interest on long-term debt	87,490	-	-	-	(87,490)	-
Total governmental activities	2,307,322	598,729	1,232,027	5,550	(471,016)	-
Total primary government	$ 2,307,322	$ 598,729	$ 1,232,027	$ 5,550	(471,016)	-
Alameda County Medical Center	$ 491,487	$ 478,242	$ 16	$ -	-	(13,229)
General revenues:						
Property taxes					399,701	-
Sales taxes - shared revenues					150,328	77,220
Other taxes					27,503	-
Interest and investment income					5,751	578
Other					34,009	802
Total general revenues					617,292	78,600
Change in net assets					146,276	65,371
Net assets (deficit) - beginning of period					1,530,651	(97,470)
Net assets (deficit) - end of period					$ 1,676,927	$ (32,099)

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

COUNTY OF ALAMEDA, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Assets:								
Cash and investments with County Treasurer	$ 865,277	$ 10,717	$174,899	$ -	$ 38,666	$ 53,633	$ 204,318	$ 1,347,510
Cash and investments with fiscal agents	-	293,332	-	-	-	-	-	293,332
Restricted assets - cash and investments with fiscal agents	3,682	-	-	-	220,899	56,928	21,517	303,026
Deposits with others	1,303	-	-	-	-	-	3,263	4,566
Receivables, net of allowance for uncollectible accounts	271,281	235	2,005	27,516	1,760	57	33,864	336,718
Due from other funds	29,805	-	-	-	-	-	1,798	31,603
Due from component unit	91,389	-	-	-	-	-	4	91,393
Advance to component unit	-	-	-	-	-	5,667	-	5,667
Inventory of supplies	-	-	-	-	-	-	211	211
Properties held for resale	255	829	-	-	6,899	-	-	7,983
Properties held for redevelopment	-	-	-	-	-	-	13,986	13,986
Prepaid items	-	-	-	-	-	-	114	114
Loans receivable	4,454	3,856	-	886	-	-	-	9,196
Total assets	$ 1,267,446	$ 308,969	$176,904	$ 28,402	$ 268,224	$ 116,285	$ 279,075	$ 2,445,305
Liabilities:								
Accounts payable and accrued expenditures	$ 135,275	$ 11	3,584	$ 8,107	$ 5,173	-	$ 13,011	$ 165,161
Due to other funds	-	-	-	21,186	4,088	-	6,329	31,603
Due to component unit	6,305	-	-	178	-	-	33	6,516
Deferred revenue	43,089	-	182	-	-	5,667	6,819	55,757
Unearned revenue	19,859	-	-	861	-	-	933	21,653
Total liabilities	204,528	11	3,766	30,332	9,261	5,667	27,125	280,690
Fund balances:								
Nonspendable	1,725	-	-	-	-	-	5,421	7,146
Restricted	303,635	-	173,138	-	-	110,618	243,526	830,917
Committed	638,601	308,958	-	-	258,963	-	-	1,206,522
Assigned	101,961	-	-	-	-	-	3,003	104,964
Unassigned	16,996	-	-	(1,930)	-	-	-	15,066
Total fund balances	1,062,918	308,958	173,138	(1,930)	258,963	110,618	251,950	2,164,615
Total liabilities and fund balances	$ 1,267,446	$ 308,969	$176,904	$ 28,402	$ 268,224	$ 116,285	$ 279,075	$ 2,445,305

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

COUNTY OF ALAMEDA, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011
(amounts expressed in thousands)

Fund balances – total governmental funds	$ 2,164,615
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,107,658
Bond issuance costs are not financial resources and, therefore, are not reported in the funds.	20,042
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities (except those reported in the internal service funds) are as follows:	
Certificates of participation and bonds payable	(1,345,969)
Compensated employee absences payable	(63,557)
Lease obligations	(29,516)
Loans and note payable	(39,065)
Due to other governmental units	(6,812)
Other liabilities	(72,450)
Total long-term liabilities	(1,557,369)
The net OPEB obligation pertaining to governmental fund types is not recorded in governmental fund statements.	(116,467)
The net pension obligation pertaining to governmental fund types is not recorded in governmental fund statements.	(42,085)
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 and thus not included in fund balance.	55,757
Interest on long-term debt is not accrued in the funds, but is recognized as an expenditure when due.	(4,940)
Internal service funds are used by management to charge the costs of fleet management, building maintenance, communications, information technology, and risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	49,716
Net assets of governmental activities	$ 1,676,927

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	$ 466,724	$ -	$ 28,617	$ -	$ -	$ 2,078	$ 79,767	$ 577,186
Licenses and permits	4,980	-	2,733	1,107	-	-	815	9,635
Fines, forfeitures, and penalties	33,309	-	-	-	5,266	-	312	38,887
Use of money and property	6,861	6,150	981	-	888	1,334	3,472	19,686
State aid	661,100	-	1,033	21,057	51	-	41,899	725,140
Federal aid	362,572	-	437	76,081	2,946	2,047	36,927	481,010
Other aid	22,799	-	2,982	3	-	-	4,130	29,914
Charges for services	322,398	-	12,541	37	-	16,544	103,695	455,215
Other revenue	89,852	668	66	1,424	2,206	7,815	34,049	136,080
Total revenues	1,970,595	6,818	49,390	99,709	11,357	29,818	305,066	2,472,753
Expenditures:								
Current								
General government	123,302	5,464	-	-	-	-	1,213	129,979
Public protection	537,667	-	53,357	30,716	-	-	118,070	739,810
Public assistance	593,696	-	-	37,076	-	-	36,829	667,601
Health and sanitation	512,856	-	-	33,944	-	-	34,033	580,833
Public ways and facilities	2,279	-	-	-	-	-	47,426	49,705
Recreation and cultural services	675	-	-	-	-	-	-	675
Education	120	-	-	-	-	-	21,959	22,079
Debt service								
Principal	-	-	-	-	-	89,850	4,015	93,865
Interest	-	-	-	-	-	28,159	10,629	38,788
Bond issuance costs	780	-	-	-	-	1,685	-	2,465
Capital outlay	1,053	-	-	-	94,014	-	-	95,067
Total expenditures	1,772,428	5,464	53,357	101,736	94,014	119,694	274,174	2,420,867
Excess (deficiency) of revenues over expenditures	198,167	1,354	(3,967)	(2,027)	(82,657)	(89,876)	30,892	51,886
Other financing sources (uses):								
Issuance of loans and commercial paper notes	-	-	-	-	25,000	-	3,040	28,040
Issuance of debt	800	-	-	-	263,593	55,607	-	320,000
Proceeds from sale of land	-	13,452	-	-	-	-	-	13,452
Transfers-in	3,139	-	-	116	11,175	76,811	1,832	93,073
Transfers-out	(66,518)	(10,110)	-	(468)	(2,946)	-	(4,277)	(84,319)
Total other financing sources (uses)	(62,579)	3,342	-	(352)	296,822	132,418	595	370,246
Net change in fund balances	135,588	4,696	(3,967)	(2,379)	214,165	42,542	31,487	422,132
Fund balance - beginning of period	927,330	304,262	177,105	449	44,798	68,076	220,463	1,742,483
Fund balance - end of period	$ 1,062,918	$ 308,958	$ 173,138	$ (1,930)	$ 258,963	$ 110,618	$ 251,950	$ 2,164,615

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

COUNTY OF ALAMEDA, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

Net change in fund balances – total governmental funds	$ 422,132
Amounts reported for governmental activities in the statement of activities are different because:	
Some revenues will not be collected within the accrual period established for governmental funds. As a result, they are not considered as available revenues in the governmental funds. This change reflects the decrease in the deferred revenue that occurred during the year.	(28,912)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease in net pension obligation	772
Increase in postemployment medical benefits obligation	(31,439)
Increase in other postemployment benefits obligation	(12,628)
Increase in compensated absences	(1,000)
Decrease in obligation to fund Coliseum Authority deficit	3,550
Claim for reimbursements, to the extent of tax increment revenue, due and payable to other governmental unit	(391)
Total	(41,136)
Governmental 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. The statement of activities reports the gain or loss on disposal of capital assets but the governmental funds do not report any gain or loss. Governmental funds do not report capital assets; hence, capital assets transferred to and from governmental fund to proprietary fund are not recorded in the governmental fund.	
Capital outlay	126,976
Depreciation expense	(53,899)
Net loss on disposal of capital assets	(18)
Total	73,059
The net income of certain activities of internal service funds is reported with governmental activities.	16,060
Proceeds from issuance of long-term debt are reported as financing sources in governmental funds, but increase liabilities in the statement of net assets.	(323,040)
Proceeds from issuance of commercial paper notes are reported as financing sources in governmental funds, but increase liabilities in the statement of net assets.	(25,000)
Net increase in accrued interest increases the liability in the statement of net assets and results in additional expenses in the statement of activities.	(1,765)
Bond issuance costs are expended in the governmental funds when paid but are capitalized and amortized in the statement of net assets. This is the amount by which current year bond issuance costs exceeded the amortization expense in the current period.	1,441
The repayment of the principal of long-term debt, capital leases, and loans consume the current financial resources of governmental funds. These transactions, however, have no effect on net assets.	
Principal payment on long-term debt	93,865
Principal payment on leases and loans	1,437
Total	95,302
Interest accreted on bonds and certificates payable.	(41,186)
Amortization of bond premiums, bond discounts and refunding loss.	(679)
Changes in net assets of governmental activities	$ 146,276

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Cash and investments with County Treasurer	$ 137,092
Other receivables	2,058
Due from component unit	875
Inventory of supplies	55
Prepaid items	4,337
Total current assets	144,417
Noncurrent assets:	
Capital assets:	
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	11,962
Total noncurrent assets	11,962
Total assets	156,379
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	10,622
Compensated employee absences payable	1,819
Estimated liability for claims and contingencies	23,200
Due to component unit	71
Total current liabilities	35,712
Noncurrent liabilities:	
Compensated employee absences payable	1,346
Estimated liability for claims and contingencies	69,605
Total noncurrent liabilities	70,951
Total liabilities	106,663
Net assets	
Invested in capital assets, net of related debt	11,962
Unrestricted	37,754
Total net assets	$ 49,716

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	$ 203,362
Total operating revenues	203,362
Operating expenses:	
Salaries and benefits	58,103
Contractual services	6,057
Utilities	11,682
Repairs and maintenance	5,475
Other supplies and expenses	59,946
Insurance claims and expenses	14,541
Depreciation	3,379
Telephone	3,260
County indirect costs	7,680
Dental claims	8,281
Other	426
Total operating expenses	178,830
Operating income	24,532
Non-operating revenues (expenses):	
Interest and investment income	289
Gain (loss) on sale of capital assets	(7)
Total non-operating revenues (expenses)	282
Income before transfers	24,814
Transfers-in	276
Transfers-out	(9,030)
Change in net assets	16,060
Total net assets - beginning of period	33,656
Total net assets - end of period	$ 49,716

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Cash flows from operating activities	
Internal activity - receipts from other funds	$ 203,068
Payments to suppliers	(88,895)
Payments to employees	(58,077)
Internal activity - payments to other funds	(7,680)
Claims paid	(28,565)
Other receipts (payments)	(426)
Net cash provided by operating activities	19,425
Cash flows from noncapital financing activities	
Transfers-in	276
Transfers-out	(9,030)
Net cash used in noncapital financing activities	(8,754)
Cash flows from capital and related financing activities	
Acquisition of capital assets	(3,806)
Proceeds from sale of capital assets	247
Net cash used in capital and related financing activities	(3,559)
Cash flows from investing activities:	
Interest on investments	289
Net cash provided by investing activities	289
Net decrease in cash and cash equivalents	7,401
Cash and cash equivalents - beginning of period	129,691
Cash and cash equivalents - end of period	$ 137,092
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 24,532
Adjustments for non-cash activities:	
Depreciation	3,379
Changes in assets and liabilities:	
Other receivables	(294)
Inventory of supplies	(7)
Prepaid items	(4,183)
Accounts payable and accrued expenses	1,686
Compensated employee absences payable	26
Estimated liability for claims and contingencies	(5,743)
Due to component unit	29
Total adjustments	(5,107)
Net cash provided by operating activities	$ 19,425

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	Pension and Other Employee Benefits Trust Funds	Investment Trust Fund	Private Purpose Trust Fund	Agency Funds
Assets:				
Cash and investments with County Treasurer	$ 2,896	$ 1,459,119	$ 13,332	$ 161,119
Investments, at fair value:				
Short-term investments	127,347	-	-	-
Domestic equities	1,336,675	-	-	-
Domestic equity commingled funds	771,880	-	-	-
International equities	1,216,473	-	-	-
International equity commingled funds	77,621	-	-	-
Domestic fixed income	903,232	-	-	-
International fixed income	314,241	-	-	-
Real estate - separate properties	88,034	-	-	-
Real estate - commingled funds	190,568	-	-	-
Private equity and alternatives	189,407	-	-	-
Total investments	5,215,478	-	-	-
Investment of securities lending collateral	523,857	-	-	-
Deposits with others	562	-	-	-
Taxes receivable	-	-	-	251,957
Other receivables	34,340	-	-	-
Interest receivable	14,382	1,739	15	67
Prepaid items	-	3,759	-	-
Capital assets, net of accumulated depreciation	4,383	-	-	-
Total assets	5,795,898	1,464,617	13,347	413,143
Liabilities:				
Accounts payable and accrued expenses	45,912	46,387	-	8,098
Securities lending obligation	523,857	-	-	-
Due to other governmental units	-	-	-	405,045
Total liabilities	569,769	46,387	-	$ 413,143
Net Assets				
Held in trust for pension	4,589,383	-	-	
Held in trust for postemployment medical benefits	565,856	-	-	
Held in trust for other postemployment benefits	69,256	-	-	
Held in trust for other employee benefits	1,634	-	-	
Held in trust for other purposes	-	1,418,230	13,347	
Total net assets held in trust	$ 5,226,129	$ 1,418,230	$ 13,347	

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund
Additions:			
Contributions:			
Employees	$ 81,860	$ -	$ -
Employer	147,543	-	-
Contributions on pooled investments	-	7,192,242	2,628
Total contributions	229,403	7,192,242	2,628
Investment income:			
Interest	66,606	8,013	72
Dividends	49,140	-	-
Net increase (decrease) in fair value of investments	542,128	(3,975)	(38)
Real estate	21,162	-	-
Securities lending income	3,510	-	-
Total investment income	682,546	4,038	34
Less investment expenses:			
Investment expenses	24,624	-	-
Securities lending borrower rebates and management fees	1,433	-	-
Real estate	8,373	-	-
Total investment expenses	34,430	-	-
Net investment income	648,116	4,038	34
Miscellaneous income	508	-	-
Total additions, net	878,027	7,196,280	2,662
Deductions:			
Benefit payments	311,557	-	-
Refunds of contributions	5,645	-	-
Administration expenses	13,001	-	-
Distribution from pooled investments	-	7,350,442	5,028
Total deductions	330,203	7,350,442	5,028
Change in net assets	547,824	(154,162)	(2,366)
Net assets - beginning of period	4,678,305	1,572,392	15,713
Net assets - end of period	$ 5,226,129	$ 1,418,230	$ 13,347

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

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011

1. Summary of Significant Accounting Policies

A. Scope of Financial Reporting Entity

The County of Alameda is a political subdivision chartered on March 25, 1853, by the State of California, and as such, it can exercise the powers specified by the constitution and statutes of the State of California. The County operates under its charter and is governed by an elected five member Board of Supervisors, providing the following services to its citizens, as authorized by its charter: election administration, public protection, public assistance, health care, road and transportation, recreation and education.

The financial reporting entity consists of the County of Alameda (the primary government) and its component units. Component units are legally separate organizations for which the Board of Supervisors is financially accountable, or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States, the County's basic financial statements present the County of Alameda and its component units which are discussed below:

Blended Component Units - Blended component units are, in substance, part of the County's operations and their financial data are combined with data of the primary government. These component units have a June 30 fiscal year-end, with the exception of the Alameda County Employees' Retirement Association (ACERA), which has a December 31 fiscal year-end. The financial activities of ACERA for the year ended December 31, 2010, are included herein.

• *Alameda County Flood Control and Water Conservation Districts (Flood Control Districts)*

The Flood Control Districts were established to provide flood control services within specific areas of the County. Although the Flood Control Districts are legally separate from the County, they are reported as if they were part of the primary government because the flood control districts governing board is composed solely of the members of the County Board of Supervisors. The financial transactions of the Flood Control Districts are reported within the flood control fund. The books and records for the Flood Control Districts are maintained by the County. Additional financial data for the Flood Control Districts may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Fire Department (Fire Department)*

The Fire Department was established in 1993 as a consolidation of several County fire districts to provide fire protection services in the unincorporated areas of the County. Since then, the cities of San Leandro and Dublin have contracted with the Fire Department to provide fire protection services within their city limits as well. Although the Fire Department is legally separate from the County, it is reported as if it were part of the primary government because it is governed by the County Board of Supervisors. The activities of the Fire Department are reported within non-major governmental funds. The books and records for the Fire Department are maintained by the County. Additional financial data for the Fire Department may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Employees' Retirement Association (ACERA)*

ACERA is a multiple-employer public retirement system organized under the 1937 Retirement Act. The County is the major participant and contributes 76.63 percent of total employer contributions. ACERA is governed by a nine-member board that includes the County treasurer, four County citizens appointed by the Board of Supervisors and four members elected by the ACERA membership. Although ACERA is legally separate from the County, it is reported as if it were part of the primary government because it benefits the County by providing substantial services to the County's employees. The activities of ACERA are reported within the pension and other employee benefit trust funds. Complete financial statements for ACERA may be obtained from the Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

Post employment healthcare benefits currently provided by ACERA include medical, dental, and vision benefits. These benefits are reported in the pension and other employee benefit trust funds in the financial statements consistent with GASB Statement No 43. Other forms of post employment benefits provided by ACERA include supplemental cost of living allowance and death benefits. These benefits are reported in the pension and other employee benefit trust funds in the financial statements consistent with GASB Statement No. 25, as they are considered pension benefits.

• *Alameda County Public Facilities Corporation (Corporation)*

The Corporation is a legal entity established to account for the proceeds of certificate of participation issues and other financings for the County. The Board of Directors of the Corporation is comprised of the members of the Board of Supervisors; therefore, the Corporation is considered a component unit. The activities of the Corporation are reported within the debt service governmental fund. The books and records for the Corporation are maintained by the County. Additional financial data for the Corporation may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *County Service Areas (CSA)*

CSAs are special districts established by the Board of Supervisors for the purpose of providing specific services to County residents. Although the CSAs are legally separate from the County, they are reported as if they were part of the primary government because they are governed by the County Board of Supervisors. The books and records of these CSAs are maintained by the County, and their activities are reported within non-major governmental funds. Additional financial data for the CSAs may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Redevelopment Agency (Redevelopment Agency)*

The Redevelopment Agency was reactivated by the Board of Supervisors on December 14, 1999, in order to proceed with the Eden area redevelopment plan in the unincorporated area of Alameda County. The Redevelopment Agency board is composed of the members of the Board of Supervisors and is therefore considered to be a part of the primary government. The books and records of the Redevelopment Agency are maintained by the County and its activities are reported within non-major governmental funds. Additional financial data for the Redevelopment Agency may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Tobacco Asset Securitization Authority (Authority)*

The Authority was established to account for the activities related to the tobacco securitization bonds and revenues generated from the master settlement agreement with the four largest US tobacco manufacturers. The Authority provides services exclusively to the County and its activities are reported within non-major governmental funds as a debt service fund. The books and records for the Authority are maintained by the County. Additional financial data for the Authority may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Joint Powers Authority (Joint Powers Authority)*

The Joint Powers Authority was formed by and between the County and the Redevelopment Agency to assist the County in the financing of public capital improvements. The Joint Powers Authority is included as part of the primary government because the governing board consists of the members of the Board of Supervisors. The activities of the Joint Powers Authority are reported within the debt service governmental fund. The books and records for the Joint Powers Authority are maintained by the County. Additional financial data for the Joint Powers Authority may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

Discretely Presented Component Unit - The following component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the County. Although it has a significant relationship with the County, the entity does not provide services solely to the County and, therefore, is presented discretely.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011

• *Alameda County Medical Center Hospital Authority (ACMC)*

The ACMC is governed by an eleven-member board of trustees, appointed by a majority vote of the Board of Supervisors of the County. Pursuant to the agreement dated July 1, 1998, between the County and the ACMC, the ACMC manages and operates the county hospitals and clinics. The County pays the ACMC for the provision of indigent care. The hospital facilities and related debt are presented in the governmental activities of the County's statement of net assets. All equipment is the property of the ACMC. The ACMC has a June 30 fiscal year-end. The financial activities of the ACMC for the year ended June 30, 2011, are shown herein. Complete financial statements for the ACMC may be obtained from the Alameda County Medical Center Hospital Authority, 1411 E. 31st Street, Oakland, CA 94602.

The ACMC's governing body is not substantially the same as the County's and the ACMC does not provide services entirely or almost entirely to the County. However, the County is accountable for the ACMC through the appointment of the ACMC's board and the ability to remove appointed members at will.

Other Organizations - There are other governmental agencies that provide services within the County of Alameda. These entities have independent governing boards and the County is not financially accountable for them. The County's basic financial statements, except for certain cash held by the County as an agent, do not reflect operations of the Alameda Alliance for Health, Alameda County Mosquito Abatement District, Alameda County Resource Conservation District, Alameda County Transportation Authority, Alameda County Schools Insurance Group (ACSIG) and Alameda County Office of Education. The County is represented in three regional agencies, the San Francisco Bay Area Rapid Transit District (BART), the Bay Area Air Quality Management District (BAAQMD) and the Metropolitan Transportation Commission (MTC), which are also excluded from the County's reporting entity.

B. ***Government-wide and Fund Financial Statements***

The government-wide financial statements, i.e., the statement of net assets and the statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. The effect of inter-fund activity has been removed from these statements. Governmental activities normally are supported by taxes and inter-governmental revenues. The discretely presented component unit is reported separately from the primary government due to its separate legal standing.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, of which the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

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

The government-wide financial statements, proprietary fund statements and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenue as soon as all eligibility requirements have been met. Agency funds do not have a measurement focus and thus, report only assets and liabilities. However, agency funds use the accrual basis of accounting when recognizing receivables and payables.

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. "Measurable" means the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 180 days of the end of the current fiscal period. It is the County's policy to submit claims for federal and state grant revenues within 90 days of the end of the program cycle and payment is generally received within 90 days thereafter. Expenditures are recognized when the liability is incurred, except for interest on long-term debt and payments related to vacation, sick leave, claims and judgments, which are recorded when due.

Property taxes, other local taxes, licenses, interest, and intergovernmental revenues associated with the current fiscal period are all considered as being susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives cash.

The County reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the County. It is used to account for all financial resources and transactions except those required to be accounted for in another fund.

The ***Property Development Fund*** accounts for the sale and development of surplus County land.

The ***Flood Control Fund*** is used to account for taxes, assessments and other revenues collected in specific areas of the County which are restricted for the provision of flood control services within those areas.

The ***Grant Revenue Fund*** is used to account for various federal, state or private grants that are not otherwise accounted for in another special revenue fund.

The ***Capital Projects Fund*** is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary fund types and trust funds.

The ***Debt Service Fund*** is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Additionally, the County reports the following fund types:

The ***Internal Service Funds*** are used to account for the financing of goods or services provided by one County department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. Internal Service funds account for the activities of the centralized communications, information technology, building maintenance, motor pool, and the County's risk management programs.

The ***Pension and Other Employee Benefit Trust Funds*** reflect the activities of the ACERA and the Employees' Cafeteria Benefit Plan. ACERA accounts for employee and County contributions to retirement and postemployment benefits and the earnings or losses from investments. It also accounts for the disbursements made for employee retirements, withdrawals, postemployment benefits, disability and death benefits as well as administrative expenses. The other employee benefit trust fund holds pre-tax dollars deducted from County employees' gross pay for subsequent reimbursement of allowable health care and dependent care costs.

The ***Investment Trust Fund*** accounts for the external portion of the Treasurer's investment pool. The funds of the Alameda County school and community college districts, the Trial Courts, the Law Library, the Zone 7 Water Agency, and independent special districts that participate in the Treasurer's pool are accounted for within the Investment Trust Fund.

The ***Private Purpose Trust Fund*** reflects the activities of the Public Guardian in managing the assets of conservatees of the County.

The ***Agency Funds*** account for the resources held by the County in a custodial capacity on behalf of other agencies. These resources include property taxes receivable which are held pending disputes or

litigation and apportionment, payroll deduction and collection clearing funds, and local agencies' share of federal and state program funds.

The effect of interfund activities have been eliminated from the government-wide financial statements. Exceptions to this rule are charges between functions because elimination of these charges would distort the direct costs and program revenues reported in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are charges for customer services including vehicle usage and maintenance fees, building rent and maintenance fees, and telecommunication and information technology system support charges. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Effect of Component Unit with Differing Fiscal Year-End

ACERA has a fiscal year ending on December 31. The amounts reflected in the June 30, 2011 financial statements are the balances as of ACERA's fiscal year ended December 31, 2010. The difference in the cash balance and interfund transactions are reconciled in the Cash and Investments footnote (Note 2).

D. Cash and Investments

The County follows the practice of pooling cash and investments of all funds with the County Treasurer, except for certain restricted funds which are generally held by outside custodians and classified as "Cash and investments with fiscal agents" on the accompanying financial statements. The earned interest yield on all funds held by the County Treasurer for fiscal year 2010-2011 was approximately .55 percent. The fair value of the Treasurer's pool is determined on a quarterly basis. The adjustment to the cash balance of all participants in the pool is based on the cash balance at the valuation date. The change in the fair value of the investments is recognized in the year in which the change occurred.

Investment in the Treasurer's Pool

The Treasurer's investment pool comprises two components: (1) pooled deposits and investments and (2) specific investments. Specific investments are individual investments that are made separately from the pooled investments at the request of a specific depositor in the County Treasury. The interest earnings on specific investments are recorded only in the fund from which the investment was made.

Pursuant to the California Education Code, receipts of college and school districts must be deposited with the appropriate county. The Alameda County schools and colleges account for 38.48 percent of the net assets in the Treasurer's pool. The deposits held for these entities are included in the investment trust fund.

The funds of the independent special districts and cities that participate in the Treasurer's pool are also accounted for in the investment trust fund.

In addition to the Treasurer's investment pool, the County has other funds that are held by trustees. These funds are related to the issuance of debt and the investments of Surplus Property Development and ACERA.

Investment Valuation

Certain U.S. government securities that have a remaining maturity at time of purchase of one year or less are carried at amortized cost, which approximates market value. Investments with maturity of more than one year, whether pooled or specific, are carried at fair value. The fair value of investments is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the fund's current share price.

(amounts in tables expressed in thousands)

For pooled investments, the fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. In the event that a certain fund overdraws its share of pooled cash, the overdraft is reported as being due to the general fund.

Investment Income

Income from pooled investments is allocated to the individual funds or external participants at the end of each quarter based on the fund or participant's average daily cash balance during the quarter in relation to the average daily balance of total pooled cash. County management has determined that the investment income related to certain funds should be allocated to the general fund. The income is reported in the fund that earned the interest. A transfer is then recorded to transfer an amount equal to the interest earnings to the general fund.

It is the County's policy to charge interest to those funds that have a negative average daily cash balance. The interest charged is reported as negative interest revenue. In certain instances, County management or State law has determined that the negative interest related to the fund should be allocated to the general fund. The negative interest revenue is recorded in the fund that is charged with the interest. A transfer is then recorded to transfer an amount equal to the negative interest revenue from the general fund.

Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

E. ***Taxes Receivable***

The State of California Constitution Article XIIIA provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by the voters. Assessed value is calculated at 100 percent of market value as defined by Article XIIIA and may be adjusted by no more than two percent per year unless the property is sold or transferred. These general property tax rates do not apply to taxes levied to pay the interest and principal on any indebtedness incurred prior to June 6, 1978, or subsequently approved by the voters. Supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction. The State legislature has determined the method of distribution among the counties, cities, school districts and other districts of receipts from the 1 percent property tax levy.

The County assesses properties and levies and collects property taxes as follows:

	Secured	Unsecured
Valuation dates	January 1	January 1
Lien dates	January 1	January 1
Due dates	50% on November 1 50% on February 1	Upon receipt of billing
Delinquent after	December 10 (for November) April 10 (for February)	August 31

The taxes are secured by liens on the property being taxed. The term "secured" refers to taxes on land and buildings, while "unsecured" refers to taxes on personal property other than land and buildings.

Secured taxes are distributed to the general fund, the flood control fund, the non-major governmental funds, the school districts and the cities of Alameda and Piedmont, who are participants in the Teeter Plan, as follows: 50 percent of the levy in December, 45 percent in April and the remaining 5 percent in August of each year. The remaining recipients of property tax revenues, who elected not to participate in the Teeter Plan, receive their share of actual current and delinquent taxes and penalties as they are collected.

F. ***Inter-fund Receivables/Payables/Advances***

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements.

G. ***Inventory of Supplies***

Supplies inventory is recorded at cost and charged on a weighted-average basis. The costs of these inventories in the governmental funds are recorded as expenditures when consumed rather than when purchased.

H. ***Capital Assets***

Capital assets, which include land, easements, construction in progress, structures and improvements, machinery and equipment, software, infrastructure assets, and an historical artifact, are reported in the government-wide financial statements. The County capitalizes equipment and computer software with minimum cost of $5,000 and $250,000, respectively, and an estimated useful life in excess of one year. Structures and improvements and infrastructure with a value of at least $250,000 are capitalized. Land, entitlements, and items in collections costing at least $5,000 are capitalized. 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 an expenditure in the general and capital projects funds and as an asset in the government-wide financial statements to the extent that the County's capitalization threshold is met.

Capital assets, including capital leases, of the primary government and its component units are depreciated using the straight-line method applied over the estimated useful lives of the assets, using the following estimated useful lives:

Type of Asset	Estimated Useful Life in Years
Structures and Improvements	30
Machinery and Equipment	3-20
Software	5-10
Infrastructure	10-100

The majority of the infrastructure assets are being depreciated over a 30 to 60 year period. Land, easements, construction in progress, and collections are not depreciated.

I. ***Compensated Employee Absences***

The County permits its employees to accumulate up to fifty days of unused vacation leave over their working career. The unused vacation leave, compensatory time, and unexpired in-lieu compensatory time are redeemed in cash upon termination or by extended absence immediately preceding retirement. Such cash payments of absences are recognized as expenditures of the governmental funds in the year of payment. Employees are not reimbursed for accumulated sick leave.

Estimated unpaid vacation leave, compensatory time, and unexpired in-lieu compensatory time at June 30, 2011, are accrued and recorded in the government-wide and proprietary fund financial statements. The estimated obligation includes an amount for salary-related payments (i.e. payroll taxes) associated with the compensated leaves. All retired or terminated employees as of June 30, 2011, have been compensated for any accumulated vacation, compensatory time, and unexpired in-lieu compensatory time.

J. ***Bond Issuance Costs and Premiums/Discounts***

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental 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 a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Unamortized bond issuance costs are reported on the statement of net assets and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. ***Fund Balances/Net Assets***

Fund Balances

As prescribed by Statement 54 of the Governmental Accounting Standards Board (GASB), fund balance should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following are the fund balance classifications:

Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – amounts with constraints placed on their use either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors, the County's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same type of action used in committing the amounts. The formal action that commits fund balance to a specific purpose must occur prior to the end of the reporting period but the amount may be determined in a subsequent period.

Assigned Fund Balance – amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted or committed. The intent can be established by the Board of Supervisors or by a body or official designated by the Board of Supervisors.

Unassigned Fund Balance – residual classification for the general fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Board of Supervisors establishes, modifies, or removes commitments of fund balance for specific purposes through ordinance or resolution. The Board of Supervisors has adopted an accounting policy whereby the authority to assign fund balance to specific purposes is delegated to the County Administrator in consultation with the County Auditor-Controller.

It is the County's policy to apply expenditures to the appropriate fund balance components if they can be specifically identified and in the following order if not:

- Apply to restricted fund balance when both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, or

- Apply to committed fund balance, then assigned fund balance, and finally unassigned fund balance when committed, assigned, or unassigned fund balances are available.

Minimum Fund Balance

The County appropriates an annual amount of up to five percent of the total General Fund budget within a designated contingency account and establishes a goal of maintaining a designated fund balance at a level of at least ten percent of the General Fund annual budgeted operating expenditures. The County's policy is to pay current operating expenditures with current operating revenues. Budgetary procedures that fund current expenditures at the expense of future needs are avoided. The contingency account is to:

- Provide for non-recurring unforeseen expenditures of an emergency nature;

- Maximize short-term borrowable capital;

- Provide orderly budgetary adjustments when revenues are lost through the actions of other governmental bodies;

- Provide the local match or required "Maintenance of Effort" appropriation for public or provide programs and grants that may become available; and

- Meet unexpected nominal increases in service delivery costs.

The Board of Supervisors has the sole discretion in authorizing the use of this fund.

Restricted Net Assets

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

L. ***Self-Insurance***

The County is self-insured for general liability, automobile liability, medical malpractice, workers' compensation and employer's liability, and dental insurance claims. Internal service funds are used to account for the County's self-insurance activities. It is the County's policy to provide in each fiscal year, by premiums charged to affected operating funds, amounts sufficient to cover the estimated charges for self-insured claims, excess insurance and administrative costs. The risk management internal service fund's estimated liability for claims and contingencies is actuarially determined and includes claims incurred but not reported.

M. ***Inter-fund Transfers***

Inter-fund transfers are generally recorded as transfers-in or out except for certain types of transactions that are described below.

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

(2) Reimbursements for expenditures, initially made by one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

N. ***Refunding of Debt***

On the government-wide financial statements, gains or losses from advance refundings are deferred and amortized into expense if they occurred subsequent to June 30, 2001.

O. ***Cash Flows***

A statement of cash flows is presented for proprietary fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less.

(amounts in tables expressed in thousands)

Pooled cash and investments in the County's Treasury represent monies in a cash management pool. Such accounts are similar in nature to demand deposits.

P. Joint Venture

The County is a participant with the City of Oakland in a joint exercise of powers agreement known as the Oakland-Alameda County Coliseum Authority (the Coliseum Authority), which was formed on July 1, 1995, to assist the City of Oakland and the County in the financing of public capital improvements in the Oakland-Alameda County Coliseum Complex pursuant to the Marks-Roos Local Bond Pooling Act of 1985. Under this agreement, which formed the Coliseum Authority, the County is responsible for funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements, to the extent such funding is necessary. See Note 14 for further information on the Coliseum Authority joint venture.

Q. 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. Accordingly, actual results could differ from those estimates.

R. New Pronouncement

In June 2011, GASB issued *Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions.* This Statement sets forth criteria to establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2012.

2. Cash and Investments

A. Deposits

As of June 30, 2011, the County's cash and deposits were as follows:

	Bank Balance	Carrying Value
Deposits with financial institutions	$ 599,863	$ 594,402
Cash on hand		1,135
Deposits in transit		1,590
Adjustment to restate pension trust fund cash balance to December 31, 2010		1,027
Total cash and deposits		$ 598,154

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside entity. The County's investment policy requires that deposits in banks must meet the requirements of California Government Code. Of the $599,263,000 deposits with financial institutions, $3,561,000 was covered by federal depository insurance, $147,750,000 was collateralized with securities held by pledging financial institutions in County's name, and $447,952,000 was collateralized with securities held by pledging financial institutions, or its trust departments or agent, but not in County's name. As required by California Government Code Section 53652, the market value of the pledged securities must equal at least 110 percent of the County's deposits, with the exception of mortgage-backed securities, which must equal at least 150 percent.

As of December 31, 2010, ACERA reported a deposit of $1,114,000. Cash held with a financial institution in a pooled money market fund was $3,213,000, of which $3,192,000 was uninsured and uncollateralized, and subject to custodial credit risk.

B. Investments

County investments consist of (a) Treasurer's investments, (b) Investments with fiscal agents and (c) ACERA's investments.

a. Treasurer's Investments

Funds with the County Treasurer are invested pursuant to the annual investment policy established by the Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority, preservation of capital, liquidity and yield. The policy addresses the soundness of financial institutions in which the County deposits funds, the types of investment instruments and the percentage of the portfolio which may be invested in certain instruments, as permitted by Section 53600 et seq. of the Government Code of the State of California. Authorized instruments in which the Treasurer can invest include U.S. Treasury securities, banker's acceptances, federal, state and local government securities, commercial paper, medium-term corporate notes, negotiable certificates of deposit, local agency investment fund, money market funds, mutual funds that invest in authorized securities, and mortgage-backed securities. Although the investment policy permits the Treasurer to invest in repurchase agreements and reverse repurchase agreements, or to engage in securities lending, such investment activities were not made during the year ended June 30, 2011.

On June 10, 1997, the Board of Supervisors created the Treasury Oversight Committee pursuant to Section 27131 of the Government Code. The Committee is responsible for ensuring that the Treasurer's investment pool is audited annually and for reviewing and monitoring the Treasurer's investment policy.

There were no derivative investments in the investment pool for the year ended June 30, 2011.

As of June 30, 2011 Treasurer's investments consisted of the following:

	Credit Rating	Investment Maturities (in Years)		
Investment Type	S&P's/Moody's	Less than 1	1 to 5	Fair Value
Federal agency notes and bonds	AA+ / Aaa	$ 30,006	$ 1,412,592	$ 1,442,598
Federal agency discounted notes	A-1+ / P-1	245,539	-	245,539
U.S. Treasury Coupon	N/A	105,615	265,449	371,064
Medium term notes	AA+ / Aa2	-	5,293	5,293
Negotiable CD	A-1+ / P-1	250,002	-	250,002
Local Agency Investment Fund	Not rated	50,000	-	50,000
Mutual funds	AAAm / Aaa	191,000	-	191,000
Municipal	Not rated	17,765	-	17,765
Total investments		$ 889,927	$ 1,683,334	$ 2,573,261

Interest Rate Risk

Interest rate risk is the risk that changes in interest rate will affect the fair value of an investment. In accordance with the investment policy, the Treasurer manages the risk exposure by limiting the weighted average maturity of its investment portfolio to not more than two years at any time.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Treasurer manages this risk exposure by complying with the Government Code and the Treasurer's more restrictive investment policy regarding the credit ratings of various types of investments. The investment policy prescribes the following rating requirements:

(amounts in tables expressed in thousands)

Banker's Acceptances: at least A-rated when issued by a domestic bank; and at least AA-rated when issued by a U.S. branch of a foreign bank.

Commercial Paper: prime rated by at least one rating agency if maturity does not exceed 30 days; and prime rated by at least two rating agencies, if maturity exceeds 30 days.

Medium-Term Corporate Notes: at least A-rated if maturity is less than three years from purchase date; and at least AA-rated if maturity is longer than three years from purchase date.

Negotiable Certificates of Deposit: at least A-rated if issued by a domestic bank; and at least AA-rated if issued by a U.S. branch of a foreign bank.

Money Market Funds: the fund must attain the highest ranking or the highest letter and numerical rating by at least two of the three largest nationally recognized rating services; or if not rated, must retain an investment adviser registered with the SEC having not less than five years experience investing in the securities and obligations as authorized by subdivisions (a) to (m) of Government Code Section 53601, inclusive, and with assets under management in excess of $500,000,000.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The investment policy sets no limit on the amount the County may invest in any one issuer. As of June 30, 2011, more than 5 percent of the Treasurer's investments were in the Federal Farm Credit Bank (23.58%), Federal Home Loan Bank (32.89%), and Federal National Mortgage Association (7.97%).

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's pool for the fiscal year ended June 30, 2011. Cash and deposits do not include $ 1,284 thousand in department revolving funds.

Statement of Net Assets

Assets:	
Cash and deposits	$ 595,245
Investments (at fair value)	2,573,261
Accrued interest	3,654
Total assets	$3,172,160
Total Liabilities	-
Net Assets	$3,172,160
Equity of internal pool participants	$1,753,930
Equity of external pool participants	1,418,230
Total Net Assets	$3,172,160

Statement of Changes in Net Assets

Net change in investments by pool participants	$ 46,367
Net assets at July 1, 2010	3,125,793
Net assets at June 30, 2011	$3,172,160

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2011, to support the value of shares in the pool.

As of June 30, 2011, the Treasurer's cash and investment pool was carried at fair value, based on the current market price of the investment holdings. During the fiscal year, the fair value of the cash and investment pool was

determined quarterly and reported to the Board of Supervisors at the end of each calendar quarter. To request a copy of an Investment Report, contact Investment Officer at the Alameda County Treasurers' Office at 1221 Oak Street, Room 131, Oakland or call (510) 272-6800 for the fair value, the principle amount, ranges of interest rates, and maturities dates of each investment classification for the Treasurer's pool.

Each fund's equity in the pool is the fund's actual cash position as of any given date. Any "value" that served to either increase or decrease the pool's valuation as a result of the current fair value of the pool on June 30, 2011, has been allocated to each fund based on the average cash balance during the last quarter of the fiscal year.

Other Disclosures

As of June 30, 2011, the County's investment in Local Agency Investment Fund (LAIF) is $50 million. The LAIF is part of the Pooled Money Investment Account (PMIA), and the Local Investment Advisory Board (LIAB), which consists of five members as designated by State statute, provides oversight for LAIF. All securities are purchased under the authority of Government Code Sections 16430 and 16480.4. The total amount invested by all cities, counties, special districts, nonprofit corporations, or qualified quasigovernmental agencies in LAIF is $23.98 billion as of June 30, 2011. Of that amount, 94.99% was invested in non-derivative financial products and 5.01% in structured notes and asset backed securities as of June 30, 2011.

b. Investments with Fiscal Agents

The County's general fund, property development fund, capital projects fund, debt service fund, and non-major governmental funds have investments with fiscal agents.

As of June 30, 2011, investments with fiscal agents consisted of the following:

	Credit Rating	Investment Maturities (in Years)			
Investment Type	S&P's/Moody's	Less than 1	1 to 5	More than 5	Fair Value
Cash and Deposits	N/A	$ 111,288	$ -	$ -	$111,288
EBRCSA revenue bonds [1]	N/A	-	555	3,127	3,682
Money market funds	AAA / Aaa	50,633	-	-	50,633
U.S. Treasury securities	N/A	15,269	-	-	15,269
Federal agency notes and bonds	AA+ -AAA / Aaa	43,940	272,497	-	316,437
Corporate bonds	A-AAA / Baa1-Aaa	32,667	64,253	2,129	99,049
Total cash and investments with fiscal agent		$ 253,797	$ 337,305	$ 5,256	$596,358

[1] East Bay Regional Community System Authority

Interest Rate Risk

The investment policy for the property development fund limits the maximum maturity of any issue to no more than five years from the purchase date. The County's Financial Management Policy and various bond indentures do not contain provisions that address the interest rate risk of investments made by other County funds.

Credit Risk

The investment policy for the property development fund and various bond indentures for other funds limit the funds' investments in commercial paper, guaranteed investment contract, and money market funds to the highest two ratings issued by nationally recognized statistical rating organizations.

(amounts in tables expressed in thousands)

Concentration of Credit Risk

As of June 30, 2011, more than 5 percent of total investments with fiscal agents were in the Federal Home Loan Bank (9.72%), the Federal National Mortgage Association (25.66%), and the Federal Home Loan Mortgage Corporation (17.68%).
The investment policy for the property development fund and various bond indentures for other funds place no limit on the amount the funds may invest in any one issuer. As of June 30, 2011, more than 5 percent of the property development fund's investments were in the Federal Home Loan Bank (19.77%), the Federal National Mortgage Association (17.53%), and the Federal Home Loan Mortgage Corporation (24.92%).

As of June 30, 2011, more than five percent of the debt service fund's investments were in the Federal Home Loan Mortgage Corporation (59.33%), and the Federal National Mortgage Association (34.62%). In addition, more than 5 percent of the non-major governmental funds' investments were in FCAR Owner Trust (66.09%) and Bank of America (8.99%).

c. Investments of Alameda County Employees Retirement Association (ACERA)

Government Code Section 31595 allows the Board of Retirement to invest funds at its discretion. Instruments authorized by the Board of Retirement are U.S. equity, international equity, U.S. and international fixed income, real estate and Treasurer's pooled investments. ACERA is prohibited from investing in securities issued by the County of Alameda or any agency thereof. Additionally, ACERA may not invest in futures, written options, swaps or structured notes, unless specific authorization is obtained from the Board of Retirement in advance of the investment. The ACERA investments shown in the statement of fiduciary net assets are as of ACERA's fiscal year ended December 31, 2010.

ACERA has chosen to manage the investment risks described by GASB Statement No. 40 and 53 by contractually requiring each portfolio investment manager to abide by restrictive investment guidelines specifically tailored to that individual manager rather than adopting broad across-the-board investment policies with respect to these investment risks. The guidelines stipulate the investment style, the performance objective, performance benchmarks, and portfolio characteristics. For example, in the case of foreign currency risk, the policy guidelines for the U.S. dollar equity portfolios differ from those for the non-U.S. dollar equity portfolios. Likewise in the case of credit risk, the guidelines for one fixed income manager stipulate a minimum acceptable credit rating for each debt instrument while the guidelines for a different fixed income portfolio merely require that the average of credit ratings for a certain fair value percentage of the portfolio meet a minimum requirement. Each manager is likewise subject to a "manager standard of care" that establishes a fiduciary relationship requiring the manager to act prudently and solely in the best interest of ACERA. ACERA's guidelines require each manager's investment return performance to compare favorably with the performance of the relevant passive market index such as the Barclays Capital Aggregate Bond Index. ACERA's investment staff continually monitors all investment managers for compliance with the respective guidelines.

Concentration of Credit Risk

The individual investment guidelines for each fixed-income manager restrict concentrations greater than 5 percent in the securities of any one issuer (excluding all government and agency securities). As of December 31, 2010, ACERA had no investments in a single issuer that equaled or exceeded 5 percent of ACERA's net assets.

Credit Risk

The individual investment guidelines for each fixed-income investment manager describe applicable restrictions on credit risk. The credit risk restrictions by investment portfolio (with portfolio style) are as follows:

- A minimum of 51 percent of the market value of the portfolio must be rated BBB- or higher by Standard & Poor's (S&P) or Baa3 or higher by Moody's Investor Services (Moody's). (Medium Grade Fixed Income)
- Investments must be rated Baa/BBB or better by Moody's/S&P at time of purchase. (Enhanced Index Fixed Income)

- The average credit quality of the portfolio shall be grade "A" or better based on Moody's and/or S&P. Individual securities shall be of investment-grade quality, i.e., Baa3/BBB- and above. (Global Fixed Income)

The credit quality ratings of a security (e.g., from Moody's or S&P) give an indication of the degree of credit risk for that security.

The Credit Risk Analysis table discloses the fair value of debt investments by type and credit rating as of December 31, 2010.

Credit Risk Analysis

		Adjusted Moody's Credit Rating								
Debt Investments by Type	Total	Aaa	Aa	A	Baa	Ba	B	Caa	Ca and below	Not Rated
Collateralized mortgage obligations	$ 158,217	$ 67,524	$ 7,682	$ 5,325	$ 9,555	$ 936	$ 10,642	$ 46,987	$ 2,973	$ 6,593
Convertible bonds	33,288	-	-	7,635	676	4,923	12,966	4,559	-	2,529
Corporate bonds	455,448	42,418	31,688	80,792	156,248	53,228	64,677	16,799	1,745	7,853
Federal Home Loan Mortgage Corp.	61,526	61,526	-	-	-	-	-	-	-	-
Federal National Mortgage Assn.	89,940	89,940	-	-	-	-	-	-	-	-
Government issues	349,037	248,050	7,402	48,611	22,370	12,172	-	-	-	10,432
Government National Mortgage Assn. I, II	13,352	13,352	-	-	-	-	-	-	-	-
Municipal	9,300	-	-	8,307	993	-	-	-	-	-
Other asset-backed securities	47,365	13,072	4,685	3,799	-	1,052	4,908	10,027	6,248	3,574
Subtotal debt investments	1,217,473	535,882	51,457	154,469	189,842	72,311	93,193	78,372	10,966	30,981
External Investment Pools of Debt Securities										
Securities Lending Cash Collateral Fund	-	-	-	-	-	-	-	-	-	-
Liquidation Pool	356,501	-	-	-	-	-	-	-	-	356,501
Duration Pool	167,356	-	-	-	-	-	-	-	-	167,356
Master Custodian Short-Term Investment Fund	106,033	-	-	-	-	-	-	-	-	106,033
Subtotal external investment pools	629,890	-	-	-	-	-	-	-	-	629,890
Total	$ 1,847,363	$ 535,882	$ 51,457	$ 154,469	$ 189,842	$ 72,311	$ 93,193	$ 78,372	$ 10,966	$ 660,871

This table displays the fair value of investments by credit rating in increasing magnitude of risk. Investments are classified by Moody's credit rating. If a Moody's rating is not available, then the S&P rating is used. Also, whenever both ratings for an investment exist, then the lower of the two ratings is used.

Custodial Credit Risk

The individual investment guidelines for each investment manager require that managed investments be held and maintained with the master custodian in the name of ACERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments, investments in commingled pools, and private equity and alternative investments. As of December 31, 2010, ACERA had no investments that were exposed to custodial credit risk.

ACERA's investments include collateral associated with derivatives activity. As of December 31, 2010, collateral for derivatives were $8.6 million. The collateral margins are maintained in margin accounts at financial services firms that provide brokerage services. Each account is uninsured and uncollateralized, and subject to custodial credit risk.

Interest Rate Risk

ACERA has investments in three external investment pools containing debt securities that are subject to interest rate risk. ACERA has no general policy on interest rate risk for investments in external pools. The Interest Rate Risk Analysis – Duration of External Investment Pools of Debt Securities table indicates interest rate risk for the investments in these pools in terms of the duration of the pool securities as of December 31, 2010. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present values of cash flows, weighted for those cash flows as a percentage of the investment's full price.

(amounts in tables expressed in thousands)

Interest Rate Risk Analysis -
Duration of External Investment Pools of Debt Securities

External Investment Pools of Debt Securities	Fair Value	Duration
Securities Lending Cash Collateral Fund		
Liquidity Pool	$ 356,501	26 days
Duration Pool	167,356	35 days
Master Custodian Short-Term Investment Fund	106,033	-
Total	$ 629,890	

Separately, ACERA has investments in three fixed-income portfolios containing debt securities that are subject to interest rate risk. ACERA manages interest rate risk by setting limits on portfolio duration for each portfolio. The interest rate restrictions by investment portfolio (with portfolio style) are as follows:

- Duration Band: Barclays Baa Credit Capital Index duration +/- 2.5 years (Medium Grade Fixed Income)
- Duration: Match the Barclays Capital Aggregate Bond Index duration (Enhanced Index Fixed Income)
- Duration Band: 1-10 years duration (Global Fixed Income)

The Interest Rate Risk Analysis – Duration of Fixed Income Portfolios table indicates interest rate risk for the investments in these portfolios.

Interest Rate Risk Analysis – Duration of Fixed Income Portfolios

Debt Investments by Type	Fair Value	Duration in Years
Collateralized mortgage obligations	$ 158,217	5.5
Convertible bonds	33,288	7.9
Corporate bonds	455,448	6.5
Federal Home Loan Mortgage Corp.	61,526	3.4
Federal National Mortgage Assn.	89,940	3.1
Government issues	349,037	8.7
Government National Mortgage Assn. I, II	13,352	4.6
Municipal	9,300	11.9
Other asset-backed securities	47,365	4.7
Subtotal of investments with duration	1,217,473	
Other Asset Backed Securities	-	-
Subtotal of investments without duration	-	
Total debt investments	$ 1,217,473	

Fair Value Highly Sensitive to Changes in Interest Rate

The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. The two Interest Rate Risk Analysis – Duration tables above disclose the degree to which ACERA's investments are sensitive to interest rate changes due simply to the remaining term to maturity. In contrast, ACERA's investments with fair values that are highly sensitive to interest rates due to other factors are disclosed on the Interest Rate Risk Analysis – Highly Sensitive table as of December 31, 2010. ACERA has no general investment policy with respect to investments with fair values that are highly sensitive to changes in interest rates.

Interest Rate Risk Analysis – Highly Sensitive
Fair Value of Investments with Fair Values
Highly Sensitive to Changes in Interest Rates

Investment Type	Investment Description	Interest Rates	Fair Value
Collateralized mortgage obligation	Mortgage-related securities	2.33 to 6.25%	$ 42,074

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. ACERA has no general investment policy with respect to foreign currency risk.

The Foreign Currency Risk Analysis table shows the fair value of investments by currency denomination and investment type, as of December 31, 2010. It provides an indication of the magnitude of ACERA's foreign currency risk for each foreign currency.

(amounts in tables expressed in thousands)

Foreign Currency Risk Analysis

Currency	Common Stock and Depository Receipts	International Equity Mutual Funds	Corporate Bonds	Foreign Currency	Govern-ment Issues	Currency Swaps	Equity Index Swaps	Total Exposure Net of Currency Swaps
Australia Dollar	$ 69,891	$ -	$ 31,592	$ 2	$ 6,484	$ 625	$ 150	$ 108,744
Brazil Real	13,160	-	-	-	9,439	505	15	23,119
Canada Dollar	57,238	-	3,624	292	31,220	(401)	(223)	91,750
Chile Peso	-	-	-	-	-	109	-	109
China Yuan Renminbi	-	-	-	-	-	17	-	17
Colombia Peso	-	-	-	-	1,255	-	-	1,255
Denmark Krone	14,986	-	-	98	-	(31)	-	15,053
Egypt Pound	-	-	-	-	-	-	-	-
Euro Currency	346,950	-	-	9,113	1,361	(1,353)	(397)	355,674
Hong Kong Dollar	61,581	-	-	374	-	(18)	189	62,126
Hungary Forint	-	-	-	-	5,950	69	-	6,019
Iceland Krona	-	-	-	61	938	-	-	999
India Rupee	18,041	-	9,176	-	-	58	-	27,275
Indonesia Rupiah	4,234	-	4,209	3	9,961	(3)	-	18,404
Israel Shekel	5,524	-	-	-	-	-	11	5,535
Japan Yen	228,351	-	7,308	443	-	(805)	(231)	235,066
Malaysia Ringgit	5,034	-	-	-	15,211	74	(2)	20,317
Mexico Peso	9,482	-	1,221	214	6,306	97	37	17,357
New Russia Ruble	-	-	-	-	-	(153)	-	(153)
New Taiwan Dollar	5,443	-	-	-	-	142	-	5,585
New Zealand Dollar	2,956	-	8,689	119	10,572	(206)	-	22,130
Norway Krone	1,310	-	-	35	13,206	1,005	-	15,556
Peru Nouveau Sol	-	-	-	-	-	3	-	3
Philippine Peso	-	-	4,792	-	-	(5)	-	4,787
Poland Zloty	4,697	-	-	-	18,764	335	(25)	23,771
Singapore Dollar	16,369	-	5,758	31	-	(65)	2	22,095
South Africa Rand	11,755	-	-	(46)	-	414	49	12,172
South Korea Won	24,786	-	6,205	-	14,293	94	752	46,130
Sweden Krona	10,793	-	-	77	15,260	1,023	(31)	27,122
Switzerland Franc	72,211	-	-	14	-	(969)	208	71,464
Thailand Baht	4,884	-	-	105	-	(4)	-	4,985
Turkey Lira	629	-	-	(11)	-	(701)	(11)	(94)
UK Pound Sterling	173,703	-	-	200	15,603	135	8	189,649
Various Currencies	-	89,904	-	-	-	-	-	89,904
TOTAL	$ 1,164,008	$ 89,904	$ 82,574	$ 11,124	$ 175,823	$ (9)	$ 501	$ 1,523,925

Securities Lending

Board of Retirement policies authorize ACERA to participate in a securities lending program. Securities lending transactions are short-term collateralized loans of ACERA securities to broker-dealers and banks that allow ACERA to invest and receive earnings on the loan collateral for a loan rebate fee. ACERA has signed a securities lending agreement authorizing the master custodian to lend ACERA securities to broker-dealers and banks pursuant to a loan agreement.

For the year ended December 31, 2010, on behalf of ACERA, the master custodian lent ACERA securities (government bonds, corporate stocks, corporate bonds, and international equities) under this agreement and received cash (United States and foreign currency), securities issued or guaranteed by the United States government, sovereign debt and irrevocable bank letters-of-credit as collateral. ACERA did not have the ability to

pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102% of the market value of the loaned security for domestic securities or sovereign debt issued by foreign governments, and 105% for international securities. Moreover, borrowers were required to maintain the market value of collateral on a daily basis.

ACERA did not impose any restrictions for the year ended December 31, 2010, on the amount of the loans that the custodian made on its behalf. The custodian indemnified ACERA by agreeing to purchase replacement securities or return cash collateral in the event the borrower failed to return the loaned securities and the collateral was inadequate to replace the securities lent or the borrower failed to pay ACERA for income distributions by the securities issuers where the securities are on loan. There were no losses during the year ended December 31, 2010, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2010, ACERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in short term investment pools managed by the securities lending agent. During fiscal year 2010, the short term investment fund was separated into two investment pools: 1) a liquidity pool and 2) a duration pool. As of December 31, 2010, the liquidity pool had an average duration of 26 days and an average weighted final maturity of 32 days for USD collateral. The duration pool had an average duration of 35 days and an average weighted final maturity of 477 days for USD collateral. For the year ended December 31, 2010, ACERA had no credit risk exposure to borrowers because the amounts ACERA owes them exceeded the amounts they owe ACERA.

As of December 31, 2010, ACERA had securities on loan with a fair value of $538.5 million for cash collateral of $523.9 million.

Summary of County Deposits and Investments

The following table is a summary of the deposits and investments as of June 30, 2011:

Cash:	
Cash On Hand and Deposits in Transit	$ 2,725
Cash In Bank - with County Treasurer	593,802
Adjust ACERA cash to 12/31/2010	1,027
Restricted Cash - with Component Unit (ACMC)	600
Total Cash	598,154
Investments:	
In Treasurer's Pool	$ 2,573,261
with ACERA	5,215,478
with fiscal agents	596,358
Securities lending - ACERA	523,857
Total Investments	8,908,954
Total Cash and Investments	$ 9,507,108
Primary Government	$ 9,456,761
Component Unit (ACMC)	50,347
Total Cash and Investments	$ 9,507,108

(amounts in tables expressed in thousands)

Total County deposits and investments at fair value are as follows:

	Primary Government			Component Unit
	Governmental Activities	Fiduciary Funds	Total	
Cash and investments with County Treasurer	$ 1,484,602 [1]	$ 1,636,466 [2]	$ 3,121,068	$ 49,747
Cash and investments with fiscal agents	293,332	5,215,478	5,508,810	-
Restricted Assets:				
Cash and investments with fiscal agents	303,026	-	303,026	600
Invested securities lending collateral	-	523,857	523,857	-
Total cash and investments	$ 2,080,960	$ 7,375,801	$ 9,456,761	$ 50,347
Deposits and cash on hand			$ 547,807	$ 50,347
Investments			8,908,954	-
Total deposits and investments			$ 9,456,761	$ 50,347

1 Includes cash and investments with the County Treasurer of total governmental funds ($1,347,510) and internal service funds ($137,092).

2 Includes deposits and investments with the County Treasurer of pension and other employee benefits trust funds ($2,896), investment trust fund ($1,459,119), private purpose trust ($13,332) and agency funds ($161,119).

3. Receivables

Receivables as of June 30, 2011, for the County's individual major funds, non-major funds in the aggregate, and the internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds									
	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Non-major Governmental Funds	Subtotal	Internal Service Funds	Governmental Activities Total
Interest	$ 1,336	$ 10	$ 184	$ (19)	$ 62	$ 57	$ 205	$ 1,835	$ 137	$ 1,972
Taxes	45,266	-	1,471	-	-	-	4,533	51,270	-	51,270
Departmental accounts	155,163	-	-	-	-	-	-	155,163	-	155,163
Federal and state grants and subventions	106,407	-	127	27,384	1,279	-	6,941	142,138	-	142,138
Charges for services	83,481	-	223	-	-	-	13,932	97,636	1,921	99,557
Other	6,821	225	-	151	419	-	8,253	15,869	-	15,869
Gross receivables	398,474	235	2,005	27,516	1,760	57	33,864	463,911	2,058	465,969
Less: allowance for uncollectibles	(127,193)	-	-	-	-	-	-	(127,193)	-	(127,193)
Net total receivable - governmental activities	$ 271,281	$ 235	$ 2,005	$ 27,516	$ 1,760	$ 57	$ 33,864	$ 336,718	$ 2,058	$ 338,776

Other receivables for pension and other employee benefit trust funds at December 31, 2010, are as follows:

Contributions	$ 12,765
Derivative Investments	9,145
Investments Sold	6,998
Investment Receivables	5,129
Other	303
Total other receivables at December 31, 2010	$ 34,340

4. Capital Assets

Capital asset activities of the primary government for the year ended June 30, 2011, are as follows:

GOVERNMENTAL ACTIVITIES

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated:				
Land and easements	$ 43,974	$ 2,261	$ -	$ 46,235
Construction in progress	85,027	100,929	8,415	177,541
Collections	50	-	-	50
Total capital assets, not being depreciated	129,051	103,190	8,415	223,826
Capital assets, being depreciated:				
Structures and improvements	893,002	17,616	631	909,987
Machinery and equipment	144,119	10,209	3,227	151,101
Software	34,514	-	-	34,514
Infrastructure	756,966	8,262	-	765,228
Total capital assets, being depreciated	1,828,601	36,087	3,858	1,860,830
Less accumulated depreciation for:				
Structures and improvements	418,503	22,634	568	440,569
Machinery and equipment	108,715	12,307	2,941	118,081
Software	30,579	1,574	-	32,153
Infrastructure	353,469	20,764	-	374,233
Total accumulated depreciation	911,266	57,279	3,509	965,036
Total capital assets, being depreciated, net	917,335	(21,192)	349	895,794
Governmental activities capital assets, net	$ 1,046,386	$ 81,998	$ 8,764	$ 1,119,620

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities	
General government	$ 4,633
Public protection	22,670
Public assistance	1,380
Health and sanitation	5,992
Public ways and facilities	18,088
Recreation and cultural services	381
Education	756
Capital assets held by the County's internal service funds charged to the various functions on a prorated basis based on their usage of the assets	3,379
Total depreciation expense – governmental activities	$ 57,279

(amounts in tables expressed in thousands)

The County has active construction projects as of June 30, 2011. The projects include construction of new facilities and improvements to roadways and flood control channels. The County's outstanding commitments with contractors as of June 30, 2011 are as follows:

Project	Spent-to-Date	Remaining Commitment
Construction of new health care facilities	$ 121,301	$ 377,605
Construction of new criminal justice facility	7,328	3,972
Road improvements	40,455	19,836
Flood control channel improvements	8,457	4,665
Total governmental funds	$ 177,541	$ 406,078

Fines and penalties imposed on criminal offenses provide the source of funding for the commitment for construction of a new criminal justice facility. Tobacco funds received from the master settlement agreement and issuance of debt finance the commitment for construction of new health care facilities. Gas tax and state and federal aid provide funding for the commitment for road improvements. The commitment for flood control channel improvements is being funded from general flood zone benefit assessments and property taxes.

Capital Leases

The County has entered into leases for buildings, fire equipment, and water efficiency improvements. The lease agreements for fire equipment qualify as capital leases for accounting purposes because title transfers at the end of the lease term and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The leases for the buildings qualify as capital leases for accounting purposes because one lease agreement contains a bargain purchase option while the present value of the minimum lease payments at the inception of the lease for the other lease agreement equals at least 90% of the fair value of the leased property. The leased buildings were recorded at fair market value at the date of the lease agreement. The lease agreement for the water efficiency improvements contains a bargain purchase option; hence, the water efficiency improvements were capitalized as structures and improvements at an amount equal to the present value of the minimum lease payments as of the beginning of the lease term.

The assets acquired through capital leases for governmental activities are as follows:

Structures and Improvements	$ 29,896
Machinery and equipment	991
Total	30,887
Less accumulated amortization	(5,854)
Net book value	$ 25,033

FIDUCIARY FUNDS – Pension and Other Employee Benefit Trust

Capital asset activities of the Pension and other employee benefit trust for the year ended December 31, 2010, are as follows:

	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010
Capital assets, not being depreciated:				
Construction in progress	$ 686	$ 1,338	$ -	$ 2,024
Capital assets, being depreciated:				
Equipment and Furniture	2,730	47	-	2,777
Information Systems	10,457	-	-	10,457
Leasehold Improvements	2,465	-	-	2,465
Total capital assets, being depreciated	15,652	47	-	15,699
Less accumulated depreciation for:				
Equipment and Furniture	2,368	134	-	2,502
Information Systems	10,457	-	-	10,457
Leasehold Improvements	291	90	-	381
Total accumulated depreciation	13,116	224	-	13,340
Total capital assets, being depreciated, net	2,536	(177)	-	2,359
Fiduciary fund capital assets, net	$ 3,222	$ 1,161	$ -	$ 4,383

COMPONENT UNIT – Alameda County Medical Center

Capital asset activities of the Alameda County Medical Center for the year ended June 30, 2011, are as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated:				
Construction in progress	$ 1,825	$ 5,381	$ 4,286	$ 2,920
Land	-	751	-	751
Total capital assets, not being depreciated	1,825	6,132	4,286	3,671
Capital assets, being depreciated:				
Structures and improvements	40,183	2,983	751	42,415
Machinery and equipment	72,504	5,391	23	77,872
Total capital assets, being depreciated	112,687	8,374	774	120,287
Less accumulated depreciation for:				
Structures and improvements	25,184	1,480	-	26,664
Machinery and equipment	52,268	7,868	20	60,116
Total accumulated depreciation	77,452	9,348	20	86,780
Total capital assets, being depreciated, net	35,235	(974)	754	33,507
Component unit capital assets, net	$ 37,060	$ 5,158	$ 5,040	$ 37,178

(amounts in tables expressed in thousands)

5. Accounts Payable and Accrued Expenditures/Expenses

Accounts payable and accrued expenditures/expenses as of June 30, 2011, for the County's individual major funds, non-major funds in the aggregate, and internal service funds are as follows:

	Governmental Funds								
	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Other Governmental Funds	Subtotal	Internal Service Funds	Governmental Activities Total
Accounts payable	$ 51,212	$ -	$ 2,024	$ 6,928	$ 5,173	$ 8,659	$ 73,996	$ 7,902	$ 81,898
Outstanding warrants	44,979	-	-	-	-	-	44,979	-	44,979
Accrued payroll	39,084	11	1,560	1,179	-	4,352	46,186	2,720	48,906
Total accounts payable and accrued expenditures	$ 135,275	$ 11	$ 3,584	$ 8,107	$ 5,173	$ 13,011	$ 165,161	$ 10,622	$ 175,783

Payables for Pension and Other Employee Benefit Trust Funds are as follows:

Purchase of securities	$ 27,813
Investment-related payables	12,904
Member benefits	2,587
Accrued administrative expenses	2,450
Other	158
Total accounts payable and accrued expenses	$ 45,912

Payables for the Investment Trust Fund and Agency Funds consist of outstanding warrants and estate funds held by the Public Administrator.

6. Long-Term Obligations

The following is a summary of long-term obligations of the County as of June 30, 2011:

GOVERNMENTAL ACTIVITIES

Type of Obligation and Purpose	Maturity	Interest Rates	Original Issue	Outstanding
Certificates of participation:				
Public Facilities Corporation:				
1989 Capital Projects capital appreciation bonds-principal (b)	6/15/2019	6.70-6.80%	$ 26,664	$ 3,656
2001A Refunding (a)	12/1/2021	3.80-5.375	148,455	97,455
2007A Refunding (a)	12/1/2021	4-5.625	37,010	27,760
Certificates of participation-principal				128,871
1989 Capital Projects capital appreciation bonds-accretion (b)				12,043
Tobacco Settlement Asset-Backed bonds				
Tobacco Securitization bonds 2002 (g)	6/1/2042	2.25-6.00	220,525	178,400
Tobacco Securitization capital appreciation bonds 2006 - A & B (g)	6/1/2050	6.2-6.7	51,475	51,475
Tobacco Securitization capital appreciation bonds 2006 - C (g)	6/1/2055	7.55	16,384	16,384
Tobacco Securitization bonds-principal				246,259
Tobacco Securitization capital appreciation bonds 2006 - accretion (g)				28,621
Pension obligation bonds				
1996 bonds series B capital appreciation bonds-principal (a)	12/1/2018	7.03-7.58	306,863	154,585
1996 bonds series B capital appreciation bonds-accretion (a)				292,008
Lease revenue bonds				
Alameda County Joint Powers Authority:				
Juvenile Justice Facility Bonds Series D (a)	12/1/2034	3.3-5.125	28,275	17,210
Juvenile Justice Refunding 2008A (a)	12/1/2034	4.0-5.0	120,145	120,145
Multiple Capital Projects 2010A (a)	12/1/2044	7.046	320,000	320,000
Association of Bay Area Governments:				
2004 ABAG 40 Refunding (c)	6/1/2012	2-3.75	6,095	835
Lease revenue bonds				458,190
Tax allocation bonds				
Alameda County Redevelopment Agency:				
Eden Area Redevelopment Bonds (i)	8/1/2036	4.0-5.0	34,735	31,890
Capital leases				
Fire equipment (h)	11/30/2012	0	697	174
Water efficiency measures (f)	10/30/2023	4.08	3,000	2,591
Structures & Improvement - 7200 Bancroft Ave. (a)	2/28/2021	52.07	1,896	1,896
Structures & Improvement - 2000 San Pablo Ave. (a)	11/21/2035	13.2	25,000	24,855
Capital leases payable				29,516
Other Long-term obligations				
Special assessment bonds with government commitment				
West Happyland assessment district 1999 refunding (d)	9/2/2011	4.2-5.65	395	20
Tennyson-Alquire assessment district 1999 refunding (d)	9/2/2012	4.2-5.70	1,435	200
Special assessment bonds				220
Loans Payable (f)	6/22/2016 to 6/22/2026	1.0-4.1	16,620	12,743
Note Payable (a)	1/5/2012	.14-.20	25,000	25,000
Note Payable (i)	5/1/2014	4.5-9.77	1,322	1,322
Net pension obligation (e)				42,085
Net OPEB obligation (e)				116,467
Compensated employee absences payable (e)				66,722
Estimated liability for claims and contingencies (f)				92,805
Due to other governmental units (i)				6,812
Obligation to fund Authority deficit (see Note 14) (a)				72,450
Other long-term obligations				436,626
Governmental activities total long-term obligations				$ 1,818,609

Debt service payments are generally made from the following sources:

(a) Discretionary revenues of the general fund.
(b) Discretionary revenues of the fund that received the benefit of the asset, purchased or constructed.
(c) Discretionary revenues of the Road special revenue fund in non-major governmental funds.
(d) Tax assessments on benefited properties within the assessment districts.
(e) Discretionary revenues of the fund in which the employee's salary is charged.
(f) User-charge reimbursements from the general fund and the non-major governmental funds.
(g) Revenues from tobacco master settlement agreement.

(amounts in tables expressed in thousands)

(h) Discretionary revenues of the Fire special revenue fund in non-major governmental funds.
(i) Tax increment revenues with respect to the redevelopment project area.

The Alameda County Tobacco Asset Securitization Authority has pledged all revenues received from the tobacco master settlement agreement with four US tobacco manufacturers to repay the outstanding amount as of June 30, 2011 of $178.4 million in tobacco securitization bonds issued in October 2002 and $67.86 million of tobacco securitization capital appreciation bonds issued in February 2006. The bonds were issued to finance the acquisition of the County Tobacco Assets from the County of Alameda. Total principal, interest, and interest accretion remaining on the bonds is $1.9 billion, payable through June 2055. The tobacco revenue is determined by applying a rate to the number of cigarettes sold; hence, the amount to be received over the term of the bonds is not estimable. During the year, principal and interest payments were $14.6 million while tobacco settlement revenue was $13.2 million.

On February 2, 2006, the Alameda County Redevelopment Agency issued $34.7 million in tax allocation bonds Series 2006A to finance redevelopment eligible activities in Castro Valley, Cherryland, and San Lorenzo project areas. Interest on the bonds varies from 4.0 to 5.0 percent and is payable twice a year, August 1 and February 1, while principal on the bonds is payable on August 1 every year. Total principal and interest remaining on the bonds is $54.6 million, with the final payment due on August 1, 2036. The tax allocation bonds are secured and to be serviced from tax increment revenues of the project areas. All project tax increment revenues except dedicated housing tax increment allocation are the security for the bonds. These revenues have been pledged until the year 2036. The total debt service estimated is $54.6 million which is 11.89 percent of the total projected net tax increment revenues of $459 million during the bond period. Pledged tax increment revenue recognized during the fiscal year ended June 30, 2011 was $2.1 million as against the total debt service payment of $2.1 million.

COMPONENT UNIT

Type of Obligation	Outstanding
Alameda County Medical Center:	
Compensated employee absences payable	$ 15,611
Estimated liability for claims and contingencies	21,690
Component unit total long-term obligations	$ 37,301

Debt Compliance

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

Legal Debt Limit and Legal Debt Margin

As of June 30, 2011, the County's debt limit (1.25% of total assessed value) was $2.45 billion. The County does not have any general obligation debt and therefore, has not used any of its debt limit.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debts issued after August 31, 1986, are subject to arbitrage rebate requirements. The requirements stipulate, in general, that the excess of earnings from the investment of tax-exempt bond proceeds over related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The County has evaluated each outstanding debt obligation that is subject to the arbitrage rebate requirements and has no deferred interest income as of June 30, 2011.

Conduit Debt

In addition to the long-term obligations discussed above, the following types of long-term obligations have been issued in the name of the County or agencies of the County. Neither the County, nor its agencies, is obligated in any manner for the repayment of these obligations. Accordingly, they are not included in the accompanying financial statements, except as noted below.

Mortgage revenue bonds - In order to facilitate affordable housing to first time home buyers, the County issued mortgage revenue bonds with an outstanding aggregate balance of $36.0 million as of June 30, 2011. These obligations are secured by the related mortgage indebtedness.

Industrial development bonds – In order to encourage industrial development within the County, the County has issued industrial development bonds with an outstanding aggregate balance of $102 million as of June 30, 2011. These obligations are the liability of the businesses that receive the proceeds of the bonds.

Assessment District bonds – Assessment district bonds were issued to improve the water and sewer system in the Castlewood district of Alameda County. At June 30, 2011, $0.89 million was the remaining outstanding obligation. Similarly, assessment district bonds were issued to construct storm drains, roads, sidewalks, water, and sewer system in Tennyson-Alquire and West Happyland townships in the City of Hayward. At June 30, 2011, $0.22 million was the remaining outstanding obligation. Unpaid assessments constitute fixed liens on the lots and parcels assessed within the assessment district and do not constitute a personal indebtedness of the respective owners of such lots and parcels. Even though the County is not obligated to advance any resources to cure any deficiencies in the redemption funds of the Tennyson-Alquire and West Happyland townships issues, the County has the right to do so; therefore the debt has been included in the County's long-term obligations.

The County administers the general obligation debt of school districts and special districts under local boards that are located within the County. The County has no direct or contingent liability for their debts and, accordingly, such amounts are not included in the accompanying basic financial statements.

(amounts in tables expressed in thousands)

Changes in Long-Term Obligations

The changes in long-term obligations for governmental activities for the year ended June 30, 2011, are as follows:

	Balance July 1, 2010	Additional Obligations, Interest Accretion, and Net Increases	Current Maturities, Retirements, and Net Decreases	Balance June 30, 2011	Amounts Due Within One Year
Governmental activities:					
Bonds and certificates payable					
Certificates of participation	$ 147,350	$ -	$ (18,479)	$ 128,871	$ 19,539
Tobacco Securitization bonds	250,274	-	(4,015)	246,259	2,905
Pension obligation bonds	178,387	-	(23,802)	154,585	23,044
Lease revenue bonds	141,705	320,000	(3,515)	458,190	4,125
Tax allocation bonds	32,565	-	(675)	31,890	705
Special assessment bonds with government commitment	335	-	(115)	220	120
Total bonds and certificates payable before accretion	750,616	320,000	(50,601)	1,020,015	50,438
Accretion on capital appreciation bonds					
Certificates of participation	12,871	1,173	(2,001)	12,043	2,041
Tobacco Securitization bonds	22,525	6,096	-	28,621	-
Pension obligation bonds	299,353	33,918	(41,263)	292,008	44,951
Total bonds and certificates payable at accreted value	1,085,365	361,187	(93,865)	1,352,687	97,430
Other debt-related items					
Deferred amount for issuance premiums	8,377	-	(746)	7,631	743
Deferred amount for issuance discount	(4,389)	-	135	(4,254)	(136)
Deferred amount for refunding loss	(11,385)	-	1,290	(10,095)	(1,286)
Total bonds and certificates payable	1,077,968	361,187	(93,186)	1,345,969	96,751
Loans and notes payable	12,129	28,040	(1,104)	39,065	26,288
Net pension obligation	42,857	-	(772)	42,085	-
Net OPEB obligation	72,400	44,067	-	116,467	-
Compensated employee absences payable	65,695	32,383	(31,356)	66,722	39,404
Estimated liability for claims and contingencies	98,548	15,692	(21,435)	92,805	23,200
Capital leases	29,849	-	(333)	29,516	343
Due to other governmental units	6,707	391	(286)	6,812	-
Obligation to fund Coliseum Authority deficit (see Note 14)	76,000	-	(3,550)	72,450	3,750
Governmental activity long-term obligations	$ 1,482,153	$ 481,760	$ (152,022)	$ 1,811,891	$ 189,736

Internal service funds predominantly serve the governmental funds, the long-term liabilities of which are included as part of the above totals for governmental activities. At the year ended June 30, 2011, $3.17 million of accrued compensated employee absences are included in the above amounts.

The changes in long-term obligations for the component unit for the year ended June 30, 2011, are as follows:

Component Unit:	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Amounts Due Within One Year
Compensated employee absences payable	$ 14,943	$ 18,899	$ (18,231)	$ 15,611	$ 8,410
Estimated liability for claims and contingencies	20,616	3,486	(2,412)	21,690	5,319
Total component unit long-term obligations	$ 35,559	$ 22,385	$ (20,643)	$ 37,301	$ 13,729

Annual debt service requirements for long-term obligations outstanding as of June 30, 2011, are as follows:

GOVERNMENTAL ACTIVITIES

For the Year Ending June 30	Lease Revenue Bonds		Tobacco Securitization Bonds			Pension Obligation Bonds		Tax Allocation Bonds		Total Bonds		
	Principal	Interest	Principal	Accreted Interest	Interest	Principal	Accreted Interest	Principal	Interest	Principal	Accreted Interest	Interest
2012	$ 4,125	$ 29,228	$ 2,905	$ -	$ 10,450	$ 23,044	$ 44,951	$ 705	$ 1,409	$ 30,779	$ 44,951	$ 41,087
2013	3,235	29,032	-	-	10,312	22,263	48,792	730	1,381	26,228	48,792	40,725
2014	3,400	28,864	-	-	10,312	21,490	52,760	760	1,351	25,650	52,760	40,527
2015	3,785	28,698	-	-	10,312	20,623	56,972	790	1,320	25,198	56,972	40,330
2016	3,500	28,548	-	-	10,312	20,053	61,032	825	1,288	24,378	61,032	40,148
2017-2021	22,005	139,939	2,590	-	51,315	47,112	171,923	4,630	5,906	76,337	171,923	197,160
2022-2026	28,040	133,907	-	-	50,946	-	-	5,665	4,842	33,705	-	189,695
2027-2031	36,010	125,940	51,485	-	45,025	-	-	6,995	3,487	94,490	-	174,452
2032-2036	56,665	115,348	45,170	-	33,490	-	-	8,765	1,645	110,600	-	150,483
2037-2041	150,655	79,217	-	-	22,875	-	-	2,025	51	152,680	-	102,143
2042-2046	146,770	21,197	76,250	-	4,575	-	-	-	-	223,020	-	25,772
2047-2051	-	-	51,475	-	-	-	-	-	-	51,475	-	-
2052-2056	-	-	16,384	764,585	-	-	-	-	-	16,384	764,585	-
2057-2061	-	-	-	616,926	-	-	-	-	-	-	616,926	-
Total	$ 458,190	$ 759,918	$ 246,259	$ 1,381,511	$ 259,924	$ 154,585	$ 436,430	$ 31,890	$ 22,680	$ 890,924	$ 1,817,941	$ 1,042,522

For the Year Ending June 30	Total Bonds			Certificates of Participation			Other Long-Term Obligations		Total Debt		
	Principal	Accreted Interest	Interest	Principal	Accreted Interest	Interest	Principal	Interest	Principal	Accreted Interest	Interest
2012	$ 30,779	$ 44,951	$ 41,087	$ 19,539	$ 2,041	$ 5,983	$ 26,751	$ 4,957	$ 77,069	$ 46,992	$ 52,027
2013	26,228	48,792	40,725	20,212	2,078	5,035	1,730	4,941	48,170	50,870	50,701
2014	25,650	52,760	40,527	21,033	2,112	3,974	2,901	4,828	49,584	54,872	49,329
2015	25,198	56,972	40,330	14,135	2,150	3,056	1,644	4,678	40,977	59,122	48,064
2016	24,378	61,032	40,148	7,580	2,180	2,491	1,711	4,644	33,669	63,212	47,283
2017-2021	76,337	171,923	197,160	37,832	6,702	6,889	7,832	20,350	122,001	178,625	224,399
2022-2026	33,705	-	189,695	8,540	-	204	3,065	15,745	45,310	-	205,644
2027-2031	94,490	-	174,452	-	-	-	1,407	14,883	95,897	-	189,335
2032-2036	110,600	-	150,483	-	-	-	21,760	12,306	132,360	-	162,789
2037-2041	152,680	-	102,143	-	-	-	-	-	152,680	-	102,143
2042-2046	223,020	-	25,772	-	-	-	-	-	223,020	-	25,772
2047-2051	51,475	-	-	-	-	-	-	-	51,475	-	-
2052-2056	16,384	764,585	-	-	-	-	-	-	16,384	764,585	-
2057-2061	-	616,926	-	-	-	-	-	-	-	616,926	-
Total	$ 890,924	$ 1,817,941	$ 1,042,522	$ 128,871	$ 17,263	$ 27,632	$ 68,801	$ 87,332	$ 1,088,596	$ 1,835,204	$ 1,157,486

It is not practical to determine the specific year of payment for the net pension obligation, the net OPEB obligation, the accrued compensated employee absences payable, the estimated liability for claims and contingencies, the obligation to fund Coliseum Authority deficit, and the amount due to other governmental units. Amounts due within one year for the accrued compensated employee absences and the estimated liability for claims and contingencies are estimates based on prior year experience.

The County issued $25 million in commercial paper notes on July 29, 2010 and has completed several subsequent refunding of these short-term notes. The commercial paper notes were issued to provide construction financing for the Acute Care Tower Seismic Replacement Project.

On November 4, 2010, the Alameda County Joint Powers Authority issued $320 million Lease Revenue Bonds (Multiple Capital Projects) 2010 Series A to fund the first phase of the Acute Tower Replacement project at the Alameda County Medical Center; to fund the required deposit to the Reserve Fund; to fund the Capitalized Interest account; and to pay for the costs of issuance of the 2010 Series A bonds. The issuance was for term bonds at a fixed rate of 7.046 percent maturing between 12/1/2035 and 12/1/2044. The bonds will receive interest subsidies at 35 percent for the $208 million Build America Bonds (BABs) and 45 percent for the $112 million Recovery Zone Economic Development Bonds (RZEDB). The interest subsidies reduce the County's costs to 4.58 percent for the BABs and 3.875 percent for the RZEDB. The financing was undertaken to modernize and ensure that the Alameda County Medical Center meets the seismic standards issued by the State of California.

7. Operating Lease Obligations

The County has numerous operating leases for office space. Rental expense for operating leases for fiscal year 2009/10 was $23.1 million. Future minimum lease payments for operating leases at June 30, 2011, are as follows:

2011/12	2012/13	2013/14	2014/15	2015/16	2017-21	2022-26	Total
$ 25,215	$ 19,295	$ 16,657	$ 14,515	$ 13,525	$ 46,447	$ 4,352	$ 140,006

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8. Fund Balances

Details of the fund balance classifications of the major and non-major governmental funds as of June 30, 2011 are as follows:

	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Nonmajor	Total
Nonspendable in form:								
Inventory	$ -	$ -	$ -	$ -	$ -	$ -	$211	$211
Long-term receivables	1,470	-	-	-	-	-	-	1,470
Properties for resale	255	-	-	-	-	-	-	255
Properties for redevelopment	-	-	-	-	-	-	5,096	5,096
Prepaid items	-	-	-	-	-	-	114	114
Total Nonspendable	1,725	-	-	-	-	-	5,421	7,146
Restricted for:								
Public protection	123,078	-	173,138	-	-	-	43,836	340,052
Public assistance	1,465	-	-	-	-	-	77,291	78,756
Health and sanitation	174,020	-	-	-	-	-	16,703	190,723
Public ways and facilities	-	-	-	-	-	-	71,968	71,968
Education	-	-	-	-	-	-	12,211	12,211
Debt service	-	-	-	-	-	110,618	21,517	132,135
Other purposes	5,072	-	-	-	-	-	-	5,072
Total Restricted	303,635	-	173,138	-	-	110,618	243,526	830,917
Committed to:								
Fiscal management rewards	169,790	-	-	-	-	-	-	169,790
Settlement claims	163,500	-	-	-	-	-	-	163,500
General contingencies	149,758	-	-	-	-	-	-	149,758
Capital projects	55,587	-	-	-	258,963	-	-	314,550
Pension obligation bonds	32,500	-	-	-	-	-	-	32,500
Capital projects and related debt	-	308,958	-	-	-	-	-	308,958
Public assistance	417	-	-	-	-	-	-	417
Public protection	397	-	-	-	-	-	-	397
Other commitments	66,652	-	-	-	-	-	-	66,652
Total Committed	638,601	308,958	-	-	258,963	-	-	1,206,522
Assigned to:								
Appropriations in subsequent year	56,792	-	-	-	-	-	-	56,792
General government	9,761	-	-	-	-	-	-	9,761
Public protection	11,384	-	-	-	-	-	3,003	14,387
Public assistance	7,444	-	-	-	-	-	-	7,444
Health and sanitation	16,463	-	-	-	-	-	-	16,463
Public ways and facilities	75	-	-	-	-	-	-	75
Education	12	-	-	-	-	-	-	12
Recreation and cultural services	5	-	-	-	-	-	-	5
Other purposes	25	-	-	-	-	-	-	25
Total Assigned	101,961	-	-	-	-	-	3,003	104,964
Unassigned	16,996	-	-	(1,930)	-	-	-	15,066
Total Fund Balances	$1,062,918	$308,958	$173,138	($1,930)	$258,963	$110,618	$251,950	$2,164,615

Encumbrance balances by major funds and non-major funds as of June 30, 2011 are:

	Restricted	Committed	Assigned	Total
General Fund	$ 1,532	$ -	$ 42,057	$ 43,589
Property Development	-	388	-	388
Flood Control	32,463	-	-	32,463
Grant Revenue	8,155	-	-	8,155
Capital projects	-	397,535	-	397,535
Non-major governmental funds	31,157	-	224	31,381
Total encumbrances	$ 73,307	$ 397,923	$ 42,281	$ 513,511

9. Restricted Net Assets

Restricted net assets are net assets that are subject to constraints either externally imposed by creditors, grantors, contributors, or by enabling legislation. Restricted net assets as of June 30, 2011 for governmental activities are as follows:

Restricted for Public Protection		
Flood	$173,502	
Criminal Justice and Courthouse Construction	49,504	
Fire	27,569	
Public Safety	17,045	
Sheriff	23,188	
Vital Records	17,686	
Consumer Protection	10,865	
Community Development	6,350	
Domestic Violence	536	
Vehicle Theft Prevention	979	
Survey Monument Preservation	713	
Child Support Enforcement	1,027	
Probation	115	
Criminal Justice Programs	378	
Other	1,171	
		$330,628
Restricted for Public Assistance		
Housing and Commercial Development	75,042	
Social Services Programs	1,533	
		76,575
Restricted for Health and Sanitation		
Public Health	47,925	
Behavioral Health Services	105,424	
Emergency Medical Services	27,320	
Environmental Health	8,815	
		189,484
Restricted for Public Ways and Facilities		
Roads and Bridges Maintenance	67,940	
Streets and Highway Lighting	3,474	
		71,414
Restricted for Education		
Library Services		12,325
Restricted for Other Purposes		
Property Taxes	12,490	
Assessor	5,068	
		17,558
Total Restricted Net Assets-Governmental Activities		$697,984

Included in governmental activities restricted net assets as of June 30, 2011 are net assets restricted by enabling legislation of $116,797.

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10. Interfund Receivables, Payables and Transfers

"Due to" and "due from" balances have been recorded for cash overdraft, inter-fund loans, and reimbursement of expenditures. The composition of inter-fund balances as of June 30, 2011, is as follows:

	Due to other funds			
Due from other funds	Grant Revenue Fund	Capital Projects Fund	Non-major Governmental Funds	Total Due from
General fund	$ 21,186	$ 2,290	$ 6,329	$ 29,805
Non-major governmental funds	-	1,798	-	1,798
Total Due to	$ 21,186	$ 4,088	$ 6,329	$ 31,603

During the course of operations, transactions occur between the County and ACMC for goods received or services rendered and for loans. These receivables and payables are classified as "due from component unit" and "due to component unit" on the basic financial statements.

The County has advanced funds to the ACMC to finance capital improvements at ACMC's medical facilities. These advances are shown as "advance to component unit" and "advance from primary government" on the basic financial statements.

Due to/from primary government and component unit:

Receivable Entity	Payable Entity	Amount
	Alameda County Medical Center	$ 123,268
Primary government-governmental		$ 123,268
Less: allowance for uncollectibles		(31,000)
Net		$ 92,268
Alameda County Medical Center	Primary government-governmental	$ 6,587

Advances to/from primary government and component unit:

Receivable Entity	Payable Entity	Amount
Primary government-governmental	Alameda County Medical Center	$ 5,667

Transfers between funds for the year ending June 30, 2011, are as follows:

	Transfers In:						
Transfers out:	General Fund	Grant Revenue Fund	Capital Projects Fund	Debt Service Fund	Non-major Governmental Funds	Internal Service Funds	Total Transfers Out
General fund	$ -	$ 116	$ 10,020	$ 56,340	$ -	$ 42	$66,518
Property development fund	602	-	-	9,501	7	-	10,110
Grant revenue fund	208	-	-	26	-	234	468
Capital projects fund	-	-	-	2,946	-	-	2,946
Non-major governmental funds	354	-	1,155	943	1,825	-	4,277
Internal service funds	1,975	-	-	7,055	-	-	9,030
Total transfers in	$ 3,139	$ 116	$ 11,175	$ 76,811	$ 1,832	$ 276	$93,349

The $66.518 million General Fund transfer-out includes $37.208 million for pension obligations, $19.132 million to provide for the payment of debt service, and $9.745 million to provide funding for acquisition of real estate properties.

The $10.110 million Property Development Fund transfer out includes $9.501 million reimbursement to the Debt Service Fund for the Juvenile Justice bond payment.

The $2.946 million Capital Projects Fund transfer out is for the payment of debt service.

The $4.277 million Non-major Governmental Funds transfer out includes $1.825 million to cover operating costs of the bridges, $1.155 million to provide funding for construction projects, and $.861 million for payment of debt service, and $.562 million to reimburse the general fund for grant expenditures.

The $9.030 million Internal Service Funds transfer out includes $7.055 million for the payment of debt service and $1.938 million for payment of energy loans and leases.

11. Defined Benefit Pension Plan

A. Plan Description

The County is the major participant in the Alameda County Employees' Retirement Association (ACERA). The total payroll covered by ACERA was $898.3 million as of December 31, 2010. ACERA began operations on January 1, 1948 and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, policies and procedures adopted by the Board of Retirement. ACERA operates as a cost-sharing multiple-employer defined benefit plan for the County, the Superior Court of California, the Zone 7 Water Agency, and five participating special districts located in the County, but not under the control of the County Board of Supervisors.

ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State Law and are subject to amendment only by an act of the State of California legislature. Alternative benefit and contribution schedules are permissible with the Board of Supervisors' approval. All risks and costs, including benefit costs, are shared by the participating entities. An actuarial valuation is performed annually for the system as a whole. ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2010 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

Plan Membership: All full-time employees of participating entities appointed to permanent positions are required by statute to become members of ACERA. Safety membership includes employees who are in active law enforcement, probation officers and juvenile hall counselors. General membership includes all other eligible classifications.

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Membership of ACERA as of December 31, 2010 is as follows (amounts not in thousands):

Members Now Receiving Benefits	
Service Retirement	5,696
Disability Retirement	798
Beneficiaries and Survivors	1,054
Subtotal	7,548
Active Members	
Active Vested Members	7,824
Active Non-vested Members	3,025
Subtotal	10,849
Deferred Members	1,847
Total Membership	20,244

B. Funding Policy

The Pension Plan under the 1937 Act has no legal or contractual maximum contribution rates. The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits, and are between 6.36 and 20.95 percent of their annual covered salary effective September 2010. Member contributions are refundable upon termination from the retirement system.

The 1937 Act provides the authority for the establishment of ACERA benefit provisions. In most cases where the law provides options concerning the allowance of credit for service, the offering of benefits, or the modification of benefit levels, the law generally requires approval of the employers' governing board for the option to take effect. Separately, in 1984 the Alameda County Board of Supervisors and the Board of Retirement approved the adoption of Article 5.5 of the 1937 Act. This adoption permitted the establishment of a Supplemental Retirees Benefit Reserve (SRBR) for ACERA.

Article 5.5 provides for the systematic funding of the SRBR and stipulates that it be used only for the benefit of retired members and beneficiaries. The law grants discretionary authority over the use of the SRBR funds to the Board of Retirement. Supplemental benefits currently provided through the SRBR include supplemental COLA, supplemental retired member death benefits, active death equity benefit and the retiree monthly medical allowance, vision, dental, and Medicare Part B coverage. The payment of supplemental benefits from the SRBR is subject to available funding and must be periodically re-authorized by the Board of Retirement. SRBR benefits are not vested.

In 2006 the Board of Retirement approved the allocation of SRBR funds to Postemployment Medical Benefits and Other Pension Benefits. These two programs provide the supplemental benefits described above.

The County is required by statute to contribute the amounts necessary to finance the estimated benefits accruing to the employees. The contributions to the plan are as follows:

Fiscal year ended June 30	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2009	$ 98,540	100.7 %	$ 43,572
2010	102,658	100.7	42,857
2011	117,675	100.7	42,085

For the fiscal year ended June 30, 2011, the employees' contributions to the plan for the same period were $56.4 million.

The following table shows the County's annual pension cost for the year, the amount actually contributed to the plan, and changes in the County's net pension obligation:

Annual required contributions	$ 118,447
Interest on net pension obligation	3,429
Adjustment to annual required contributions	(4,201)
Annual pension cost	117,675
Pension contributions	(118,447)
Change in net pension obligation	(772)
Net pension obligation, beginning of fiscal year	42,857
Net pension obligation, end of fiscal year	$ 42,085

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Pension Plan's actuarial accrued liability at December 31, 2010 was $6.16 billion; the actuarial value of assets was $4.78 billion; the unfunded actuarial accrued liability was $1.39 billion; and the funded ratio was 77.5%. Covered payroll was $898.3 million and the ratio of unfunded actuarial accrued liability to covered payroll was 154.4%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 83.

C. *Actuarial Assumptions*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The projections for pension plan are based on the following actuarial methods and assumptions:

COUNTY OF ALAMEDA, CALIFORNIA

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(amounts in tables expressed in thousands)
JUNE 30, 2011

Valuation date	12/31/2009	12/31/2010
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	23 years	22 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods	
Interest rate	7.90%	7.90%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.70 - 8.00%
Safety	5.30 - 9.10%	5.30 - 9.10%
Demographics:		
(A) Healthy		
General members and all beneficiaries	RP-2000 Combined Healthy Mortality table set back one year	
Safety members	RP-2000 Combined Healthy Mortality table set back two years	
(B) Disability		
General members	RP-2000 Combined Healthy Mortality table set forward four years	
Safety members	RP-2000 Combined Healthy Mortality table set forward three years	
(C) For Employee Contribution Rate Purposes		
General members	RP-2000 Combined Healthy Mortality table set back one year, weighted 30% male and 70% female	
Safety members	RP-2000 Combined Healthy Mortality table set back two years, weighted 75% male and 25% female	
Postemployment benefit increases:		
Tier 1 and 3 members	3%	3%
Tier 2 members	2%	2%

12. Postemployment Medical Benefits

A. *Plan Description*

ACERA administers a medical benefits program for retired members and their eligible dependents. This is not a benefit entitlement program and benefits are subject to modification and/or deletion by the ACERA Board of Retirement. Annually, based on the recommendation of the Board of Retirement, the Board of Supervisors designates a portion of the County's contribution to retirement towards medical premiums of retirees. The postemployment medical benefits program operates as a cost-sharing multiple-employer benefit plan for the County, the Superior Court of California for the County of Alameda, the Zone 7 Water Agency, and five participating special districts located in the County, but not under the control of the County Board of Supervisors.

The County arranges health insurance coverage for employees, negotiating coverage levels and premium rates annually with several carriers. Employees who meet certain eligibility conditions and make the required contributions may continue coverage in those same health plans after retirement until they become Medicare eligible. Currently, the County uses a single blended rate for budgeting and setting premium and contribution rates for both active employees and non-Medicare eligible retirees. The County funds the premiums for employees while ACERA funds the premiums for retirees. ACERA establishes the amount of the Monthly Medical Allowance (MMA). For employees who retire with a minimum 20 years of service, the MMA has been set at $522.16 per month in 2011.

As the underlying cost for non-Medicare eligible retirees is higher than the blended average of active members and non-Medicare eligible retirees, there is an implicit subsidy inherent in the cost allocation process. GASB Statement No. 45 requires employers using a blended rate for active and non-Medicare eligible retirees to recognize the implicit subsidy liability.

ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2010 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Funding Policy

Retired employees from the County receive a monthly medical allowance toward the cost of their retiree health insurance from the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is a funded trust that receives fifty percent of the investment earnings that are in excess of the target investment return of the ACERA pension fund. The County does not make postemployment medical benefit payments directly to retirees and has no ability to fund these benefits. However, the pension contribution would be lower if not for the excess interest transfer to the SRBR. Therefore, it is the County's view that a portion of the excess interest transfer by ACERA into the SRBR should be counted as a contribution toward the GASB Statement No. 45 annual required contribution (ARC).

The County's OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's annual postemployment medical benefit cost, the percentage of annual postemployment medical benefit cost contributed to the plan, and the net OPEB (asset) obligation for fiscal years 2009 through 2011 are as follows:

Fiscal year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset) Obligation
2009	$ 24,843	0.0 %	$ 6,438
2010	25,961	0.0	32,399
2011	31,439	0.0	63,838

COUNTY OF ALAMEDA, CALIFORNIA

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The following table shows the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the retiree health plan:

Annual required contributions	$ 31,882
Interest on net OPEB obligation	2,592
Adjustment to annual required contributions	(3,035)
Annual OPEB cost	31,439
OPEB contributions	-
Change in net OPEB obligation	31,439
Net OPEB obligation, beginning of fiscal year	32,399
Net OPEB obligation, end of fiscal year	$ 63,838

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Postemployment Benefit Plan's actuarial accrued liability at December 31, 2010 was $732.9 million; the actuarial value of assets was $561.3 million; the unfunded actuarial accrued liability was $171.5 million; and the funded ratio was 76.6%. Covered payroll was $898.3 million and the ratio of unfunded actuarial accrued liability to covered payroll was 19.1%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 83.

C. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarially determined amounts for the OPEB plan are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The projections for postemployment medical benefits plan are based on the following actuarial methods and assumptions:

(amounts in tables expressed in thousands)

Valuation date	12/31/2009	12/31/2010
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	26 years	25 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods	
Interest rate	7.90%	7.90%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.70 - 8.00%
Safety	5.30 - 9.10%	5.30 - 9.10%
Demographics:		
(A) Healthy		
General members and all beneficiaries	RP-2000 Combined Healthy Mortality table set back one year	
Safety members	RP-2000 Combined Healthy Mortality table set back two years	
(B) Disability		
General members	RP-2000 Combined Healthy Mortality table set forward four years	
Safety members	RP-2000 Combined Healthy Mortality table set forward three years	
(C) For Employee Contribution Rate Purposes		
General members	RP-2000 Combined Healthy Mortality table set back one year, weighted 30% male and 70% female	
Safety members	RP-2000 Combined Healthy Mortality table set back two years, weighted 75% male and 25% female	
Healthcare Cost Trend Rates:		
Monthly Medical Allowance (MMA)	Graded down from 10% by 0.5% per annum until ultimate rate of 5%	Graded down from the range [8%- 10%] by 0.5% per annum until ultimate rate of 5%
Dental and Vision	5%	5%
Medicare Part B	5%	5%
Postemployment benefit increases	Dental and vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. With the exception that the 2011 MMA is expected to be maintained at the same level as 2010, MMA subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit.	Dental and vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. With the exception that the 2012 MMA is expected to be maintained at the same level as 2011, MMA subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

13. Other Postemployment Benefits

A. Plan Description

ACERA also provides other postemployment benefits for retired members and their beneficiaries. The payment of these benefits is subject to available funding and must be periodically reauthorized by the Board of Retirement. These benefits include supplemental cost of living adjustment (COLA), retired member death benefit, and active death equity benefit. The other postemployment benefits program operates as a cost-sharing multiple-employer benefit plan for the County, the Superior Court of California, the Zone 7 Water Agency and five participating special districts located in the County, but not under the control of the County Board of Supervisors.

The supplemental COLA is to maintain each retiree's purchasing power at no less than 85% of the purchasing power of the original benefit. The retired member death benefit is a one-time $4,250 lump sum payment to the beneficiary of a retiree. The active death equity benefit is available to active members with five or more years of service credit. ACERA will fund the difference between the member's vested surviving spouse annuity benefit and a 100% surviving spouse annuity benefit.

ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2010 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Funding Policy

Retired employees from the County receive other postemployment benefits from the SRBR. The SRBR is a funded trust that receives fifty percent of the investment earnings that are in excess of the target investment return of the ACERA pension fund. The County does not make other postemployment benefit payments directly to retirees and has no ability to fund these benefits. However, the pension contribution would be lower if not for the excess interest transfer to the SRBR. Therefore, it is the County's view that a portion of the excess interest transfer by ACERA into the SRBR should be counted as a contribution toward the GASB Statement No. 45 ARC.

The County's other postemployment benefit cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's annual postemployment benefit cost, the percentage of annual postemployment benefit cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 through 2011 are as follows:

Fiscal year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 14,925	0.0 %	$ 24,410
2010	15,591	0.0	40,001
2011	12,628	0.0	52,629

(amounts in tables expressed in thousands)

The following table shows the County's annual other postemployment benefit cost for the year, the amount actually contributed to the plan, and changes in the County's net other postemployment benefit obligation:

Annual required contributions	$	13,175
Interest on net OPEB obligation		3,200
Adjustment to annual required contributions		(3,747)
Annual OPEB cost		12,628
OPEB contributions		-
Change in net OPEB obligation		12,628
Net OPEB obligation, beginning of fiscal year		40,001
Net OPEB obligation, end of fiscal year	$	52,629

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Other Postemployment Benefit Plan's actuarial accrued liability at December 31, 2010 was $176.5 million; the actuarial value of assets was $69.2 million; the unfunded actuarial accrued liability was $107.2 million; and the funded ratio was 39.2%. Covered payroll was $898.3 million and the ratio of unfunded actuarial accrued liability to covered payroll was 11.9%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 83.

C. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarially determined amounts for the other postemployment benefits plan are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The projections for other postemployment benefits plan are based on the following actuarial methods and assumptions:

Valuation date	12/31/2009	12/31/2010
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	26 years	25 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods	
Interest rate	7.90%	7.90%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.70 - 8.00%
Safety	5.30 - 9.10%	5.30 - 9.10%
Demographics:		
(A) Healthy		
General members and all beneficiaries	RP-2000 Combined Healthy Mortality table set back one year	
Safety members	RP-2000 Combined Healthy Mortality table set back two years	
(B) Disability		
General members	RP-2000 Combined Healthy Mortality table set forward four years	
Safety members	RP-2000 Combined Healthy Mortality table set forward three years	
(C) For Employee Contribution Rate Purposes		
General members	RP-2000 Combined Healthy Mortality table set back one year, weighted 30% male and 70% female	
Safety members	RP-2000 Combined Healthy Mortality table set back two years, weighted 75% male and 25% female	
Postemployment benefit increases	Supplemental COLA benefits are assumed to increase by the difference between inflation and the cost-of-living benefit guaranteed in the Pension Plan (3% for Tier 1 and Tier 3, and 2% for Tier 2), subject to other limitations.	

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(amounts in tables expressed in thousands)

14. Joint Venture

The County is a participant with the City of Oakland (City) in a joint exercise of powers agreement forming the Oakland-Alameda County Coliseum Authority (Coliseum 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 Marks-Roos Local Bond Pooling Act of 1985. The Oakland-Alameda County Coliseum Financing Corporation (Financing Corporation) is reported as a blended component unit of the Coliseum Authority. The eight-member Board of Commissioners of the Coliseum 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 Financing Corporation consists of the City Manager and the County Administrator.

In August 1995, the Coliseum Authority issued $9.2 million in Fixed Rate Refunding Lease Revenue Bonds and $188.5 million in Variable Rate Lease Revenue Bonds (collectively known as the Stadium Bonds) to satisfy certain obligations of the Coliseum Authority, the City, the County, the Financing Corporation and Oakland-Alameda County Coliseum Inc. (Coliseum Inc.), which then managed the operations of the Coliseum Complex, to finance the costs of remodeling the stadium portion of the Coliseum complex as well as relocating the Raiders to the City.

On May 25, 2000, the Coliseum Authority issued $201.3 million in series 2000 C and D Refunding Bonds (tax-exempt) to retire $181.9 million of the 1995 Variable Rate Lease Revenue Stadium Bonds ($188.5 million less $6.6 million principal payment). In February 2004, the 1995 Fixed Rate Refunding Lease Revenue Bonds were 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 Coliseum Authority payable solely from revenues of the Coliseum Authority, consisting primarily of base rental payments to be received by the Coliseum 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 County could have to pay up to $22 million annually in the event of default by the City.

On August 2, 1996, the Coliseum Authority issued $70 million Series A-1 and $70 million 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 Coliseum Authority, the City, the County and Coliseum Inc. in connection with the retention of the Golden State Warriors (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) among the Warriors and the City, the County, Coliseum Inc. and the Coliseum Authority.

Under the Warriors Agreements, the Arena Bonds were limited obligations of the Coliseum Authority, payable solely from revenues received by the Coliseum Authority on behalf of the City and County. Revenues consist of base rental payments from the City and County and certain payments from the Warriors of up to $7.428 million 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 County and the City each have covenanted to appropriate up to $9.5 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 County could have to pay up to $19 million annually in the event of default by the City.

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture (OCJV) to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its agreement with OCJV and reinstated its Operating Agreement with Coliseum Inc. Coliseum Inc. subcontracted all of the operations of the Coliseum Complex to OCJV. The Operating Agreement between the Coliseum Authority and Coliseum Inc. expired, by its terms, on July 31, 2006. The Coliseum Authority entered into a Termination Agreement

whereby, in return for certain consideration, the Coliseum Authority agreed to perform the duties of Coliseum, Inc. on and after August 1, 2006. The Authority's management agreement with OCJV expires in June 2012.

Debt service requirements for the Coliseum Authority debt:

For the Period	Stadium Debt		Arena Debt	
Ending June 30	Principal	Interest	Principal	Interest
2012	$ 7,500	$ 94	$ 4,050	$ 3,650
2013	7,900	89	4,400	3,510
2014	8,300	84	4,750	3,355
2015	8,700	79	5,150	3,187
2016	9,000	73	5,400	3,005
2017-2021	52,000	272	33,200	11,900
2022-2026	51,500	86	43,245	5,060
Total	$ 144,900	$ 777	$ 100,195	$ 33,667

Complete financial statements for the Coliseum Authority can be obtained from the County Auditor-Controller's Office at 1221 Oak Street, Room 249, Oakland, CA 94612.

Under the joint exercise of power agreement, which formed the Coliseum Authority, the County is responsible for funding up to 50% of the Coliseum Authority's operating costs and debt service requirements; to the extent such funding is necessary. During the year ended June 30, 2011, the County made contributions of $10.034 million to fund its share of operating deficits and debt service payments of the Coliseum Authority.

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium Bonds, such that the City and County will have to contribute to base rental payments. Of the $20.5 million appropriated in the general fund as part of the above agreements, it is estimated that the County will have to contribute $10 million for the year ended June 30, 2012. There are many uncertainties in the estimation of revenues for the Coliseum Authority beyond one year into the future; therefore the County has established a contingent liability to fund the Coliseum 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 $72.45 million. The County has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to cover the debt payments.

15. Alameda County Medical Center Discretely Presented Component Unit

ACMC operates medical and health facilities within Alameda County. In accordance with the Master Contract (Contract) between the County and ACMC dated June 23, 1998, effective July 1, 1998, ACMC became a public hospital authority pursuant to California Health and Safety Code Section 101850. Accordingly the governance, administration and operation of Fairmont Hospital, Highland Hospital and John George Hospital (Facilities) were transferred from the County to ACMC.

In accordance with the Medical Facilities Lease between ACMC and the County dated June 12, 1998, ACMC is leasing certain land, facilities and equipment, collectively, the facilities, from the County for the annual sum of $1. In accordance with a transfer agreement, Fairmont Hospital and Highland Hospital remain the property of the County. Accordingly, such assets, along with the John George Hospital, are accounted for within the governmental activities of the County. Under the terms of the contract, the County has agreed to provide ACMC unrestricted use of the facilities.

Effective July 1, 2003, the County adopted the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*. This resulted in the Alameda County Health Care Foundation (Foundation) being included as a discretely presented component unit of ACMC. During fiscal year 2004, the Foundation's Articles of Incorporation and bylaws were amended to require ACMC to approve Foundation board members and to allow that upon dissolution, the Foundation's remaining assets would be distributed to ACMC. The Foundation distributed $2.9 million to ACMC during fiscal year 2011 but had raised cumulative funds totaling $6.11 million in 2010 and prior on behalf of ACMC.

(amounts in tables expressed in thousands)

Included in the County's outstanding long-term liabilities at June 30, 2011, are $5.67 million in certificates of participation which were issued to provide for improvements to the Facilities. The County is liable for the repayment of the debt.

As of July 1, 2001, ACMC no longer participates in the County's self-insurance program. In September 2006, the County and ACMC agreed to wholly and fully resolve any and all prior disputes and disagreements and any and all past, present and future insurance claims and insurance expenses of any kind. The County made a one-time payment of $5.76 million to ACMC for the full satisfaction and settlement of any and all past, present and future issues and matters related to insurance expenses, the satisfaction and exhaustion of outstanding claims and the apportionment of insurance coverage premiums and all other matters related to general liability, medical malpractice liability, workers' compensation liability, premises liability and other liabilities, regardless of when reported or claimed. Effective July 1, 2001, ACMC became self-insured for workers' compensation. ACMC maintains stop-loss insurance to limit its liability for claims under its self-insurance program.

Changes in the balance of the net self-insurance liabilities during the past two fiscal years are as follows:

	2010/11	2009/10
Estimated liability for claims and contingencies at the beginning of the fiscal year	$ 20,616	$ 20,608
Additional obligations	3,486	3,104
Payments	(2,412)	(3,096)
Estimated liability for claims and contingencies at the end of the fiscal year	$ 21,690	$ 20,616

ACMC has experienced significant operating losses and negative cash flows from operations in recent years. ACMC has financed its working capital needs through loans from the County. ACMC expects to require ongoing working capital support from the County in fiscal year 2011. In fiscal year 2011, ACMC has made significant progress towards stabilization of financial performance.

In 2004, the voters of Alameda County approved Measure A, which provides funding, beginning in fiscal year 2005, for emergency medical, hospital inpatient, outpatient, public health, mental health and substance abuse services to indigent, low-income and uninsured adults, children, families, seniors and other residents of Alameda County through an increase in Alameda County's sales tax revenue of .5%. Seventy-five percent of the funds are to be used by ACMC.

In August 2004, the County placed a $200 million limitation on net loans to ACMC. As defined, this limitation is calculated as gross loans to ACMC, reduced by board-designated funds held by the County on behalf of ACMC. As of June 30, 2011, the balance of net loans to ACMC was $120.0 million.

The terms of loan repayment, amended in April 2011, called for a reduction of the $200 million loan limit to $137.5 million by June 30, 2011. The outstanding net payable to the County is less than the $137.5 million loan limit, and accordingly, the net loans of $120.0 million at June 30, 2011 is classified as long-term in the accompanying statement of net assets.

Should ACMC, as a hospital authority, be terminated, the County may be required to assume the liabilities of ACMC related to the operation of Hospitals and Clinics.

A. <u>Net Patient Service Revenue</u>

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors (including the State of California), and others for services rendered at ACMC, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

B. <u>Medi-Cal and Medicare Programs</u>

A substantial portion of ACMC's revenues is derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Revenues from Medi-Cal and Medicare programs represent approximately 47 percent and 15 percent, respectively, of gross patient service revenues, excluding certain federal aid revenues, for the fiscal year ended June 30, 2011. Reimbursement rates are tentative and final reimbursement for services is determined after submission of annual cost reports and audits by third-party intermediaries.

C. <u>Other Program Revenues</u>

ACMC also receives significant revenues from the Medical Waiver Program, California Senate Bill 1100 (SB1100). Beginning in fiscal year 2006, SB1100 provides additional funding to hospitals that provide a significant portion of their services to Medi-Cal and medically indigent recipients. SB1100 provides additional funds through a reimbursement rate increase for each Medi-Cal patient day provided, up to a maximum number of days. ACMC accrued $126.03 million in SB1100 funds for the fiscal year ended June 30, 2011, and remitted $33.87 million to the State, providing net SB1100 revenue of $92.16 million.

D. <u>Charity Care</u>

Counties are required by federal statute, Section 17000 of the Health and Welfare Act, to provide charity care to patients who are unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigency standard has been established and for which the patient qualifies. Inability to pay may be determined through an interview process by ACMC or by an outside collection agency. Determinations of charity care may be made prior to or at the time of service, or any time thereafter. The following table summarizes the level of charity and the estimated cost of those services for the year ended June 30, 2011:

Charity care at cost	$ 30,519
Percent of operating expenses	6.2 %

E. <u>Accounts Receivable</u>

Accounts receivable at June 30, 2011, comprised the following:

Patient accounts receivable	$ 75,390
Due from State of California	66,460
Other accounts receivable	1,595
Total	$ 143,445

Patient accounts receivable include amounts due from third party payors, patients, and other agencies for patient services rendered and is net of $ 171.6 million in estimated contractual adjustments and uncollectible accounts. Other receivables include professional and other fees earned on patient services and services provided to various outside agencies. Also included in other accounts receivables are reimbursement claims for grants expenditures and amounts owed to ACMC from the state for payments under the SB 1100 program.

(amounts in tables expressed in thousands)

F. *Accounts Payable and Accrued Expenses*

Accounts payable and accrued expenses at June 30, 2011, comprised the following:

Accounts payable	$ 35,615
Accrued payroll	16,463
Due to third-party payors	25,026
Other accrued liabilities	219
	$ 77,323

G. *Defined Benefit Pension Plan*

ACMC is a participant in ACERA. ACERA is governed by the California Constitution, the County Employees Retirement Law of 1937, and the bylaws, procedures, and policies adopted by the Board of Retirement. ACERA operates a cost-sharing multiple employer defined benefit plan. ACERA provides service and disability retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and are subject to amendment only by an act of the State of California legislature. An actuarial valuation is performed annually for the system as a whole.

The 1937 Act provides the authority for the establishment of ACERA benefit provisions. In most cases where the law provides options concerning the allowance of credit for service, the offering of benefits, or the modification of benefit levels, the law generally requires approval of the employers' governing board for the option to take effect. Separately, in 1984 the Alameda County Board of Supervisors and the Board of Retirement approved the adoption of Article 5.5 of the 1937 Act. This adoption permitted the establishment of a Supplemental Retirees Benefit Reserve (SRBR) for ACERA.

Article 5.5 of the 1937 Act provides for the systematic funding of the SRBR and stipulates that it be used only for the benefit of retired members and beneficiaries. The law grants discretionary authority over the use of the SRBR funds to the Board of Retirement. Supplemental benefits currently provided through the SRBR include supplemental cost-of-living allowance, supplemental retired member death benefits, active death equity benefit and the retiree monthly medical allowance, vision, dental, and Medicare Part B coverage. The payment of supplemental benefits from the SRBR is subject to available funding and must be periodically re-authorized by the Board of Retirement. SRBR benefits are not vested.

In 2006, the Board of Retirement approved the allocation of SRBR funds to Postemployment Medical Benefits and Other Pension Benefits. These two programs provide the supplemental benefits described above.

ACMC is required by statute to contribute the amounts necessary to finance the estimated benefits accruing to their employees. ACMC's annual pension cost, the transfer of the excess investment earnings from the pension to the SRBR trust and its contributions for fiscal years 2009 to 2011 are as follows:

Plan Fiscal Year Ended June 30	Annual Required Contribution (ARC) *	Contribution Before Transfer of Excess Investment Earnings to SRBR	Excess Investment Earnings Transferred to SRBR	Contribution After Transfer of Excess Investment Earnings to SRBR	Contribution as a Percentage of ARC
2009	$ 20,297	$ 20,297	$ -	$ 20,297	100.00 %
2010	21,593	21,593	-	21,593	100.00
2011	23,375	23,375	-	23,375	100.00

* During the year ended June 30, 2011, ACMC changed its methodology in estimating its share of the pension and other postemployment (medical and other) costs. For the year ended June 30, 2010, ACMC estimated its

costs using information from ACERA's calendar year financial statements and the results from a consultant. For the year ended June 30, 2011, ACMC determined that an allocation methodology based on actual employer contributions is a preferable method in determining its share of the pension and other postemployment benefit (OPEB) plan costs.

ACMC has historically made 100% of the Annual Required Contribution (ARC) to ACERA. However, as part of the plan agreement, 50% of excess investment earnings are transferred from the Defined Benefit Pension Plan to the Supplemental Retiree Benefit Reserve (SRBR). In fiscal year 2008 (not included in table above), there were excess earnings that were transferred to the SRBR. This transfer of excess investment earnings in fiscal year 2008 resulted in a net pension obligation carry forward in subsequent years including fiscal year ended June 30, 2011. Refer to table below for carry forward obligation balance. Since fiscal year 2008, ACERA has not made any excess investment earnings transfers. For fiscal year ended June 30, 2011, the employees' contributions to the plan were $13.2 million.

The following table shows ACMC's annual pension cost and the changes in the net pension obligation for fiscal year ended June 30, 2011:

Annual required contributions	$ 23,375
Interest on net pension obligation	694
Adjustment to annual required contributions	(11,088)
Annual pension cost	12,981
Pension contributions	(23,375)
Decrease in net pension obligation	(10,394)
Net pension obligation, beginning of year	19,019
Net pension obligation, end of year	$ 8,625

H. *Postemployment Medical Benefits*

ACMC's annual postemployment medical benefits cost and the transfer of the excess investment earnings from the pension to the SRBR trust for fiscal years 2009 to 2011 are as follows:

Plan Fiscal Year Ended June 30	Annual Required Contribution (ARC) *	Contribution Before Transfer of Excess Investment Earnings to SRBR	Excess Investment Earnings Transferred to SRBR	Contribution After Transfer of Excess Investment Earnings to SRBR	Contribution as a Percentage of ARC
2009	$ 5,455	$ -	$ -	$ -	0.00 %
2010	6,453	-	-	-	0.00
2011	7,941	-	-	-	0.00

* During the year ended June 30, 2011, ACMC changed its methodology in estimating its share of the pension and other postemployment (medical and other) costs. For the year ended June 30, 2010, ACMC estimated its costs using information from ACERA's calendar year financial statements and the results from a consultant. For the year ended June 30, 2011, ACMC determined that an allocation methodology based on actual employer contributions is a preferable method in determining its share of the pension and other postemployment benefit (OPEB) plan costs.

The following table shows ACMC's annual postemployment medical benefits cost and the changes in the net OPEB obligation for fiscal year ended June 30, 2011:

Annual required contributions	$	7,941
Interest on net OPEB obligation		644
Adjustment to annual required contributions		(2,741)
Annual postemployment medical benefits cost		5,844
Postemployment medical benefits contributions		-
Increase in net OPEB obligation		5,844
Net OPEB obligation, beginning of year		10,137
Net OPEB obligation, end of year	$	15,981

I. *Other Postemployment Benefits*

ACMC's annual other postemployment benefit cost and the transfer of the excess investment earnings from the pension to the SRBR trust for fiscal years 2009 to 2011 are as follows:

Plan Fiscal Year Ended June 30	Annual Required Contribution (ARC) *	Contribution Before Transfer of Excess Investment Earnings to SRBR	Excess Investment Earnings Transferred to SRBR	Contribution After Transfer of Excess Investment Earnings to SRBR	Contribution as a Percentage of ARC
2009	$ 2,739	$ -	$ -	$ -	0.00 %
2010	2,436	-	-	-	0.00
2011	2,354	-	-	-	0.00

* During the year ended June 30, 2011, ACMC changed its methodology in estimating its share of the pension and other postemployment (medical and other) costs. For the year ended June 30, 2010, ACMC estimated its costs using information from ACERA's calendar year financial statements and the results from a consultant. For the year ended June 30, 2011, ACMC determined that an allocation methodology based on actual employer contributions is a preferable method in determining its share of the pension and other postemployment benefit (OPEB) plan costs.

The following table shows ACMC's annual other postemployment benefits cost and the changes in the net OPEB obligation for fiscal year ended June 30, 2011:

Annual required contributions	$	2,354
Interest on net OPEB obligation		556
Adjustment to annual required contributions		118
Annual other postemployment benefits cost		3,028
Other postemployment benefits contributions		-
Increase in net OPEB obligation		3,028
Net OPEB obligation, beginning of year		6,267
Net OPEB obligation, end of year	$	9,295

16. Contingencies

A. *Self-insurance and Purchased Insurance*

The County is exposed to various risks of loss related to torts (theft, damage, and/or destruction of assets, errors and omissions, injuries to employees, natural disasters or medical malpractice); unemployment claims; and dental

benefits provided to employees. The County maintains risk-financing internal service funds in which assets are set aside for claim settlements associated with general, automobile, and medical malpractice liability; workers' compensation; unemployment; and dental benefits to employees.

The County uses a combination of self-insurance, participation in insurance pools, and purchased insurance coverage for protection against adverse losses. Excess general liability, workers' compensation, and medical malpractice coverage are provided by 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 and primary insurance for its member counties. A Board of Directors consisting of representatives of the member counties governs the Authority. Purchased insurance includes primary all-risk property insurance for the entire County's real and personal property, equipment and vehicles; earthquake insurance for selected real property; Public Officials Dishonesty Bond coverage for losses related to theft of funds; and other coverage as listed below (amounts not in thousands).

PRIMARY GOVERNMENT

The County utilizes a combination of self insurance, pooled retentions, and excess insurance for the following property insurance programs. Amounts in excess of these limits are self-insured. None of the insurance settlements over the past three years have exceeded insurance limits.

Property Insurance – Declared values as of March 4, 2011

	Funding Sources and Coverage Limits		
Coverage type	**Deductible**	**Pooled Retention Limit (CSAC-EIA)**	**Excess Insurance (Various carriers)**
All Risk		$3,000,000	$610,000,000
Real and personal property and rents: $2,110,598,196	$50,000		
Vehicles and mobile equipment (excluding buses): $112,680,695	$15,000, except $50,000 for vehicles with replacement value greater than $250,000		
Buses: $2,310,000	$100,000		
Fine Arts (scheduled): $1,634,494	$50,000		
Terrorism	$500,000	$3,000,000	$200,000,000
Flood: $2,110,598,196	2% of total values per unit up to $25,000	$0	$602,500,000
Earthquake: $1,837,713,254	5% of replacement value per unit per occurrence, with a $100,000 minimum deductible	Pooled retention is $0. Alameda County is a member of the CSAC - EIA property insurance program. Member properties are separated into eight different groups (towers) to achieve geographical diversity within each group and spread the risk of loss from a single earthquake. Alameda County property is spread between three groups (Towers I, II, and IV) with $82.5 million in purchased coverage for each tower and an additional $225 million in annual aggregate purchased coverage shared among all members in Towers I –V only, for total purchased earthquake coverage of $472.5 million, subject to limits of $307.5 million per tower.	

(amounts in tables expressed in thousands)

The County utilizes a combination of self insurance, pooled retentions, and excess insurance for the following programs:

	Funding Sources and Coverage Limits		
Program Description	**Self Insured Retention**	**Pooled Retention Limit (CSAC-EIA)**	**Excess Insurance (Various carriers)**
General and Auto liability	$1,000,000	$0	$36,000,000
Medical Malpractice	$100,000	$1,600,000	$21,600,000
Workers' Compensation and Employer's Liability	$3,000,000	$5,000,000	Statutory
Pollution Liability	$500,000	$0	$10,000,000 per occurrence / $10 million aggregate / $50 million aggregate all pool members

The County purchases insurance for the following exposures:

Description	Deductible	Limit
Aircraft Coverage:		
Aircraft Liability	Some coverage is sub-limited	$15,000,000
Aircraft Hull (1980 Cessna)	$0	$680,000
Watercraft Coverage:		
Watercraft Protection and Indemnity	$1,000	$1,000,000
Watercraft Collision and Towers	$1,000	$1,000,000
Watercraft Hull and Machinery	$1,000	Varies by vessel ($12,500 to $4.8 million)
Foster Parents Liability	$250	$300,000
Crime Bond / Employee Dishonesty	$2,500	$10,000,000
Public Guardian Bonds	$2,500	$10,000,000
Notary Bonds	$0	$15,000
Notary Public Errors and Omissions	$0	$10,000

The County is totally self-insured for dental benefits to employees and their families. Coverage for each family member is limited to $1,450 per year for covered services.

The estimated liability for claims and contingencies included in the risk management internal service fund is based on the results of actuarial studies and includes amounts for claims incurred but not reported. The estimated liability for claims and contingencies is calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic and social factors. It is the County's practice to obtain full actuarial studies annually for the workers' compensation, general liability, and medical malpractice programs. Annual charges to departments are calculated for insurance and self-insurance costs using a cost allocation method which uses multiple cost pools and allocation bases utilizing both paid claim experience and appropriate measures of loss exposures, such as payroll for employee-related costs or square footage occupied for costs associated with property.

Changes in the balances of the estimated liability for claims and contingencies during the past two fiscal years for all self-insurance funds are as follows:

	General Liability		Workers' Compensation		Total	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Estimated liability for claims and contingencies at the beginning of the fiscal year	$ 18,086	21,381	$ 80,462	$ 80,005	$ 98,548	$ 101,386
Incurred claims and claim adjustment expenses	10,352	4,437	5,340	15,222	15,692	19,659
Payments	(8,059)	(7,732)	(13,376)	(14,765)	(21,435)	(22,497)
Total estimated liability for claims and contingencies at the end of the fiscal year	$ 20,379	$ 18,086	$ 72,426	$ 80,462	$ 92,805	$ 98,548

B. *Litigation*

Various lawsuits have been instituted and claims have been made against the County, with provisions for potential losses included in the basic financial statements. In the opinion of County Counsel, it is not possible to accurately predict the County's liability under these actions, but final disposition should not materially affect the financial position of the County.

C. *Federal and State Grants*

The County participates in a number of federal and state grants programs subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs for or including the year ended June 30, 2011, have not yet been conducted or settled. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that any audit disallowances would have a significant effect on the financial position of the County.

D. *Medicare and Medi-Cal Reimbursements*

Alameda County Medical Center's Medicare and Medi-Cal cost reports for certain prior years are in various stages of review by third-party intermediaries and have not yet been settled. ACMC believes that it has adequately provided for any potential liabilities which may arise from the intermediaries' reviews.

E. *County Redevelopment Agencies*

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Redevelopment Program. On July 26, 2011, the County adopted an ordinance to elect and implement participation by the County and the Redevelopment Agency in the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Agency in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the County is estimated to be $10.2 million and thereafter, an estimated $2.4 million will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature.

17. Subsequent Event

In August 2011, Standard & Poor's lowered its long-term credit rating from AAA to AA+ on debt of the U.S. government, U.S. government-sponsored enterprises, and public debt issues that have credit enhancement guarantees by U.S. government-sponsored enterprises. These credit downgrades relate to the credit risk associated with the County's investments in U.S. Treasury Coupons amounting to $550.46 million and U.S. government-sponsored enterprises amounting to $2.18 billion.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
(Dollars expressed in thousands)

ACERA – Analysis of Funding Progress

Historical trend information is presented.

Pension

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage (%) of Covered Payroll [(b-a)/c]
2008	$ 4,644,000	$ 5,538,000	83.9 %	$ 894,000	$ 864,200	103.4 %
2009	4,789,000	5,899,300	81.2	1,110,300	882,600	125.8
2010	4,776,000	6,162,700	77.5	1,386,700	898,300	154.4

Postemployment Medical Benefits

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage (%) of Covered Payroll [(b-a)/c]
2008	$ 608,300	$ 703,300	86.5 %	$ 95,000	$ 864,200	11.0 %
2009	591,300	763,500	77.4	172,200	882,600	19.5
2010	561,300	732,900	76.6	171,600	898,300	19.1

Other Postemployment Benefits

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage (%) of Covered Payroll [(b-a)/c]
2008	$ 76,000	$ 202,500	37.5 %	$ 126,500	$ 864,200	14.6 %
2009	73,500	171,200	42.9	97,700	882,600	11.1
2010	69,200	176,500	39.2	107,300	898,300	11.9

COUNTY OF ALAMEDA, CALIFORNIA

GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Revenues:				
Taxes	$ 460,283	$ 466,749	$ 466,724	$ (25)
Licenses and permits	7,299	7,299	4,980	(2,319)
Fines, forfeitures, and penalties	19,434	16,880	33,309	16,429
Use of money and property	6,326	6,381	6,861	480
State aid	661,523	672,205	661,100	(11,105)
Federal aid	326,058	337,861	362,572	24,711
Other aid	28,162	28,843	22,799	(6,044)
Charges for services	302,713	312,686	322,398	9,712
Other revenue	35,523	42,475	89,852	47,377
Total revenues	1,847,321	1,891,379	1,970,595	79,216
Expenditures:				
Current				
General government				
Salaries and benefits	80,127	81,868	81,619	249
Services and supplies	49,680	53,198	39,368	13,830
Other charges	25,563	25,727	12,758	12,969
Capital assets	17	47	293	(246)
Public protection				
Salaries and benefits	385,965	408,867	403,979	4,888
Services and supplies	163,626	161,392	150,965	10,427
Other charges	7,464	8,128	7,570	558
Capital assets	3,259	2,705	2,657	48
Public assistance				
Salaries and benefits	212,443	214,789	208,967	5,822
Services and supplies	124,499	127,389	120,914	6,475
Other charges	293,794	294,001	279,711	14,290
Capital assets	-	47	20	27
Health and sanitation				
Salaries and benefits	124,111	128,942	118,333	10,609
Services and supplies	346,049	353,371	329,491	23,880
Other charges	120,289	127,316	88,412	38,904
Capital assets	37	296	259	37
Public ways and facilities				
Salaries and benefits	460	417	336	81
Services and supplies	2,075	2,174	1,963	211
Capital assets	29	87	70	17
Recreation and cultural services				
Salaries and benefits	9	7	7	-
Services and supplies	662	673	673	-
Education				
Salaries and benefits	127	118	22	96
Services and supplies	118	128	111	17
Capital outlay	8,231	4,922	4,727	195
Pension bond debt service transfer	(37,208)	(37,208)	(37,208)	-
Total expenditures	1,911,426	1,959,401	1,816,017	143,384
Excess (deficiency) of revenues over expenditures	(64,105)	(68,022)	154,578	222,600
Other financing sources (uses):				
Proceeds from loans	-	45	-	(45)
Refunding bonds issued	-	-	800	800
Transfers-in	-	36,793	3,139	(33,654)
Transfers-out	(37,208)	(82,507)	(66,518)	15,989
Budgetary reserves and designations	-	(42,529)	-	42,529
Total other financing sources (uses)	(37,208)	(88,198)	(62,579)	25,619
Net change in fund balances	(101,313)	(156,220)	91,999	248,219
Add reserve for encumbrance for current budget year	-	-	43,589	43,589
Fund balance - beginning of period	927,330	927,330	927,330	-
Fund balance - end of period	$ 826,017	$ 771,110	$ 1,062,918	$ 291,808

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

PROPERTY DEVELOPMENT SPECIAL REVENUE FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Revenues:				
Use of money and property	$ 243	$ 243	$ 6,150	$ 5,907
Other revenue	1,800	1,800	668	(1,132)
Total revenues	2,043	2,043	6,818	4,775
Expenditures:				
Current				
General government				
Salaries and benefits	442	442	311	131
Services and supplies	4,233	4,233	5,423	(1,190)
Capital assets	225	225	118	107
Total expenditures	4,900	4,900	5,852	(952)
Excess (deficiency) of revenues over expenditures	(2,857)	(2,857)	966	3,823
Other financing sources (uses):				
Proceeds from sale of land	59,250	59,250	13,452	(45,798)
Transfers-out	(56,808)	(56,808)	(10,110)	46,698
Total other financing sources (uses)	2,442	2,442	3,342	900
Net change in fund balances	(415)	(415)	4,308	4,723
Add reserve for encumbrance for current budget year	-	-	388	388
Fund balance - beginning of period	304,262	304,262	304,262	-
Fund balance - end of period	$ 303,847	$ 303,847	$ 308,958	$ 5,111

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

FLOOD CONTROL SPECIAL REVENUE FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Taxes	$ 29,006	$ 29,931	$ 28,617	$ (1,314)
Licenses and permits	35	35	2,733	2,698
Use of money and property	2,143	1,864	981	(883)
State aid	433	433	1,033	600
Federal aid	-	-	437	437
Other aid	2,999	2,999	2,982	(17)
Charges for services	12,814	12,814	12,541	(273)
Other revenue	100	100	66	(34)
Total revenues	47,530	48,176	49,390	1,214
Expenditures:				
Current				
Public protection				
Salaries and benefits	31,856	31,860	17,175	14,685
Services and supplies	88,065	107,324	61,044	46,280
Other charges	1,842	2,682	997	1,685
Capital assets	1,627	1,842	6,604	(4,762)
Total expenditures	123,390	143,708	85,820	57,888
Excess (deficiency) of revenues over expenditures	(75,860)	(95,532)	(36,430)	59,102
Other financing sources (uses):				
Transfers-in	600	600	-	(600)
Total other financing sources (uses)	600	600	-	(600)
Net change in fund balances	(75,260)	(94,932)	(36,430)	58,502
Add reserve for encumbrance for current budget year	-	-	32,463	32,463
Fund balance - beginning of period	177,105	177,105	177,105	-
Fund balance - end of period	$ 101,845	$ 82,173	$ 173,138	$ 90,965

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

GRANT REVENUE SPECIAL REVENUE FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Licenses and permits	$ 1,033	$ 1,033	$ 1,107	$ 74
Use of money and property	-	-	(51)	(51)
State aid	20,566	20,972	21,057	85
Federal aid	78,297	111,282	76,081	(35,201)
Other aid	172	-	3	3
Charges for services	324	417	37	(380)
Other revenue	994	1,194	1,475	281
Total revenues	101,386	134,898	99,709	(35,189)
Expenditures:				
Current				
Public protection				
Salaries and benefits	16,303	18,535	15,161	3,374
Services and supplies	7,290	23,000	15,160	7,840
Other charges	280	280	249	31
Capital assets	2,889	6,797	3,195	3,602
Public assistance				
Salaries and benefits	2,539	2,620	1,752	868
Services and supplies	38,736	49,511	34,634	14,877
Other charges	650	650	325	325
Capital assets	2,100	2,279	2,117	162
Health and sanitation				
Salaries and benefits	14,326	14,999	14,732	267
Services and supplies	27,410	30,276	22,266	8,010
Other charges	19	19	11	8
Capital assets	78	289	289	-
Total expenditures	112,620	149,255	109,891	39,364
Excess (deficiency) of revenues over expenditures	(11,234)	(14,357)	(10,182)	4,175
Other financing sources (uses):				
Transfers-in	-	-	116	116
Transfers-out	(237)	(471)	(468)	3
Total other financing sources (uses)	(237)	(471)	(352)	119
Net change in fund balances	(11,471)	(14,828)	(10,534)	4,294
Add reserve for encumbrance for current budget year	-	-	8,155	8,155
Fund balance (deficit) - beginning of period	449	449	449	-
Fund balance (deficit) - end of period	$ (11,022)	$ (14,379)	$ (1,930)	$ 12,449

See the notes to required supplementary information.

1. Budget and Budgetary Accounting

General Budget Policies

In accordance with the provisions of Sections 29000 through 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget on or before August 30, for each fiscal year. The expenditure side of the budget is enacted into law through the passage of an appropriation ordinance. This ordinance constitutes the maximum authorizations for spending during the fiscal year, and cannot be exceeded except by subsequent amendment of the budget by the Board of Supervisors. A balanced operating budget is adopted each fiscal year for the general fund, the special revenue funds, with the exception of the inmate welfare special revenue fund and the capital projects fund. Public hearings are conducted on the proposed budget prior to adoption to review all appropriations and sources of financing. The prior year fund balance is used as part of the balancing formula. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Any amendments or transfers of appropriations between object levels within the same department or between departments must be approved by the County Board of Supervisors. Supplemental appropriations normally financed by unanticipated revenues during the year must also be approved by the Board. Additionally, the Auditor-Controller is authorized to make certain transfers of surplus appropriations within a department. Such adjustments are reflected in the final budgetary data.

Expenditures are controlled at the object level for all budgets within the County except for capital assets, which are controlled at the sub-object level. The object level is the level at which expenditures may not legally exceed appropriations. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

General fund budgetary comparisons are not presented at the detail object level in this financial report due to their excessive length. A separate publication presenting this information is available from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

Budget Basis of Accounting

The County prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the Budgetary Comparison Schedule – General Fund and Major Special Revenue Funds on the budgetary basis to provide a meaningful comparison of actual results with the budget. Budgeted amounts represent the original budget and the original budget as modified by adjustments authorized during the year. The difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as expenditures under the budgetary basis. The amounts reported as expenditures also include amounts charged each department for payment of the debt service on the pension obligation bonds because the budget includes these amounts as expenditures. The pension bond debt service transfer is a reporting adjustment on the Budgetary Comparison Schedule to agree with the financial statements where such expenditures are reported as transfers in accordance with generally accepted accounting principles.

2. Reconciliation of Budget vs. GAAP Basis Expenditures

The differences between budgetary expenditures and GAAP expenditures are presented in the following table:

Reconciliation of Budget vs. GAAP Basis Expenditures

	General Fund	Property Development Fund	Flood Control Fund	Grant Revenue Fund
Budget basis expenditures	$ 1,816,017	$ 5,852	$ 85,820	$ 109,891
Encumbrances for current budget year	(43,589)	(388)	(32,463)	(8,155)
GAAP basis expenditures	$ 1,772,428	$ 5,464	$ 53,357	$ 101,736

COMBINING FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INFORMATION

Capital Projects Fund

The capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Revenues:				
Fines, forfeitures, and penalties	$ 6,000	$ 9,000	$ 5,266	$ (3,734)
Use of money and property	-	-	888	888
State aid	-	50	51	1
Federal aid	-	2,946	2,946	-
Other revenue	-	50	2,206	2,156
Total revenues	6,000	12,046	11,357	(689)
Expenditures:				
Capital outlay	178,033	208,756	491,549	(282,793)
Total expenditures	178,033	208,756	491,549	(282,793)
Deficiency of revenues over expenditures	(172,033)	(196,710)	(480,192)	(283,482)
Other financing sources (uses):				
Issuance of loans and commercial paper notes	-	-	25,000	25,000
Issuance of debt	105,671	105,671	263,593	157,922
Transfers - in	17,278	20,448	11,175	(9,273)
Transfers - out	-	(2,946)	(2,946)	-
Total other financing sources (uses)	122,949	123,173	296,822	173,649
Net change in fund balances	(49,084)	(73,537)	(183,370)	(109,833)
Add reserve for encumbrance for current budget year	-	-	397,535	397,535
Fund balance - beginning	44,798	44,798	44,798	-
Fund balance - ending	$ (4,286)	$ (28,739)	$ 258,963	$ 287,702

Non-major Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Fish and Game Fund - This fund is used to account for fines and forfeitures received under Section 13003 of the Fish and Game Code and their expenditure for the propagation and conservation of fish and wildlife.

Road Fund - This fund is used to account for state and local tax apportionments and other authorized revenues, the expenditure of which is restricted to street, road, highway and bridge purposes.

County Library Fund - This fund is used to account for taxes and other revenues collected in specific areas of the County which are restricted to fund the operation of county libraries within those areas.

Library Special Taxing Zone Fund - This fund is used to account for taxes and other revenues collected in the cities of Dublin, Newark, and Union City, and in specific unincorporated areas for the maintenance and operation of certain library buildings.

Health Services Fund - This fund is used to account for assessments and other revenues collected in specific areas of the County which are restricted for the provision of emergency medical services, vector control services and lead abatement services.

Fire Fund - This fund is used to account for revenues and expenditures of funds earmarked for fire protection services in the unincorporated areas of the County.

Recovery Grants Fund - This fund is used to account for federal grants received under the American Recovery & Reinvestment Act of 2009.

Lighting Fund - This fund is used to account for revenues and expenditures to provide street lighting in the unincorporated areas of Castro Valley, Ashland, Cherryland, San Lorenzo, and the unincorporated areas of Hayward and San Leandro.

Public Ways and Facilities Fund - This fund is used to account for revenues and expenditures for the provision of road maintenance, bridge maintenance and drainage facilities in the unincorporated areas of Castlewood, Morva Drive, Morva Court, Jensen Ranch, West Happyland and Tennyson-Alquire.

Dublin Library Fund - This fund is used to account for revenues and expenditures for the maintenance of the Dublin library in the city of Dublin.

Police Protection Fund - This fund is used to account for revenues and expenditures for the provision of police protection in the unincorporated areas of the County.

County Redevelopment Fund – This fund is used to account for the financial activities of the County's redevelopment agency which manages redevelopment projects in the unincorporated portion of the County known as the Eden area.

Inmate Welfare Fund – This fund is used to account for all revenues and expenditures of maintaining and operating a store in connection with the County adult and juvenile detention facilities. The funds shall be expended for the benefit, education and welfare of the inmates. A formal budget is not adopted for this fund.

DEBT SERVICE FUND

Tobacco Securitization Authority Fund – This fund is used to account for all revenues and expenditures relating to the activities of the tobacco master settlement agreement with the US tobacco companies.

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	Special Revenue					
	Fish and Game	Road	County Library	Library Special Taxing Zone	Health Services	Fire
Assets:						
Cash and investments with County Treasurer	$ 19	$ 62,140	$ 10,816	$ 1,214	$ 18,802	$ 27,271
Restricted assets - cash and investments with fiscal agents	-	-	-	-	-	-
Deposits with others	-	-	-	-	-	3,263
Other receivables	-	4,034	1,063	16	20	14,128
Due from other funds	-	-	-	-	-	-
Due from component unit	-	4	-	-	-	-
Inventory of supplies	-	211	-	-	-	-
Properties held for redevelopment						
Prepaid items	-	-	-	-	-	114
Total assets	$ 19	$ 66,389	$ 11,879	$ 1,230	$ 18,822	$ 44,776
Liabilities:						
Accounts payable and accrued expenditures	$ -	$ 1,161	$ 781	$ 8	$ 1,408	$ 4,255
Due to other funds	-	-	-	-	230	-
Due to component unit	-	-	-	-	33	-
Deferred revenue	-	-	114	-	-	205
Unearned revenue	-	-	-	-	-	933
Due to other governmental units		-	-	-	-	-
Total liabilities	-	1,161	895	8	1,671	5,393
Fund balances:						
Nonspendable	-	211	-	-	-	114
Restricted	19	65,017	10,984	1,222	17,151	36,318
Assigned	-	-	-	-	-	2,951
Total fund balances	19	65,228	10,984	1,222	17,151	39,383
Total liabilities & fund balances	$ 19	$ 66,389	$ 11,879	$ 1,230	$ 18,822	$ 44,776

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	Special Revenue				
	Recovery Grants	Lighting	Public Ways and Facilities	Dublin Library	Police Protection
Assets:					
Cash and investments with County Treasurer	$ 222	$ 2,875	$ 3,955	$ 5	$ -
Restricted assets - cash and investments with fiscal agents	-	-	-	-	-
Deposits with others	-	-	-	-	-
Other receivables	6,435	3	250	-	656
Due from other funds	-	-	-	-	-
Due from component unit	-	-	-	-	-
Inventory of supplies	-	-	-	-	-
Properties held for redevelopment					
Prepaid items	-	-	-	-	-
Total assets	$ 6,657	$ 2,878	$ 4,205	$ 5	$ 656
Liabilities:					
Accounts payable and accrued expenditures	$ 868	$ 50	$ 82	$ -	$ 25
Due to other funds	5,481	-	-	-	618
Due to component unit	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Total liabilities	6,349	50	82	-	643
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	308	2,828	4,123	5	13
Assigned	-	-	-	-	-
Total fund balances	308	2,828	4,123	5	13
Total liabilities & fund balances	$ 6,657	$ 2,878	$ 4,205	$ 5	$ 656

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	Special Revenue			Debt Service	
	County Redevelopment	Inmate Welfare	Total	Tobacco Securitization Authority	Total Nonmajor Governmental Funds
Assets:					
Cash and investments with County Treasurer	$ 69,315	$ 7,684	$ 204,318	$ -	$ 204,318
Restricted assets - cash and investments with fiscal agents	-	-	-	21,517	21,517
Deposits with others	-	-	3,263	-	3,263
Other receivables	222	537	27,364	6,500	33,864
Due from other funds	1,798	-	1,798	-	1,798
Due from component unit	-	-	4	-	4
Inventory of supplies	-	-	211	-	211
Properties held for redevelopment	13,986		13,986		13,986
Prepaid items	-	-	114	-	114
Total assets	$ 85,321	$ 8,221	$ 251,058	$ 28,017	$ 279,075
Liabilities:					
Accounts payable and accrued expenditures	$ 2,967	$ 1,406	$ 13,011	$ -	$ 13,011
Due to other funds	-	-	6,329	-	6,329
Due to component unit	-	-	33	-	33
Deferred revenue	-	-	319	6,500	6,819
Unearned revenue	-	-	933	-	933
Due to other governmental units	-	-	-	-	-
Total liabilities	2,967	1,406	20,625	6,500	27,125
Fund balances:					
Nonspendable	5,096	-	5,421	-	5,421
Restricted	77,258	6,763	222,009	21,517	243,526
Assigned	-	52	3,003	-	3,003
Total fund balances	82,354	6,815	230,433	21,517	251,950
Total liabilities & fund balances	$ 85,321	$ 8,221	$ 251,058	$ 28,017	$ 279,075

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Special Revenue					
	Fish and Game	Road	County Library	Library Special Taxing Zone	Health Services	Fire
Revenues:						
Taxes	$ -	$ 2,579	$ 17,933	$ 293	$ -	$ 27,676
Licenses and permits	-	735	-	-	80	-
Fines, forfeitures, and penalties	5	25	-	-	282	-
Use of money and property	-	2,496	19	3	40	68
State aid	-	40,693	462	3	-	393
Federal aid	-	3,914	58	-	24	5
Other aid	-	1,165	1,241	-	-	1,724
Charges for services	-	850	2,166	74	22,477	63,285
Other revenue	-	573	635	-	5,441	1,001
Total revenues	5	53,030	22,514	373	28,344	94,152
Expenditures:						
General government	-	-	-	-	-	-
Public protection	12	-	-	-	-	93,572
Public assistance	-	-	-	-	-	-
Health and sanitation	-	-	-	-	21,445	-
Public ways and facilities	-	37,621	-	-	-	-
Education	-	-	21,758	201	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	12	37,621	21,758	201	21,445	93,572
Excess (deficiency) of revenue over expenditures	(7)	15,409	756	172	6,899	580
Other financing sources (uses):						
Issuance of loans	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-
Transfers-out	-	(2,686)	-	-	(82)	-
Total other financing sources (uses)	-	(2,686)	-	-	(82)	-
Net change in fund balances	(7)	12,723	756	172	6,817	580
Fund balance - beginning of period	26	52,505	10,228	1,050	10,334	38,803
Fund balance - end of period	$ 19	$ 65,228	$ 10,984	$ 1,222	$ 17,151	$ 39,383

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Special Revenue				
	Recovery Grants	Lighting	Public Ways and Facilities	Dublin Library	Police Protection
Revenues:					
Taxes	$ -	$ 5	$ 647	$ -	$ 13,557
Licenses and permits	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	(60)	7	9	-	27
State aid	222	-	-	-	126
Federal aid	32,888	-	38	-	-
Other aid	-	-	-	-	-
Charges for services	12,006	879	1,929	-	-
Other revenue	122	-	33	-	-
Total revenues	45,178	891	2,656	-	13,710
Expenditures:					
General government	1,178	-	-	-	-
Public protection	2,653	-	-	-	13,713
Public assistance	26,015	-	-	-	-
Health and sanitation	12,588	-	-	-	-
Public ways and facilities	5,047	647	4,111	-	-
Education	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	47,481	647	4,111	-	13,713
Excess (deficiency) of revenue over expenditures	(2,303)	244	(1,455)	-	(3)
Other financing sources (uses):					
Issuance of loans	2,393	-	-	-	-
Transfers-in	-	-	1,825	-	-
Transfers-out	(353)	-	-	-	-
Total other financing sources (uses)	2,040	-	1,825	-	-
Net change in fund balances	(263)	244	370	-	(3)
Fund balance - beginning of period	571	2,584	3,753	5	16
Fund balance - end of period	$ 308	$ 2,828	$ 4,123	$ 5	$ 13

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Special Revenue			Debt Service	
	County Redevelopment	Inmate Welfare	Total	Tobacco Securitization Authority	Total Nonmajor Governmental Funds
Revenues:					
Taxes	$ 17,077	$ -	$ 79,767	$ -	$ 79,767
Licenses and permits	-	-	815	-	815
Fines, forfeitures, and penalties	-	-	312	-	312
Use of money and property	167	21	2,797	675	3,472
State aid	-	-	41,899	-	41,899
Federal aid	-	-	36,927	-	36,927
Other aid	-	-	4,130	-	4,130
Charges for services	29	-	103,695	-	103,695
Other revenue	5,289	7,793	20,887	13,162	34,049
Total revenues	22,562	7,814	291,229	13,837	305,066
Expenditures:					
General government	-	-	1,178	35	1,213
Public protection	-	8,120	118,070	-	118,070
Public assistance	10,814	-	36,829	-	36,829
Health and sanitation	-	-	34,033	-	34,033
Public ways and facilities	-	-	47,426	-	47,426
Education	-	-	21,959	-	21,959
Debt service					
Principal	-	-	-	4,015	4,015
Interest	-	-	-	10,629	10,629
Total expenditures	10,814	8,120	259,495	14,679	274,174
Excess (deficiency) of revenue over expenditures	11,748	(306)	31,734	(842)	30,892
Other financing sources (uses):					
Issuance of loans	647	-	3,040	-	3,040
Transfers-in	7	-	1,832	-	1,832
Transfers-out	(1,156)	-	(4,277)	-	(4,277)
Total other financing sources (uses)	(502)	-	595	-	595
Net change in fund balances	11,246	(306)	32,329	(842)	31,487
Fund balance - beginning of period	71,108	7,121	198,104	22,359	220,463
Fund balance - end of period	$ 82,354	$ 6,815	$ 230,433	$ 21,517	$ 251,950

COUNTY OF ALAMEDA, CALIFORNIA

FISH AND GAME - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Revenues:				
Fines, forfeitures, and penalties	$ 7	$ 7	$ 5	$ (2)
Use of money and property	1	1	-	(1)
Total revenues	8	8	5	(3)
Expenditures:				
Current				
Public protection				
Services and supplies	8	33	12	21
Total expenditures	8	33	12	21
Excess (deficiency) of revenues over expenditures	-	(25)	(7)	18
Net change in fund balances	-	(25)	(7)	18
Fund balance - beginning of period	26	26	26	-
Fund balance - end of period	$ 26	$ 1	$ 19	$ 18

COUNTY OF ALAMEDA, CALIFORNIA

ROAD - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary	Variance Positive
	Original	Final	Basis	(Negative)
Revenues:				
Taxes	$ 7,223	$ 7,223	$ 2,579	$ (4,644)
Licenses and permits	502	502	735	233
Fines, forfeitures, and penalties	25	25	25	-
Use of money and property	2,065	2,065	2,496	431
State aid	30,358	30,358	40,693	10,335
Federal aid	2,437	2,437	3,914	1,477
Other aid	1,295	1,295	1,165	(130)
Charges for services	3,477	3,477	850	(2,627)
Other revenue	1,540	1,540	573	(967)
Total revenues	48,922	48,922	53,030	4,108
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	12,184	12,184	13,473	(1,289)
Services and supplies	68,916	79,879	45,153	34,726
Other charges	1,823	2,483	387	2,096
Capital assets	125	125	104	21
Total expenditures	83,048	94,671	59,117	35,554
Excess (deficiency) of revenues over expenditures	(34,126)	(45,749)	(6,087)	39,662
Other financing uses:				
Transfers-out	(3,273)	(3,273)	(2,686)	587
Total other financing uses	(3,273)	(3,273)	(2,686)	587
Net change in fund balances	(37,399)	(49,022)	(8,773)	40,249
Add reserve for encumbrance for current budget year	-	-	21,496	21,496
Fund balance - beginning of period	52,505	52,505	52,505	-
Fund balance - end of period	$ 15,106	$ 3,483	$ 65,228	$ 61,745

COUNTY OF ALAMEDA, CALIFORNIA

COUNTY LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary	Variance Positive
	Original	Final	Basis	(Negative)
Revenues:				
Taxes	$ 16,688	$ 17,963	$ 17,933	$ (30)
Use of money and property	10	48	19	(29)
State aid	456	456	462	6
Federal aid	56	56	58	2
Other aid	974	974	1,241	267
Charges for services	2,160	2,160	2,166	6
Other revenue	211	211	635	424
Total revenues	20,555	21,868	22,514	646
Expenditures:				
Current				
Education				
Salaries and benefits	16,856	18,168	14,929	3,239
Services and supplies	10,301	12,318	6,082	6,236
Other charges	1,028	1,028	989	39
Capital assets	188	353	289	64
Total expenditures	28,373	31,867	22,289	9,578
Excess (deficiency) of revenues over expenditures	(7,818)	(9,999)	225	10,224
Net change in fund balances	(7,818)	(9,999)	225	10,224
Add reserve for encumbrance for current budget year	-	-	531	531
Fund balance - beginning of period	10,228	10,228	10,228	-
Fund balance - end of period	$ 2,410	$ 229	$ 10,984	$ 10,755

COUNTY OF ALAMEDA, CALIFORNIA

LIBRARY SPECIAL TAXING ZONE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary	Variance Positive
	Original	Final	Basis	(Negative)
Revenues:				
Taxes	$ 291	$ 299	$ 293	$ (6)
Use of money and property	10	10	3	(7)
State aid	2	2	3	1
Charges for services	111	111	74	(37)
Total revenues	414	422	373	(49)
Expenditures:				
Current				
Education				
Services and supplies	1,009	1,443	253	1,190
Other charges	1	1	1	-
Capital assets	49	49	-	49
Total expenditures	1,059	1,493	254	1,239
Excess (deficiency) of revenues over expenditures	(645)	(1,071)	119	1,190
Net change in fund balances	(645)	(1,071)	119	1,190
Add reserve for encumbrance for current budget year	-	-	53	53
Fund balance - beginning of period	1,050	1,050	1,050	-
Fund balance - end of period	$ 405	$ (21)	$ 1,222	$ 1,243

COUNTY OF ALAMEDA, CALIFORNIA

HEALTH SERVICES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary	Variance Positive
	Original	Final	Basis	(Negative)
Revenues:				
Licenses and permits	$ 87	$ 87	$ 80	$ (7)
Fines, forfeitures, and penalties	-	-	282	282
Use of money and property	340	340	40	(300)
State aid	-	22	-	(22)
Federal aid	-	-	24	24
Charges for services	21,257	21,257	22,477	1,220
Other revenue	3,785	3,800	5,441	1,641
Total revenues	25,469	25,506	28,344	2,838
Expenditures:				
Current				
Health and sanitation				
Salaries and benefits	7,695	7,809	6,574	1,235
Services and supplies	23,563	26,653	20,909	5,744
Other charges	216	234	140	94
Total expenditures	31,474	34,696	27,623	7,073
Excess (deficiency) of revenues over expenditures	(6,005)	(9,190)	721	9,911
Other financing uses:				
Transfers-out	(82)	(82)	(82)	-
Budgetary reserves and designations	(133)	(2,298)	-	2,298
Total other financing uses	(215)	(2,380)	(82)	2,298
Net change in fund balances	(6,220)	(11,570)	639	12,209
Add reserve for encumbrance for current budget year	-	-	6,178	6,178
Fund balance - beginning of period	10,334	10,334	10,334	-
Fund balance - end of period	$ 4,114	$ (1,236)	$ 17,151	$ 18,387

COUNTY OF ALAMEDA, CALIFORNIA

FIRE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Revenues:				
Taxes	$ 27,636	$ 27,751	$ 27,676	$ (75)
Use of money and property	216	218	68	(150)
State aid	1,415	1,415	393	(1,022)
Federal aid	50	50	5	(45)
Other aid	1,410	1,410	1,724	314
Charges for services	64,215	64,295	63,285	(1,010)
Other revenue	495	495	1,001	506
Total revenues	95,437	95,634	94,152	(1,482)
Expenditures:				
Current				
Public protection				
Salaries and benefits	87,530	87,611	79,857	7,754
Services and supplies	16,209	33,590	12,187	21,403
Other charges	667	667	667	-
Capital assets	6,458	6,431	2,202	4,229
Total expenditures	110,864	128,299	94,913	33,386
Excess (deficiency) of revenues over expenditures	(15,427)	(32,665)	(761)	31,904
Net change in fund balances	(15,427)	(32,665)	(761)	31,904
Add reserve for encumbrance for current budget year	-	-	1,341	1,341
Fund balance - beginning of period	38,803	38,803	38,803	-
Fund balance - end of period	$ 23,376	$ 6,138	$ 39,383	$ 33,245

COUNTY OF ALAMEDA, CALIFORNIA

RECOVERY GRANTS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Revenues:				
Use of money and property	$ -	$ -	$ (60)	$ (60)
State aid	-	300	222	(78)
Federal aid	24,584	35,512	32,888	(2,624)
Charges for services	11,192	11,662	12,006	344
Other revenue	-	-	122	122
Total revenues	35,776	47,474	45,178	(2,296)
Expenditures:				
Current				
General government				
Capital assets	1,178	1,478	1,478	-
Public protection				
Salaries and benefits	702	2,054	1,944	110
Services and supplies	2	555	196	359
Capital assets	533	533	519	14
Public assistance				
Salaries and benefits	2,502	2,502	1,868	634
Services and supplies	14,111	14,255	11,664	2,591
Other charges	8,017	13,148	12,616	532
Health and sanitation				
Salaries and benefits	132	153	153	-
Services and supplies	11,893	12,370	12,149	221
Capital assets	289	312	312	-
Public ways and facilities				
Salaries and benefits	-	245	245	-
Services and supplies	2,869	7,504	4,802	2,702
Total expenditures	42,228	55,109	47,946	7,163
Excess (deficiency) of revenues over expenditures	(6,452)	(7,635)	(2,768)	4,867
Other financing sources (uses):				
Issuance of loans	-	1,350	2,393	1,043
Transfers-out	-	(353)	(353)	-
Total other financing sources (uses)	-	997	2,040	1,043
Net change in fund balances	(6,452)	(6,638)	(728)	5,910
Add reserve for encumbrance for current budget year	-	-	465	465
Fund balance (deficit) - beginning of period	571	571	571	-
Fund balance (deficit) - end of period	$ (5,881)	$ (6,067)	$ 308	$ 6,375

COUNTY OF ALAMEDA, CALIFORNIA

LIGHTING - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Taxes	$ 4	$ 5	$ 5	$ -
Use of money and property	30	29	7	(22)
Charges for services	879	879	879	-
Total revenues	913	913	891	(22)
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	-	-	23	(23)
Services and supplies	1,216	1,501	674	827
Total expenditures	1,216	1,501	697	804
Excess (deficiency) of revenues over expenditures	(303)	(588)	194	782
Net change in fund balances	(303)	(588)	194	782
Add reserve for encumbrance for current budget year	-	-	50	50
Fund balance - beginning of period	2,584	2,584	2,584	-
Fund balance - end of period	$ 2,281	$ 1,996	$ 2,828	$ 832

COUNTY OF ALAMEDA, CALIFORNIA

PUBLIC WAYS AND FACILITIES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Taxes	$ 658	$ 659	$ 647	$ (12)
Licenses and permits	1	1	-	(1)
Use of money and property	36	35	9	(26)
Federal aid	786	786	38	(748)
Charges for services	2,097	2,097	1,929	(168)
Other revenue	-	-	33	33
Total revenues	3,578	3,578	2,656	(922)
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	2,358	2,358	2,602	(244)
Services and supplies	3,721	4,787	1,609	3,178
Other charges	69	69	69	-
Total expenditures	6,148	7,214	4,280	2,934
Excess (deficiency) of revenues over expenditures	(2,570)	(3,636)	(1,624)	2,012
Other financing sources:				
Transfers-in	1,803	1,803	1,825	22
Total other financing sources	1,803	1,803	1,825	22
Net change in fund balances	(767)	(1,833)	201	2,034
Add reserve for encumbrance for current budget year	-	-	169	169
Fund balance - beginning of period	3,753	3,753	3,753	-
Fund balance - end of period	$ 2,986	$ 1,920	$ 4,123	$ 2,203

COUNTY OF ALAMEDA, CALIFORNIA

DUBLIN LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures:				
Current				
Education				
Services and supplies	$ -	$ 5	$ -	$ 5
Total expenditures	-	5	-	5
Deficiency of revenues over expenditures	-	(5)	-	5
Net change in fund balances	-	(5)	-	5
Fund balance - beginning of period	5	5	5	-
Fund balance - end of period	$ 5	$ -	$ 5	$ 5

COUNTY OF ALAMEDA, CALIFORNIA

POLICE PROTECTION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Taxes	$ 13,275	$ 13,557	$ 13,557	$ -
Use of money and property	10	29	27	(2)
State aid	124	126	126	-
Total revenues	13,409	13,712	13,710	(2)
Expenditures:				
Current				
Public protection				
Salaries and benefits	13,186	13,522	13,523	(1)
Services and supplies	93	126	126	-
Other charges	130	64	64	-
Total expenditures	13,409	13,712	13,713	(1)
Excess (deficiency) of revenues over expenditures	-	-	(3)	(3)
Net change in fund balances	-	-	(3)	(3)
Fund balance - beginning of period	16	16	16	-
Fund balance - end of period	$ 16	$ 16	$ 13	$ (3)

COUNTY REDEVELOPMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:				
Taxes	$ 18,318	$ 18,607	$ 17,077	$ (1,530)
Use of money and property	700	596	167	(429)
Charges for services	-	-	29	29
Other revenue	-	-	5,289	5,289
Total revenues	19,018	19,203	22,562	3,359
Expenditures:				
Current				
Public assistance				
Salaries and benefits	957	957	635	322
Services and supplies	18,948	54,539	10,956	43,583
Other charges	3,477	3,477	280	3,197
Capital assets	30,450	28,881	41	28,840
Total expenditures	53,832	87,854	11,912	75,942
Excess (deficiency) of revenues over expenditures	(34,814)	(68,651)	10,650	79,301
Other financing sources (uses):				
Issuance of debt	8,400	8,400	-	(8,400)
Issuance of loans	-	-	647	647
Transfers-in	-	-	7	7
Transfers-out	(2,000)	(2,000)	(1,156)	844
Total other financing sources (uses)	6,400	6,400	(502)	(6,902)
Net change in fund balances	(28,414)	(62,251)	10,148	72,399
Add reserve for encumbrance for current budget year	-	-	1,098	1,098
Fund balance - beginning of period	71,108	71,108	71,108	-
Fund balance - end of period	$ 42,694	$ 8,857	$ 82,354	$ 73,497

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

Communications - This fund was established to account for the costs of providing communication services such as telephone service, radio and microwave maintenance and electronic maintenance and repair services to County departments, cities and special districts. Revenues are generated based on fees charged for services provided.

Motor Pool - This fund was established to account for the cost of maintaining all County-owned automobiles, trucks and heavy equipment for County departments and other funds. Revenues are derived from fees charged for services provided.

Building Maintenance - This fund was established to account for the cost of providing custodial, groundskeeping, maintenance and operating services for County occupied buildings. Revenues are generated by charges to users based on square footage of space occupied.

Information Technology - This fund was established to account for the costs of providing information services, system design, computer programming and computer processing for all County departments. Revenues are based on fees charged for services provided.

Risk Management - This fund was established to account for costs to administer the County's risk management program, which includes: general risk management administration, employee wellness, alcohol and drug programs, pre-employment physicals, public and professional liability, dental insurance, property insurance programs and workers' compensation. Costs of claims against the County under the self-insurance programs for general and medical malpractice liabilities and deductibles for damage to County property are also recorded in this fund. The primary source of revenue for the fund is premiums paid by other funds and interest on investments.

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	Communications	Motor Pool	Building Maintenance	Information Technology	Risk Management	Total
Assets:						
Current assets:						
Cash and investments with County Treasurer	$ 3,985	$ 7,385	$ 11,648	$ 8,433	$ 105,641	$ 137,092
Other receivables	399	144	681	548	286	2,058
Due from component unit	1	52	822	-	-	875
Inventory of supplies	55	-	-	-	-	55
Prepaid items	4,222	-	-	-	115	4,337
Total current assets	8,662	7,581	13,151	8,981	106,042	144,417
Noncurrent assets:						
Capital assets:						
Structures and improvement, machinery and equipment, infrastructure, net of depreciation	1,958	7,867	259	1,874	4	11,962
Total capital assets	1,958	7,867	259	1,874	4	11,962
Total noncurrent assets	1,958	7,867	259	1,874	4	11,962
Total assets	10,620	15,448	13,410	10,855	106,046	156,379
Liabilities:						
Current liabilities:						
Accounts payable and accrued expenses	530	282	3,135	2,397	4,278	10,622
Compensated employee absences payable	94	53	744	883	45	1,819
Estimated liability for claims and contingencies	-	-	-	-	23,200	23,200
Due to component unit	-	-	71	-	-	71
Total current liabilities	624	335	3,950	3,280	27,523	35,712
Noncurrent liabilities:						
Compensated employee absences payable	69	39	551	654	33	1,346
Estimated liability for claims and contingencies	-	-	-	-	69,605	69,605
Total noncurrent liabilities	69	39	551	654	69,638	70,951
Total liabilities	693	374	4,501	3,934	97,161	106,663
Net assets						
Invested in capital assets	1,958	7,867	259	1,874	4	11,962
Unrestricted	7,969	7,207	8,650	5,047	8,881	37,754
Total net assets	$ 9,927	$ 15,074	$ 8,909	$ 6,921	$ 8,885	$ 49,716

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Communications	Motor Pool	Building Maintenance	Information Technology	Risk Management	Total
Operating revenues:						
Charges for services	$ 10,388	$ 9,073	$ 90,803	$ 35,839	$ 57,259	$ 203,362
Operating expenses:						
Salaries and benefits	3,689	1,676	26,543	24,478	1,717	58,103
Contractual services	196	122	1,043	871	3,825	6,057
Utilities	-	8	11,648	26	-	11,682
Repairs and maintenance	127	315	4,998	35	-	5,475
Other supplies and expenses	1,738	4,503	38,003	7,317	8,385	59,946
Insurance claims and expenses	-	-	-	-	14,541	14,541
Depreciation	458	1,729	78	1,114	-	3,379
Telephone	3,260	-	-	-	-	3,260
County indirect costs	805	670	4,134	920	1,151	7,680
Dental claims	-	-	-	-	8,281	8,281
Other	-	-	-	-	426	426
Total operating expenses	10,273	9,023	86,447	34,761	38,326	178,830
Operating income	115	50	4,356	1,078	18,933	24,532
Non-operating revenues (expenses):						
Interest and investment income	21	19	11	4	234	289
Gain (loss) on sale of capital assets	-	(16)	9	-	-	(7)
Net non-operating revenues (expenses)	21	3	20	4	234	282
Income before transfers	136	53	4,376	1,082	19,167	24,814
Transfers-in	-	276	-	-	-	276
Transfers-out	-	-	(4,553)	(37)	(4,440)	(9,030)
Change in net assets	136	329	(177)	1,045	14,727	16,060
Total net assets (deficit) - beginning of period	9,791	14,745	9,086	5,876	(5,842)	33,656
Total net assets - end of period	$ 9,927	$ 15,074	$ 8,909	$ 6,921	$ 8,885	$ 49,716

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Communications	Motor Pool	Building Maintenance	Information Technology	Risk Management	Total
Cash flows from operating activities						
Internal activity - receipts from other funds	$ 10,239	$ 9,044	$ 90,630	$ 35,899	$ 57,256	$ 203,068
Payments to suppliers	(9,578)	(5,031)	(55,228)	(8,308)	(10,750)	(88,895)
Payments to employees	(3,683)	(1,680)	(26,477)	(24,540)	(1,697)	(58,077)
Internal activity - payments to other funds	(805)	(670)	(4,134)	(920)	(1,151)	(7,680)
Claims paid	-	-	-	-	(28,565)	(28,565)
Other receipts (payments)	-	-	-	-	(426)	(426)
Net cash provided by (used in) operating activities	(3,827)	1,663	4,791	2,131	14,667	19,425
Cash flows from noncapital financing activities						
Transfers-in	-	276	-	-	-	276
Transfers-out	-	-	(4,553)	(37)	(4,440)	(9,030)
Net cash provided by (used in) noncapital financing activities	-	276	(4,553)	(37)	(4,440)	(8,754)
Cash flows from capital and related financing activities						
Acquisition of capital assets	(812)	(2,035)	(232)	(727)	-	(3,806)
Proceeds from sale of capital assets	-	238	9	-	-	247
Net cash provided by (used in) capital and related financing activities	(812)	(1,797)	(223)	(727)	-	(3,559)
Cash flows from investing activities:						
Interest on investments	21	19	11	4	234	289
Net cash provided by investing activities	21	19	11	4	234	289
Net increase (decrease) in cash and cash equivalents	(4,618)	161	26	1,371	10,461	7,401
Cash and cash equivalents - beginning of period	8,603	7,224	11,622	7,062	95,180	129,691
Cash and cash equivalents - end of period	$ 3,985	$ 7,385	$ 11,648	$ 8,433	$ 105,641	$ 137,092
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income	$ 115	$ 50	$ 4,356	$ 1,078	$ 18,933	$ 24,532
Adjustments for non cash activities						
Depreciation	458	1,729	78	1,114	-	3,379
Changes in assets and liabilities						
Receivables	(149)	(29)	(173)	60	(3)	(294)
Inventories	(7)	-	-	-	-	(7)
Prepaid items	(4,222)	-	-	-	39	(4,183)
Accounts payable	(28)	(83)	435	(59)	1,421	1,686
Compensated employee absences payable	6	(4)	66	(62)	20	26
Estimated liability for claims and contingencies	-	-	-	-	(5,743)	(5,743)
Due to component unit	-	-	29	-	-	29
Total adjustments	(3,942)	1,613	435	1,053	(4,266)	(5,107)
Net cash provided by (used in) operating activities	$ (3,827)	$ 1,663	$ 4,791	$ 2,131	$ 14,667	$ 19,425

Fiduciary Funds

Fiduciary funds include all trust and agency funds which account for assets held by the County as a trustee or as an agent for individuals or other governmental units.

TRUST FUNDS

Pension and Postemployment Benefits Trust Fund - This fund is under the control of the Board of Retirement and is governed by the rules and regulations of the Retirement Act of 1937. The fund accumulates contributions from the County, contributions from employees, and earnings from the fund's investments. Disbursements are made from the fund for retirements, postemployment benefits, disability and death benefits, refund and administrative costs. This fund includes all assets of the retirement system.

Other Employee Benefit Trust Fund – This fund accounts for pre-tax deductions from county employees' gross pay. The funds are for reimbursement of allowable health care and dependent care costs.

AGENCY FUNDS

Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

Unapportioned Taxes Fund – This fund accounts for property taxes receivable (secured and unsecured), amounts which are impounded because of disputes or litigation, as well as amounts held pending authority for apportionment.

Other Agency Funds - These funds account for assets held by the County as an agent for individuals, private organizations, or other governmental units. These funds include payroll deduction clearing funds, collection clearing funds, and flow through funds for federal and state programs.

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	Pension and Other Postemployment Benefits Trust Fund				Other Employee Benefits Trust Funds	
	Pension	**Postemployment Medical Benefits (OPEB)**	**Other Postemployment Benefits**	**Total**		**Total**
Assets:						
Cash and investments with County Treasurer	$ 1,118	$ -	$ -	$ 1,118	$ 1,778	$ 2,896
Investments, at fair value:						
Short-term investments	127,347	-	-	127,347	-	127,347
Domestic equities	1,336,675	-	-	1,336,675	-	1,336,675
Domestic equity commingled funds	771,880	-	-	771,880	-	771,880
International equities	1,216,473	-	-	1,216,473	-	1,216,473
International equity commingled funds	77,621	-	-	77,621	-	77,621
Domestic fixed income	903,232	-	-	903,232	-	903,232
International fixed income	314,241	-	-	314,241	-	314,241
Real estate - separate properties	88,034	-	-	88,034	-	88,034
Real estate - commingled funds	190,568	-	-	190,568	-	190,568
Private equity and alternatives	189,407	-	-	189,407	-	189,407
Total investments	5,215,478	-	-	5,215,478	-	5,215,478
Investment of securities lending collateral	523,857	-	-	523,857	-	523,857
Deposits with others	562	-	-	562	-	562
Other receivable	34,340	-	-	34,340	-	34,340
Interest receivable	14,382	-	-	14,382	-	14,382
Due from (to) pension plan	(635,112)	565,856	69,256	-	-	-
Capital assets, net of accumulated depreciation	4,383	-	-	4,383	-	4,383
Total assets	5,159,008	565,856	69,256	5,794,120	1,778	5,795,898
Liabilities:						
Accounts payable and accrued expenses	45,768	-	-	45,768	144	45,912
Securities lending obligation	523,857	-	-	523,857	-	523,857
Total liabilities	569,625	-	-	569,625	144	569,769
Net Assets						
Held in trust	4,589,383	565,856	69,256	5,224,495	1,634	5,226,129
	$ 4,589,383	$ 565,856	$ 69,256	$ 5,224,495	$ 1,634	$ 5,226,129

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Pension and Other Postemployment Benefits Trust Fund				Other Employee Benefits Trust Funds	
	Pension	**Postemployment Medical Benefits (OPEB)**	**Other Postemployment Benefits**	**Total**		**Total**
Additions:						
Contributions:						
Employees	$ 77,605	$ -	$ -	$ 77,605	$ 4,255	$ 81,860
Employer	118,083	29,460	-	147,543	-	147,543
Total contributions	195,688	29,460	-	225,148	4,255	229,403
Investment income:						
Interest	66,596	-	-	66,596	10	66,606
Dividends	49,140	-	-	49,140	-	49,140
Net increase (decrease) in fair value of investments	542,132	-	-	542,132	(4)	542,128
Real estate	21,162	-	-	21,162	-	21,162
Securities lending income	3,510	-	-	3,510	-	3,510
Earnings allocated to OPEB reserves	(4,911)	4,370	541	-	-	-
Total investment income	677,629	4,370	541	682,540	6	682,546
Less investment expenses:						
Investment expenses	24,624	-	-	24,624	-	24,624
Securities lending borrower rebates and management fees	1,433	-	-	1,433	-	1,433
Real estate	8,373	-	-	8,373	-	8,373
Total investment expenses	34,430	-	-	34,430	-	34,430
Net investment income	643,199	4,370	541	648,110	6	648,116
Miscellaneous income	508	-	-	508	-	508
Total additions, net	839,395	33,830	541	873,766	4,261	878,027
Deductions:						
Benefit payments	272,937	29,802	4,766	307,505	4,052	311,557
Refunds of contributions	5,645	-	-	5,645	-	5,645
Administration expenses	13,001	-	-	13,001	-	13,001
Total deductions	291,583	29,802	4,766	326,151	4,052	330,203
Change in net assets	547,812	4,028	(4,225)	547,615	209	547,824
Net assets - beginning of year	4,006,823	596,576	73,481	4,676,880	1,425	4,678,305
Transfer to Pension from SRBR for Employer Contribution to 401(h)	29,460	(29,460)	-	-	-	-
Transfer to Pension from SRBR fro Implicit Subsidy	5,288	(5,288)	-	-	-	-
Net assets - end of year	$ 4,589,383	$ 565,856	$ 69,256	$ 5,224,495	$ 1,634	$ 5,226,129

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Unapportioned Taxes				
Assets:				
Cash and investments with County Treasurer	$ 61,193	$ 4,009,834	$ 3,999,020	$ 72,007
Taxes receivable	277,499	2,969,863	2,995,405	251,957
Interest receivable	1	382	383	-
Total assets	$ 338,693	$ 6,980,079	$ 6,994,808	$ 323,964
Liabilities:				
Due to other governmental units	$ 338,693	$ 6,980,200	$ 6,994,929	$ 323,964
Total liabilities	$ 338,693	$ 6,980,200	$ 6,994,929	$ 323,964
Other Agency				
Assets:				
Cash and investments with County Treasurer	$ 185,593	$ 4,303,201	$ 4,399,682	$ 89,112
Interest receivable	160	383	476	67
Total assets	$ 185,753	$ 4,303,584	$ 4,400,158	$ 89,179
Liabilities:				
Accounts payable and accrued expenses	$ 689	$ 479,740	$ 472,331	$ 8,098
Due to other governmental units	185,064	6,652,596	6,756,579	81,081
Total liabilities	$ 185,753	$ 7,132,336	$ 7,228,910	$ 89,179
Totals - Agency Funds				
Assets:				
Cash and investments with County Treasurer	$ 246,786	$ 8,313,035	$ 8,398,702	$ 161,119
Taxes receivable	277,499	2,969,863	2,995,405	251,957
Interest receivable	161	765	859	67
Total assets	$ 524,446	$ 11,283,663	$11,394,966	$ 413,143
Liabilities:				
Warrants payable	$ 689	$ 479,740	$ 472,331	$ 8,098
Due to other governmental units	523,757	13,632,796	13,751,508	405,045
Total liabilities	$ 524,446	$ 14,112,536	$14,223,839	$ 413,143

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CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

COUNTY OF ALAMEDA, CALIFORNIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source [1]
June 30, 2011
(amounts in tables expressed in thousands)

Governmental funds capital assets:

Land and Easements	$ 46,235
Structures and improvements	909,987
Infrastructure	765,228
Equipment	101,474
Software	34,514
Construction in progress	177,541
Total governmental funds capital assets	$ 2,034,979 [2]

Investments in governmental funds capital assets acquired prior to July 1, 2001	$ 1,251,100
Investments in governmental funds capital assets acquired from July 1, 2001 by source:	
General fund	243,111
Capital projects fund	248,391
Other governmental funds	278,128
Donations	14,249
Total governmental funds capital assets	$ 2,034,979

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of $49,627,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

[2] This amount does not include a collection item of $50,000 which is considered a historical artifact and is not used in the operation of governmental funds.

COUNTY OF ALAMEDA, CALIFORNIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Type[1]
June 30, 2011
(amounts in tables expressed in thousands)

	Land and Easements	Structures and Improvements	Infrastructure	Equipment	Software	Construction in Progress	Total
General	$ 11,648	$ 83,644	$ -	$ 15,074	$ 32,654	$ 123	$ 143,143
Public protection	26,110	518,720	192,764	55,504	1,860	15,728	810,686
Public assistance	2,652	41,284	-	7,987	-	-	51,923
Health and sanitation	3,494	221,703	-	4,395	-	121,235	350,827
Public ways and facilities	378	13,420	570,026	9,511	-	40,455	633,790
Recreation & cultural services	-	9,998	2,438	6,717	-	-	19,153
Education	1,953	21,218	-	2,286	-	-	25,457
Total governmental funds capital assets	$ 46,235	$ 909,987	$ 765,228	$ 101,474	$ 34,514	$ 177,541	$ 2,034,979 [2]

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of $49,627,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

[2] This amount does not include a collection item of $50,000 which is considered a historical artifact and is not used in the operation of governmental funds.

COUNTY OF ALAMEDA, CALIFORNIA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function[1]
Year ended June 30, 2011
(amounts in tables expressed in thousands)

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
General	$ 123,443	$ 19,736	$ 36	$ 143,143
Public protection	795,028	21,725	$ 6,067	810,686
Public assistance	51,913	10	$ -	51,923
Health and sanitation	284,211	66,651	$ 35	350,827
Public ways and facilities	610,436	26,801	$ 3,447	633,790
Recreation & cultural services	19,029	124	$ -	19,153
Education	25,222	424	$ 189	25,457
Total governmental funds capital assets	$ 1,909,282	$ 135,471	$ 9,774	$ 2,034,979 [2]

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of $49,627,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

[2] This amount does not include a collection item of $50,000 which is considered a historical artifact and is not used in the operation of governmental funds.

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STATISTICAL SECTION

Statistical Section

The information in this section is not covered by the Independent Auditors' Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

COUNTY OF ALAMEDA, CALIFORNIA

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	$ 580,283	$ 527,375	$ 561,240	$ 603,668	$ 582,506	$ 551,198	$ 508,533	$ 511,354	$ 560,449	$ 404,686
Restricted	394,632	398,618	398,621	336,562	387,798	473,468	531,744	579,459	641,476	697,984
Unrestricted (deficit)	(306,906)	(287,654)	(303,544)	(73,273)	125,578	353,164	452,524	465,456	328,726	574,257
Total governmental activities net assets	$ 668,009	$ 638,339	$ 656,317	$ 866,957	$ 1,095,882	$ 1,377,830	$ 1,492,801	$ 1,556,269	$ 1,530,651	$ 1,676,927

COUNTY OF ALAMEDA, CALIFORNIA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	$ 113,158	$ 112,016	$ 127,986	$ 126,933	$ 119,662	$ 124,448	$ 137,490	$ 161,834	$ 143,497	$ 141,862
Public protection	520,128	577,807	584,983	582,384	616,938	647,036	720,939	719,458	766,225	752,191
Public assistance	542,411	586,500	559,728	543,263	575,334	582,568	620,978	653,920	680,142	674,181
Health and sanitation	340,984	457,313	404,492	431,310	455,835	470,668	524,225	558,632	597,448	584,815
Public ways and facilities	49,563	52,205	41,151	43,902	46,123	50,650	48,620	39,427	36,598	43,312
Recreation and cultural services	25	387	571	441	514	502	523	677	557	608
Education	18,194	21,584	19,534	19,022	19,448	19,350	21,358	23,064	22,813	22,863
Interest on long-term debt	67,958	67,776	67,170	70,053	71,913	78,236	77,708	78,352	75,420	87,490
Total governmental activities expenses	1,652,421	1,875,588	1,805,615	1,817,308	1,905,767	1,973,458	2,151,841	2,235,364	2,322,700	2,307,322
Program Revenues										
Governmental activities:										
Charges for services:										
General government	151,984	160,785	128,966	170,321	150,182	158,550	125,532	124,488	111,200	125,619
Public protection	155,088	164,398	170,380	164,731	184,356	196,775	210,362	218,244	222,606	238,915
Health and sanitation	99,885	98,941	116,576	116,244	110,437	113,134	119,509	139,217	153,243	202,110
Other activities	24,743	18,953	16,250	22,769	19,525	19,588	15,212	22,114	27,819	32,085
Operating grants and contributions	923,130	919,771	884,510	994,427	1,051,339	1,078,909	1,087,171	1,130,306	1,170,990	1,232,027
Capital grants and contributions	1,953	-	11,606	15,202	14,979	202	7,070	4,260	5,782	5,550
Total governmental activities program revenues	1,356,783	1,362,848	1,328,288	1,483,694	1,530,818	1,567,158	1,564,856	1,638,629	1,691,640	1,836,306
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	$ 266,835	$ 281,756	$ 298,634	$ 303,570	$ 339,470	$ 398,922	$ 412,767	$ 425,713	$ 403,847	$ 399,701
Sales taxes - shared revenues	131,412	124,808	124,759	158,886	172,544	171,876	174,984	150,551	140,643	150,328
Other taxes	25,575	25,985	28,455	32,848	34,040	30,957	26,173	26,309	28,144	27,503
Interest and investment income	17,172	9,575	18,104	13,019	20,616	52,556	46,746	25,979	9,369	5,751
Other	33,022	40,946	25,353	35,973	37,248	42,701	41,289	36,948	23,439	34,009
Transfers	267	-	-	(42)	(44)	(7)	(3)	(5,297)	-	-
Extraordinary item	-	-	-	-	-	(8,757)	-	-	-	-
Total governmental activities	474,283	483,070	495,305	544,254	603,874	688,248	701,956	660,203	605,442	617,292
Change in Net Assets										
Governmental activities	$ 178,645	$ (29,670)	$ 17,978	$ 210,640	$ 228,925	$ 281,948	$ 114,971	$ 63,468	$ (25,618)	$ 146,276

COUNTY OF ALAMEDA, CALIFORNIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 [1]
General fund										
Reserved	$ 184,301	$ 153,628	$ 153,447	$ 168,671	$ 213,531	$ 226,371	$ 246,546	$ 246,383	$ 299,432	$ -
Unreserved	238,802	206,233	173,860	243,799	437,866	575,231	573,336	618,174	627,898	-
Nonspendable	-	-	-	-	-	-	-	-	-	1,725
Restricted	-	-	-	-	-	-	-	-	-	303,635
Committed	-	-	-	-	-	-	-	-	-	638,601
Assigned	-	-	-	-	-	-	-	-	-	101,961
Unassigned	-	-	-	-	-	-	-	-	-	16,996
Total general fund	$ 423,103	$ 359,861	$ 327,307	$ 412,470	$ 651,397	$ 801,602	$ 819,882	$ 864,557	$ 927,330	$ 1,062,918
All other governmental funds										
Reserved	$ 130,369	$ 150,191	$ 151,108	$ 239,215	$ 220,946	$ 170,814	$ 190,267	$ 171,988	$ 592,468	$ -
Unreserved, reported in:										
Special revenue funds	365,433	395,831	384,155	428,354	469,475	541,182	584,941	606,763	598,330	-
Capital projects fund	30,545	21,931	15,009	4,578	59,746	85,289	72,672	79,236	(375,645)	-
Nonspendable	-	-	-	-	-	-	-	-	-	5,421
Restricted	-	-	-	-	-	-	-	-	-	527,282
Committed	-	-	-	-	-	-	-	-	-	567,921
Assigned	-	-	-	-	-	-	-	-	-	3,003
Unassigned	-	-	-	-	-	-	-	-	-	(1,930)
Total all other governmental funds	$ 526,347	$ 567,953	$ 550,272	$ 672,147	$ 750,167	$ 797,285	$ 847,880	$ 857,987	$ 815,153	$ 1,101,697

[1] The County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigend compared to reserved and unreserved.

COUNTY OF ALAMEDA, CALIFORNIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	$ 423,522	$ 432,249	$ 451,590	$ 495,215	$ 546,619	$ 600,847	$ 614,397	$ 602,473	$ 572,507	$ 577,186
Licenses and permits	6,543	6,902	7,708	7,559	8,291	8,465	9,138	7,904	8,490	9,635
Fines, forfeitures, and penalties	27,605	28,310	30,468	30,427	27,388	32,117	34,621	41,228	41,444	38,887
Use of money and property	45,324	39,783	21,737	28,861	37,759	79,857	77,653	48,250	27,769	19,635
State aid	596,301	624,607	594,174	701,939	747,292	731,715	699,172	761,782	694,252	725,140
Federal aid	308,789	278,297	270,734	261,923	313,689	309,888	364,958	349,759	459,652	481,010
Other aid	13,014	15,086	19,739	22,362	32,653	20,415	20,345	23,259	40,057	29,914
Charges for services	258,872	277,126	277,277	273,103	331,232	391,034	335,617	389,506	428,166	455,215
Other revenue	139,728	141,138	127,670	127,900	128,640	69,997	70,493	71,436	50,709	136,131
Total revenues	1,819,698	1,843,498	1,801,097	1,949,289	2,173,563	2,244,335	2,226,394	2,295,597	2,323,046	2,472,753
Expenditures										
Current										
General government	121,195	118,384	124,033	109,600	108,931	129,219	118,713	130,358	120,465	129,979
Public protection	515,062	557,609	583,012	592,172	620,390	665,433	708,363	703,959	710,039	739,810
Public assistance	546,894	585,587	561,964	545,898	603,267	594,117	619,109	647,504	666,247	667,601
Health and sanitation	343,480	456,810	421,442	431,656	457,096	472,768	522,120	556,575	590,590	580,833
Public ways and facilities	38,996	41,804	35,144	34,388	33,226	35,148	51,204	46,199	42,400	49,705
Recreation and cultural services	265	407	627	493	526	562	562	719	594	675
Education	17,868	21,058	19,020	19,139	19,522	19,409	21,037	22,883	21,947	22,079
Debt service										
Principal	55,285	58,575	65,260	67,175	62,460	69,290	74,235	78,730	90,896	93,865
Interest	32,695	31,847	28,671	28,629	26,668	26,616	26,779	28,889	27,130	38,788
Deposit with escrow agent	-	-	-	-	-	4,756	-	-	-	-
Bond issuance costs	2,449	3,669	-	2,312	2,632	592	12,248	-	-	2,465
Capital outlay	40,287	21,094	19,044	81,343	86,383	45,650	24,389	31,878	46,875	95,067
Total expenditures	1,714,476	1,896,844	1,858,217	1,912,805	2,021,101	2,063,560	2,178,759	2,247,694	2,317,183	2,420,867
Excess of revenues over (under) expenditures	105,222	(53,346)	(57,120)	36,484	152,462	180,775	47,635	47,903	5,863	51,886
Other financing sources (uses)										
Issuance of loans	1,851	-	-	-	5,423	3,000	-	675	4,732	28,040
Proceeds from sale of land	3,345	1,481	-	24,139	21,475	-	-	-	-	13,452
Capital leases issued	15,772	-	-	801	26,896	5,640	697	3,000	-	-
Issuance of debt	-	-	-	136,975	102,594	-	-	-	-	320,000
Refunding bonds issued	148,455	220,525	-	6,095	-	37,010	120,145	-	-	-
Premium on refunding bonds	7,867	-	-	1,566	373	2,260	1,265	-	-	-
Discount on refunding bonds	-	(5,431)	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(154,203)	(193,102)	-	(6,059)	-	(38,673)	(108,815)	-	-	-
Transfers-in	73,030	237,965	28,735	41,482	76,777	84,106	84,736	85,552	83,705	93,073
Transfers-out	(64,269)	(229,728)	(21,850)	(34,445)	(69,053)	(76,795)	(76,788)	(82,348)	(74,361)	(84,319)
Total other financing sources (uses)	31,848	31,710	6,885	170,554	164,485	16,548	21,240	6,879	14,076	370,246
Net change in fund balances	$ 137,070	$ (21,636)	$ (50,235)	$ 207,038	$ 316,947	$ 197,323	$ 68,875	$ 54,782	$ 19,939	$ 422,132
Debt service as a percentage of noncapital expenditures	5.53%	5.38%	5.25%	5.83%	4.89%	5.23%	5.73%	4.90%	5.27%	5.93%

COUNTY OF ALAMEDA, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Utility, Unsecured and Escaped Assessment Property [1]	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2002	$ 80,008,388	$ 16,371,339	$ 14,325,866	$ 1,183,410	$ 1,314,653	$ 13,636,250	$ 2,920,971	$ 123,918,935	1.00 %
2003	86,986,683	18,081,908	15,418,841	1,002,579	1,516,427	13,756,814	3,321,800	133,441,452	1.00
2004	94,976,679	19,186,774	15,977,934	1,081,747	1,603,399	12,701,210	3,243,636	142,284,107	1.00
2005	103,803,391	20,091,593	15,998,280	1,093,305	1,773,362	12,468,944	3,834,506	151,394,369	1.00
2006	115,620,542	20,968,026	16,482,414	1,181,328	1,884,812	13,061,858	4,206,190	164,992,790	1.00
2007	129,127,345	22,467,714	17,022,667	1,225,484	2,023,259	13,001,842	4,312,765	180,555,546	1.00
2008	140,379,422	24,458,944	17,854,260	1,360,579	2,203,804	13,629,455	4,880,956	195,005,508	1.00
2009	146,399,031	25,895,769	19,172,805	1,466,409	2,263,501	14,086,040	5,115,665	204,167,890	1.00
2010	139,524,668	27,086,816	19,319,349	1,499,707	2,437,587	14,398,367	5,476,280	198,790,214	1.00
2011	137,082,662	26,746,547	19,385,756	1,435,643	2,450,098	14,454,882	5,793,021	195,762,567	1.00

[1] The utility, unsecured and escaped assessment rolls are not available by property type.

Source: Auditor-Controller, County of Alameda

COUNTY OF ALAMEDA, CALIFORNIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	County General	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	Total[1]
2002	1.0000 %	0.0031 %	0.0016 %	0.0099 %	0.0624 %	0.0494 %	1.1264 %
2003	1.0000	0.0031	0.0014	0.0093	0.0751	0.0449	1.1338
2004	1.0000	0.0029	0.0012	0.0084	0.0777	0.0555	1.1457
2005	1.0000	0.0023	0.0009	0.0083	0.0873	0.0507	1.1495
2006	1.0000	0.0027	0.0012	0.0127	0.0871	0.0517	1.1554
2007	1.0000	0.0031	0.0013	0.0166	0.0834	0.0546	1.1590
2008	1.0000	0.0031	0.0015	0.0216	0.0862	0.0524	1.1648
2009	1.0000	0.0035	0.0018	0.0249	0.0987	0.0520	1.1809
2010	1.0000	0.0042	0.0015	0.0195	0.1164	0.0582	1.1998
2011	1.0000	0.0052	0.0017	0.0179	0.1163	0.0582	1.1993

[1] Rates reflect voter approved Proposition 13 provisions limiting property tax levy to 1 percent of full cash value plus levies to pay for indebtedness approved by voters. The rates shown under special districts, schools and cities represent the levies for indebtedness.

Source: Auditor-Controller, County of Alameda

COUNTY OF ALAMEDA, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS
(amounts expressed in thousands)

	JUNE 30, 2011			JUNE 30, 2002		
Taxpayer	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Pacific Gas & Electric Co.	$ 1,469,411	1	0.80 %	$ 775,380	3	0.68 %
New United Motor Manufacturing, Inc.	1,014,085	2	0.55	937,590	1	0.82
AT&T California	377,180	3	0.20	913,192	2	0.80
Kaiser Foundation Hospitals	374,940	4	0.20			
Kaiser Foundation Health Plan, Inc.	354,243	5	0.19	212,586	9	0.19
Catellus Development Corporation	329,014	6	0.18	238,002	6	0.21
Bayer Healthcare LLC	277,564	7	0.15			
SCI Limited Partnership	264,228	8	0.14	227,593	7	0.20
Northern California Industrial Portfolio, Inc.	263,336	9	0.14			
SA Challenger Inc.	253,310	10	0.14			
Cutter Laboratories				264,306	4	0.23
Calwest Industrial Properties, LLC				254,422	5	0.22
Sun Microsystems Inc.				224,673	8	0.20
WB Bernal, LLC				200,426	10	0.18
	$ 4,977,311		2.69 %	$ 4,248,170		3.73 %

Source: Auditor-Controller, County of Alameda

COUNTY OF ALAMEDA, CALIFORNIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SIX FISCAL YEARS[1]
(amounts expressed in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years [2]	Total Collections to Date: Amount [2]	Total Collections to Date: Percentage of Levy [2]
2006	$ 1,891,314	$ 1,847,316	97.67 %	-	-	-
2007	2,082,187	2,005,869	96.33	-	-	-
2008	2,259,012	2,155,685	95.43	-	-	-
2009	2,393,333	2,284,204	95.44	-	-	-
2010	2,360,181	2,283,101	96.73	-	-	-
2011	2,327,545	2,264,442	97.29			

[1] Data not available for fiscal years prior to 2006.

[2] Unable to determine subsequent collections by fiscal year.

Source: Auditor-Controller, County of Alameda

COUNTY OF ALAMEDA, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita in dollars)

Fiscal Year	Governmental Activities: Certificates of Participation	Tobacco Settlement Asset-Backed Bonds	Pension Obligations Bonds	Lease Revenue Bonds	Tax Allocation Bonds	Special Assessment Bonds	Capital Leases	Loans and Notes Payable	Total Primary Government	Percentage of Total Personal Income [1]	Per Capita [1]
2002	$ 437,642	$ -	$ 595,185	$ -	$ -	$ 1,540	$ 22,170	$ 1,851	$ 1,058,388	1.91 %	$ 712
2003	241,237	216,200	586,691	-	-	1,395	18,129	1,697	1,065,349	1.89	712
2004	230,785	211,460	574,786	-	-	1,270	4,526	1,534	1,024,361	1.72	684
2005	214,692	206,925	564,185	142,315	-	1,065	2,866	1,364	1,133,412	1.82	752
2006	204,184	273,016	558,737	141,610	34,735	935	28,004	6,474	1,247,695	1.88	826
2007	191,548	273,383	544,156	140,885	34,440	815	27,324	8,986	1,221,537	1.73	800
2008	185,202	273,244	526,070	148,765	33,840	680	27,730	8,284	1,203,815	1.65	780
2009	178,347	271,655	504,074	145,520	33,215	545	30,300	8,194	1,171,850	1.64	753
2010	160,221	272,799	477,740	141,705	32,565	335	29,849	12,129	1,127,343	-	716
2011	140,915	274,880	446,593	458,190	31,890	220	29,516	39,066	1,421,270	-	934

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements. There are no outstanding general obligation debt.

[1] See Schedule of Demographic and Economic Statistics for total personal income and population data.

ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2011
(amounts in tables expressed in thousands)

2010-11 **Assessed Valuation**:	$195,762,567	(includes unitary utility valuation)
Redevelopment Incremental Valuation:	24,575,544	
Adjusted Assessed Valuation:	$171,187,023	

Population: 1,521,157

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/30/11
Bay Area Rapid Transit District	38.760%	$ 160,414
East Bay Municipal Utility District, Special Service District No. 1	93.505	22,951
Chabot-Las Positas Community College District	99.324	451,745
Ohlone Community College District	100.000	130,140
Peralta Community College District	100.000	435,575
San Joaquin Delta Community College District	0.152	218
Alameda Unified School District	100.000	75,865
Berkeley Unified School District	100.000	238,409
Castro Valley Unified School District	100.000	83,550
Dublin Unified School District	100.000	195,201
Fremont Unified School District	100.000	188,864
Hayward Unified School District	100.000	196,045
Livermore Valley Joint Unified School District	99.575	102,916
New Haven Unified School District	100.000	193,355
Oakland Unified School District	100.000	713,910
Pleasanton Unified School District	100.000	87,984
San Leandro Unified School District	100.000	167,576
Other Unified School Districts	100.000	363,500
City of Alameda	100.000	9,375
City of Albany	100.000	17,815
City of Berkeley	100.000	82,005
City of Fremont	100.000	48,205
City of Oakland	100.000	261,696
Washington Township Healthcare District	100.000	70,425
East Bay Regional Park District	55.369	85,263
Community Facilities Districts	100.000	133,120
1915 Act Bonds (Estimated)	100.000	87,618
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$4,603,740

ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (Continued)
JUNE 30, 2011
(amounts in tables expressed in thousands)

DIRECT AND OVERLAPPING GENERAL FUND DEBT:	% Applicable	Debt 6/30/11
Alameda County General Fund Obligations	100.000%	$ 711,512
Alameda County Pension Obligations	100.000	154,585 [1]
Alameda-Contra Costa Transit District Certificates of Participation	90.081	33,749
Chabot-Las Positas Community College District General Fund Obligations	99.324	4,464
Peralta Community College District Pension Obligations	100.000	151,709
Hayward Unified School District Certificates of Participation	100.000	17,920
Oakland Unified School District Certificates of Participation	100.000	60,905
Pleasanton Unified School District General Fund Obligations	100.000	17,510
San Lorenzo Unified School District Certificates of Participation	100.000	21,535
Other School District Certificates of Participation	100.000	5,130
City of Berkeley General Fund and Pension Fund Obligations	100.000	40,655
City of Fremont General Fund Obligations	100.000	148,480
City of Hayward General Fund Obligations	100.000	31,430
City of Livermore General Fund Obligations	100.000	84,815
City of Oakland General Fund Obligations	100.000	371,145
City of Oakland Pension Obligations	100.000	195,636
Other City General Fund Obligations	100.000	110,028
Byron Bethany Irrigation District General Fund Obligations	.394	22
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		2,161,230
Less: City of Hayward supported obligations		1,827
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,159,403

TOTAL DIRECT DEBT	$866,097
TOTAL GROSS OVERLAPPING DEBT	$5,880,863
TOTAL NET OVERLAPPING DEBT	$5,879,036
GROSS COMBINED TOTAL DEBT	$6,764,970 [2]
NET COMBINED TOTAL DEBT	$6,763,143

STATE SCHOOL BUILDING AID REPAYABLE AS OF June 30, 2011
(not in thousands): $1,305

		Per Capita (not in Thousands)
Ratios to 2010-11 Assessed Valuation:		
Total Overlapping Tax and Assessment Debt	2.35%	$3,026
Ratios to Adjusted Assessed Valuation:		
Total Direct Debt ($866,097)	.51%	569
Gross Combined Total Debt	3.95%	4,447
Net Combined Total Debt	3.95%	4,446

[1] Excludes accreted value.

[2] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc. All bonded debt obligations that are supported in whole or in part by a property tax or assessment or are supported by a pledge of the general fund or general taxing power of a governmental entity are included. Assessment bonds and other obligations secured by an underlying portion of the jurisdiction are excluded from direct debt but are included as overlapping debt.

COUNTY OF ALAMEDA, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Legal debt margin calculation for fiscal year 2011	
Net assessed value	$194,007,334
Plus homeowners' exemption	1,755,223
Total assessed value	$195,762,557
Debt limit (1.25% of total assessed value)	$2,447,032
Amount of debt applicable to debt limit	-
Legal debt margin	$2,447,032

Fiscal year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin / Debt Limit
2002	$1,548,987	-	$1,548,987	100 %
2003	1,668,018	-	1,668,018	100
2004	1,778,551	-	1,778,551	100
2005	1,892,430	-	1,892,430	100
2006	2,062,410	-	2,062,410	100
2007	2,256,944	-	2,256,944	100
2008	2,437,569	-	2,437,569	100
2009	2,552,099	-	2,552,099	100
2010	2,484,877	-	2,484,877	100
2011	2,447,032	-	2,447,032	100

Source: Auditor-Controller, County of Alameda

COUNTY OF ALAMEDA, CALIFORNIA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	Special Assessment Bonds				Tax Allocation Bonds [1]				Tobacco Securitization Bond [2]			
	Special Assessment	Debt Service			Tax	Debt Service			Tobacco Settlement	Debt Service		
Fiscal Year	Collections	Principal	Interest	Coverage	Increment	Principal	Interest	Coverage	Revenue	Principal	Interest	Coverage
2002	$ 202	$ 110	$ 84	104 %	$ -	$ -	$ -	- %	$ -	$ -	$ -	- %
2003	219	145	79	98	-	-	-	-	18,186	4,325	7,164	158
2004	240	125	72	122	-	-	-	-	15,373	4,740	12,053	92
2005	247	205	67	91	-	-	-	-	15,605	4,535	11,871	95
2006	189	130	55	102	1,050	-	637	165	15,051	3,545	12,645	93
2007	187	120	46	113	2,126	295	1,527	117	22,370	4,320	11,525	141
2008	188	135	40	107	2,023	600	1,502	96	16,566	5,145	11,341	100
2009	180	135	32	108	1,985	625	1,489	94	18,019	6,935	11,103	100
2010	190	210	23	82	2,075	650	1,453	99	14,624	4,565	10,834	95
2011	135	115	14	105	2,078	675	1,426	99	13,162	4,015	10,618	90

[1] Tax Allocation bonds were issued on February 2, 2006.

[2] Tobacco Securitization bonds were issued on October 30, 2002.

Source: Auditor-Controller, County of Alameda

COUNTY OF ALAMEDA, CALIFORNIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Total Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Unemployment Rate
2002	1,486,550	$ 55,316,775	$ 37,788	6.7%
2003	1,496,200	56,257,943	38,583	6.9
2004	1,498,125	59,419,621	40,920	5.9
2005	1,507,500	62,331,734	42,956	5.1
2006	1,510,303	66,325,334	45,689	4.4
2007	1,526,148	70,761,435	48,679	4.7
2008	1,543,000	73,159,586	49,757	7.2
2009	1,556,657	71,596,468	48,004	11.1
2010	1,574,857	- [1]	- [1]	11.5
2011	1,521,157	- [1]	- [1]	10.9

Source: State of California Employment Development Department Labor Market Information and California Department of Finance

[1] Data not yet published

COUNTY OF ALAMEDA, CALIFORNIA
PRINCIPAL EMPLOYERS

Employer	Type of Business	Number of Employees JUNE 30, 2011 [1]	Rank	Percentage of Total County Employment [2]	Number of Employees JUNE 30, 2002 [1]	Rank	Percentage of Total County Employment [2]
University of California Berkeley	Education	14,084	1	2.12 %	13,720	1	1.91 %
County of Alameda	Local Government	8,843	2	1.33	8,593	2	1.19
Lawrence Livermore National Laboratory	Energy Develop and Conservation	7,000	3	1.05	8,010	3	1.11
Oakland Unified School District	Education	5,808	4	0.88	7,435	4	1.03
Lawrence Berkeley Laboratory	Research and Development	5,000	5	0.75	3,315	-	-
City of Oakland	Local Government	4,703	6	0.71	4,885	9	0.68
Safeway Inc.	Grocery Retail	4,268	7	0.64	3,765	10	0.52
Edy's Grand Ice Cream	Food Manufacture	4,191	8	0.63	-	-	-
Cost Plus Incorporated	Trade	4,113	9	0.62	-	-	-
Cooper Co's Inc.	Health Care Equipment and Supplies	4,000	10	0.60	-	-	-
Kaiser Permanente Medical Group Inc	Health and Medical	-	-	-	6,085	5	0.85
Minneapolis Postal Data Center	Postal Data Center	-	-	-	5,860	6	0.81
Kaiser Foundation Health Plan Inc.	Health and Medical	-	-	-	5,310	7	0.74
New United Motor Manufacturing, Inc.	Industrial	-	-	-	5,270	8	0.73
Total		62,010		9.33 %	72,248		9.57 %

Source: Harris Infosource April 21,2011; State of California Employment Development Department 2002 data

[1] The number of employees, except for County of Alameda and City of Oakland include all employees in the East Bay area. Total employment within County of Alameda is unavailable.

[2] Percentage calculated based on Alameda County's Employment of 663,600 for 2011 and 719,700 for 2002 (Source: Employment Development Department)

COUNTY OF ALAMEDA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST NINE FISCAL YEARS [1]

Function	Full-time Equivalent Employees as of June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	1,271	1,279	1,233	1,220	1,206	1,221	1,197	1,256	1,247
Public Protection [2]	4,137	4,016	3,145	3,185	3,263	3,375	3,422	3,458	3,399
Public Assistance [3]	2,413	2,197	2,093	2,074	2,122	2,252	2,278	2,159	2,057
Health and Sanitation	1,000	982	932	974	1,002	1,034	1,042	1,056	1,094
Public Ways and Facilities	3	4	4	3	4	4	4	4	4
Recreation and Cultural Services	2	2	2	2	2	2	4	4	4
Education	106	101	100	92	99	101	97	91	93
Totals	8,932	8,581	7,509	7,550	7,698	7,989	8,044	8,028	7,898

[1] Data not available for fiscal years 2001 and 2002.

[2] The Superior Court was no longer a part of the County effective July 1, 2004. There were 855 and 829 full-time equivalent employees for the Superior Court at the end of fiscal years 2003 and 2004, respectively.

[3] There was a substantial reduction in the work force of Public Assistance from fiscal year 2003 to fiscal year 2004.

Source: Auditor-Controller, County of Alameda

COUNTY OF ALAMEDA
OPERATING INDICATORS BY FUNCTION
LAST SIX FISCAL YEARS [1]

Function	2006	2007	2008	2009	2010	2011
General Government						
Property tax bills processed	586,598	584,705	583,795	573,519	561,531	562,212
Phone-assisted property tax calls	77,279	79,835	78,643	90,602	92,518	74,700
Recycled materials recovered (pounds) from county departments						
Metal	505,790	517,055	428,327	277,046	442,250	424,776
Paper	1,879,326	1,683,357	1,977,240	2,672,980	1,070,263	1,034,233
Toner cartridges	1,840	2,200	2,400	5,703	8,716	5,276
Public Protection						
Juvenile detention risks and needs assessment completed	3,200	3,413	2,940	3,114	2,806	2,180
Youth serviced through community probation	570	883	1,500	1,528	908	634
Documents recorded/indexed	537,019	469,793	396,880	368,584	377,208	396,916
Child support active caseload	41,346	39,928	37,803	39,611	37,277	35,786
Emergency calls to fire district	21,454	22,642	22,591	23,855	23,621	31,887
Calls for police service	50,594	50,993	51,272	52,367	51,742	51,199
Total patrol arrests	4,172	6,246	5,668	6,518	6,244	5,607
Total investigation arrests	827	1,157	1,531	1,710	1,910	2,039
Crime investigation cases assigned	9,949	4,158	6,372	5,768	5,115	5,008
Crime investigation cases closed	9,635	7,950	6,193	7,898	7,438	7,022
Average daily inmate population	3,982	4,126	4,371	4,441	4,305	3,898
Public Assistance						
Seniors receiving services (annual amount)	26,852	25,378	25,360	32,000	34,198	41,365
Congregate nutrition meals served (annual amount)	250,573	229,775	235,207	233,751	222,688	216,540
Home-delivered nutrition meals served (annual amount)	527,589	531,022	538,471	531,563	514,599	537,310
CALWORKS job placements (annual amount)	2,550	3,338	3,475	2,964	2,644	2,954
CALWORKS eligible households aided (monthly average)	18,964	17,506	18,461	19,154	19,963	20,480
Medi-Cal eligible households aided (monthly average)	71,235	63,915	66,068	69,722	75,813	80,387
Food stamps eligible households aided (monthly average)	29,877	31,320	33,995	38,613	45,511	52,827
General Assistance eligible cases aided (monthly average)	5,694	6,862	7,976	9,001	8,907	6,378
Health and Sanitation						
Food inspections	17,191	16,570	15,903	13,148	13,823	12,151
Recreational inspections	1,760	2,322	1,888	2,458	2,847	1,986
Medical waste facility inspections	109	124	130	145	120	160
Landfill site inspections	175	156	154	252	252	252
Hazardous waste accepted from households (pounds)	2,358,232	2,236,570	2,433,661	2,052,451	2,091,555	2,609,290
Hazardous waste recycled (pounds)	1,948,562	1,856,353	2,284,808	1,784,343	1,801,109	2,017,973
Public Ways and Facilities						
Percent of roadway miles rehabilitated	1.40	3.80	1.40	2.30	1.82	2.95
Percent of potholes filled within 48 hours of request	90.00	94.50	96.00	87.00	75.00	75.00
Education						
Number of library visits	4,200,000	4,180,464	4,266,895	4,827,535	4,998,814	4,547,999
Number of registered library card holders	297,665	332,959	315,406	340,737	323,798	336,360

[1] Data not available for fiscal years 2002 to 2005. Operating indicators are not available for the recreation and cultural services function.

Source: Various County of Alameda departments

COUNTY OF ALAMEDA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST SIX FISCAL YEARS [1]

Function	2006	2007	2008	2009	2010	2011
General Government						
Administration buildings	3	3	3	3	3	3
Public Protection						
Administration buildings	11	11	11	11	11	11
Jail and detention facilities	5	6	6	6	6	6
Pump stations	12	13	13	13	13	13
Fuel cell center	-	-	1	1	1	1
Fire stations	4	4	4	4	4	4
Fire trucks	31	31	31	30	29	28
Aircraft	1	1	2	2	2	2
Patrol boats	3	5	5	5	5	5
Patrol cars	109	122	144	149	142	141
Rescue equipment	10	10	10	10	10	10
Heavy equipment	69	72	72	71	65	69
Public Assistance						
Administration buildings	4	4	4	4	4	4
Health and Sanitation						
Administration buildings	2	2	2	2	2	2
Hospitals	3	3	3	3	3	3
Health centers	4	4	4	4	5	5
Hazardous waste facilities	2	2	2	2	2	2
Public Ways and Facilities						
Administration building	1	1	1	1	1	1
Maintenance buildings	5	5	5	5	5	5
Bridges	7	7	7	7	7	7
Road (miles)	476	473	473	473	473	473
Street lights	7,943	7,466	7,483	7,496	7,507	7,507
Traffic signals	80	78	81	81	78	78
Heavy equipment	76	76	70	72	64	65
Recreation and Cultural Services						
Administration building	1	1	1	1	1	1
Exhibit halls	6	6	6	6	6	6
Amphitheater	1	1	1	1	1	1
Education						
Libraries	3	3	3	3	4	4

[1] Data not available for fiscal years 2002 to 2005.

Source: Auditor-Controller, County of Alameda

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Mission

To enrich the lives of Alameda County residents through visionary policies and accessible, responsive, and effective services.

Vision

Alameda County is recognized as one of the best counties in which to live, work and do business.

Values

Integrity, honesty and respect fostering mutual trust.

Transparency and accountability achieved through open communications and involvement of diverse community voices.

Fiscal stewardship reflecting the responsible management of resources.

Customer service built on commitment, accessibility and responsiveness.

Excellence in performance based on strong leadership, teamwork and a willingness to take risks.

Diversity recognizing the unique qualities of every individual and his or her perspective.

Environmental stewardship to preserve, protect and restore our natural resources.

Social responsibility promoting self-sufficiency, economic independence and an interdependent system of care and support.

Compassion ensuring all people are treated with respect, dignity and fairness.

Images of large site-specific and small framed artworks presented throughout the Castro Valley Library.

APPENDIX C

CERTAIN INFORMATION CONCERNING THE CITY OF OAKLAND

Overview

The City of Oakland (the "City" or "Oakland") is located in the County of Alameda (the "County") on the eastern shore of the San Francisco Bay (the "Bay"), approximately seven miles from downtown San Francisco via the San Francisco-Oakland Bay Bridge. Occupying approximately 53.8 square miles, the City is the largest and most established of the "East Bay" cities. Its geography ranges from industrialized areas in the west, which border the Bay, to suburban foothills in the east. The City is the hub of an extensive transportation network, which includes several interstate freeways, the western terminus of major railroad and trucking operations, and one of the largest container-ship ports in the United States. The City is also served by an active international airport and the Bay Area Rapid Transit system ("BART"), which connects the City by commuter rail with most of the Bay Area. Formerly the industrial heart of the San Francisco Bay Area (the "Bay Area"), the City has developed into a diverse financial, commercial and governmental center. The City is the seat of government for the County and is the eighth most populous city in the State of California (the "State"), with a population of approximately 395,341 as of January 1, 2012.

Oakland has a diverse mix of traditional and new economy companies. Companies are attracted to the City's excellent quality of life, comparatively low business costs, extensive fiber-optic infrastructure, vast intermodal network, and a highly skilled labor pool—ranked the eighth most educated (with a college degree) in the nation according to the 2000 U.S. census (which is the most recent data available). Leading industries include business services, health care services, transportation, food processing, light manufacturing, government, arts, culture, and entertainment. Prominent employers or businesses headquartered in the City include Clorox Company, Kaiser Permanente, Cost Plus and Dreyer's Grand Ice Cream.

Culturally, the City is home to a regionally and nationally recognized symphony, many up-and-coming artistic and cultural institutions, an award-winning zoo, the Paramount Theatre and newly-renovated Fox Theater, a burgeoning restaurant scene, the recently remodeled Oakland Museum of California, and a vibrant nightlife. The City is also the only city in California outside of Los Angeles, and the only city in the Bay Area, with three major professional sports teams. The Oakland Athletics, the Golden State Warriors, and the Oakland Raiders all play at stadiums within the City, and at times these venues are used for other purposes, including concerts and other events. Oakland was ranked as the fifth most desirable destination to visit worldwide this year in The New York Times piece "The 45 Places to Go in 2012," and was the top-ranked U.S. destination.

The City boasts one of the highest percentages of parks and open space per capita in the nation. The City counts lush green hills, redwood forests, creeks, an estuary, and two shimmering lakes among its natural amenities, and the extensive East Bay Regional Park District is easily accessible from the City.

City Government

The City was incorporated as a town in 1852 and as a city in 1854. In 1889, the City became a charter city. The City Charter (the "Charter") provides for the election, organization, powers and duties of the legislative branch, known as the City Council (the "City Council"); the powers and duties of the executive and administrative branches; fiscal and budgetary matters, personnel administration, franchises, licenses, permits, leases and sales; employee pension funds; and the creation and organization of the Port of Oakland. An eight-member City Council, seven of whom are elected by district and one of whom is elected on a citywide basis, governs the City. The mayor of the City (the "Mayor") is not a member of the City Council but is the City's chief executive officer. The current Mayor, Jean Quan, is serving her first term, which expires in January 2015. No person can be elected Mayor for more than two consecutive terms. The Mayor and City Council members serve four-year terms staggered at two-year intervals. The City Attorney is elected to a four-year term, two years following the election of the Mayor. The current City Attorney, Barbara J. Parker, was appointed to fill the vacancy resulting from the resignation from office of the prior City Attorney. The current City Attorney's term will expire on December 31, 2012.

The Mayor appoints a City Administrator who is subject to confirmation by the City Council. The City Administrator is responsible for daily administration of City affairs and preparation of the annual budget for the Mayor to submit to the City Council. Subject to civil service regulations, the City Administrator appoints all City employees who are not elected officers of the City. The current City Administrator, Deanna J. Santana, was appointed on August 1, 2011.

The City provides a full range of services required by State law and the 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.

ECONOMIC HIGHLIGHTS

The City is a central hub city for the Bay Area with a well connected transportation network including interstate freeways, railroad and trucking operations, an airport and a major west coast port. The City is one of the most diverse cities in the nation with a highly skilled labor pool.

The following represent some of the major projects in the City that were recently completed or that are currently underway or in the final planning stages located in the City.

Major Projects Recently Completed:

- The Fox Theater, which is a national historic landmark, has undergone renovation to become a 3,000 person live performance venue, the home for the Oakland School for the Arts, a 600 student performing arts middle and high school, and Rudy's Can't Fail Café, a popular East Bay diner.

- The Uptown Housing Project Phase I provides 665 rental apartments, approximately 9,000 square feet of neighborhood-serving retail, and a 25,000 square foot public park. This was part of the 10K downtown housing initiative, an effort to attract 10,000 new residents to the areas surrounding the Central District. Since 1999, a total of 43 projects with 4,538 units have been completed under the 10K initiative and 2 projects with 107 units are under construction. Such units will provide housing for 7,715 new residents in the area.

- The City Walk Project, referred to as Domain by Alta, includes 264 rental apartments and approximately 3,000 square feet of neighborhood-serving retail business.

- After a two-year $58-million renovation, the Oakland Museum of California ("OMCA") welcomed back the public in May 2010 with a dramatically different presentation of its renowned collections of California art and history. Created in 1969 as a "museum for the people," OMCA has revived its founding vision by introducing innovative exhibitions and programming, setting a new paradigm for the way a museum engages the public. OMCA's transformation is enhanced by the renovation and expansion of its iconic building. Renovation and reopening of the OMCA Natural Sciences Gallery is scheduled for 2013.

Major Projects That Are Currently Underway or in the Final Planning Stages:

- AMB Property Corporation and California Commercial Group have been contracted to develop the Oakland Army Base Project. The project is expected to include a logistics facility, a green business park accommodating the Film Center and Produce Market, and Class A office tower along with a large parking garage.

- In June 2010, the Redevelopment Agency and the City entered into a 12-year sublease for the George P. Scotlan Memorial Convention Center to develop appropriate marketing strategies and a capital improvement program for the renovation and modernization of the aging facility in order to enhance its appearance, marketability and long-term economic success. In July 2010 and June 2011, the Redevelopment Agency committed $7.75 million to renovate the facility. The scope of work focuses mainly on cosmetic upgrades to the interior and major building systems, new furniture and fixtures, and remodeled bathrooms to make them ADA accessible. Construction started in October 2011 and most of the work was completed by March 2012. The rest of the work will be phased in during breaks in the facility's schedule and completed by January 2013.

- The Kaiser Hospital Master Plan includes the phased replacement of the existing MacArthur/Broadway medical center with a comprehensively planned state-of-the-art Medical Center of approximately 1.8 million square feet (exclusive of parking structures) on approximately 21 acres. The construction of the first medical office building and new parking structure is now complete and construction has begun on the new hospital building.

- The Alameda County Medical Center has begun its $668 million Highland Hospital Tower Replacement Project. The new 9-story, 169-bed Acute Care Tower will house inpatient, maternal and child support services when completed in 2017.

- The $500 million Oakland Airport Connector broke ground in October 2010. By mid-2014, the 3.2-mile automated guide rail connector is expected to offer reliable world-class service, transporting travelers from the Coliseum BART station to the Oakland International Airport in less than nine minutes.

- The MacArthur Transit Village Project is expected to include 624 housing units (108 units of which are expected to be low to moderate income housing) and approximately 42,500 square feet of retail. Demolition of existing structures, site clean up and site preparation began in May 2011. The first phase of this project, which includes the replacement of the BART parking garage and public infrastructure, began in May 2012. Construction of the first phase of housing is anticipated to start in early 2013.

- Phase I of the Coliseum Transit Village consists of a sustainable transit oriented development on the 1.3-acre Coliseum BART parking lot and is expected to include 100 units of market rate housing and up to 3,000-5,000 square feet of neighborhood retail space. Lion Creek Crossings, which is immediately adjacent to the Coliseum Transit Village site, has approximately 380 affordable rental units already completed. An additional 72 Phase IV units are expected to be completed in May 2012.

Population

The Demographic Research Unit of the California Department of Finance estimated the City's population on January 1, 2012 at 395,341. This figure represents 25.80% of the corresponding County figure and 1.05% of the corresponding State figure. The City's population has grown 0.77% since last year. The following Table 1 sets forth the estimated population of the City, the County, and the State from calendar years 2008 through 2012.

Table 1
City of Oakland, County of Alameda and State of California
Population

Calendar Year	City[(1)]	County[(1)]	State[(1)]
2008	387,554	1,484,085	36,704,375
2009	389,913	1,497,799	36,966,713
2010	390,724[(2)]	1,510,271[(2)]	37,253,956[(2)]
2011	392,333	1,517,756	37,427,946
2012	395,341	1,532,137	37,678,563

(1) Reflects population estimates as of January 1.
(2) As of April 1, includes adjustment for 2010 Census information.
Source: California State Department of Finance, Demographic Research Unit, as shown on May 1, 2012.

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Industry and Employment

The following Table 2 sets forth estimates of the labor force, civilian employment, and unemployment for City residents, State residents and United States residents from calendar years 2007 through 2011. The California Employment Development Department has reported preliminary unemployment figures for March 2012 at 11.5% for the State and 14.7% for the City (not seasonally adjusted).

Table 2
City of Oakland, State of California and United States
Civilian Labor Force, Employment and Unemployment
Annual Average for Years 2007 Through 2011

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2007				
City	193,300	179,200	14,100	7.3%
State	17,921,000	16,960,700	960,300	5.4
United States	153,124,000	146,047,000	7,078,000	4.6
2008				
City	197,900	179,100	18,800	9.5
State	18,203,100	16,890,000	1,313,100	7.2
United States	154,287,000	145,362,000	8,924,000	5.8
2009				
City	203,700	171,600	32,100	15.8
State	18,208,300	16,144,500	2,063,900	11.3
United States	154,142,000	139,877,000	14,265,000	9.3
2010				
City	204,700	170,200	35,500	16.9
State	18,316,400	16,051,500	2,264,900	12.4
United States	153,889,000	139,064,000	14,825,000	9.6
2011				
City	203,600	171,800	31,800	15.6
State	18,384,900	16,226,600	2,158,300	11.7
United States	153,617,000	139,869,000	13,747,000	8.9

Source: State Employment Development Department, Labor Market Information Division.

Commercial Activity

The following Table 3 sets forth a history of taxable sales for the City for calendar years 2006 through 2010.

Table 3
City of Oakland
Trade Outlets and Taxable Sales
for Calendar Years 2006 Through 2010†
($ In Thousands)

Taxable Retail Sales	2006	2007	2008
Apparel Stores	$54,090	$58,448	$54,558
General Merchandise	181,926	186,346	194,196
Food Stores	183,913	203,400	206,448
Eating & Drinking	433,736	465,224	475,061
Household	69,353	63,822	77,752
Building Materials	325,065	285,930	214,103
Auto Dealers and Supplies	543,896	572,407	407,491
Service Stations	404,202	513,570	673,009
Other Retail	481,694	434,795	368,342
SUBTOTAL	2,677,875	2,783,942	2,670,960
All Other Outlets	1,779,513	1,907,058	1,211,502
TOTAL ALL OUTLETS	$4,457,388	$4,691,000	$3,882,462

Source: Taxable Sales in California (Sales and Use Tax) Annual Reports, California State Board of Equalization.

Taxable Retail Sales	2009†	2010††
Motor Vehicle and Parts Dealers	$312,956	$322,398
Home Furnishings and Appliance Stores	131,257	127,565
Building Material and Garden Equipment and Supplies	166,595	152,601
Food and Beverage Stores	235,529	244,491
Gasoline Stations	409,514	463,784
Clothing and Clothing Accessories Stores	61,381	64,695
General Merchandise Stores	87,274	87,588
Food Services and Drinking Places	471,705	501,335
Other Retail	294,565	281,997
SUBTOTAL	2,170,777	2,246,454
All Other Outlets	1,051,198	1,063,871
TOTAL ALL OUTLETS	$3,221,975	$3,310,325

† Beginning in 2009, the reports convert to using the NAICS codes. As a result of the coding change, industry levels for 2009 and 2010 are not comparable to those of prior years.
†† Most recent data available.
Source: Taxable Sales in California (Sales and Use Tax) Annual Reports, California State Board of Equalization.

The following Table 4 sets forth the largest industries in the County in terms of employment in each respective industry, as estimated by the State Employment Development Department for calendar years 2006 through 2010:

Table 4
County of Alameda
Employment by Industry Group
Annual Averages 2006 Through 2010

Industry Employment [1]	2006	2007	2008	2009	2010
Total Farm	800	800	700	700	700
Manufacturing	75,600	73,700	72,300	64,100	60,500
Other Goods Producing	44,200	43,800	40,300	33,600	30,300
Trade, Transportation, Warehousing and Utilities	135,600	137,000	131,800	121,700	118,300
Information	16,700	16,000	16,100	14,900	14,000
Finance, Insurance, and Real Estate	35,600	33,300	30,600	22,400	22,900
Professional and Business Services	104,400	108,600	112,900	102,800	104,400
Education and Health Services	79,100	79,500	83,000	89,500	91,100
Leisure and Hospitality	53,200	54,800	56,300	53,900	54,100
Other Services	23,800	23,700	23,700	22,900	22,900
Government	133,100	131,700	124,600	121,200	118,200
TOTAL [2]	702,100	702,900	692,300	647,700	637,400

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(1) Based on place of work.
(2) Total may not be precise due to rounding.
Source: State of California, Employment Development Department, Labor Market Information Division.

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The following Table 5 sets forth the top ten major employers in the City, the employees of which represent approximately 23.47% of the labor force, as of April 2012.

Table 5
City of Oakland
Principal Employers
As of April 2012

Rank	Employer[1]	Type of Business	Number of Employees	Percent of Total Employment[2]
1	County of Alameda	County Government	8,800	5.12%
2	State of California	State Government	7,480	4.35
3	City of Oakland	City Government	5,000	2.91
4	Oakland Unified School District	School District	4,496	2.62
5	Kaiser Permanente	Health Care	4,418[3]	2.57
6	Alta Bates Summit Medical Center	Health Care	3,623	2.11
7	Children's Hospital & Research Center	Pediatric Hospital	2,600	1.51
8	Bay Area Rapid Transit District	Public Transportation	1,499	0.87
9	Peralta Community College District	Community College	1,400	0.81
10	Clorox Co.	Consumer Goods	1,004	0.58
	Total		**40,300**	**23.47%**

(1) Employment figures of federal government are unavailable.
(2) Total employment of 171,800 (2011 annual average) from the State of California Employment Development Department is used to calculate the percentage of employment.
(3) Data does not include the Kaiser Medical Group.
Note: The County's principal employer data in Table A-4 of APPENDIX A differs from the City's employer data because the County uses a different data source.
Source: San Francisco Business Times, March 30-April 4, 2012.

Construction Activity

The following Table 6 sets forth a summary of residential and commercial building permit valuations in the City for calendar years 2007 through 2011.

Table 6
City of Oakland
Building Permit Valuation
Calendar Years 2007 Through 2011

	2007	2008	2009	2010	2011
Building Permits Issued	16,488	14,957	13,055	12,951	13,648
Authorized New Dwelling Units	2,035	704	395	555	528
Commercial Value (in thousands)	$171,157	$213,696	$117,876	$95,851	$108,767
Residential Value (in thousands)	$611,036	$258,617	$196,362	$168,872	$179,374

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Year Ended June 30, 2007 through June 30, 2011.

FINANCIAL INFORMATION

City Budget Process

The City's budget cycle is a two-year process that is intended to promote long-term decision-making, increase funding stability and allow for greater performance evaluation. The City's budget is developed in accordance with Generally Accepted Accounting Principles ("GAAP") and is reported on a modified accrual basis for governmental funds and accrual basis for proprietary and fiduciary funds. The City's budget is adopted for a two-year period (as discussed above), with appropriations divided into two one-year spending plans. During the second year of the two-year cycle, a mid-cycle review is conducted to amend the operating budget and address significant variances in estimated revenues and revised mandates arising from federal, state, or court actions. The City is currently operating under the Fiscal Year 2011-13 operating budget.

Under the City Charter, the City Administrator prepares budget recommendations which the Mayor presents to the City Council in accordance with the following procedure: First, the City Administrator and Agency Directors conduct internal budget hearings to develop budget recommendations. The Mayor then submits the proposed two-year budget to the City Council and formal public budget hearings are held. The proposed budget is based on the Mayor's budget priorities and includes estimates of receipts from the City's various revenue sources. The City Council may make adjustments and/or revisions to the proposed budget. Following public budget hearings, the City Council adopts by resolution the City's operating budget. In practice, the City Council adopts the City's operating budget on or before June 30 and has never failed to achieve this deadline. The final adopted budget is subject to revision throughout the fiscal year to reflect any changes in revenue and expenditure projections.

City's Fiscal Year 2011-12 Midyear Amendment

On January 31, 2012, the City adjusted its FY 2011-12 budget in response to the dissolution of Redevelopment Agencies. The budget adjustments included staff reductions, significant reorganizations, and operational changes. These adjustments resolved a projected deficit of approximately $12 million for the fiscal year. The year-end projections presented in this document reflect these adjustments.

City's Fiscal Year 2012-13 Budget

On May 24, 2012, the City released a Proposed Mid-cycle Policy Budget for fiscal years 2012-13, to maintain a balanced budget for the second year of the two-year budget cycle. It will still need to be ratified by the City Council. Adjustments made in January 2012 in response to the dissolution of Redevelopment Agencies, resolved a projected deficit of approximately $28 million through the elimination of positions and departmental reorganizations. At this time, the City anticipates making only minor amendments to the Fiscal Year 2012-13 Budget in June 2012.

See "—Dissolution of Redevelopment Agencies" for a description of the impact of the dissolution of the City's Redevelopment Agency on its budget.

The following Table 7 presents the City's General Purpose Fund revenues and expenditures for Fiscal Years 2010-11 through 2012-13.

Table 7
City of Oakland
General Purpose Fund Revenues and Expenditures[(1)]

	FY 2010-11 Year End (Audited)	FY 2011-12 Adopted Budget	FY 2011-12 Year End (Third Quarter Projection)	FY 2012-13 Proposed Budget
REVENUES				
Property Tax [(2)]	$126,682,293	$125,166,501	$125,166,501	$125,166,501
Sales Tax	41,235,072	38,794,400	44,856,222	43,556,223
Vehicle License Fee [(3)]	2,168,209	–	–	–
Business License Tax	53,138,616	50,869,280	54,000,000	51,800,000
Utility Consumption Tax	53,440,475	51,176,611	51,176,611	50,500,000
Real Estate Transfer Tax	31,607,438	28,490,000	28,490,000	28,490,000
Transient Occupancy Tax	$9,544,822	$8,728,370	$10,864,502	$10,864,502
Parking Tax	8,512,868	7,669,349	8,503,857	8,103,857
Licenses & Permits	888,147	939,660	1,141,967	925,571
Fines & Penalties	24,288,276	24,067,590	25,382,263	25,425,535
Interest Income	1,041,723	800,000	800,000	800,000
Service Charges	44,646,815	44,404,804	42,621,956	43,226,782
Grants & Subsidies	$82,346	$10,000	$132,979	$92,686
Miscellaneous	6,477,660	31,128,540	29,865,370	2,733,000
Interfund Transfers	17,090,800	2,500,000	2,500,000	11,982,521
Subtotal Revenues	$420,845,561	$414,745,105	$425,502,228	$403,667,177
Other Proposed Revenues	–	–	–	–
Total Revenues	**$420,845,561**	**$414,745,105**	**$425,502,228**	**$403,667,177**
EXPENDITURES				
Mayor	$1,395,574	$1,140,011	$1,150,309	$1,381,236
City Council	2,524,778	1,998,443	2,492,205	2,898,046
City Administrator [(4), (5)]	6,214,799	12,255,415	13,033,200	25,076,363
City Clerk	2,750,808	1,394,452	1,271,022	1,930,089
City Attorney	3,878,104	4,070,869	4,097,826	4,177,498
City Auditor	1,483,053	885,773	1,435,061	900,535
Administrative Services Agency [(4)]	–	–	–	17,196,434
Finance and Management Agency [(4)]	18,433,329	19,503,491	14,464,255	–
Human Resources [(4)]	4,315,769	3,977,754	3,873,294	–
Information Technology [(4)]	8,121,131	7,489,612	7,455,152	–
Contracting and Purchasing [(6)]	2,041,991	–	–	–
Fire Services	96,796,548	91,666,666	91,556,728	95,249,901
Police Services	178,670,418	155,082,878	166,155,194	165,125,172
Public Works	3,984,432	–	341,383	861,435
Community Services Department [(7)]	–	–	–	16,584,281
Parks and Recreation	12,230,307	12,193,111	12,292,433	–
Human Services	5,551,347	4,527,780	5,069,389	–
Library	8,978,088	9,061,135	9,057,224	8,829,585
Museum [(8)]	6,370,986	–	–	–
Community & Economic Development Agency [(5)]	1,821,473	472,759	228,196	–
Non Departmental and Port	44,261,697	65,637,785	65,540,417	63,135,232
Subtotal Expenditures	$409,824,630	*$391,357,934*	*$399,513,288*	*$403,345,807*
Capital Improvement Projects	450,117	252,000	348,167	252,000
Other Proposed Citywide Reductions	–	–	–	–
Total Expenditures	**$410,274,746**	**$391,609,934**	**$399,861,455**	**$403,597,807**

(*Footnotes continued on next page.)*

[(1)] Table includes General Purpose Fund revenues, but excludes special funds.
[(2)] Excludes property tax overrides collected for pension obligations and general obligation bond debt service.
[(3)] Due to Senate Bill 89, the City no longer receives Vehicle License Fee revenue as of July 1, 2011.
[(4)] The Finance and Management Agency, Human Resources, and Information technology will be reorganized beginning FY 2012-13. Prior functions shall be assumed by the City Administrators office and a new Administrative Services Agency.
[(5)] The Community and Economic Development Agency will be reorganized beginning FY2012-13. Functions will be assumed by the City Administrator's Office and two new Departments: Planning & Neighborhood Preservation, and Community Housing; neither of which are budgeted to receive monies from the General Purpose Fund.
[(6)] The Department of Contracting and Purchasing was eliminated in Fiscal Year 2011-12. Its functions are assumed by divisions of the Finance and Management Agency and the City Administrator's Office.
[(7)] The Community Services Department will be established in FY2012-13 and will assume the functions of Parks and Recreation and Human Services
[(8)] The Museum Department was eliminated in Fiscal Year 2011-12.
Source: City of Oakland.

State Budget

The following information concerning the State's budget has been obtained from publicly available information which the City believes to be reliable; however, the City takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State budget is regularly available at various State-maintained websites. Text of the State budget may be found at the State Department of Finance website, www.govbud.dof.ca.gov. An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The State's cash-flow can be found on the California State Controller's website, www.sco.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

The State Budget Process; Fiscal Year 2011-12 State Budget

According to the State Constitution, the Governor of the State (the "Governor") is required to propose a budget to the State Legislature (the "Legislature") no later than January 10 of each year, and a final budget must be adopted by the vote of each house of the Legislature no later than June 15, although this deadline has been routinely breached in the past. The State budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

Prior to Fiscal Year 2010-11, the State budget had to be adopted by a two-thirds vote of each house of the Legislature. However, in November 2010, the voters of the State passed Proposition 25, which reduced the vote required to adopt a budget to a majority vote of each house and which provided that there would be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for members of the Legislature for the period during which the budget was presented late to the Governor.

On June 30, 2011, the State's budget for Fiscal Year 2011-12 (the "2011 Budget Act") was enacted. The 2011 Budget Act projects State General Fund revenues and transfers for Fiscal Year 2011-12 at $88.5 billion, a reduction of $6.3 billion compared with Fiscal Year 2010-11. General Fund expenditures for Fiscal Year 2011-12 were projected at $85.9 billion—a reduction of $5.5 billion compared to the prior year.

In approving the 2011 Budget Act, Governor Jerry Brown exercised his line-item veto power to reduce General Fund expenditures, mostly in the Judicial Branch, which included a reduction of $22.9 million related to parole revocation workload. The 2011 Budget Act also includes special fund expenditures of $34.2 billion and bond fund expenditures of $9.4 billion. The estimated General Fund revenue reflects a combination of factors, including expiration of temporary taxes and surcharges (which totaled approximately $7.1 billion in Fiscal Year 2010-11) and the transfer of about one percent of the State sales tax rate to counties to fund the realignment of services. Offsetting these reductions were improved revenue estimates for the remaining state tax sources. Expenditures reflected increases needed to offset the termination of federal stimulus funding provided for under the American Recovery and Reinvestment Act of 2009 ("ARRA") which supported about $4.2 billion of State General Fund programs in Fiscal Year 2010-11.

The 2011 Budget Act closed a projected budget gap of $26.6 billion over Fiscal Years 2010-11 and 2011-12, and projected a $543 million reserve by June 30, 2012, for a total of $27.2 billion in solutions (including a combination of expenditure reductions, additional revenues, and other solutions) and improved revenue results for the state's tax base. Legislation enacted as part of the 2011 Budget Act eliminated redevelopment agencies. See "—Dissolution of Redevelopment Agencies" below.

The 2011 Budget Act recognized the potential risk to the State's fiscal condition if certain forecasted revenues did not materialize and included a "trigger mechanism" to provide automatic expenditure reductions if the projections of Fiscal Year 2011-12 revenues, as updated in November and December of 2011 by the State's Legislative Analyst Office and the State's Department of Finance, respectively, were more than $1 billion less than projected under the 2011 Budget Act.

On December 13, 2011 the Department of Finance estimated that State revenues for Fiscal Year 2011-12 would not meet, and would be $2.2 billion less than, earlier revenue projections. If projected revenues fell short of expectations by more than $1 billion dollars, the Legislature had established the specific spending reductions (up to a maximum of approximately $1.5 billion in reductions) that should occur determined by the amount of the projected revenue shortfall. As part of its December forecast and based on its forecast that revenue would be $2.2 billion less than projected, the Department of Finance decreased expenditures by $980.8 million.

Proposed 2012-13 State Budget

On January 5, 2012, the Governor released his proposed budget for Fiscal Year 2012-13 (the "Proposed 2012-13 Budget"). The Proposed 2012-13 Budget projected that the State would end Fiscal Year 2011-12 with a deficit of $4.1 billion, and that absent corrective actions, the State will spend an additional $5.1 billion more than it expects to receive during Fiscal Year 2012-13. Combined, the State was expected to face a $9.2 billion budget problem for Fiscal Year 2012-13. The Proposed 2012-13 Budget proposed a reduction in the amount of $10.3 billion in expenditures (and cost savings) to balance the budget and to build a $1.1 billion reserve, including, among others, significant reductions in health and human services programs and education.

May Revision to the Proposed 2012-13 Budget

State law requires the Governor to update the Governor's budget projections and budgetary proposals by May 14 of each year (the "May Revision"). The May Revision is normally the basis for final negotiations between the Governor and Legislature to reach agreement on appropriations and other legislation to fund State government for the ensuing fiscal year. The May Revision was released on May 14, 2012 and estimates an increase in the budget deficit the State will face in Fiscal Year 2012-13 from the original estimate of $9.2 billion to $15.7 billion. The May Revision cites lower than expected revenues, a 16% increase in funding for K-14 education and decisions by the federal government and the courts that blocked certain measures by the State to reduce its spending. To address this increased budget gap, the May Revision proposes an additional $4.1 billion reduction in spending in addition to that described above.

The May Revision assumes the passage of the Governor's proposed tax initiative at the November 2012 election. The initiative, if passed, will temporarily increase the personal income tax ("PIT") on the State's wealthiest taxpayers by 1 percent, 1.5 percent or 2 percent, depending on income and filing status, and temporarily increase the sales tax by one-half of a percent. If placed on the ballot and approved by the voters, these tax increases would be effective from January 1, 2013 through December 31, 2016 and are projected to increase State revenues by $8.5 billion by the end of Fiscal Year 2012-13.

On March 15, 2012, the Governor announced his agreement with the proponents of a competing tax initiative to support a different version of a tax proposal (the "March Revenue Initiative"). At this time, the Governor is collecting signatures for both initiatives. The March Revenue Initiative provides for the following PIT increases for seven years through 2018 by 1 percent, 2 percent or 3 percent, depending on income. The March Revenue Initiative provides for an increase of 0.25 percent in the sales and use tax through December 31, 2016. If placed on the ballot and approved by the voters, the March Revenue Initiative is projected to result in $6.8 billion of additional revenues for the 2012-13 State budget, and an average of $5.4 billion during the following five fiscal years.

If voters reject the proposed tax increases, the May Revision proposes a trigger, to occur on January 1, 2013, that would reduce expenditures for Fiscal Year 2012-13 by an additional $6.1 billion, including an additional reduction in the amount of $5.5 billion in Proposition 98 funding for schools and community colleges.

Future State Budgets

No prediction can be made by the City as to whether the State will continue to encounter budgetary problems in this or in any future fiscal years, and, if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the Legislature and Governor to deal with changing State revenues and expenditures. There can be no assurances that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control.

Potential Impact of the State of California's Financial Condition on the City

There can be no assurances that, as a result of the current State financial stress, the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address State financial difficulties. No prediction can be made by the City as to what measures the State will adopt to respond to the current or potential future financial difficulties. The City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on the City's finances and operations or what actions will be taken in the future by the Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control. There can be no assurances that State actions to respond to State financial difficulties will not adversely affect the financial condition of the City.

Dissolution of Redevelopment Agencies

The 2011-12 State Budget, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") and Assembly Bill No. 27 (First Extraordinary Session) ("AB1X 27"), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer the dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below. As signed by the Governor, AB1X 27 would have allowed a redevelopment agency to continue to exist, notwithstanding AB1X 26, upon the enactment by the city or county that created the redevelopment agency of an ordinance to comply with AB1X 27's provisions and the satisfaction of certain other conditions.

In July 2011, various parties filed an action before the Supreme Court of the State of California (the "Court") challenging the validity of AB1X 26 and AB1X 27 on various grounds (*California Redevelopment Association v. Matosantos*). The Court subsequently stayed the implementation of a portion of AB1X 26 and all of AB1X 27 pending its decision in *Matosantos*. On December 29, 2011, the Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26.

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency were transferred to the control of the successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various taxing agencies pursuant to AB1X 26.

As a result of the dissolution of the City's redevelopment agency, the City became the Successor Agency pursuant to Resolution No. 83679 C.M.S., and the City estimates that there will be a budget shortfall of approximately $12.4 million for Fiscal Year 2011-12 (pro-rated for the period February-June 2012). In Fiscal Year 2012-13, the projected shortfall is estimated at $28 million. In January 2012, the City amended its Fiscal Year 2011-12 Adopted Budget to address the elimination of the City's redevelopment agency and associated activities. The City addressed the dissolution of its redevelopment agency through elimination of roughly 100 positions, small revenue increases, and major reorganization of City Departments. These balancing efforts totaled more than $28 million. These reorganizations, among others, will be phased in between February 2012 and the beginning of Fiscal Year 2012-13.

The Court's ruling in *Matosantos* allows for the use of available revenue to support "wind down" activities for the successor agencies. As such in *Matosantos*, it is estimated that approximately $4.2 million of funding will be provided to the City from funds otherwise allocated to the City's redevelopment agency to support wind down activities for Fiscal Year 2011-12 and $7.7 million for Fiscal Year 2012-13.

It is anticipated that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB1X 26 and that there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26.

On April 24, 2012, the City and other California local government agencies received from the State Controller an order under Section 34167.5 of the dissolution statute to return assets transferred to them by their former redevelopment agencies after January 1, 2011. Certain transactions between the City and its former Redevelopment Agency during the relevant time period are potentially subject to the order. These transactions include, among others, the sale of certain real property by the City to its redevelopment agency for an approximate amount of $35,000,000. A portion of these one-time revenues in the approximate aggregate amount of $17,400,000 were included in the City's budget for Fiscal Years 2010-2011, 2011-2012 and 2012-2013, with the excess included as unencumbered fund balances. In the event of a return of these revenues to the successor agency, these one-time revenues may be offset by redistribution of property tax revenues, which would mitigate to some extent the fiscal impact on the City's budget. If necessary in addition, the City will employ regular budget balancing measures, such as reduction of expenditures, to achieve a balanced budget as required under the Oakland City Charter.

In addition, the City and its redevelopment agency entered into a Funding Agreement providing for the City to undertake a variety of development projects with funds provided by its redevelopment agency. Pursuant to the Funding Agreement, the redevelopment agency transferred $107.5 million to the City as an advance for these undertakings, of which approximately $5 million has been spent to date. Approximately $85 million of such funds are subject to contracts with third parties. Approximately $22 million is uncommitted. In the event the City is required to transfer such funds to the successor agency, the City does not believe there will be a significant impact on the general fund because the contracts and the obligations thereunder would revert to the successor agency. The funds that are returned to the successor agency would be offset by the redistribution to the City of its proportionate share of property tax revenues based on the amounts of uncommitted funds and funds remaining following satisfaction of the obligations under such contracts.

The City is evaluating its legal options in response to the State Controller's order. The ultimate financial impact of the state action cannot yet be determined.

City Investment Policy

The authority to invest the City's and the Port of Oakland's pooled moneys (the "Pooled Operating Portfolio") is derived from City Council Resolution No. 56127, which delegates to the City Treasurer the authority to invest these funds within the guidelines of Section 53600 *et seq*. of the Government Code of the State (the "Government Code"). The Government Code also directs the City to present an annual investment policy (the "Investment Policy") for confirmation to the City Council. The City Council adopted an Investment Policy for Fiscal Year 2011-12 on June 21, 2011 and is expected to adopt the Investment Policy for Fiscal Year 2012-13 on or about July 17, 2012. The Investment Policy may be revised by the City Council at any time.

The objectives of the Investment Policy are to preserve the capital, liquidity, diversity, and yield. The Investment Policy addresses the soundness of financial institutions in which the City may deposit funds, types of investment instruments permitted by the City and the Government Code, investment duration, and the amounts which may be invested in certain instruments. The Investment Policy also reflects certain ordinances and resolutions of the City further restricting investments, including the Nuclear Free Ordinance and the Tobacco Divestiture Resolution.

The following Table 8 summarizes the permitted investments under the Investment Policy.

Table 8
City of Oakland
Summary of Investment Policy
Fiscal Year 2011-12

Permitted Investment Types	Maximum Investment	Maximum Maturity
U.S. Treasury Bills, Notes & Bonds(1)	20%	5 years
Federal Agencies	No Maximum	5 years
Bankers Acceptance	40%	180 days
Commercial Paper	25%	270 days
Asset-Backed Commercial Paper	25%	270 days
Local Government Investment Pools	20%	N/A
Medium Term Notes	30%	5 years
Negotiable CDs	30%	5 years
Repurchase Agreements	No Maximum	360 days
Reverse Repurchase Agreements(2)	20%	92 days
Money Market Mutual Funds	20%	N/A
Certificates of Deposit(3)	Prudent Person Standard Applies	360 days
Local Agency Investment Fund	$50 million	N/A
Local City / Agency Bonds	No Maximum	5 years
State of California Bonds or any other of the United States Registered State Bonds, Treasury Notes or Warrants	No Maximum	5 years
Other Local Agency Bonds	Prudent Person Standard Applies	5 years
Secured Obligations and Agreements	20%	2 years

(1) Investment in U.S. Treasury securities requires approval of the City Council under the Nuclear-Free Ordinance.
(2) The sum of reverse repurchase agreements and securities lending agreements should not exceed 20% of the portfolio.
(3) For deposits over $250,000, the Certificate of Deposit must be collateralized.
Source: City of Oakland

Current Investment Portfolio

The Pooled Operating Portfolio is composed of different types of investment securities and is invested in accordance with the Investment Policy. The following Table 9 summarizes the composition of the Pooled Operating Portfolio as of April 30, 2012.

Table 9
City of Oakland
Pooled Operating Portfolio
As of April 30, 2012

Investments	Market Value	Book Value	Percent of Portfolio	Days to Maturity	360 Day Equivalent
Federal Agency Issues-Coupon	$102,881,136	$102,335,454	19.76%	864	1.147
Federal Agency Issues-Discount	251,501,943	251,459,791	48.56	120	0.106
Money Market	85,110,000	85,110,000	16.44	1	0.168
Local Agency Investment Funds	49,573,927	49,573,927	9.57	1	0.378
Certificate of Deposit	99,000	99,000	0.02	51	0.550
Negotiable CD's	17,985,477	18,000,000	3.48	166	0.517
Commercial Paper-Discount	9,984,875	9,984,875	1.93	177	0.305
Cal State RANs	1,253,057	1,253,057	0.24	56	0.423
TOTAL/AVERAGE	$518,389,415	$517,816,103	100.00%	238	0.367

Source: City of Oakland

GENERAL FUND REVENUES

The City's General Fund receives revenues from a variety of sources, including local taxes, taxes imposed by the State, intergovernmental transfers and fees and charges for services. The following Table 10 summarizes the major General Fund revenues as of June 30 for Fiscal Years ended 2007 through 2011.

Table 10
City of Oakland
Major General Fund Revenue Breakdown
Fiscal Years 2006-07 Through 2010-11
($ in Thousands)

Revenue Type	2006-07	2007-08	2008-09	2009-10	2010-11	2010-11 Percent of Total General Fund Revenues[3]
Property[1]	$170,105	$201,765	$198,848	$194,591	$189,237	35%
Sales & Use	46,690	53,090	46,122	35,877	41,235	8
Utility Consumption	51,426	52,524	52,701	51,107	53,440	10
Business License	50,339	52,542	54,291	54,138	53,138	10
Real Estate Transfer	61,505	36,205	34,267	36,971	31,608	6
Transient Occupancy	12,303	12,400	10,599	8,578	9,634	2
Motor Vehicle In Lieu	2,268	1,811	1,282	1,251	2,168	–
Parking	8,892	8,524	7,655	7,523	8,513	2
Charges for Services	55,837	55,048	57,447	60,578	96,052[2]	18
Subtotal	$459,365	$473,909	$463,212	$450,614	$485,025	89%
Other	77,301	67,812	69,851	68,629	60,982	11
TOTAL	$536,666	$541,721	$533,063	$519,243	$546,007	100%

(1) Includes property tax overrides collection for pension obligations and tax revenues for general obligation debt service.
(2) Due to the adoption of GASB Statement No. 54, Oakland Redevelopment Agency Project Funds are now included in the General Fund.
(3) Totals may not be precise due to rounding. Motor Vehicle In Lieu is less than 0.5%.

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Year Ended June 30, 2007 through June 30, 2011.

Property Taxation

The City's property tax revenues are budgeted at $125.17 million, or 30.2% of the City's total revenues, for Fiscal Year 2011-12, and at $125.7 million, or 31.5% of the City's total revenues, for Fiscal Year 2012-13. Such tax revenues exclude tax override revenues for pension obligations and tax revenues for general obligation debt service.

Ad Valorem Property Taxes. Property taxes are assessed and collected by the County. Taxes arising from the general 1% levy are apportioned among local taxing agencies on the basis of a formula established by State law, which reflects the average tax rate levied by the taxing agency for the three years before Proposition 13 was adopted. Taxes relating to voter-approved indebtedness are allocated to the relevant taxing agency. The City levies taxes for two forms of voter-approved indebtedness, general obligation bonds and pension obligations.

The County is permitted under State law to pass on costs for certain services provided to local government agencies, including the collection of property taxes. The County imposed a fee on the City of approximately 0.90% of taxes collected for tax collection services provided in Fiscal Year 2010-11.

In prior years, the State budget has resulted in various reallocations affecting property tax revenues, including the "triple flip" involving property tax and sales tax, the replacement of Vehicle License Fee revenues, and the temporary Education Revenue Augmentation Fund ("ERAF") transfers. See "General Fund Revenues—Other Taxes," herein.

Assessed Valuations. All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, nonprofit hospitals, and charitable institutions. State law also allows exemptions from *ad valorem* property taxation at $7,000 of full value of owner-occupied dwellings and 100% of business inventories. Revenue losses to the City from the homeowner's exemption are replaced by the State.

Future assessed valuation growth allowed under Article XIIIA—for new construction, certain changes of ownership, and with 2% annual increases allowed for inflation—will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability to such entities of revenue from growth in the tax base were affected by the establishment of redevelopment project areas which, under certain circumstances, were entitled to revenues resulting from the increase in certain property values. See "FINANCIAL INFORMATION—Dissolution of Redevelopment Agencies."

The following Table 11 sets forth a five-year history of assessed valuations in the City for Fiscal Years 2007-08 through 2011-12:

Table 11
City of Oakland
Assessed Valuations
($ In Thousands)

Fiscal Year	Total Assessed Value	*Less:* Tax-Exemptions	*Total Taxable Assessed Value*	*Less:* Redevelopment Tax Increments	Net Taxable Assessed Value
2007-08	$41,797,578	($2,478,760)	$39,318,818	($9,552,758)	$29,766,060
2008-09	43,858,259	(2,584,624)	41,273,635	(10,425,138)	30,848,497
2009-10	42,568,090	(2,691,489)	39,876,601	(9,753,604)	30,122,997
2010-11	41,252,183	(2,768,044)	38,484,139	(9,030,570)	29,453,569
2011-12	41,940,552	(3,084,118)	38,856,434	(9,247,268)	29,609,166

Source: Alameda County Auditor-Controller.

Tax Levies, Collections and Delinquencies. Taxes are levied for each fiscal year on taxable real and personal property situated in the City as of the preceding January 1. A supplemental roll is developed when property is transferred or sold or new construction is completed that produces additional revenue.

Secured property taxes are due on November 1 and March 1 and become delinquent if not paid by December 10 and April 10, respectively. A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus interest at 1.5% per month from the July 1 first following the default. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year; a lien is also recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) pursuing a civil action against the taxpayer; (2) filing a certificate in the office of the clerk of the court specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's Office in order to obtain a lien on specified property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Certain counties within the State, including the County, have adopted an "Alternative Method of Distribution of Tax Levies and Collections and Tax Sale Proceeds" authorized under the State Revenue and Taxation Code (the "Teeter Plan"). Under the Teeter Plan local taxing agencies receive 100% of the tax levy for each fiscal year, rather than on the basis of actual collections. The City does not participate in the Teeter Plan and thus absorbs current delinquencies and receives the payment of past delinquencies, penalties, and interest.

The following Table 12 represents a five-year history of the secured tax levy and of uncollected amounts in the City for Fiscal Years 2006-07 through 2010-11. Included in these collections are the City's share of the 1% tax rate and levies for voter-approved indebtedness.

Table 12
City of Oakland
Secured Property Tax Levies and Collections
($ In Thousands)

Fiscal Year	City's Share of 1%	Levy Voter-Approved Debt	Total	Total Collected[(1)]	Percent Collected
2006-07	$79,357	$75,071	$154,428	$146,240	94.70%
2007-08	86,220	76,453	162,673	151,669	93.24
2008-09	89,482	75,753	165,245	154,557	93.53
2009-10	85,706	83,581	169,287	161,187	95.22
2010-11	83,960	85,262	169,222	162,519	96.04

(1) As of June 30 of the related Fiscal Year.
Source: County of Alameda, Office of the Auditor-Controller.

Assessment Appeals. The following Table 13 sets forth resolved and unresolved pending assessment appeals in the City as of April 11, 2012.

Table 13
City of Oakland
Pending Assessment Appeals
As of April 11, 2012

Pending Appeals (FY 2007-08 through FY 2011-12)	
Number of Pending Appeals	2,444
Total Value Under Appeal	$9,159,718,116
Owner's Opinion of Value	$5,512,727,959
Maximum Potential Appeals Loss[(1)]	$3,646,990,157
Percent of Value under Appeal	39.82%
Resolved Appeals (FY 2010-11)	
Number of Resolved Appeals	440
Total Appealed Value of Resolved Appeals	$678,614,890
Appeals Denied	161
Assessed Value of Denied Appeals	$213,582,902
Appeals Allowed with Change in Value	279
Original Assessed Value of Allowed Appeals	$465,031,988
Value Determined by Appeals Board	$368,619,167
Board Approved Reduction in Value	$96,412,821
Percent of Original Assessed Value of Allowed Appeals Reduced	20.73%
City of Oakland 2011-12 Taxable Value	$39,270,151,839[(2)]
Maximum Appeals Loss[(1)]	3,646,990,157
Percent of Taxable Value	9.29%

(1) Assumes all pending assessment appeals are resolved fully in favor of property owners.
(2) This amount represents the full taxable value for the City including secured, unsecured and utility. It does not include homeowner's exemption or State Board of Equalization Nonunitary values.
Source: Alameda County Assessment Appeals Board.

Tax Rates. The City contains 33 Tax Rate Areas. The following Table 14 sets forth a five-year history of the property tax rates levied by the City and other local government agencies on properties in these combined Tax Rate Areas for Fiscal Years 2007-08 through 2011-12.

Table 14
City of Oakland
Property Tax Rates

Fiscal Year	County-wide Tax	City of Oakland	Others(1)	Total
2007-08	1.00	0.2023	0.1251	1.3274
2008-09	1.00	0.1929	0.1451	1.3380
2009-10	1.00	0.2189	0.1919	1.4108
2010-11	1.00	0.2207	0.1879	1.4086
2011-12	1.00	0.2192	0.1920	1.4112

(1) "Others" includes Oakland Unified School District, Peralta Community College District, Bay Area Rapid Transit District, East Bay Regional Park District, East Bay Municipal Utility District, and the Oakland Knowland Park & Zoo.
Source: County of Alameda, Office of the Auditor-Controller.

Principal Property Taxpayers. The following Table 15 sets forth the largest secured taxpayers in the City in Fiscal Year 2011-12.

Table 15
City of Oakland
Top Twenty Taxpayers
Fiscal Year 2011-12(1)

Property Taxpayer	Primary Land Use	Assessed Valuation	Percentage of Total Assessed Valuation(1)
CIM Oakland Center 21 LP	Office Building	$438,861,069	1.22%
OCC Venture LLC	Office Building	230,646,313	0.64
SIC Lakeside Drive LLC	Office Building	181,187,380	0.51
Kaiser Foundation Health Plan Inc.	Office Building	171,060,438	0.48
Digital 720 2nd LLC	Shopping Center	166,740,448	0.46
Oakland Property LLC	Office Building	132,000,000	0.37
1800 Harrison Foundation	Office Building	122,558,413	0.34
555 Twelfth Street Venture LLC	Office Building	116,450,317	0.32
Suncal OakKnoll LLC	Planned Residential	114,575,365	0.32
Clorox Company	Office Building	101,330,984	0.28
Eastmont Oakland Associates LLC	Commercial	77,987,302	0.22
Owens Brockway Glass Container Inc.	Industrial	72,870,265	0.20
Catellus Development Corporation	Shopping Center	69,407,000	0.19
Essex Portfolio LP	Apartments	63,254,769	0.18
Legacy Landing LLC	Apartments	59,034,726	0.16
Brandywine Operating Partnership	Office Building	57,515,700	0.16
WM Allegro LLC	Apartments	56,948,500	0.16
Schnitzer Steel Products of California	Industrial	49,845,699	0.14
KSL Claremont Resort Inc.	Hotel/Resort	48,825,000	0.14
Fruitvale Station LLC	Shopping Center	41,000,000	0.11
TOTAL		$2,372,099,688	6.61%

(1) Based on the Assessed Value of $35,875,580,706. This number is the total local secured assessed valuations minus all exemptions, plus the homeowners' exemption.
Source: California Municipal Statistics, Inc.

Other Taxes

In addition to property taxes, the City's General Fund receives taxes from six other sources: sales and use, utility consumption, business license, real estate transfer, transient occupancy, and parking taxes.

Sales & Use Taxes. The current sales tax rate in the City is 8.75%. The City's General Fund traditionally receives 1% of the total under the State Bradley-Burns law, which portion is allocated on the basis of the point of sale. Effective July 1, 2004, the traditional Bradley-Burns 1% city sales tax was modified by a State budgetary change known as the "triple flip." The "triple flip" puts in place a complex revenue swap to fund the State's deficit bonds approved by the electorate in March 2004 to balance the State budget. The "triple flip" trades 0.25% of the 1% city share of the Bradley-Burns sales tax for an equal amount of property taxes from the countywide ERAF until the State's deficit bonds are retired.

The City's General Fund receives a portion of the 0.50% sales tax for public safety authorized by Proposition 172 in 1993. The City also receives a portion of the 0.50% countywide transportation sales tax, which is deposited in a special revenue fund. The City's sales and use tax revenue for Fiscal Year 2012-13 is budgeted at $43.6 million. Such amount includes the revenues that are projected to be traded for property taxes pursuant to the "triple flip."

Utility Consumption. The City's utility consumption tax ("UCT") is a surcharge on the use of electricity, gas (including alternative fuels), telephone and cable television. The current tax rate is 7.5%. Low-income ratepayers have been exempted from certain rate increases on gas and electric bills and pay 5.5%.

The City recently revised the Utility Consumption tax ordinance. The revisions include de-linking the tax from the Federal Excise Tax on Telephones and subjecting text messaging and cell phone use to the UCT. The City's UCT tax revenue for Fiscal Year 2012-13 is budgeted at $50.5 million.

Business License. The City's business license tax ("BT") is charged annually to businesses based in the City. It applies to gross receipts, payroll, number of employees, number of permits, number of vehicles, value-added gross receipts, or manufacturing expenses, depending on the type of business. The BT rate ranges from 0.06% for grocers to 2.40% for firearm dealers when applied to gross receipts and is 0.12% when applied to gross payroll. The BT rate of 0.12% is applied to value-added gross receipts and manufacturing expenses for manufacturers. The BT rate of $180 per permit applies to the taxicab business and $75 per vehicle applies to the ambulance and limousine business. The City's BT revenue for Fiscal Year 2012-13 is budgeted at $51.8 million.

Real Estate Transfer. Real Estate Transfer Tax ("RETT") revenues are generated by the transfer of ownership of existing properties. The tax is applied to the sale price of the property, and the cost is typically split between the buyer and seller. The tax rate is 1.61%, and is comprised of a City and a County portion: 0.11% is allocated to the County and the remaining 1.50% is allocated to the City. Historically, this revenue has been the City's most volatile as it is directly dependent on the number and value of real estate sales. RETT revenues have been projected to decline from both fewer sales of single family homes and declining median sale prices. The City has revised current and future year projections using conservative estimates to reflect the downward trend. The City's RETT revenue for Fiscal Year 2012-13 is projected to be approximately $28.5 million.

Transient Occupancy. The transient occupancy tax ("TOT") represents a surcharge on room rates imposed by hotels and motels operating within the City. The tax is levied on persons staying 30 days or less in a hotel, motel, inn, or other lodging facility and is collected by the lodging facility operator, who then remits the collected tax to the City. In July 2009, the voters approved Measure C which increased the transient occupancy tax rate from 11% to 14%. The City's TOT revenue for Fiscal Year 2012-13 is budgeted at $10.9 million.

Motor Vehicle In Lieu Fee. In June 2010, the Governor signed Senate Bill (SB) 89 ("SB89"), which shifted local government Vehicle License Fee revenues to fund State law enforcement grants. Due to SB 89, the City has budgeted no Vehicle License Fee revenue in Fiscal Year 2011-12.

Parking. The City's parking tax ("PT") is imposed on the occupant of an off-street parking space for the privilege of renting the space within the City. The tax is collected by the parking facility operators who then remit the collected tax to the City. The current PT rate, which is applied to the gross receipts of parking facility operators, is 18.5%, with 8.5% of the PT revenues restricted to funding the Violence Prevention and Public Safety Act of 2004 ("Measure Y"). The City's PT revenue for Fiscal Year 2012-13 is budgeted at $8.1 million.

General Fund Revenues and Expenditures

The City Council employs an independent certified public accountant who examines books, records, inventories, and reports of all officers and employees who receive, control, handle, or disburse public funds and those of any other employees or departments as the City Council directs. These duties are performed both annually and upon request. The City's independent auditor for Fiscal Year 2010-11 was Macias, Gini & O'Connell LLP who will also prepare the Fiscal Year 2011-12 audit.

Within a reasonable period following the fiscal year end, the accountant submits the final audit to the City Council. The City then publishes the financial statements as of the close of the fiscal year.

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The following Table 16 summarizes revenues and expenditures for the General Fund along with other sub-funds for Fiscal Years 2006-07 through 2010-11.

Table 16
City of Oakland
Revenues and Expenditures
General Fund
($ In Thousands)
Fiscal Years 2006-07 Through 2010-11

Revenues	2006-07	2007-08	2008-09	2009-10	2010-11
Taxes					
Property	$170,105	$201,765	$198,848	$194,591	$189,237
State[(1)]	48,958	54,901	47,404	37,128	43,403
Local[(2)]	197,475	175,986	173,734	172,736	171,057
Licenses and Permits	1,066	1,612	1,282	724	888
Fines and Penalties	24,727	21,653	25,838	27,218	24,397
Interest Income	7,007	10,885	5,311	2,197	1,295
Charges for Services	55,837	55,048	57,447	60,578	96,052[(3)]
Grant Revenue	7,051	5,935	4,505	1,927	1,370
Other Revenue, Including Transfers	15,116	11,441	13,346	8,912	10,661
Annuity Income	9,324	2,495	5,348	13,232	7,647
TOTAL REVENUES	$536,666	$541,721	$533,063	$519,243	$546,007
Expenditures					
General Government[(4)]	$69,902	$78,355	$73,500	$63,335	$70,057
Public Safety[(5)]	296,390	309,960	316,761	290,387	285,255
Public Works	33,595	32,499	31,300	32,144	35,312
Life Enrichment[(6)]	40,015	41,619	38,307	35,211	36,836
Economic and Community Development	2,780	8,161	7,555	4,847	17,266[(3)]
Other [(7)]	25,601	17,903	5,560	11,192	10,721
TOTAL EXPENDITURES	$468,283	$488,497	$472,983	$437,116	$455,447
Other Financing Sources and Uses[(8)]	$(72,995)	$(87,447)	$(70,815)	$(86,026)	$(93,003)
Net Change in Fund Balance	$(4,612)	$(34,223)	$(10,735)	$(3,899)	$(2,443)

(1) Includes Sales and Use, Motor Vehicle in-lieu.
(2) Includes Business License, Utility Consumption, Real Estate Transfer, Transient Occupancy, Parking, Voter Approved Special Tax, Franchise.
(3) Due to the adoption of GASB Statement No. 54, ORA Project Funds are now included in the General Fund.
(4) Includes elected and appointed officials, general governmental agencies and administrative services.
(5) Includes police and fire services.
(6) Includes Parks and Recreation, Library, Museum, Aging and Health, and Human Services.
(7) Includes capital outlays and certain debt service charges not paid from a general obligation bond tax levy.
(8) Includes transfers in and transfers out.

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2007 through June 30, 2011.

The following Table 17 summarizes the balance sheet for the City's General Fund for the Fiscal Years 2006-07 through 2010-11.

Table 17
City of Oakland
Balance Sheet
General Fund
($ In Thousands)
Fiscal Years 2006-07 Through 2010-11

ASSETS	2006-07	2007-08	2008-09	2009-10	2010-11
Cash and investments	$133,649	$110,735	$120,422	$114,060	$135,066
Receivables					
Accrued interest	1,436	297	254	165	172
Property taxes	6,928	14,182	14,966	10,241	9,719
Accounts receivable	43,572	41,751	41,053	43,016	33,972
Due from component unit	11,352	11,083	13,350	15,766	17,093
Due from other funds	74,730	81,170	69,781	66,048	54,565
Notes and loans receivable	21,693	21,875	22,000	8,399	8,599
Restricted cash and investments	143,542	131,696	120,736	121,565	106,692
Other	36	36	36	35	35
TOTAL ASSETS	$436,938	$412,825	$402,598	$379,295	$365,913
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other accrued liabilities	$108,730	$124,284	$125,811	$119,206	$111,058
Due to other funds	8,228	8,431	8,578	8,784	8,992
Due to other governments	60	80	51	290	3,220
Deferred revenue	36,413	31,467	30,653	17,411	16,187
Other	1,600	879	556	554	1,095
TOTAL LIABILITIES	$155,031	$165,141	$165,649	$146,245	$140,552
Fund Balances:					
Reserved:					
Encumbrances	$ 7,440	$ 6,193	$ 4,594	$1,195	–
Long term receivables	–	–	–	–	–
Debt service	16,451	15,382	13,949	2,177	–
Pension obligations	115,000	105,000	98,000	100,000	–
Unreserved	143,016	121,109	120,406	129,678	–
Restricted[(1)]	–	–	–	–	106,692
Committed[(1)]	–	–	–	–	3,890
Assigned[(1)]	–	–	–	–	65,985
Unassigned[(1)]	–	–	–	–	48,794
TOTAL FUND BALANCES	$281,907	$247,684	$236,949	$233,050	$225,361
TOTAL LIABILITIES AND FUND BALANCES	$436,938	$412,825	$402,598	$379,295	$365,913

(1) Added as a result of GASB Statement No. 54 reporting requirements implemented beginning Fiscal Year 2010-11. Please refer to pages 41-42 of the City of Oakland Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2011 for a more detailed description.

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2007 through June 30, 2011.

DEBT OBLIGATIONS

General Obligation Debt

As of May 1, 2012, the City had outstanding a total of $245,440,000 aggregate principal amount of general obligation bonds. The bonds are general obligations of the City, approved by at least two-thirds of the voters. The City has the power and is obligated to levy *ad valorem* taxes upon all property within the City subject to taxation without limitation as to the rate or the amount (except certain property taxable at limited rates) for the payment of principal and interest on these bonds. Table 18 below summarizes the City's outstanding General Obligation Bonds as of May 1, 2012.

Table 18
City of Oakland
General Obligation Bonds
As of May 1, 2012
($ In Thousands)

Issue Name	Purpose	Dated Date	Final Maturity	Original Principal Amount	Principal Amount Outstanding
Oakland Joint Powers Financing Authority Revenue Bonds, Series 2005 (City of Oakland General Obligation Bond Program)	Refunded Measure I and K Bonds, which were used on various recreational and educational projects	6/16/2005	2025	$122,170	$80,960
General Obligation Bonds, Series 2006 (Measure G)	Museum and Zoo	6/28/2006	2036	21,000	18,785
General Obligation Bonds, Series 2009 (Measure DD)	Lake Merritt	7/30/2009	2039	64,545	61,920
General Obligation Refunding Bonds, Series 2012	Refunded Series 2002A (Measure G) and Series 2003A (Measure DD)	1/10/2012	2031	83,775	83,775
TOTAL					$245,440

Source: City of Oakland.

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The following Table 19 summarizes the voter-approved measures for which debt obligations have not yet been issued as of May 1, 2012.

Table 19
City of Oakland
General Obligation Bond Remaining Authorization
As of May 1, 2012
($ In Thousands)

Authorization	Date Passed	Use	Bond Total	Authorization Remaining
Measure DD	11/5/2002	Recreational and aquatic facilities	$198,250	$62,255

Source: City of Oakland.

Short-Term Obligations

The City has issued short-term notes to finance general fund temporary cash flow deficits for each of the last fifteen fiscal years, all of which have been paid when due. The following Table 20 sets forth the principal amount of tax and revenue anticipation notes issued in Fiscal Years 2007-08 through 2011-12.

Table 20
City of Oakland
Tax and Revenue Anticipation Notes
($ In Thousands)

Fiscal Year	Principal Amount
2007-08	$141,800
2008-09	105,705
2009-10	162,375
2010-11	100,000
2011-12	81,200

Source: City of Oakland

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Lease Obligations

The City has entered into various long-term lease arrangements that secure lease revenue bonds or certificates of participation, under which the City must make annual payments, payable by the City from its General Fund, for the use of public buildings or equipment. The following Table 21 summarizes the City's outstanding long-term lease obligations and the principal amounts outstanding as of May 1, 2012.

Table 21
City of Oakland
Lease Obligations
As of May 1, 2012
($ In Thousands)

Issue Name	Dated Date	Final Maturity	Original Principal Amount	Principal Amount Outstanding	Leased Asset
Oakland – Alameda County Coliseum Authority Lease Refunding Revenue Bonds (Arena Project), Series 1996 Series A1 and A2(1), (2)	8/2/1996 8/2/1996	2026 2026	$35,000 35,000	$24,195 23,888	Coliseum Arena
Oakland – Alameda County Coliseum Authority Lease Revenue Bonds, Series 2000 C-1 & C-2(1), (3)	5/25/2000 5/25/2000	2025 2025	37,700 37,700	34,350 34,350	Coliseum Stadium
Oakland Joint Powers Financing Authority Lease Revenue Bonds, (Oakland Convention Center) Series 2001	5/15/2001	2014	134,890	39,005	Oakland Convention Center
Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds, 2008 Series A-1, A-2(4)	4/16/2008 4/16/2008	2017 2014	107,630 20,330	64,865 10,285	Portion of sewer system
Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds, (Oakland Administration Buildings), 2008 Series B	5/1/2008	2026	113,450	96,375	Oakland Administration Buildings
TOTAL				$327,313	

(1) The lease payments securing these bonds are joint and several obligations of both the City and the County. Each entity has covenanted to budget and appropriate one-half of the annual lease payments and to take supplemental budget action if required to cure any deficiency. Principal amounts shown represent half of total original and outstanding principal amount, representing the amount that is directly attributable to the City.

(2) These bonds are variable rate demand bonds. Letters of credit for the Series A1 bonds are provided by BNY Mellon and CalSTRS and expire in July 2012. Letters of credit for the Series A2 bonds are provided by BNY Mellon and Allied Irish Bank and expire in July 2012 and are in the process of being replaced.

(3) These bonds were refunded on May 31, 2012 with fixed rate bonds..

(4) The proceeds of this issue refunded bonds associated with financing the City's pension systems. The debt service is supported by property tax override revenues.

Source: City of Oakland.

Swap Agreements

On June 21, 2011, the City adopted a written interest rate swap policy for Fiscal Year 2011-12 (the "Swap Policy"). The Swap Policy established guidelines for the use and management of interest rate swaps. The Swap Policy is adopted annually to provide the appropriate internal framework to ensure that consistent objectives, practices, controls, and authorizations are maintained to minimize the City's risk related to its debt portfolio.

The obligation of the City to make payments to swap providers under a swap agreement is an obligation of the City payable from any source of available funds on a parity with payments of principal of and interest on the applicable series of bonds. Under certain circumstances, the swap agreements are subject to termination and the City may be required to make a substantial termination payment to the respective swap providers depending upon the then current market value of the swap transaction.

Series 1998 Bonds. The City entered into a forward starting interest rate swap agreement in connection with the issuance of the Oakland Joint Powers Financing Authority Lease Revenue Bonds, 1998 Series A1/A2 (the "Series 1998 Bonds"). In June 2005, the Series 1998 Bonds were refunded by the Oakland Joint Powers Financing Authority Refunding Revenue Bonds, 2005 Series A-1, 2005 Series A-2 and 2005 Series B, which in turn were refunded by the Oakland Joint Powers Financing Authority Refunding Revenue Bonds, 2008 Series A-1 and 2008 Series A-2. However, the swap associated with the Series 1998 Bonds remains in effect until the stated termination date on July 31, 2021. Pursuant to this swap agreement, the City receives a variable rate payment from each counterparty equal to 65% of USD-LIBOR-BBA multiplied by the notional amount of the swap; these payments were intended to approximate the variable rate interest payments the City would have paid on the Series 1998 Bonds. The City makes semiannual fixed rate payments to the counterparties as set forth below. The interest payments are supported by the retirement annuity revenues. The interest rate swap agreement is terminable at any time at the option of the City at its market value. The objective of the swap at the time it was entered into was to achieve a synthetic fixed rate with respect to the Series 1998 Bonds. Table 22 below summarizes the interest rate swap agreement entered into by the City as of March 30, 2012.

Table 22
Summary of Series 1998 Bonds
Interest Rate Swap Agreement
(As of March 30, 2012)

Effective Date	Notional Amount	Counterparty/ Guarantor	Counterparty Credit Ratings (Moody's/S&P)	Fixed Rate Payable by City	Market Value to City	Expiration Date
01/09/97	$68,900,000	Goldman Sachs Mitsui Marine Derivative Products	Aa1[(1)]/AAA	5.6775%	($15,115,930)	July 31, 2021

____
(1) Downgraded by Moody's on April 7, 2009. The rating shown is the current rating.
Source: City of Oakland.

Pension Obligation Bonds

The City has previously issued two series of pension obligation bonds to fund a portion of the City's Unfunded Actuarial Accrued Liability ("UAAL") for retirement benefits to members of the Oakland Police and Fire Retirement System ("PFRS"), a closed plan covering uniformed employees hired prior to July 1, 1976. The pension obligation bonds are obligations of the general fund and are secured by a senior pledge of property tax override revenues. The second series of pension obligation bonds, which were issued in 2001 (the "2001 Pension Obligation Bonds"), was part of a plan of finance undertaken by the City to restructure the City's 1997 pension obligation bonds (the "1997 Pension Obligation Bonds"), to reduce the annual net debt service on the bonds and to minimize the need for the City to use General Fund revenues other than property tax override funds to pay debt service on the 1997 Pension Obligation Bonds and the 2001 Pension Obligation Bonds. The 1997 Bonds matured in December 2010 leaving only the 2001 Bonds outstanding that are secured by a senior pledge of certain property tax override revenues. The City annually levies an *ad valorem* tax at a rate of 0.1575% to fund PFRS pension obligations. See "OTHER FISCAL INFORMATION—Retirement Programs—*Police and Fire Retirement System*." The City projects that it will receive approximately $61.8 million of tax override revenues to pay debt service on the 2001 Pension Obligation Bonds in Fiscal Year 2011-12.

The following Table 23 summarizes the 2001 Pension Obligation Bonds as of May 1, 2012.

Table 23
City of Oakland
Pension Obligation Bonds
As of May 1, 2012
($ In Thousands)

Issue Name	Dated Date	Final Maturity	Original Principal Amount	Principal Amount Outstanding
City of Oakland Taxable Pension Obligation Bonds, Series 2001	10/17/2001	2022	$195,636	$195,636

Source: City of Oakland.

In addition, the City has issued subordinate pension bonds also secured by the tax override revenues. The proceeds were used to refund outstanding PFRS pension related bonds and fund a portion of the unfunded actuarial accrued liability for retirement benefits. These bonds were issued through the Joint Powers Financing Authority, in the form of annual appropriation lease revenue bonds, 2008 Series A-1 and A-2 as more fully outlined in Table 21.

The City anticipates issuing additional pension obligation bonds in July 2012 to fund a portion of the City's UAAL contingent upon Council approval.

The following Table 24 sets forth the City's debt service obligations on its 2001 Pension Obligation Bonds for the next five fiscal years. The maximum annual debt service payment for these bonds is $53,130,000, which occurs in Fiscal Year 2022-23. Such bonds are secured by a senior pledge of certain property tax override revenues.

Table 24
City of Oakland
Annual Payments for Pension Obligation Bonds
Fiscal Years 2012-13 Through 2016-17

Fiscal Year	Annual Payment
2012-13	$39,555,000
2013-14	40,765,000
2014-15	42,010,000
2015-16	43,285,000
2016-17	44,590,000

Source: City of Oakland.

For additional information on the City's pension systems, see "OTHER FISCAL INFORMATION—Retirement Programs" herein.

Limited Obligations

The City has incurred other obligations that are neither general obligations nor payable from the General Fund of the City, and are secured solely by specified revenue sources. These obligations are described below.

Redevelopment Agency of the City of Oakland

The City's redevelopment agency (the "Redevelopment Agency") issued several series of tax allocation bonds to provide funding for blight alleviation and economic development in parts of the City or for the construction of low-income housing. The bonds are payable from tax increment revenues received from the specific redevelopment project areas which they support. Tax allocation bonds have been issued for the Central District Redevelopment Project Area, the Coliseum Area Redevelopment Project Area, the Broadway/MacArthur/San Pablo Redevelopment Project Area, and the Central City East Redevelopment Project Area. In addition, bonds have been issued that are secured by dedicated housing set-aside revenues from all the City's redevelopment project areas. Legislation enacted in 2011 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. See "FINANCIAL INFORMATION—Dissolution of Redevelopment Agencies" above.

Pursuant to a California Supreme Court ruling, dissolution of the Oakland Redevelopment Agency occurred on February 1, 2012. The City elected to serve in the capacity as successor agency to the dissolved Redevelopment Agency pursuant to Resolution No. 83679 C.M.S. and Resolution No. 83680 C.M.S adopted by Council on January 10, 2012.

The following Table 25 sets forth the Redevelopment Agency's outstanding tax allocation debt and other financings, including the final maturity date, original principal amounts and principal amounts outstanding. All information below is presented, and sets forth the principal amount of debt outstanding, as of May 1, 2012.

Table 25
Tax Allocation Bonds
As of May 1, 2012
($ In Thousands)

Central District Redevelopment Project Area

Issue Name	Dated Date	Final Maturity	Original Principal Amount	Principal Amount Outstanding
Central District Redevelopment Project Senior Tax Allocation Refunding Bonds, Series 1992	11/15/1992	2014	$97,655	$12,975
Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2003	1/9/2003	2019	120,605	87,865
Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2005	2/8/2005	2022	44,360	31,970
Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T	11/21/2006	2022	33,135	20,610
Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2009T (Federally Taxable)	5/20/2009	2020	38,755	37,370
TOTAL CENTRAL BUSINESS DISTRICT			$334,510	$190,790

Broadway/MacArthur/San Pablo Redevelopment Project Area

Issue Name	Dated Date	Final Maturity	Original Principal Amount	Principal Amount Outstanding
Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds Series 2006C-TE and 2006C-T	10/12/2006	2037	$17,270	$15,835
Broadway/MacArthur/San Pablo Redevelopment Project Tax Second Lien Allocation Bonds Series 2010-T (RZEDB)	12/12/2010	2040	7,390	7,390
TOTAL BROADWAY/MACARTHUR/SAN PABLO DISTRICT			$24,660	$23,225

Central City East Redevelopment Project Area

Issue Name	Dated Date	Final Maturity	Original Principal Amount	Principal Amount Outstanding
Central City East Redevelopment Project Tax Allocation Bonds, Series 2006A-TE and 2006A-T	10/12/2006	2037	$76,300	$69,930

Coliseum Area Redevelopment Project Area

Issue Name	Dated Date	Final Maturity	Original Principal Amount	Principal Amount Outstanding
Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-TE and 2006B-T	10/12/2006	2037	$102,590	$93,720

City-wide Housing

Issue Name	Dated Date	Final Maturity	Original Principal Amount	Principal Amount Outstanding
Subordinated Housing Set-Aside Revenue Bonds, Series 2006A and 2006A-T	4/4/2006	2037	$84,840	$78,895
Subordinated Housing Set-Aside Revenue Bonds, Series 2011A-T	3/8/2011	2041	46,980	46,980
TOTAL HOUSING SET-ASIDE REVENUE BONDS			$131,820	$125,875

Source: City of Oakland

Special Assessments

The City has debt outstanding for three bond issues supported by assessment districts. Debt service on each of these assessment and reassessment bond issues is paid solely from assessments levied on real property within the respective districts.

The following Table 26 sets forth the City's outstanding special assessment bonds as of May 1, 2012.

Table 26
City of Oakland
Special Assessment Bonds
As of May 1, 2012
($ In Thousands)

Issue Name	Dated Date	Final Maturity	Original Principal Amount	Principal Amount Outstanding
Oakland Joint Powers Financing Authority Special Assessment Pooled Revenue Bonds, Series 1996 A	8/1/1996	2020	$ 465	$ 155
Oakland Joint Powers Financing Authority Reassessment Revenue Bonds, Series 1999	7/27/1999	2024	7,255	4,235
Oakland Utility Underground Assessment District, Piedmont Pines Phase 1, Series 2010	3/9/2010	2039	3,148	3,095
TOTAL				$7,485

Source: City of Oakland.

Enterprise Revenue Bonds

The City also has issued bonds secured solely by revenues of its sewer system. These bonds, issued on December 14, 2004 in the principal amount of $62,330,000, mature in June 2029 and have an outstanding principal amount of $52,580,000 as of May 1, 2012.

Estimated Direct and Overlapping Debt

Located within the City are numerous overlapping local agencies providing public services. These local agencies have outstanding bonds issued in the form of general obligation, lease revenue, certificates of participation, and special assessment bonds. The direct and overlapping debt of the City as of May 1, 2012, according to California Municipal Statistics, Inc., is shown in the following Table 27. The City makes no representations as to the accuracy of the following table. Inquiries concerning the scope and methodology of procedures carried out to complete the information presented should be directed to California Municipal Statistics, Inc. According to California Municipal Statistics, Inc., self-supporting revenue bonds, tax allocation bonds, and non-bonded capital lease obligations are excluded from this debt statement.

Table 27
City of Oakland
Statement of Direct and Overlapping Debt
As of May 1, 2012

2011-12 Assessed Valuation:	$39,237,336,112 [1]
Redevelopment Incremental Valuation:	(9,247,268,210)
Adjusted Assessed Valuation:	$29,990,067,902

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/12
Bay Area Rapid Transit District	6.850%	$ 28,258,990
East Bay Municipal Utility District, Special District No. 1	49.579	10,733,854
East Bay Regional Park District	10.644	13,786,641
Chabot-Las Positas Community College District	0.956	4,262,984
Peralta Community College District	52.339	222,969,374
Berkeley and Castro Valley Unified School Districts	0.004 & 0.126	130,840
Oakland Unified School District	99.998	755,504,890
San Leandro Unified School District	9.655	15,962,263
City of Oakland	**100.000**	**254,180,620** [2]
City of Oakland 1915 Act Bonds	100.000	7,685,000
City of Emeryville 1915 Act Bonds	4.183	307,869
City of Piedmont 1915 Act Bonds	4.792	155,261
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,313,938,586

DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Alameda County and Coliseum Authority General Fund Obligations	17.694%	$121,638,642
Alameda County Pension Obligations	17.694	23,274,786
Alameda-Contra Costa Transit District Certificates of Participation	21.476	7,405,999
Chabot-Las Positas Community College District General Fund Obligations	0.956	41,299
Peralta Community College District Pension Obligations	52.339	83,820,432
Oakland Unified School District Certificates of Participation	99.998	50,143,997
Castro Valley Unified School District Certificates of Participation	0.126	7,988
City of Oakland and Coliseum Authority General Fund Obligations	**100.000**	**329,180,000**
City of Oakland Pension Obligations	**100.000**	**174,776,566**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$790,289,709
COMBINED TOTAL DEBT		$2,104,228,295 [3]

Ratios to 2011-12 Assessed Valuation:
Direct Debt ($254,180,620)..0.65%
Total Direct and Overlapping Tax and Assessment Debt 3.35%

Ratios to Adjusted Assessed Valuation:
Total Direct Debt ($758,137,186)..2.53%
Combined Total Debt..7.02%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: $1,305

(1) Gross assessed valuation less certain exemptions.
(2) Excludes the Bonds to be sold.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

OTHER FISCAL INFORMATION

Insurance and Risk Management

The City is insured up to $29,000,000 after a $4,000,000 per occurrence self-insured retention for the risks of general liability and auto liability. All properties are insured against damage from fire and other forced perils at full replacement value after a $25,000 deductible to be paid by the City. The City does not insure for damage from earthquakes (see "OTHER MATTERS—Natural Hazards Risks" below). The City is also insured up to $100,000,000 after a $750,000 per occurrence self-insured retention for workers' compensation losses. As of June 30, 2011, the amount of all self-insured general liability exposure is valued at approximately $36,687,103. Of this amount, approximately $14,775,498 is estimated to be due within one year. Payment of workers' compensation claims is provided through annual appropriations. As of June 30, 2011, the amount of workers' compensation liability determined to be payable is approximately $82,044,864. Of this amount, $20,118,617 is estimated to be due within one year.

Labor Relations

City employees are represented by nine labor unions and associations (identified in the following Table 28 as of July 1, 2011), the largest one being the Service Employees International Union, Local 1021, which represents approximately 54% of City employees. Approximately 95% of City employees are covered by negotiated agreements, as detailed below. Memoranda of Understanding ("MOUs") between the City and representatives of miscellaneous employees for exclusive bargaining expire on June 30, 2013.

No pay increases are scheduled for represented employees except for the Oakland Police Officers' Association (the "OPOA") and the Oakland Police Management Association (the "OPMA"). A 2% increase is scheduled on January 1, 2014 for the OPOA and a 2% increase is scheduled on January 1, 2015 for the OPMA. The OPOA and OPMA have agreed to pay for the full employee share of retirement, which equals 9% of employees' wages. The International Association of Firefighters, Local 55, agreed to a wage decrease for all represented classifications of 8.85% from July 1, 2011 to June 29, 2014, at which time wages will be restored to the June 30, 2011 levels. All exclusive bargaining representatives for miscellaneous employees agreed to 9% concessions in the form of increased retirement cost sharing, business closure days and unpaid leave days in Fiscal Years 2011-12 and 2012-13. This is in addition to miscellaneous employees assuming 5% of their retirement costs in a previous negotiation on July 1, 2009.

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The City has never experienced an employee work stoppage. Pursuant to the Meyers-Milas-Brown Act (Government Code Section 3500 *et seq*.), the City continues to meet and confer with all of the exclusive bargaining representatives of the City employees.

Table 28
City of Oakland
Labor Relations
As of July 1, 2011

Employee Organization/Bargaining Unit	Number of Employees	Contract Termination
Confidential Management Employees' Association	29	June 30, 2013
International Brotherhood of Electrical Workers, Local 1245	18	June 30, 2013
International Federation of Professional and Technical Engineers (IFPTE), Local 21 Units TA1, TF1, TM2, TW1, and TF1	448	June 30, 2013
IFPTE, Local 21 Units UH1 (Supervisors), UM1 and UM2 (Managers)	357	June 30, 2013
IFPTE, Local 21 (Deputy City Attorney I-IVs)	21	June 30, 2013
Service Employees International Union (SEIU), Local 1021/ full-time	1,183	June 30, 2013
SEIU, Local 1021/ part-time	1,403	June 30, 2013
Deputy Attorney V & Special Counsel Association	8	June 30, 2013
International Association of Firefighters, Local 55	424	June 30, 2014
Oakland Police Officers' Association	668	June 30, 2015
Oakland Police Management Association	11	June 30, 2015
TOTAL	4,570	

Source: City of Oakland, Department of Human Resources Management.

Retirement Programs

The City maintains two closed pension systems, the Police and Firemen's Retirement System ("PFRS") and the Oakland Municipal Employees Retirement System ("OMERS"). In addition, the City is a member of the California Public Employees' Retirement System ("CalPERS"), a multiple-employer pension system that provides a contributory defined-benefit pension for most current employees.

Police and Fire Retirement System. PFRS is a defined benefit plan administered by a seven-member Board of Trustees (the "Retirement Board"). PFRS is a closed plan and covers uniformed employees hired prior to July 1, 1976. As of July 1, 2011, PFRS covered one active employee and 1,106 retired employees and beneficiaries. On December 12, 2000, the voters of the City amended the City Charter to give active members of PFRS the option to terminate their membership and transfer to CalPERS upon certain conditions. As a result, 126 former members transferred to CalPERS.

In November 2006, City voters passed Measure M to modify the City Charter to allow the PFRS Board to invest in non-dividend paying stocks and to switch the asset allocation structure from 50% equities and 50% fixed income to any asset allocation structure determined to satisfy the Prudent Person Standard.

In accordance with voter-approved measures adopting the City Charter provisions that govern PFRS, the City annually levies an *ad valorem* tax (the "Tax Override") on all property within the City subject to taxation by the City to help fund its pension obligations to PFRS. State law limits the City's tax rate for this purpose at the rate of 0.1575%, the level at which the City has levied the tax since 1983. The City is allowed to levy the Tax Override through 2026.

In 1997, the City issued 1997 Pension Obligation Bonds in the principal amount of $420.5 million, the net proceeds of which were used to fund the actuarial present value of the City's expected contributions to PFRS from March 1997 through June 2011. PFRS received a deposit of $417 million from the pension obligation bond proceeds. In return for this payment, PFRS agreed in a Funding Agreement, dated as of June 1, 1996, between the City and PFRS, that the City would not be required to make any further payments to PFRS for UAAL through June 30, 2011. A voluntary payment of $17.7 million was made during Fiscal Year 2005-06 to fund a portion of the City's obligation under its Charter to make payments to PFRS. The City's required contribution to PFRS resumed in July 2011. As determined by the 2011 actuarial valuation, the City's annual contribution to PFRS for Fiscal Year 2012-13 is approximately $38.4 million. On October 3, 2001, the City issued its 2001 Pension Obligation Bonds in the principal amount of $195.6 million, the proceeds of which were primarily used to purchase at tender for cancellation and defease a portion of the outstanding 1997 Pension Obligation Bonds. As a result of this purchase and defeasance, annual debt service through 2010 on the City's combined pension obligation bonds was reduced, but total debt service on the bonds was increased because the final maturity date was extended from 2010 to 2022. The City pays debt service on the 2001 Pension Obligation Bonds from proceeds of the Tax Override. See "DEBT OBLIGATIONS—Pension Obligation Bonds."

The City anticipates issuing additional Pension Obligation Bonds in July 2012 to fund a portion of the City's UAAL to PFRS contingent upon Council approval.

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An actuarial valuation of PFRS is conducted at least every two years; the most recent valuation was dated July 1, 2011. PFRS utilizes a modification of the aggregate actuarial cost method to determine contribution amounts. Under this method, the excess of the actuarial present value of projected benefits for PFRS members over the actuarial value of assets is amortized over the period ending July 1, 2026 as a level percentage of City safety payroll, including pay for individuals covered by CalPERS as well as those covered by PFRS. Significant actuarial assumptions used to compute the contribution requirement include a 6.75% investment rate of return (reduced in April 2011 from the previous assumption of 7.00%) and average long-term salary increases of 3.975% (reduced in April 2011 from the previous assumption of 4.50%). Current MOU's are used to predict salary increases over the short term. A method that smooths asset value is used to determine the Actuarial Value of Assets, but the resulting value is constrained to be within 10% of market value. The following Table 29 shows PFRS's recent funding progress.

Table 29
City of Oakland
Police and Fire Retirement System
Schedule of Funding Progress[1]
($ in Millions)

Valuation Date July 1	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Number of Active Employees
2004	$890.2	$621.6	$268.6	69.8%	1
2005	883.5	614.9	268.6	69.6	1
2007	888.1	566.0	322.1	63.7	1
2009[2]	782.5	347.2	435.3	44.4	1
2010[2]	792.2	297.8	494.4	37.6	1
2011[3]	683.1	256.3	426.8	37.5	1

(1) Because this is a closed system with one active employee, UAAL as a percentage of payroll is not presented.
(2) The decline in the funded ratio was due to investment market downturn and change in actuarial and cost of living assumptions.
(3) As of July 1, 2011, the market value of assets was $284.9 million.

Note: The City is only required to generate an actuarial report for the Oakland Police and Fire Retirement System once every two years. The City did not produce actuarial reports for years 2006 and 2008.

Source: Oakland Police and Fire Retirement System, Actuarial Report as of July 1, 2011.

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In light of the prepayment of expected PFRS contributions funded by the proceeds of the 1997 Pension Obligation Bonds, the purpose of the actuarial valuations prior to 2011 was primarily to track the relationship between the available assets and the estimated liabilities so that the City would be prepared for the necessary contributions, if any, beginning in July 2011. The Oakland Police and Fire Retirement System Actuarial Report as of July 1, 2011 contains a projection of the annual contributions necessary beginning in 2012 based on the valuation assumptions. These assumptions and projected contributions are in Table 30 below.

Table 30
City of Oakland
Police and Fire Retirement System
Projection of Future Contributions
As of July 1, 2011

	Valuation Assumptions
Investment Return	6.75%
Wage Growth	3.975%
Annual City Contribution for FY 2012-13 Amount	$38.4 million

Source: Oakland Police and Fire Retirement System, Actuarial Report as of July 1, 2011.

Currently, the City has sufficient excess Tax Override revenues to pay the annual contribution on a pay-as-you-go basis within Fiscal Year 2011-12. Tax Override revenue is also expected to be used to secure additional Pension Obligation Bonds to be issued in 2012 to pay a portion of the UAAL to PFRS.

Oakland Municipal Employees Retirement System ("OMERS"). OMERS is the second closed pension system, which covers active non-uniformed employees hired prior to September 1, 1970 who have not transferred to CalPERS. The program covers no active employees and 37 retired employees as of July 1, 2011. OMERS is administered by a seven-member Board of Administration. An actuarial valuation of OMERS is conducted every three years; the most recent complete valuation was for the period ended July 1, 2010 prepared by Bartel Associates, LLC. OMERS utilizes the "Entry Age Normal Cost Method" for its actuarial calculations. Significant actuarial assumptions used to compute the contribution requirement include a 6.5% investment rate of return, inflation rate of 3.25%, future benefit increase of 3% and mortality rates. Based on the actuarial report, the plan is 86.4% funded due to losses in the market value of assets.

California Public Employees Retirement System. CalPERS is a defined-benefit plan administered by the State and covers all uniformed employees hired after June 30, 1976 and all non-uniformed employees hired after September 1, 1970 as well as certain former members of PFRS and OMERS. CalPERS acts as a common investment and administrative agent for public entities participating with the State. CalPERS is a contributory plan deriving funds from employee contributions as well as employer contributions and earnings from investments. A menu of benefit provisions is established by State statutes within the Public Employees' Retirement Law. The City selects its optional benefit provisions from the benefit menu by contract with CalPERS.

For accounting purposes, employees covered under CalPERS are classified as either miscellaneous employees or safety employees. City miscellaneous employees and City safety employees are required to contribute 8% and 9%, respectively, of their annual salary to CalPERS. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. Historically, the City had paid the entire amount of its employees' contributions for City miscellaneous employees and safety employees. However, under current bargaining agreements effective July 1, 2011, all City miscellaneous employees pay 8%, sworn police pay 9% and sworn fire personnel contribute at 9% plus an additional 4%.

In Fiscal Year 2001-02, the City increased its benefits for Police safety employees to provide 3% of highest salary per year of employment at age 50. In Fiscal Year 2002-03, benefits were increased to provide Fire safety employees 3% of highest salary per year of employment at age 50. In Fiscal Year 2003-04, the City increased its benefits for miscellaneous employees, increasing retirement benefits to 2.7% of highest salary at age 55. The following Table 31 sets forth the City's employer contribution rates as determined by CalPERS for Fiscal Years 2008-09 through 2012-13, and CalPERS' projection for Fiscal Year 2013-14 and Fiscal Year 2014-15.

Table 31
City of Oakland
Public Employees Retirement System Contribution Rates
Fiscal Years 2008-09 Through 2012-13 and Projected Fiscal Years 2013-14 and 2014-15
(Percentage of Payroll)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 (Projected)	2014-15 (Projected)
Miscellaneous Plan	19.55%	19.59%	19.89%	23.60%	25.12%	25.50%	25.90%
Safety Plan	27.50%	27.88%	28.09%	30.37%	30.90%	31.10%	31.20%

Source: CalPERS Annual Valuation Report as of June 30, 2010.

CalPERS uses an actuarial method that takes into account those benefits that are expected to be earned in the future as well as those already accrued. CalPERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. Major actuarial assumptions included a 3.00% inflation rate and a 7.75% investment return. At its meeting in March 2012, CalPERS revised the assumptions to a 2.75% inflation rate and a 7.50% investment return.

The schedules of funding progress in the following Tables 32 and 33 show the recent funding progress of both the public safety employees and miscellaneous employees. Any change in the unfunded liability that arose due to a change in plan provisions or in actuarial methods or assumptions is separately tracked and amortized over a declining 20-year period.

The effect of differences between actuarial assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences are actuarial gains or losses. Gains and losses are tracked separately and amortized over a rolling 30-year period.

In December 2009, the CalPERS Board adopted changes to the asset smoothing method as well as changes to the CalPERS Board policy on the amortization of gains and losses in order to phase in over a three-year period the impact of the negative 24% investment loss experienced by CalPERS in Fiscal Year 2008-09. The following changes were adopted for all plans:

- Increase the corridor limits for the actuarial value of assets from 80-120% of market value to 60-140% of market value on June 30, 2009.

- Reduce the corridor limits for the actuarial value of assets to 70-130% of market value on June 30, 2010.

- Return to the 80-120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter.

- Isolate and amortize all gains and losses during Fiscal Years 2008-09, 2009-10 and 2010-11 over fixed and declining 30-year periods (as opposed to the current rolling 30-year amortization).

The following Tables 32 and 33 set forth the schedules of funding progress from 2006 to 2010 for public safety employees and for miscellaneous employees.

Table 32
City of Oakland
Public Employees Retirement System Schedule of Funding Progress
Public Safety Employees
($ in Millions)

Valuation Date June 30	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	UAAL as % of Payroll
2006	$907.4	$678.6	$228.8	74.8%	$124.2	184.3%
2007	989.1	757.3	231.8	76.6	127.4	181.9
2008	1,084.4	829.7	254.7	76.5	138.6	183.7
2009	1,194.4	888.2	306.1	74.4	150.3	203.7
2010(1)	1,262.8	951.5	311.3	75.3	145.6	213.8

(1) As of June 30, 2010, the market value of assets was $746.6 million and the funded status on a market value basis was 59.1%.

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2007 through June 30, 2011 and CalPERS Annual Valuation as of June 30, 2010.

Table 33
City of Oakland
Public Employees Retirement System Schedule of Funding Progress
Miscellaneous Employees
($ in Millions)

Valuation Date June 30	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status	Annual Covered Payroll	UAAL as % of Payroll
2006	$1,507.9	$1,250.7	$257.2	82.9%	$217.0	118.6%
2007	1,617.2	1,353.4	263.8	83.7	225.8	116.9
2008	1,728.0	1,445.4	282.6	83.6	237.5	119.0
2009	1,876.3	1,505.3	371.0	80.2	224.8	165.1
2010(1)	1,914.7	1,565.5	349.2	81.8	195.8	178.4

(1) As of June 30, 2010, the market value of assets was $1,224.6 million and the funded status on a market value basis was 64.0%.

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2007 through June 30, 2011 and CalPERS Annual Valuation as of June 30, 2010.

For Fiscal Year 2010-11, the City's annual CalPERS pension cost was $84.2 million. The City's unfunded liability with CalPERS, as of June 30, 2010, was $311.3 million for the public safety (police and fire) retirement plan, resulting in a 75.3% funded status, and $349.2 million for the miscellaneous retirement plan, resulting in an 81.8% funded status.

The following table represents the City's annual contribution to CalPERS for Fiscal Years 2006-07 through 2010-11.

Table 34
City of Oakland
Public Employees Retirement System
Annual Pension Cost
Fiscal Years 2006-07 Through 2010-11
($ in Millions)

Fiscal Year Ended June 30	Annual Cost
2007	$89.3
2008	97.9
2009	98.2
2010	94.3
2011	84.2

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2007 through June 30, 2011.

Post-Employment Benefits

The City pays the partial costs of health insurance premiums for certain classes of retirees from City employment. Retirees meeting certain requirements relating to age and years of service are eligible for health benefits. The health benefits are extended to retirees pursuant to labor agreements between the City and certain of its employee labor unions and in resolutions adopted by the City. Approximately $15.7 million was paid on behalf of retirees under these programs for Fiscal Year 2010-11.

In August 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45 ("GASB 45"), "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions" ("OPEB"), which addresses how state and local governments should account for and report the annual cost. GASB 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under GASB 45, annual OPEB costs for most employers will be reported based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of GASB 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods on the income statement.

The City implemented GASB 45 in Fiscal Year 2007-08. As of July 1, 2010, the Actuarial Accrued Liability (the "AAL"), which is equal to that portion of the Actuarial Present Value of Benefits deemed to have been earned to date, was $520.9 million. As of June 30, 2011, assuming 4% interest earnings, the City's projected net OPEB obligation (defined, in terms of balance sheet liability, as the cumulative difference between the annual OPEB cost and the City's contribution to plan since 2008) will be $157 million after a pay-as-you-go amount of $15.7 million. For Fiscal Year 2011-12, the current plan for the obligation is pay-as-you-go.

The following Table 35 sets forth certain information with respect to the City's OPEB obligations for the Fiscal Years ended June 30, 2008 through June 30, 2011.

Table 35
City of Oakland
Post-Employment Benefits Other than Pensions
Fiscal Years 2007-08 Through 2010-11

Fiscal Year Ended June 30	Accrued Liability	Unfunded Liability	Annual OPEB Cost	Employer Contribution	Net OPEB Obligation
2008	$591,575,250	$591,575,250	$54,635,000	$10,966,000	$43,668,000
2009	591,575,250	591,575,250	54,564,000	12,474,000	85,758,000
2010	591,575,250	591,575,250	54,495,000	14,016,000	126,237,000
2011	520,882,498	520,882,498	46,451,000	15,710,000	156,978,000

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2008 through June 30, 2011.

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

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

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

Table 36
Port of Oakland
Post-Employment Benefits Other than Pensions
Fiscal Years 2007-08 Through 2010-11
($ in Thousands)

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	$11,683	34%	$7,754
2009	10,019	123	5,443
2010	10,019	51	10,389
2011	11,193	99	10,461

Source: City of Oakland, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2008 through June 30, 2011.

OTHER MATTERS

Natural Hazard Risks

The City is in a seismically active area, located near or on three major active earthquake faults (the Hayward, Calaveras and San Andreas faults). During the past 150 years, the Bay Area has experienced several major and numerous minor earthquakes. The largest earthquake was the 1906 San Francisco earthquake along the San Andreas Fault, which passes through the San Francisco peninsula west of Oakland, with an estimated magnitude of 8.3 on the Richter scale. The most recent major earthquake was the October 17, 1989 Loma Prieta earthquake, also on the San Andreas Fault, with a magnitude of 7.1 on the Richter scale and an epicenter near Santa Cruz, approximately 60 miles south of the City. Both the San Francisco and Oakland areas sustained significant damage. The City experienced significant damage to the elevated Cypress freeway and to several buildings within the City, especially unreinforced masonry buildings constructed prior to 1970 and current building code requirements. Much of the damage resulting from the Loma Prieta earthquake was due to soil liquefaction, a phenomenon during which loose, saturated, non-cohesive soils temporarily lose shear strength during ground shaking induced by severe earthquakes.

A substantial portion of the City is built in partially-wooded hillside areas, which are naturally prone to wildfire. In October 1991 a fire in the Oakland/Berkeley Hills damaged 1,990 acres of forest and residential property, destroying 2,354 homes and 456 apartment units, most of which were in the City. The City has established a wildfire prevention assessment district covering portions of the City, which was approved by voters in January 2004, and which finances fire hazard inspections, brush and debris removal, wood chipping, and public education.

Litigation

The City is involved in certain litigation and disputes relating to its operation, including the litigation summarized below. Upon the basis of information presently available, the City Attorney believes (1) there are substantial defenses to such litigation and disputes and (2) in any event, any ultimate liability in excess of applicable insurance coverage resulting therefrom will not materially affect the ability of the City to pay the Base Rental Payments in connection with the Series 2012 Bonds.

Taylor v. City of Oakland

A group of federal civil rights cases based on allegations that Oakland Police officers conducted unconstitutional “strip searches” of the 39 plaintiffs in separate unrelated incidents between 2002 and 2007. The parties recently tried 5 cases selected by plaintiffs’ counsel in the United States District Court for the Northern District before the Honorable Marilyn Hall Patel. (Related Case No. C-04-4843-SI) In three of the five cases, the City prevailed. The plaintiffs in the other two cases were awarded a combined total of $205,000 in compensatory damages and $832,639 for attorney’s fees. The remaining cases are still pending. The City estimates a combined potential liability in the remaining cases could reach $15,000,000.

APPENDIX D

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF OAKLAND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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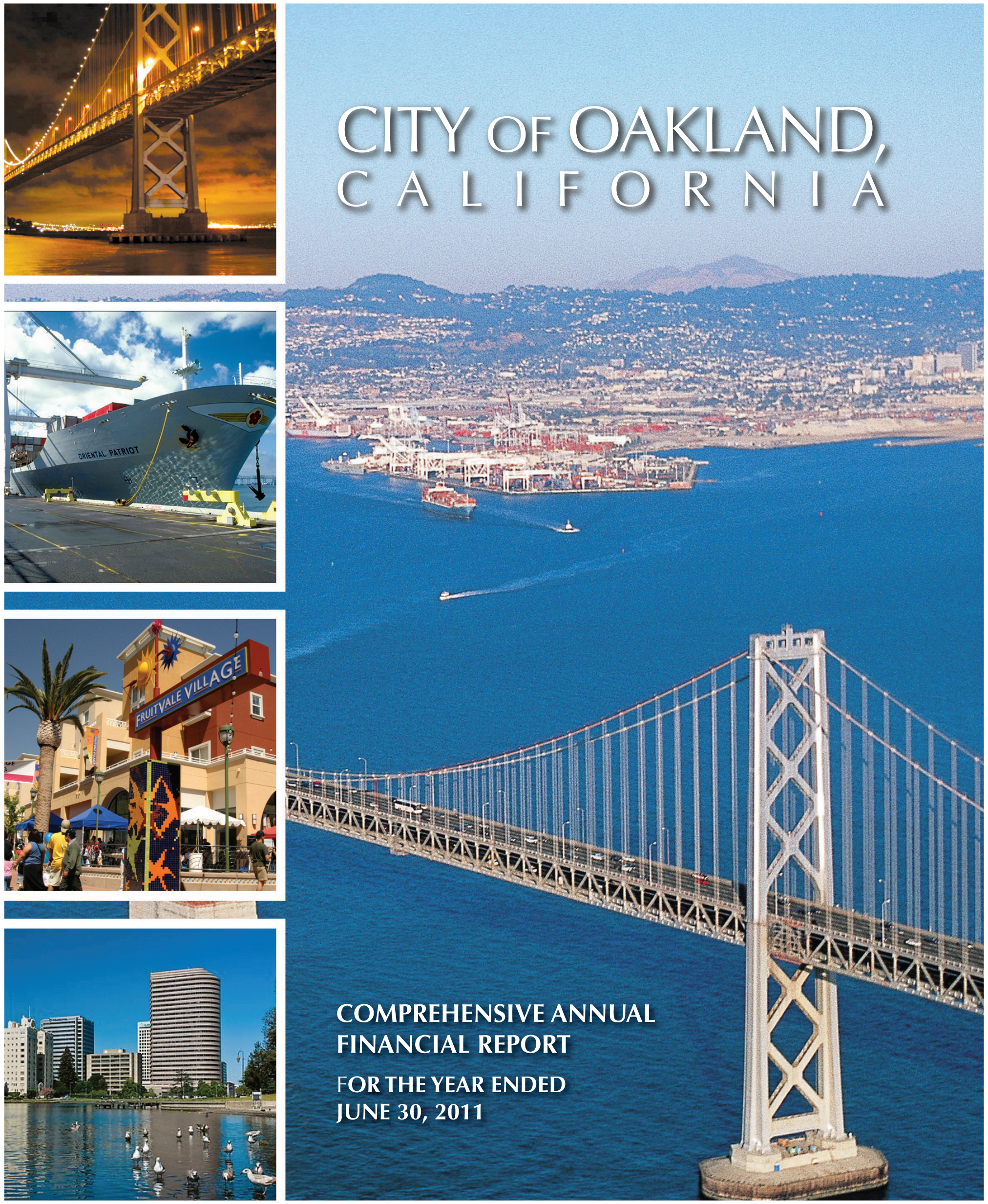

CITY OF OAKLAND

CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY THE FINANCE AND MANAGEMENT AGENCY

JOSEPH T. YEW, JR., DIRECTOR

OSBORN K. SOLITEI, CONTROLLER

PRINTED ON RECYCLED PAPER

CITY OF OAKLAND

Comprehensive Annual Financial Report
Year Ended June 30, 2011

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INTRODUCTORY SECTION

CITY OF OAKLAND

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Joseph T. Yew, Jr.
Finance Director/City Treasurer

December 9, 2011

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

We are 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, 2011, 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 has established a comprehensive internal control framework that is designed both to protect the City'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. As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe this CAFR to be complete and reliable in all material respects.

The City contracted with Macias Gini & O'Connell LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for the year ended June 30, 2011 are fairly stated and in accordance with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unqualified" or "clean" opinion. The independent auditor's report is included in the Financial Section of this report.

In addition, Macias Gini & O'Connell LLP audited the City's major program expenditures of federal funds for compliance with the Federal Single Audit Act Amendments of 1996, the Office of Management and Budget (OMB) Circular A-133 regulating Single Audits, and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. The report of the Single Audit is published separately from this CAFR and may be obtained upon request from the City's Finance and Management Agency, Controller's Office.

The Reporting Entity and Its Services

The City has defined its reporting entity in accordance with GAAP that provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The Basic Financial Statements present information on the activities of the City and its component units.

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

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

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

Profile of the Government

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

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

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

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

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

Economic Condition and Fiscal Outlook

Fiscal year 2010-11 continued to be a period of unprecedented General Fund revenue shortfall fueled by the continued weakened national recession. As in previous years the City utilized principal outlined in the "Financial Policies" as a guide and operational blueprint for assisting in the development of a budget that achieves fiscal stability and organizational sustainability. The financial policies are essential tools in returning the City to a healthy financial state and ensuring responsible financial management of the City's resources.

- Establishing a baseline for the Real Estate Transfer Tax at $40 million (an amount collected in a normal year), with any amount over the baseline used as follows: a) replenishment of the General Purpose Fund (GPF) reserves until such reserves reach 10 percent of current year budgeted GPF appropriations; and the remainder; b) 50 percent to repay negative Internal Service Funds; c) 30 percent set aside for the Police and Fire Retirement System (PFRS) liability until this obligation is met; d) 10 percent to establish an Other Postemployment Retirement Benefits (OPEB) trust; and e) 10 percent to replenish the Capital Improvement Reserve Fund until such baseline reaches $10 million.

- Amending the policy on the use of one-time revenues, and requiring that any one-time discretionary revenue be used as follows: a) 50 percent to repay negative Internal Service Fund balances and b) 50 percent to repay negatives in all other funds, unless legally restricted to other purposes.

- Amending the City's reserve policy to: a) require an annual review and certification of the GPF reserve by the City Administrator and b) limit project carry-forwards in the GPF.

As the City continues through the effects of the national economic recessions, growth projections continue to be flat or slightly higher in the fiscal year 2012-13 for the City's economically sensitive revenues including property tax, real estate transfer tax, parking tax, transient occupancy tax and sales tax due to the declining housing market and consumer spending.

The employment forecast for the reminder of 2011 continues to be negative, although the rate of job loss has improved. The City's average unemployment rate for June 2011 is 16.3 percent, which is lower than June 2010 at 17.2 percent. In general, the economic climate may remain uncertain, the City will continue to maintain prudent financial policies to navigate these hard economic times.

The City's general obligation credit ratings of AA-\Aa2\A+ from Standard and Poor's Corporation, Moody's Investor Services, Inc., and Fitch Ratings, respectively, continue to show the City's fiscal prudence. The rating agencies continue to cite management's demonstrated commitment to strong fiscal management as a basis of their rationale for bestowing the City strong ratings. These ratings translate to significant interest cost savings in the City's debt program and to the taxpayers of the City of Oakland.

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

The City of Oakland's primary economic indicators are highlighted on pages 15 and 16 in the Management Discussion and Analysis (MD&A) section of this report.

The Five-Year Financial Plan

In anticipation of longer term needs, the City develops a Five-Year Financial Plan for the General Purpose Fund. The Five-Year Financial Plan is management's best assessment of future revenue, expenditures and operating results over the five-year forecast period. The compilation and review of the Plan provides an opportunity to put current funding decisions in context with longer-term economic conditions while affording City management a realistic projection for the ongoing financial impact of policy decisions. Major goals of the Five-Year Financial Plan include the following:

- To put the City's two-year budget-making process into a five-year planning horizon and to facilitate prudent financial management;
- To set revenue and expenditure targets, and evaluate budget priorities in light of fiscal conditions projected over the long-term;
- To present a picture of the long-term strategic financial issues facing the City, while highlighting funding priorities for budget planning;
- To identify potential structural budget surpluses or shortfalls;
- To demonstrate to policy-makers the likely impact of short-term capital investment and financing decisions on the City's long-term financial capacity;
- To provide a useful framework for reviewing and refining the City's financial forecasts, as well as its financial goals and priorities;

In preparing the Plan, City staff take into account historical experience, as well as the economic uncertainties underlying the revenue and expenditure outlook over the five-year period. The Plan also considers major demographic and legislative changes.

Single Audit

As a recipient of Federal, State and County financial assistance, the City is responsible for providing assurance that adequate internal controls are in place to ensure compliance with applicable laws and regulations are evaluated by management, City Internal Auditor's Office, and the City's Independent auditors.

As part of the City's single audit procedures, tests are performed to determine the effectiveness of the internal controls over major federal award programs and the City's compliance with applicable laws and regulations related to these federal award programs.

Budget Controls

The City's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes:

- The programs, projects, services and activities to be carried out during the fiscal year;
- The estimated revenue available to finance the operating plan; and
- The estimated spending requirements for the operating plan.

The budget represents a process where policy decisions by the Mayor and the City Council are adopted, implemented and controlled. The notes to the required supplementary information summarizes the budgetary roles of various City officials and the timetable for their budgetary actions according to the City Charter. In April 2010, the City Council, during its mid-cycle review, approved the City's revised budget for fiscal year 2010-11.

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

The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

Debt Management Policy

The City's Debt Management Policy is reviewed and adopted annually by the City Council. The goal of the Debt Management Policy is to set prudent guidelines to ensure that the City's debt portfolio is fiscally stable. It is in place to maintain long-term financial flexibility while ensuring that the City's capital needs are adequately supported. The Debt Management Policy establishes the following equally important objectives:

- To achieve the City with the lowest possible cost of capital;
- To achieve the highest practical credit rating;
- Maintain full and complete financial disclosure and reporting;
- Ensure timely repayment of debt;
- Ensure compliance with applicable State and Federal laws.

Cash Management Policies and Practices

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

Risk Management

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

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

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City of Oakland has received a Certificate of Achievement the last 22 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 2010-11 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 Controller's Office, and other agency and departmental staff, for their professionalism, dedication and efficiency in the preparation of this report. I also thank Macias, Gini & O'Connell LLP for their assistance and guidance. Finally, I would like to thank the Mayor, members of the City Council, and the City Administrator for their interest and continuing support in planning and conducting the City's financial operations in a responsible and progressive manner.

Respectfully submitted,

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

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oakland California

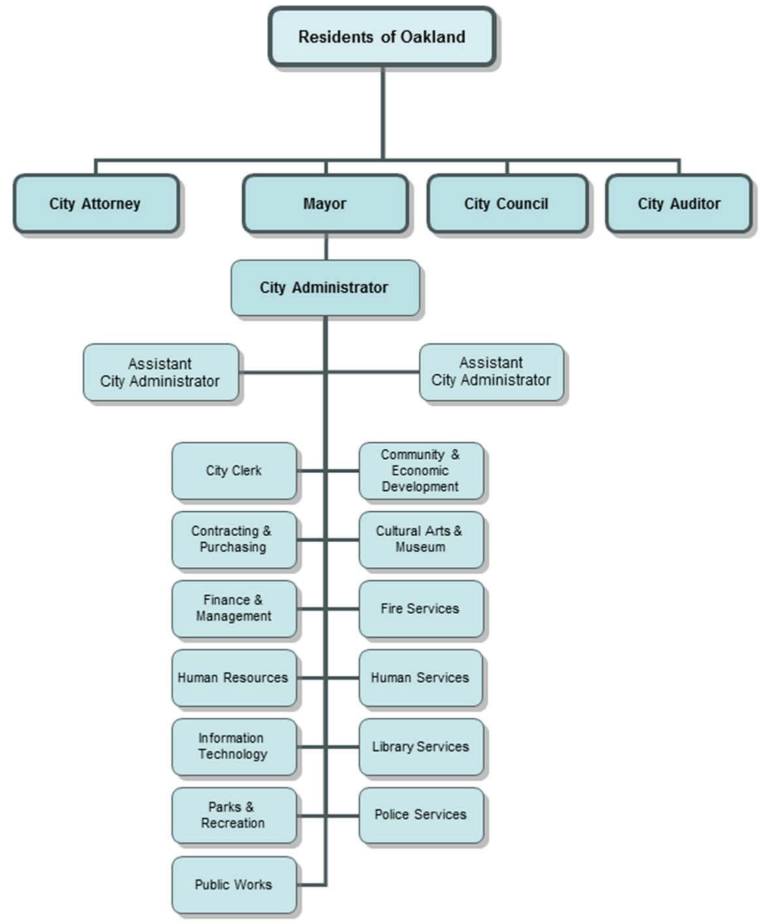
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010

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

President

Executive Director

CITY OF OAKLAND ORGANIZATION CHART



DIRECTORY OF CITY OFFICIALS
MAYOR/COUNCIL FORM OF GOVERNMENT
June 30, 2011

MAYOR

Jean Quan

MEMBERS OF THE CITY COUNCIL

Larry Reid, *President (District 7)*
Desley Brooks, *Vice-Mayor (District 6)*

At Large – Rebecca Kaplan | *District 4* – Libby Schaff | *District 2* – Patricia Kernighan
District 3 – Nancy Nadel | *District 5* – Ignacio De La Fuente | *District 1* – Jane Brunner

MAYOR APPOINTED OFFICERS

Deanna J. Santana, *City Administrator*

Scott P. Johnson, *Assistant City Administrator*

Fred G. Blackwell, *Assistant City Administrator*

La Tonda Simmons, *City Clerk*

ELECTED OFFICERS

Barbara Parker, *City Attorney*
Courtney Ruby, *City Auditor*

AGENCY & DEPARTMENT DIRECTORS

Vitaly B. Troyan *Public Works*	Mark Hoffmann (Interim) *Fire Services*	Audree Jones-Taylor *Parks & Recreation*	Carmen Martinez *Library Services*
Joseph T. Yew, Jr. *Finance & Management*	Howard Jordan (Interim) *Police Services*	Lori Fogarty *Museum Services*	Andrea Youngdahl *Human Services*
Kenneth Gordon (Acting) *Information Technology*	Deborah Barnes *Contracting & Purchasing*	Fred G. Blackwell *Community & Economic Development*	

CITY OF OAKLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

PROJECT TEAM

Joseph T. Yew, Jr.
Finance Director / City Treasurer

Osborn K. Solitei
Controller

AUDIT/FINANCIAL STATEMENT COORDINATOR

Osborn K. Solitei, *Controller*

FINANCIAL STATEMENT PREPARATION

Financial Statement Leaders

Theresa Woo
Acting Financial Analyst

Connie L. Chu
Accountant III

Accounting CAFR Team

Michelle Wong
Jennifer Luong
Erico Parras
Felipe Kiocho
David Warner
Andy Yang
Rogelio Medalla

SPECIAL ASSISTANCE

Donna Treglown
Dawn Hort
Gregoria Torres
Katano Kasaine
Sharon Holman

SPECIAL ASSISTANCE - DEPARTMENTS & OFFICES

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

FINANCIAL SECTION

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oakland, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oakland Municipal Employees Retirement System (OMERS) and the Oakland Police and Fire Retirement System (PFRS) which collectively represent 57%, 68% and 25%, 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, 2011. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the basic financial statements, effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As discussed in Note 21 to the financial statements, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress, and the budgetary comparison schedule for the general fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is 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 in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & O'Connell LLP
Oakland, California
December 9, 2011

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, 2011. 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 $738.3 million as of June 30, 2011, compared to $689.3 million at June 30, 2010. This represents a net increase of $49.0 million or 7.1 percent compared to the previous year. Assets increased by 1.1 percent or net of $31.9 million, the net increase is primarily attributed to an increase in notes and loan receivables by $53.6 million, increase in capital assets by $35.8 million, $11.0 million increase in business-type activities pooled cash and investments for sewer related activities, and an increase of $11.1 million in grant receivables related to several "stimulus grants" the City received through the American Recovery and Reinvestment Act of 2009. The increases are off-set by the decrease of net pension assets in the amount of $43.9 million to reflect annual pension cost, and an offset of a combined decrease of $34.6 million in pooled and restricted cash and investments attributable to spending bond proceeds for capital improvement. Conversely, liabilities decreased by 0.8 percent or $17.1 million compared to the prior fiscal year primarily as a result of debt payments and retirement of certain long-term debt.

- The City's governmental cumulative fund balances decreased by 1.2 percent or $12.7 million to $1,031.7 million compared to $1,044.4 million for the prior fiscal year. This decrease is primarily attributed to a $28.4 million or 2.7 percent increase in overall governmental expenditures for its operations and a $6.3 million or 0.7 percent the decrease in overall governmental revenue.

- As of June 30, 2011, the City had total long-term obligations outstanding of $1.99 billion compared to $2.0 billion outstanding for the prior fiscal year for a decrease of 0.6 percent or $11.7 million. Of this amount, $349.4 million is general obligation bonds backed by the full faith and credit of the City. The remaining $1.64 billion is comprised of various long-term debt instruments including accruals of year-end estimates for other long-term liabilities.

- The City undesignated, uncommitted fund balance met the requirements of the City Council's 7.5% reserve policy based on the total General Purpose Fund expenditures for fiscal year 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to introduce the City's basic financial statements. The City's basic financial statements consist of four components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements
- Required Supplemental Information

In addition, this report also contains other supplementary information.

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements include not only the City itself, but also the Port of Oakland (Port) as a discrete component unit. Financial information for the Port is reported separately from the financial information presented for the primary government. Further information about the Port can be obtained from the City's Finance and Management Agency – Controller's Office at 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, CA 94612-2093.

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 funds balance sheet and the governmental funds 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 funds balance sheet and in the governmental funds 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 nonmajor 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.

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2011

The City maintains the following two types of proprietary funds:

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

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

The required supplementary information includes the budgetary schedule for the General Fund and schedules of funding progress for pension and other postemployment benefits that show the City's progress towards funding its obligation to provide future pension and other postemployment benefits for its active and retired employees.

Other Information

In addition, this report presents combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds are immediately following the required supplementary information along with budgetary comparison schedules.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of the City's financial position. The City's total assets exceeded its liabilities as of June 30, 2011 by $738.3 million compared to $689.3 million as of June 30, 2010, an increase of $49.0 million. The largest portion of the City's net assets, 88.5 percent, reflects its investment in capital assets of $653.1 million for governmental and business-type activities net of related debt. Of the remaining balance, 51.8 percent reflects $382.6 million in resources that are subject to external restrictions on how they may be used. The unrestricted net asset deficit of $297.3 million is primarily attributed to a decrease of annual pension cost of $43.9 million as of June 30, 2011 offset by an increase of 2.8 percent in revenue and a decrease of 6.7 percent in ongoing project expenditures related to governmental activities.

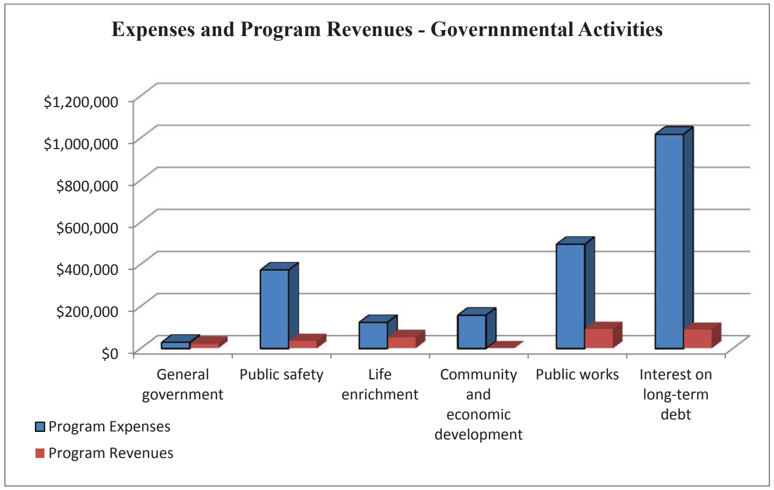
Net Assets
June 30, 2011 and 2010
(In Thousands)

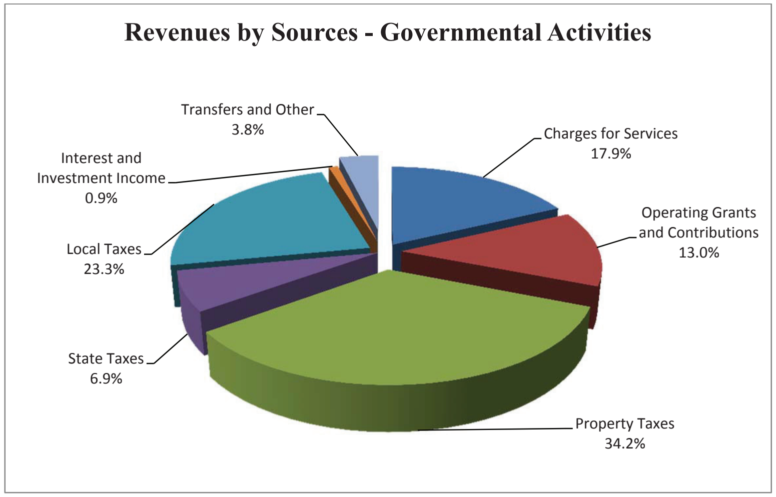
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	$1,713,236	$1,721,741	$ 44,464	$ 39,826	$1,757,700	$1,761,567
Capital assets	987,411	956,574	165,363	160,407	1,152,774	1,116,981
TOTAL ASSETS	2,700,647	2,678,315	209,827	200,233	2,910,474	2,878,548
Liabilities:						
Long-term liabilities	1,932,357	1,941,296	55,549	58,327	1,987,906	1,999,623
Other liabilities	181,683	187,583	2,552	2,062	184,235	189,645
TOTAL LIABILITIES	2,114,040	2,128,879	58,101	60,389	2,172,141	2,189,268
Net assets:						
Invested in capital assets, net of related debt	538,815	478,689	114,297	113,718	653,112	592,407
Restricted	382,563	372,439	-	-	382,563	372,439
Unrestricted (deficit)	(334,771)	(301,692)	37,429	26,126	(297,342)	(275,566)
TOTAL NET ASSETS	$ 586,607	$ 549,436	$ 151,726	$ 139,844	$ 738,333	$ 689,280

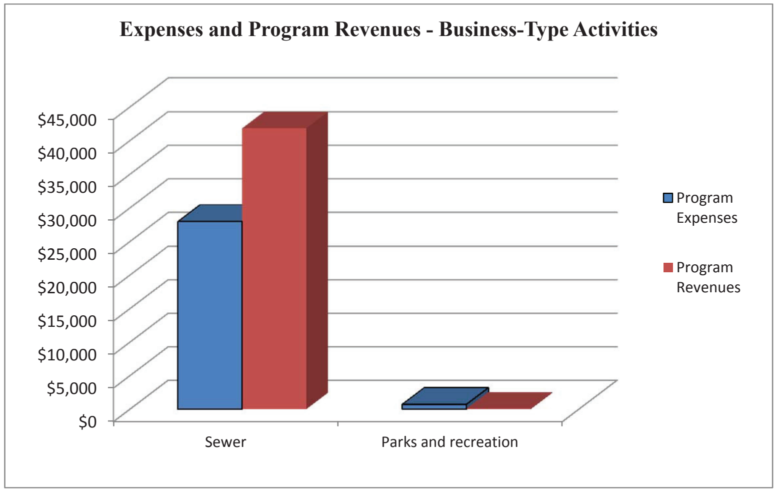
Governmental activities. The City's net assets in governmental activities increased by $37.2 million for the year ended June 30, 2011. The key elements of this increase are listed below.

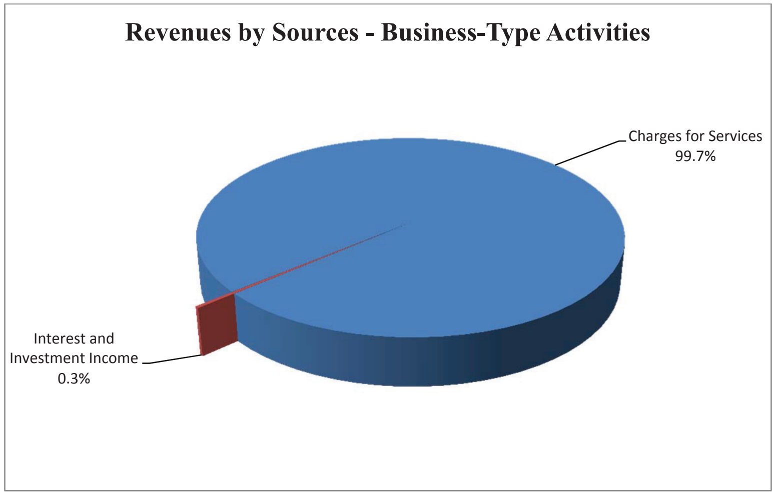
Changes in Net Assets
Years Ended June 30, 2011 and 2010
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 169,668	$ 135,458	$ 41,950	$ 39,615	$ 211,618	$ 175,073
Operating grants and contributions	123,149	97,177	-	-	123,149	97,177
General revenues:						
Property taxes	324,516	346,859	-	-	324,516	346,859
State taxes:						
Sales and use taxes	51,910	45,503	-	-	51,910	45,503
Motor vehicles in-lieu tax	2,168	1,251	-	-	2,168	1,251
Gas tax	10,990	10,991	-	-	10,990	10,991
Local taxes:						
Business license	53,138	54,141	-	-	53,138	54,141
Utility consumption	53,440	51,107	-	-	53,440	51,107
Real estate transfer	31,608	36,971	-	-	31,608	36,971
Transient occupancy	12,484	10,085	-	-	12,484	10,085
Parking	13,460	13,885	-	-	13,460	13,885
Voter approved special tax	41,700	35,228	-	-	41,700	35,228
Franchise	14,854	14,655	-	-	14,854	14,655
Interest and investment income	8,592	10,894	119	113	8,711	11,007
Other	35,672	58,374	-	-	35,672	58,374
Total revenues	947,349	922,579	42,069	39,728	989,418	962,307
Expenses:						
General government	75,381	83,295	-	-	75,381	83,295
Public safety	372,587	411,333	-	-	372,587	411,333
Life enrichment	123,538	119,254	-	-	123,538	119,254
Community & economic development	158,209	222,226	-	-	158,209	222,226
Public works	88,321	70,757	-	-	88,321	70,757
Interest on long-term debt	93,618	73,735	-	-	93,618	73,735
Sewer	-	-	27,971	26,899	27,971	26,899
Parks and recreation	-	-	740	520	740	520
Total expenses	911,654	980,600	28,711	27,419	940,365	1,008,019
Change in net assets before transfers	35,695	(58,021)	13,358	12,309	49,053	(45,712)
Transfers	1,476	1,463	(1,476)	(1,463)	-	-
Change in net assets	37,171	(56,558)	11,882	10,846	49,053	(45,712)
Net assets at beginning of year	549,436	605,994	139,844	128,998	689,280	734,992
Net assets at end of year	$ 586,607	$ 549,436	$ 151,726	$ 139,844	$ 738,333	$ 689,280


Expenses and Program Revenues - Governnmental Activities
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
General government
Public safety
Life enrichment
Community and economic development
Public works
Interest on long-term debt
Program Expenses
Program Revenues


Revenues by Sources - Governmental Activities
Transfers and Other 3.8%
Charges for Services 17.9%
Interest and Investment Income 0.9%
Operating Grants and Contributions 13.0%
Local Taxes 23.3%
State Taxes 6.9%
Property Taxes 34.2%


Expenses and Program Revenues - Business-Type Activities
$45,000
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
Sewer
Parks and recreation
Program Expenses
Program Revenues


Revenues by Sources - Business-Type Activities
Charges for Services 99.7%
Interest and Investment Income 0.3%

Governmental activities: Net assets for governmental activities increased by $37.2 million or 6.8 percent during 2010-11 from $549.5 million to $587.2 million. Total revenue increased at rate of 2.7 percent compared to expenses decreased at a rate of 6.7 percent. During 2009-10, revenues decreased at a rate of 4.7 percent and expenses increased at rates of 1.6 percent, respectively.

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

- Contributing to the increase in total revenue; operating grants and contributions by $26.0 million, and state taxes by $7.3 million mainly due to short-term government and industry incentives on auto sales rebates as well as high per gallon price of gasoline. Local taxes also increase by $4.6 million due to three (3) percent surcharge on the City's transient occupancy tax. The increase is offset by a decrease in property taxes $22.3 million or 6.4 percent, this is mainly due to aggressive property revaluations by the County; Investment income also decreased by $2.3 million or 21.1 percent due to earned interest yield reflects a lower interest rate environment experienced during the year.
- General government expenses decreased by $7.9 million or 9.5 percent when compared to previous year primarily due to budgets cuts, layoffs and furlough days.
- Public safety expenses decreased by $38.7 million or 9.4 percent when compared to the previous year due primarily to budget cuts, layoffs, and union contract concessions that include 4 percent cost-of-living increase deferred to FY 2013.
- Community and economic development expenses decreased by $64.0 million or 28.8 percent is primarily attributed to the move of engineering and construction division to public works agency, layoffs, budget cuts and furlough days.
- Public work expenses increased by $17.6 million or 24.8 percent is mainly attributed to move of the engineering and construction division from community and economic development agency to public works agency. The increase is offset by a decrease in expense due to budget cuts, layoffs and furlough days.
- Interest on long-term debt increased by $20.0 million or 27.0 percent due to City debt payments and retirement of certain long-term debt.

Business-type activities: Business-type activities ended the fiscal year with a positive change in its net assets of $11.9 million compared to $10.8 million the previous fiscal year. The increase of $1.1 million in net assets is attributable to $2.5 million or 6.4 percent increase in sewer revenues offset by $1.1 million or 4.0 percent increase in sewer project related expenses.

Financial Analysis of the Government's Funds

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

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2011

General Fund: The General Fund is the chief operating fund of the City. At June 30, 2011, its unassigned fund balance is $48.3 million or 21.5 percent of the $224.8 million total General Fund balance. For the fiscal year ended June 30, 2011 and 2010, revenues for the General Fund by revenue source are distributed as follows:

	General Fund	
	2011	2010 [(1)]
Revenues:		
Taxes:		
Property taxes	$ 189,237	$ 194,591
State taxes:		
Sales and use taxes	41,235	35,877
Motor vehicles in-lieu tax	2,168	1,251
Local taxes:		
Business license	53,138	54,138
Utility consumption	53,440	51,107
Real estate transfer	31,608	36,971
Transient occupancy	9,634	8,578
Parking	8,513	7,523
Franchise	14,724	14,419
Licenses and permits	888	724
Fines and penalties	24,397	27,218
Interest and investment income	1,295	2,204
Charges for services	96,052	105,694
Federal & state grants and subventions	1,370	1,927
Annuity income	7,647	13,232
Other	10,661	8,912
Total revenues	**$ 546,007**	**$ 564,366**

[(1)] The June 30, 2010 balances were restated to reflect the impact of GASB Statement No. 54.

General Fund Revenues: Significant changes in revenues are as follows:

- *Property taxes* decreased by $5.4 million or 2.8 percent due to the drop in property values for the City.
- *Real estate transfer* decreased by $5.4 million or 14.5 percent mainly due to slowing economy and sluggish housing market and in fiscal year 2010, the City benefited from a one-time $5 million real estate transfer property tax.
- *Fines and penalties* decreased by $2.8 million or 10.4 percent mainly due to lower parking citation revenues and fewer real estate tax fines and penalties due to more efficient processes and improved compliance.
- *Charges for services* decreased by $9.6 million or 9.1 percent mainly due to lower parking meters, towing and agency reimbursements.
- *Sales and use tax* increased by $5.4 million primarily due to short-term government and industry incentives on auto sales rebates as well as high per gallon price of gasoline.

For the fiscal years ended June 30, 2011 and 2010, expenditures for the General Fund by function are distributed as follows:

	General Fund	
	2011	2010 [1]
Expenditures:		
Current:		
Elected and Appointed Officials:		
Mayor	$ 1,977	$ 2,280
Council	3,870	4,574
City Administrator	9,150	9,008
City Attorney	12,079	11,909
City Auditor	1,456	1,417
City Clerk	2,986	2,687
Agencies/Departments:		
Human Resource Management	4,231	4,369
Information Technology	8,219	8,785
Financial Services	24,007	25,894
Contracting and Purchasing	2,082	2,100
Police Services	188,384	194,602
Fire Services	96,871	99,329
Life Enrichment:		
Parks and Recreation	15,948	15,130
Library	8,912	9,005
Cultural Arts and Museum	6,008	5,829
Aging & Health and Human Services	5,968	5,823
Community and Economic Development	17,266	21,401
Public Works	35,312	31,560
Others	2,329	5,786
Capital outlay	5,899	14,014
Debt Service		
Principal repayment	1,860	1,815
Bond issuance costs	-	511
Interest charges	633	2,507
Total expenditures	**$ 455,447**	**$ 480,335**

[1] The June 30, 2010 balances were restated to reflect the impact of GASB Statement No. 54.

General Fund Expenditures: Significant changes in expenditures are as follows:

- *Public safety* decreased by $8.7 million or 3.0 percent due to budget cuts, layoffs, union contract concessions that include 4 percent cost-of-living increase deferred to FY 2013.
- *City agencies and departments* are reporting decreases in expenditures mainly due to budget cuts, layoffs, furlough days and other union contract concessions.

Federal and State Grant Fund: The Federal and State Grant Fund had a fund balance of $21.4 million as of June 30, 2011 that represents a slight increase of $5.3 million or 32.6 percent over the prior fiscal year. The increase was primarily attributed to an increase of the federal and state grants by $26.6 million over the previous year. The City received several "stimulus grants" through the American Recovery and Reinvestment Act of 2009. For example, the City was awarded $19.7 million through the U.S. Department of Justice Community Oriented Policing Services Hiring Recovery Program (CHRP) to retain 41 officers' positions.

Oakland Redevelopment Agency: The Oakland Redevelopment Agency had a fund balance of $563.4 million as of June 30, 2011 that represents an increase of $11.7 million or 2.1 percent from the prior fiscal year. The increase is primarily attributed to the issuance of $7.4 million in tax allocation and $47.0 million subordinated housing set-aside revenue bonds.

During fiscal year 2010-11, the Agency's revenues decreased by $2.7 million or 2.1 percent compared to the previous fiscal year. The decrease is mainly driven by a $4.7 million or 4.1 percent decrease in tax increment revenue primarily due to lower assessment value on properties and a $1.8 million or 59.6 percent decrease in investment income due to low interest rate environment offset by a $4.1 million or 49.3 percent increase in charges for services from rents and reimbursement income.

The Agency's expenditures also decreased by $26.5 million or 13.7 percent. The decrease is driven primarily by lower state mandated SERAF payment and a $3.9 million reduction in spending in urban redevelopment project area. Conversely, housing development spending increased by $12.2 million or 40.6 percent mainly due to increase in lending activities.

Municipal Capital Improvement Fund: The Municipal Capital Improvement Fund had a fund balance of $67.3 million as of June 30, 2011 that represents decrease of $19.5 million or 22.5 percent over the prior fiscal year. In fiscal year 2010, the City issued $67.6 million in new debt:

- General Obligation Bond (Series 2009B, Measure DD) for $64.5 million to preserve and acquire open space, renovate parks, provide educational and recreation facilities for children, clean up Lake Merritt and restore Oakland's creeks, waterfront and estuary; and
- Piedmont Pines Phase I 2010 Limited Obligation Improvement Bonds for $3.1 million for under grounding of street lighting, electric power, telephone and other communication lines of special benefits to the property within the City's Utility Underground Assessment District No. 2007-232.

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

The portion of net assets invested in capital assets, net of related debt amounted to $114.3 million as of June 30, 2011, compared to $113.7 million for the previous fiscal year. The $0.6 million or 0.5 percent increase is related to proceeds spent from debt issued to finance sewer projects. During the fiscal year, the City capitalized $5.0 million in sewer system completed projects, net of depreciation.

General Fund Budgetary Highlights

During the fiscal year ended June 30, 2011, General Fund had a $31.9 million increase in budgeted revenues between the original and final amended operating budget. The increase in revenue budget is primarily attributed to charges for services from the agency reimbursements. Actual budgetary basis revenues of $549.2 million were $23.8 million less than the final amended budget. The variance is due primarily to fines and penalties, charges for services and annuity income.

In addition, there was a $73.2 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 multiyear projects, capital improvement projects, and other projects authorized by the City Council. The original approved expenditure budget contained only estimates of project carryforwards.

Actual budgetary basis expenditures of $455.4 million were $60.9 million less than the amended budget. The net budget savings is attributed to (1) general budget cuts, (2) layoffs, and (3) furlough days.

Capital Assets

The City's capital assets, net of depreciation, totaled $1.15 billion as of June 30, 2011 compared to $1.12 billion as of June 30, 2010, a decrease of $35.8 million or 3.2 percent. Governmental activities additions of $82.3 million in capital assets included construction in progress and capitalization of infrastructure, facilities and improvements, and furniture, machinery and equipment which met the City's threshold for capitalization.

These additions were offset by retirements and depreciation, the net effect of which was an increase of $30.8 million in additions against capital assets for governmental activities. Business activities, primarily the sewer fund, increased its capital assets by $5.0 million, net of retirements and depreciation. See Note (7) for more details in capital assets.

Construction Commitments

The City has committed to funding in the amount of $153.7 million to a number of capital improvement projects for fiscal year 2012 through fiscal year 2013. This projects include building and facilities improvements; parks and open space; sewers and storm drains; streets and sidewalks construction; technology enhancements and traffic improvements. See note 18 for more details in construction commitments.

Debt Administration

At the end of the current fiscal year, the City's debt limit (3.75 percent of property valuation, net of exemptions subject to taxation) was $1,104.5 million. The total amount of debt applicable to the debt limit was $349.4 million. The resulting legal debt margin was $755.1 million.

The City of Oakland's underlying ratings for its general obligation bonds as of June 30, 2011 were as follows:

Standard and Poor's Corporation (S&P)	AA-
Moody's Investors Services, Inc. (Moody's)	Aa2
Fitch, JBCA, Inc.	A+

The Agency's bond ratings at June 30, 2011 are as follows (in thousands):

	Moody's	S&P	Fitch
Tax allocation	Baa1/Baa2/A2	A+/A/A-	N/A
Housing set-aside revenue bonds	A2	A	A+

As of June 30, 2011, the City had total long-term obligations outstanding of $2.0 billion compared to $1.99 billion outstanding for the prior fiscal year, a decrease of 0.6 percent. Of this amount, $349.4 million is general obligation bonds backed by the full faith and credit of the City. The remaining $1.64 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, 2011
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	$ 349,431	$ 366,248	$ -	$ -	$ 349,431	$ 366,248
Tax allocation, Housing and Other bonds	523,905	488,900	-	-	523,905	488,900
Certificate of participation	3,895	7,210	-	-	3,895	7,210
Lease revenue bonds	242,800	270,670	-	-	242,800	270,670
Pension obligation bonds	195,637	210,595	-	-	195,637	210,595
Special assessment debt						
with government commitments	7,963	8,298	-	-	7,963	8,298
Accreted interest on						
appreciation bonds	172,121	172,971	-	-	172,121	172,971
Sewer-bonds and notes payable	-	-	53,428	56,088	53,428	56,088
Less: deferred amounts						
Bond issuance premiums	22,203	26,846	2,121	2,239	24,324	29,085
Bond refunding loss	(23,481)	(26,396)	-	-	(23,481)	(26,396)
Total Bonds Payable	1,494,474	1,525,342	55,549	58,327	1,550,023	1,583,669
Notes & Leases payable	29,363	32,778	-	-	29,363	32,778
Other long-term liabilities	408,520	383,176	-	-	408,520	383,176
Total Outstanding Debt	$ 1,932,357	$ 1,941,296	$ 55,549	$ 58,327	$ 1,987,906	$ 1,999,623

The City's overall total long-term obligations decreased by $11.7 million compared to fiscal year 2010. The net decrease is primarily attributable to City debt payments and retirement of certain long-term debt

Summary of New Debt:

Current Year Long-Term Debt Financing

Redevelopment Agency of the City of Oakland, Broadway/MacArthur/San Pablo Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010-T, Federally Taxable Recovery Zone Economic: On November 2, 2010, the Redevelopment of the City of Oakland (the "Agency") issued $7,390,000 of Broadway/MacArthur/San Pablo Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010-T Federally Taxable Recovery Zone Economic Development Bonds (the "Series 2010-T Bonds"). The Bonds are taxable and treated as "recovery zone economic development bonds," a category of "Build America Bonds," under the American Recovery and Reinvestment Act of 2009 and Agency receives direct payment from the United States Treasury Department equal to forty-five percent (45%) of the interest payable on each interest payment date. The Agency expects to receive $6.2 million or 45% interest subsidy from the federal government as part of the bond issue.

Master Lease – Parking Access and Revenue Control System: On December 23, 2010, the City of Oakland closed a lease transaction with Chase Equipment Finance, Inc. in the amount of $2,500,000 for the purpose of financing the acquisition of the equipment, software, maintenance and services for the automation of City garages. The financing is done on a taxable basis with a final maturity of July 15, 2018; the interest rate on this lease transaction is 2.56%.

Redevelopment Agency of the City of Oakland, Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T: On March 3, 2011, the Agency issued $46,980,000 of Subordinated Housing Set Aside Revenue Bonds Series 2011A-T (the "Series 2011A-T Bonds"). The Series 2011A-T Bonds are federally taxable with interest rates ranging from 3.25% to 9.25% and a final maturity of September 1, 2041.

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

Economic Factors and Next Year's Budgets and Tax Rates

The economic indicators highlighted below, among others and including labor union contracts and concessions, were factored into the City's budget formulation process as they relate to revenue forecasting, program planning, and resource allocation for fiscal years 2012-13.

The current unprecedented state of the economy has had direct and significant impacts on the City's declining revenue base. The fiscal issues addressed in the budget were deep and widespread, touching virtually every government service that Oakland provides. The City had to address a $58 – 76 million annual General Purpose Fund shortfall in FY 2012-13 despite cutting more than $170 million in shortfalls over the last few years. As a result, the policy and management decisions required by this budget were among the most difficult ever faced by this City. In closing the funding gap the City use a combination service reduction and union concessions, budget cuts,

hiring freeze or position eliminations, furlough days, restructure City departments, prioritize services and eliminate programs.

Sluggish growth is projected in fiscal years 2011-12 for the City's major sensitive revenues including property tax, sales tax, vehicle license fees, business license tax, real estate transfer tax, and parking tax, due to uncertainties brought about by the continuing housing recession, the increase in home foreclosures, and tightened lending policies. The remaining areas, while impacted by overall economic performance, are driven by other factors, for example, franchise fee is typically more heavily impacted by rate changes than economic growth.

The City of Oakland's unemployment rate decreased to 16.3 percent in June 2011 compared to an average unemployment rate of 17.2 percent for June 2010.

The Bay Area's consumer price index for all urban consumers in June 2011 was 233.646 compared to the U.S. city average consumer price index (CPI-U) for all urban consumers at 225.722 (Base period: 1982 – 84 = 100).

Estimated population for January 1, 2011 is 392,932 with an estimated total number of households of 148,875, an average household size of 2.63 persons, and a per capita personal income of $28,311.

PERS pension rates, and health care costs have been factored into the City's Fiscal Years 2011-12 budget.

Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the City "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Oakland intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

On July 26, 2011, City Ordinance No. 13084 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be $39.4 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated $10 million will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation. Further information regarding Assembly Bill X1 26 and 27 is contained in Note 21 of the basic financial statements

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, Controller's Office, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353; Oakland, California 94612-2093. This report is also available online at http://www.oaklandnet.com

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BASIC FINANCIAL STATEMENTS

City of Oakland
Statement of Net Assets
June 30, 2011
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Port of Oakland
ASSETS				
Cash and investments	$ 378,122	$ 29,487	$ 407,609	$ 174,591
Receivables (net of allowance for uncollectible of $14,041 for the City and $3,640 for the Port):				
Accrued interest	765	-	765	10
Property taxes	18,352	-	18,352	-
Accounts receivable	48,284	9,481	57,765	26,308
Grants receivable	32,336	-	32,336	-
Due from Port	17,093	-	17,093	-
Inventories	610	-	610	-
Restricted assets:				
Cash and investments	502,440	4,959	507,399	89,576
Receivables	-	-	-	2,332
Property held for resale	179,240	-	179,240	-
Notes and loans receivable (net of allowance for uncollectible of $50,462 for the City)	365,227	-	365,227	-
Other	117	-	117	53,506
Unamortized bond issuance costs	14,549	537	15,086	-
Net pension asset	156,101	-	156,101	-
Capital assets:				
Land and other assets not being depreciated	141,377	12,698	154,075	655,300
Facilities, infrastructures, and equipment, net of depreciation	846,034	152,665	998,699	1,561,500
TOTAL ASSETS	2,700,647	209,827	2,910,474	2,563,123
LIABILITIES				
Accounts payable and accrued liabilities	132,543	2,161	134,704	26,587
Accrued interest payable	21,136	121	21,257	11,651
Due to other governments	11,349	-	11,349	-
Due to primary government	-	-	-	17,093
Unearned revenue	8,233	263	8,496	116,287
Other	8,422	7	8,429	12,215
Non-current liabilities:				
Due within one year	195,456	2,277	197,733	63,612
Due in more than one year	1,736,901	53,272	1,790,173	1,389,678
TOTAL LIABILITIES	2,114,040	58,101	2,172,141	1,637,123
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	538,815	114,297	653,112	865,602
Restricted net assets:				
Debt service	25,267	-	25,267	-
Pension	106,692	-	106,692	-
Urban redevelopment and housing	243,423	-	243,423	-
Other purposes	7,181	-	7,181	17,187
Unrestricted net assets (deficit)	(334,771)	37,429	(297,342)	43,211
TOTAL NET ASSETS	$ 586,607	$ 151,726	$ 738,333	$ 926,000

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

City of Oakland
Statement of Activities
For the Year Ended June 30, 2011
(In Thousands)

		Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Port of Oakland
Primary government:								
Governmental activities:								
General government	$ 75,381	$ 20,360	$ 1,231	$ -	$ (53,790)	$ -	$ (53,790)	
Public safety	372,587	13,573	22,167	-	(336,847)	-	(336,847)	
Life enrichment	123,538	8,483	44,334	-	(70,721)	-	(70,721)	
Community and economic development	158,209	42,418	50,491	-	(65,300)	-	(65,300)	
Public works	88,321	84,834	4,926	-	1,439	-	1,439	
Interest on long-term debt	93,618	-	-	-	(93,618)	-	(93,618)	
TOTAL GOVERNMENTAL ACTIVITIES	911,654	169,668	123,149	-	(618,837)	-	(618,837)	
Business-type activities:								
Sewer	27,971	41,832	-	-	-	13,861	13,861	
Parks and recreation	740	118	-	-	-	(622)	(622)	
TOTAL BUSINESS-TYPE ACTIVITIES	28,711	41,950	-	-	-	13,239	13,239	
TOTAL PRIMARY GOVERNMENT	$ 940,365	$ 211,618	$ 123,149	$ -	$ (618,837)	$ 13,239	$ (605,598)	
Component unit:								
Port of Oakland	$ 318,496	$ 297,983	$ -	$ 27,343				$ 6,830
General Revenues:								
Property Taxes					324,516	-	324,516	-
State Taxes:								
Sales and Use Taxes					51,910	-	51,910	-
Motor Vehicle In-Lieu Tax					2,168	-	2,168	-
Gas Tax					10,990	-	10,990	-
Local Taxes:								
Business License					53,138	-	53,138	-
Utility Consumption					53,440	-	53,440	-
Real Estate Transfer					31,608	-	31,608	-
Transient Occupancy					12,484	-	12,484	-
Parking					13,460	-	13,460	-
Voter Approved Special Tax					41,700	-	41,700	-
Franchise					14,854	-	14,854	-
Interest and Investment Income					8,592	119	8,711	2,876
Other					35,672	-	35,672	25,308
Transfers					1,476	(1,476)	-	-
TOTAL GENERAL REVENUES and TRANSFERS					656,008	(1,357)	654,651	28,184
Changes In Net Assets					37,171	11,882	49,053	35,014
Net Assets - Beginning					549,436	139,844	689,280	890,986
NET ASSETS - ENDING					$ 586,607	$ 151,726	$ 738,333	$ 926,000

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

CITY OF OAKLAND
Balance Sheet
Governmental Funds
June 30, 2011
(In Thousands)

	General	Federal/State Grant Fund	Oakland Redevelopment Agency	Municipal Capital Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 135,066	$ 94	$ 201,679	$ -	$ 38,929	$ 375,768
Receivables (net of allowance for uncollectibles of $12,060):						
Accrued interest	172	-	549	-	47	768
Property taxes	9,719	-	-	-	8,633	18,352
Accounts receivable	33,972	61	449	-	13,712	48,194
Grants receivable	-	27,969	2,178	-	2,189	32,336
Due from component unit	17,093	-	-	-	-	17,093
Due from other funds	54,565	159	13,036	98	818	68,676
Notes and loans receivable (net of allowance for uncollectibles of $50,462)	8,599	134,295	190,106	-	32,227	365,227
Restricted cash and investments	106,692	7,181	196,781	77,355	113,871	501,880
Property held for resale	-	-	179,240	-	-	179,240
Other	35	59	23	-	-	117
TOTAL ASSETS	$ 365,913	$ 169,818	$ 784,041	$ 77,453	$ 210,426	$ 1,607,651
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	$ 111,058	$ 8,719	$ 3,709	$ 2,156	$ 5,531	$ 131,173
Due to other funds	8,992	3,532	2,328	8,045	6,032	28,929
Due to other governments	3,220	-	8,067	-	62	11,349
Deferred revenue	16,187	134,891	205,309	-	39,682	396,069
Other	1,095	1,261	1,210	-	4,849	8,415
TOTAL LIABILITIES	140,552	148,403	220,623	10,201	56,156	575,935
Fund balances						
Restricted	106,692	21,415	245,955	67,252	146,502	587,816
Committed	3,890	-	130,300	-	8,878	143,068
Assigned	65,985	-	187,163	-	1,559	254,707
Unassigned	48,794	-	-	-	(2,669)	46,125
TOTAL FUND BALANCES	225,361	21,415	563,418	67,252	154,270	1,031,716
TOTAL LIABILITIES AND FUND BALANCES	$ 365,913	$ 169,818	$ 784,041	$ 77,453	$ 210,426	$ 1,607,651

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, 2011
(In Thousands)

Fund balances - total governmental funds		$ 1,031,716
Amounts reported for governmental activities in the statement of net assets are different due to the following:		
Capital assets used in governmental activities are not a financial resource, and therefore are not reported in the funds.		
Primary government capital assets, net of depreciation	$ 987,411	
Less: internal service funds' capital assets, net of depreciation	(11,469)	975,942
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.		14,549
Net pension asset is recognized in the statement of net assets as an asset; however, it is not considered a financial resource and, therefore, is not reported on the balance sheet of governmental funds.		156,101
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	$ (21,136)	
Add: Interest payable on long-term debt for internal service funds	48	(21,088)
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.		387,836
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	$ (1,932,357)	
Less: long-term liabilities for internal service funds	3,692	(1,928,665)
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.		(29,784)
Net assets of governmental activities		$ 586,607

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

CITY OF OAKLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011
(In Thousands)

	General	Federal/State Grant Fund	Oakland Redevelopment Agency	Municipal Capital Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$ 189,237	$ -	$ 109,673	$ -	$ 27,666	$ 326,576
State taxes:						
Sales and use tax	41,235	-	-	-	10,675	51,910
Motor vehicle in-lieu tax	2,168	-	-	-	-	2,168
Gas tax	-	-	-	-	10,990	10,990
Local taxes:						
Business license	53,138	-	-	-	-	53,138
Utility consumption	53,440	-	-	-	-	53,440
Real estate transfer	31,608	-	-	-	-	31,608
Transient occupancy	9,634	-	-	-	2,850	12,484
Parking	8,513	-	-	-	4,947	13,460
Voter approved special tax	-	6,177	-	-	35,523	41,700
Franchise	14,724	130	-	-	-	14,854
Licenses and permits	888	-	-	-	12,409	13,297
Fines and penalties	24,397	263	-	-	4,780	29,440
Interest and investment income	1,295	598	1,242	783	5,229	9,147
Charges for services	96,052	515	12,517	-	15,623	124,707
Federal and state grants and subventions	1,370	115,274	1,311	-	3,229	121,184
Annuity income	7,647	-	-	-	-	7,647
Other	10,661	3,836	1,681	1,458	7,007	24,643
TOTAL REVENUES	546,007	126,793	126,424	2,241	140,928	942,393
EXPENDITURES						
Current:						
Elected and Appointed Officials:						
Mayor	1,977	113	-	-	79	2,169
Council	3,870	-	-	-	-	3,870
City Administrator	9,150	412	-	-	1,142	10,704
City Attorney	12,079	65	-	-	411	12,555
City Auditor	1,456	-	-	-	41	1,497
City Clerk	2,986	-	-	-	-	2,986
Agencies/Departments:						
Human Resource Management	4,231	-	-	-	-	4,231
Information Technology	8,219	57	-	-	-	8,276
Financial Services	24,007	280	-	-	238	24,525
Contracting and Purchasing	2,082	-	-	-	-	2,082
Police Services	188,384	8,955	-	-	7,953	205,292
Fire Services	96,871	3,424	-	-	11,044	111,339
Life Enrichment:						
Parks and Recreation	15,948	66	-	63	4,837	20,914
Library	8,912	260	-	4	12,457	21,633
Cultural Arts and Museum	6,008	155	-	-	586	6,749
Aging & Health and Human Services	5,968	38,837	-	-	18,226	63,031
Community and Economic Development	17,266	31,539	96,958	440	29,547	175,750
Public Works	35,312	3,663	-	2,395	29,729	71,099
Other	2,329	-	22,608	680	1,445	27,062
Capital outlay	5,899	30,085	-	20,231	7,317	63,532
Debt service:						
Principal repayment	1,860	2,000	19,365	445	63,295	86,965
Bond issuance costs	-	-	828	-	-	828
Interest charges	633	403	27,272	-	61,206	89,514
TOTAL EXPENDITURES	455,447	120,314	167,031	24,258	249,553	1,016,603
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	90,560	6,479	(40,607)	(22,017)	(108,625)	(74,210)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	54,370	-	-	54,370
Discount on issuance of bonds	-	-	(2,052)	-	-	(2,052)
Capital lease	-	-	-	2,500	-	2,500
Property sale proceeds	4,481	-	-	-	-	4,481
Insurance claims and settlements	538	-	-	-	10	548
Transfers in	2,278	-	-	-	101,508	103,786
Transfers out	(100,300)	(1,208)	-	-	(578)	(102,086)
TOTAL OTHER FINANCING SOURCES (USES)	(93,003)	(1,208)	52,318	2,500	100,940	61,547
NET CHANGE IN FUND BALANCES	(2,443)	5,271	11,711	(19,517)	(7,685)	(12,663)
Fund balances - beginning, as originally report	233,050	20,898	551,707	86,769	151,955	1,044,379
Adoption of GASB Statement No. 54	(5,246)	(4,754)	-	-	10,000	-
Fund balance - beginning as restated	227,804	16,144	551,707	86,769	161,955	1,044,379
FUND BALANCES - ENDING	$ 225,361	$ 21,415	$ 563,418	$ 67,252	$ 154,270	$ 1,031,716

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

City of Oakland
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities of Governmental Activities
For the Year Ended June 30, 2011
(In Thousands)

Net change in fund balances - total governmental funds		$ (12,663)
Amounts reported for governmental activities in the statement of activities are different due to the following:		
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 outlays and other capital transactions exceeds depreciation expense in the current period.		
Primary government:		
Capital asset acquisition	$ 81,874	
Depreciation	(48,035)	
Less: net changes of capital assets within internal service funds	(3,002)	30,837
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.		
Change in deferred revenue	$ 17,832	
New notes and loans	34,828	52,660
Some expenses such as claims, workers' compensation, and vacation and sick leave reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.		(2,052)
Changes to the net pension asset, 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.		(43,902)
Bond issuance costs are expended in the governmental funds when paid, and are deferred and amortized over the life of the corresponding life of the bonds for purposes of the statement of net assets. This is the amount by which current year amortization expense exceeded bond issuance costs in the current period.		
Amortization expenses	$ (1,326)	
Cost of issuance of bonds	828	(498)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes 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 exceeded bond proceeds in the current period.		
Debt and capital lease principal payments	$ 86,965	
Issuance of bonds and notes	(56,870)	
Premium and discounts on bonds	2,052	32,147
Amortization of bond premiums and discounts		2,591
Amortization of refunding loss		(2,915)
Net change in accrued and accreted interest on bonds and notes payable		(1,391)
Principal payments of Coliseum Authority pledge obligation		3,550
Net changes in mandated environmental remediation obligation		928
Net changes on postemployment benefits other than pension benefits (OPEB)		(30,741)
Net changes on fair market value of interest swap agreements		2,971
The net income of activities of internal service funds is reported with governmental activities		5,649
Change in net assets of governmental activities		$ 37,171

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

CITY OF OAKLAND
Statement of Fund Net Assets
Proprietary Funds
June 30, 2011
(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	$ 28,158	$ 1,329	$ 29,487	$ 2,354
Accounts receivables (net of uncollectibles of $1,473 and $282) for the enterprise funds and internal service funds, respectively)	9,479	2	9,481	87
Due from other funds	-	-	-	56
Inventories	-	-	-	610
Restricted cash and investments	4,483	476	4,959	560
Total Current Assets	42,120	1,807	43,927	3,667
Non-current Assets:				
Capital assets:				
Land and other assets not being depreciated	12,480	218	12,698	310
Facilities, infrastructure and equipment, net of depreciation	149,695	2,970	152,665	11,159
Total capital assets	162,175	3,188	165,363	11,469
Unamortized bond issuance costs	537	-	537	-
Total Non-current Assets	162,712	3,188	165,900	11,469
TOTAL ASSETS	204,832	4,995	209,827	15,136
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	2,161	-	2,161	1,370
Accrued interest payable	121	-	121	48
Due to other funds	-	-	-	39,803
Unearned revenue	263	-	263	-
Other liabilities	7	-	7	7
Bonds, notes payable, and capital leases	2,277	-	2,277	1,615
Total Current Liabilities	4,829	-	4,829	42,843
Non-current Liabilities:				
Bonds, notes payable, and capital leases	53,272	-	53,272	2,077
TOTAL LIABILITIES	58,101	-	58,101	44,920
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	111,109	3,188	114,297	8,391
Unrestricted (deficit)	35,622	1,807	37,429	(38,175)
TOTAL NET ASSETS (DEFICIT)	$ 146,731	$ 4,995	$ 151,726	$ (29,784)

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

CITY OF OAKLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011
(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
OPERATING REVENUES				
Rental	$ -	$ 117	$ 117	$ -
Sewer services	41,828	-	41,828	-
Charges for services	-	1	1	49,435
Other	4	-	4	63
TOTAL OPERATING REVENUES	41,832	118	41,950	49,498
OPERATING EXPENSES				
Personnel	10,927	76	11,003	18,235
Supplies	556	141	697	5,583
Depreciation and amortization	4,741	291	5,032	3,427
Contractual services and supplies	2,192	-	2,192	605
Repairs and maintenance	88	9	97	2,784
General and administrative	4,159	9	4,168	4,872
Rental	899	18	917	1,921
Other	1,781	196	1,977	6,786
TOTAL OPERATING EXPENSES	25,343	740	26,083	44,213
OPERATING INCOME (LOSS)	16,489	(622)	15,867	5,285
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment income (loss)	115	4	119	(107)
Interest expense	(2,628)	-	(2,628)	(201)
Federal and State grants	-	-	-	108
Other (settlements, rental), net	-	-	-	788
TOTAL NON-OPERATING REVENUES (EXPENSES)	(2,513)	4	(2,509)	588
INCOME (LOSS) BEFORE TRANSFERS	13,976	(618)	13,358	5,873
Transfers out	(1,476)	-	(1,476)	(224)
TOTAL TRANSFERS	(1,476)	-	(1,476)	(224)
Change in net assets (deficit)	12,500	(618)	11,882	5,649
Net Assets (deficit) - Beginning	134,231	5,613	139,844	(35,433)
NET ASSETS (DEFICIT) - ENDING	$ 146,731	$ 4,995	$ 151,726	$ (29,784)

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

CITY OF OAKLAND
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011
(In Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	$ 40,982	$ 1	$ 40,983	$ 49,688
Cash received from tenants for rents	-	117	117	-
Cash from other sources	4	-	4	63
Cash paid to employees	(10,927)	(76)	(11,003)	(18,235)
Cash paid to suppliers	(9,184)	(374)	(9,558)	(22,619)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	20,875	(332)	20,543	8,897
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from interfund loans	-	-	-	255
Repayment of interfund loans	-	-	-	(6,050)
Other (settlements, rental), net	-	-	-	896
Transfers out	(1,476)	-	(1,476)	(224)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(1,476)	-	(1,476)	(5,123)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(9,915)	(73)	(9,988)	(425)
Long-term debt:				
Repayment of long-term debt	(2,660)	-	(2,660)	(1,610)
Interest paid on long-term debt	(2,716)	-	(2,716)	(201)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(15,291)	(73)	(15,364)	(2,236)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	115	4	119	(107)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,223	(401)	3,822	1,431
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	28,418	2,206	30,624	1,483
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 32,641	$ 1,805	$ 34,446	$ 2,914
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	16,489	(622)	15,867	5,285
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Depreciation and amortization	4,741	291	5,032	3,427
Changes in assets and liabilities:				
Receivables	(846)	-	(846)	(49)
Inventories	-	-	-	292
Due from other funds	-	-	-	10
Accounts payable and accrued liabilities	489	(1)	488	(75)
Other liabilities	2	-	2	7
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 20,875	$ (332)	$ 20,543	$ 8,897
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS				
Cash and investments	$ 28,158	$ 1,329	$ 29,487	$ 2,354
Restricted cash and investments	4,483	476	4,959	560
TOTAL CASH AND CASH EQUIVALENTS	$ 32,641	$ 1,805	$ 34,446	$ 2,914
NON CASH ITEMS:				
Amortization of bond premiums	$ (118)	$ -	$ (118)	$ -
Amortization of bond cost of issuance	30	-	30	-
	$ (88)	$ -	$ (88)	$ -

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, 2011
(In Thousands)

	Pension Trust Funds	Private Purpose Trust Funds
ASSETS		
Cash and investments	$ 3,553	$ 9,753
Receivables:		
Accrued interest and dividends	959	7
Accounts receivable	-	2
Investments and others	3,564	-
Restricted:		
Cash and investments:		
Short-term investments	16,910	-
Fixed income investments	81,523	-
Domestic equities and mutual funds	152,042	-
International equities and mutual funds	47,939	-
Real estate mortgage loans	38	-
Total restricted cash and investments	298,452	-
Securities lending collateral	11,536	-
TOTAL ASSETS	318,064	9,762
LIABILITIES		
Accounts payable and accrued liabilities	16,773	824
Securities lending liabilities	11,536	-
TOTAL LIABILITIES	28,309	824
NET ASSETS		
Net assets held in trust	$ 289,755	$ 8,938

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

CITY OF OAKLAND
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011
(In Thousands)

	Pension Trust Funds	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Member	$ 7	$ -
Trust receipts	-	1,026
Investment income:		
Net appreciation in fair value of investments	59,512	-
Interest	1,628	24
Dividends	4,829	-
Securities lending	119	-
TOTAL INVESTMENT INCOME	66,088	24
Less investment expenses:		
Investment expenses	(1,322)	-
Borrowers rebates and other agent fees on securities lending transactions	(30)	-
Total investment expenses	(1,352)	-
NET INVESTMENT INCOME	64,736	24
Other income	69	3,816
TOTAL ADDITIONS	64,812	4,866
DEDUCTIONS:		
Benefits to members and beneficiaries:		
Retirement	40,854	-
Disability	24,429	-
Death	2,078	-
TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES	67,361	-
Administrative expenses	1,111	154
Public works	-	59
Police services	-	283
Other	-	196
Capital outlay	-	3,449
TOTAL DEDUCTIONS	68,472	4,141
Change in net assets	(3,660)	725
Net assets - beginning	293,415	8,213
NET ASSETS - ENDING	$ 289,755	$ 8,938

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

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NOTES TO BASIC FINANCIAL STATEMENTS

(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.

Blended Component Units

The Redevelopment Agency of the City of Oakland (Agency) was established 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 Agency's Board of Directors. The Agency's funds are reported as a major governmental fund.

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

Discretely Presented Component Unit

The Port of Oakland (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. 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. All interfund transactions have been eliminated. The Port is governed by a seven-member Board of Port Commissioners (Board of Commissioners) 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, Controller's Office
City of Oakland
150 Frank H. Ogawa Plaza, Suite 6353
Oakland, CA 94612-2093

(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 interfund 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 unit for which the Primary Government is financially accountable.

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

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

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

Property Taxes

The County of Alameda is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state law, and for remitting such amounts to the City. Property taxes are assessed and levied as of July 1 on all taxable property located in the City, and result in a lien on real property. Property taxes are then due in two equal installments—the first on November 1 and the second on February 1 of the following calendar year and are delinquent after December 10 and April 10, respectively. General property taxes are limited to a flat 1% rate applied to the 1975-76 full value of the property, or 1% of the sales price of the property or of the construction value added after the 1975-76 valuation. Assessed values on properties (exclusive of increases related to sales and construction) can rise a maximum of 2% per year. Taxes were levied at the maximum 1% rate during the year ended June 30, 2011.

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 and certain state allocations used or expended for a specific purpose, activity or program.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2011

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

Cash and Investments

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

Proceeds from debt and other cash and investments held by fiscal agents by agreement are classified as restricted assets. Income earned or losses arising from the investment of pooled cash are allocated on a monthly basis to the participating funds and component units based on their proportionate share of the average daily cash balance.

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

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

Due From/Due To Other Funds and Internal Balances

During the course of operations, numerous transactions and borrowings occur between individual funds for goods provided or services rendered and funds that have overdrawn their share of pooled cash and interfund loans. In the fund financial statements, these receivables and payables are classified as "due from other funds" and "due to other funds", respectively. In the government-wide financial statements, these receivables and payables are eliminated within the governmental activities and business-type activities columns. Net receivables and payables between the governmental activities and business-type activities are classified as internal balances.

Interest Rate Swap Agreement

The City entered into an interest rate swap agreement to modify the interest rate on outstanding debt. Refer to Note 12 for additional information.

Interfund Transfers

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

> Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund and a liability of the requesting fund at the end of the fiscal year.
>
> Reimbursements for expenditures, initially made by one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. Reimbursements are eliminated for purposes of government-wide reporting.

Bond Issuance Costs and Discounts/Premiums

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

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

Inventories

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

Capital Assets

Capital assets, which include land, museum collections, intangibles, construction in progress, facilities and improvements, furniture, machinery and equipment, infrastructure (e.g., streets, streetlights, traffic signals, and parks), sewers and storm drains, and capital assets acquired prior to 1980, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund 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 value at the date of donation. Capital outlay is recorded as expenditures in the governmental funds and as assets in the government-wide and proprietary financial statements to the extent the City's capitalization threshold is met.

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

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

The City's depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

Facilities and improvements	5-40 years
Furniture, machinery and equipment	2-20 years
Sewer and storm drains	50 years
Infrastructure	5-50 years

The Port's depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	5-50 years
Container cranes	25 years
Infrastructure	10-50 years
Other equipment	5-10 years

Property Held for Resale

Property held for resale is acquired as part of the Agency's redevelopment program. These properties are both residential and commercial. Costs of administering Agency projects are charged to capital outlay expenditures as incurred. A primary function of the redevelopment process is to prepare land for specific private development. For financial statement presentation, property held for resale is stated at the lower of estimated cost or estimated conveyance value. Estimated conveyance value is management's estimate of net realizable value of each property parcel based on its current intended use.

During the period it is held by the Agency, property held for resale may generate rental or operating income. This income is recognized as it is earned in the Agency's statement of activities and generally is recognized in the Agency's governmental funds in the same period depending on when the income becomes available on a modified accrual basis of accounting. The Agency does not depreciate property held for resale, as it is the intention of the Agency to only hold the property for a period of time until it can be resold for development.

Net Pension Asset

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

Compensated Absences – Accrued Vacation, Sick Leave, and Compensatory Time

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

Retirement Plans

City employees participate in one of three defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS), and California Public Employees' Retirement System (PERS) (collectively, the Retirement Plans). Employer contributions and member contributions made by the employer to the Retirement 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 Retirement Plans. Refer to Note 16 for additional information.

Other Postemployment Benefits (OPEB)

The OPEB plan covers Police, Fire and Miscellaneous employees. City retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. 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% at 50 formula and miscellaneous employees retirement benefits under a 2.7% at 55 formula. At June 30, 2011, the City reported a net OPEB obligation of $156,978,541. See Note 17 for additional information.

Pollution Remediation Obligations

Under the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the City recorded remediation liabilities related to its pollution remediation activities. See Note 12 for additional information.

Refunding of Debt

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

Fund Balances

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balances for government funds are made up of the following:

- *Restricted Fund Balance:* includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. It also includes a legally enforceable requirement that the resources can only be used for specific purposes enumerated in the law.

- *Committed Fund Balance:* includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

- *Assigned Fund Balance:* comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body (for example: a Finance and Management Committee) or official to which the City's Council has delegated the authority to assign amounts to be used for specific purposes. This category includes the City's encumbrances, project carry-forwards, and continuing appropriation.

- *Unassigned Fund Balance:* are amounts technically available for any purpose. It's the residual classification for the General Fund and includes all amounts not contained in the other classifications.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Fund balances for all the major and nonmajor governmental funds as of June 30, 2011, were distributed as follows:

	General	Federal/ State Grant Fund	Oakland Re-development Agency	Municipal Capital Improvement	Other Governmental Funds	Total
Restricted for:						
Capital projects	$ -	$ 21,415	$ 119,676	$ 67,252	$ 25,084	$ 233,427
Pension obligations	106,692	-	-	-	-	106,692
Property held for resale	-	-	68,012	-	-	68,012
Housing projects	-	-	48,940	-	-	48,940
Debt service	-	-	9,327	-	121,418	130,745
Subtotal	106,692	21,415	245,955	67,252	146,502	587,816
Committed for:						
Debt service	1,955	-	-	-	-	1,955
Rent Arbitration	1,935	-	-	-	-	1,935
Technology service fee	-	-	-	-	6,553	6,553
Library and museum trust	-	-	-	-	2,325	2,325
Property held for resale	-	-	130,300	-	-	130,300
Subtotal	3,890	-	130,300	-	8,878	143,068
Assigned for:						
Capital projects	65,985	-	120,980	-	1,559	188,524
Housing projects	-	-	64,183	-	-	64,183
Remediation	-	-	2,000	-	-	2,000
Subtotal	65,985	-	187,163	-	1,559	254,707
Unassigned	48,794	-	-	-	(2,669)	46,125
Total	**$ 225,361**	**$ 21,415**	**$ 563,418**	**$ 67,252**	**$ 154,270**	**$ 1,031,716**

Adoption of New Pronouncement

Beginning fund balance as of June 30, 2010 for the general fund in the amount of $5.2 million, $4.8 million for the Federal/State Grant Fund, and $10.0 million for other governmental funds have been restated as part of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* implementation.

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, 2011, the government-wide statement of net assets reported restricted net assets of $382.5 million in governmental activities, none of which was restricted by enabling legislation.

Effects of New Pronouncements

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*. This statement addresses how to account for and report service concession agreements (SCAs). SCAs represent a type of public-private or public-public partnership. As used in the statement, a SCA is an agreement between a transferor (a government) and an operator (government or nongovernment) in which the following conditions are met:

- The transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and,
- The operator collects and is compensated by fees from third parties

This statement also provides authoritative guidance on whether the transferor or the operator should report the capital asset in its financial statement; when to recognize up-front payments from an operator as revenue; and how to record any obligations of the transferor to the operator. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. Statement No. 61 is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management's Discussion and

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2011

Analysis—for State and Local Governments,* to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The statement also amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance found in the following pronouncements issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements:

- Financial Accounting Standard Board (FASB) Statements and Interpretations,
- Accounting Principals Board Opinions, and
- Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure.

Application of this statement is effective for the City's fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, and incorporates these financial measures into the definitions of the required components of the residual measure, which will be renamed as net positions, rather than net assets. Application of this statement is effective for the City's fiscal year ending June 30, 2013.

In June 2011, GASB also issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53.* The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this statement are effective for the City's fiscal year ending June 30, 2013.

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

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.

On March 17, 2011, the City Operating Fund or Investment Pool is rated 'AAA/V1' by Fitch Ratings, reflecting the credit quality of the portfolio assets and their low sensitivity to market risks. The fund's V1 volatility rating reflects low market risk and a capacity to return stable principal value to meet anticipated cash flow requirements of the City and the Port of Oakland, even in adverse interest rate environment.

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.

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

	Primary Government				Component Unit
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	Port
Cash and investments	$ 378,122	$ 29,487	$ 13,306	$ 420,915	$ 174,591
Restricted cash and investments	502,440	4,959	298,452	805,851	89,576
Securities lending collateral	-	-	11,536	11,536	-
TOTAL	$ 880,562	$ 34,446	$ 323,294	$ 1,238,302	$ 264,167
Deposits				$ 24,018	$ 2,292
Investments				1,214,284	261,875
TOTAL				$ 1,238,302	$ 264,167

Primary Government

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

At June 30, 2011, the carrying amount of the City's deposits was $24.0 million. Deposits include checking accounts, interest earning savings accounts, money market accounts, and nonnegotiable certificates of deposit. Of the bank balance, $1.7 million was insured by the Federal Deposit Insurance Coporation (FDIC) and $22.3 million was collateralized with securities held by the pledging financial institution in the City's name, in accordance with Section 53652 of the California Government Code.

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

Credit Risk: Credit risk represents the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. The most effective method for minimizing the risk of default by an issuer is to invest in high quality obligations. Under the City investment policy, short-term debt shall be rated at least A-1 by Standard and Poor's (S&P), P-1 by Moody's Investors Service or F-1 by Fitch Ratings. Long-term debt shall be rated at least A by Standard and Poor's, Moody's Investors Service or Fitch Ratings. Since these obligations are the only ones permitted by State law, investing in them is also the most effective way to maintain legal compliance. As of June 30, 2011, approximately 72% of the pooled investments was invested in "AAA" quality securities.

The following tables show the City's credit risk for the Pool and Restricted portfolios as of June 30, 2011 (in thousands):

Pooled Investments

		Ratings as of June 30, 2011		
	Fair Value	AAA/Aaa	A1/P1/F1	Not Rated
U.S. Government Agency Securities	$ 129,332	$ 129,332	$ -	$ -
U.S. Government Agency Securities (Discount)	195,960	195,960	-	-
Money Market Mutual Funds	97,810	97,810	-	-
Local Agency Investment Fund (LAIF)	99,214	-	-	99,214
Negotiable Certificates of Deposit	21,008	-	21,008	
Commercial Papers	44,947	-	44,947	-
Total Pooled Investments	**$ 588,271**	**$ 423,102**	**$ 65,955**	**$ 99,214**

Restricted Investments

		Ratings as of June 30, 2011			
	Fair Value	AAA/Aaa	A1/P1/F1	Ba1	Not Rated
U.S. Government Agency Securities	$ 23,009	$ 23,009	$ -	$ -	$ -
U.S. Government Agency Securities (Discount)	43,571	43,571	-	-	-
U.S. Treasury Securities (Discount)	2,000	2,000	-	-	-
Money Market Mutual Funds	242,501	242,501	-	-	-
Local Agency Investment Fund (LAIF)	3,148	-	-	-	3,148
Negotiable Certificates of Deposit	4,001	-	4,001	-	
Commercial Papers	577	-	577	-	-
Corporate Bonds	2,595	-	-	2,595	-
Local Government Bonds	88,011	-	-	-	88,011
Annuity Contract	97,000	-	-	-	97,000
Total Restricted Investments	**$ 506,413**	**$ 311,081**	**$ 4,578**	**$ 2,595**	**$ 188,159**

Concentration of Credit Risk: The City has an investment policy related to the City's cash and investment pool, which is subject to annual review. Under the City's Investment Policy, no more than five percent (5%) of the total assets of the investments held by the City may be invested in the securities of any one issuer, except the obligations of the United States government or government-sponsored enterprises, investment with the Local Agency Investment Fund, and proceeds of or pledged revenues for any tax and revenue anticipation notes. Per the Investment Policy, investments should conform to Sections 53600 et seq. of the California Government Code and the applicable limitations contained within the policy.

Certain other investments are governed by bond covenants which do not restrict the amount of investment in any one issuer. Investments in one issuer that exceed 5% of the City's investment portfolio at June 30, 2011 are as follows (in thousands):

Investment Type / Issuer	Amount	Percent of City's Investment Portfolio
U.S. Government Agency Securities:		
Federal National Mortgage Association (Fannie Mae)	$ 206,418	18.86%
Federal Home Loan Bank	72,306	6.61%
Federal Home Loan Mortgage Corporation (Freddie Mac)	69,995	6.39%
Local Government Bond:		
Oakland Joint Powers Financing Authority	88,011	8.04%
Annuity Contract:		
New York Life Insurance Company	97,000	8.86%

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

Pooled Investments

Investment Type	Fair Value	Percent (%) of Portfolio
U.S. Government Agency Securities	$ 129,332	21.99%
U.S. Government Agency Securities (Discount)	195,960	33.31%
Money Market Mutual Funds	97,810	16.63%
Local Agency Investment Fund (LAIF)	99,214	16.86%
Negotiable Certificates of Deposit	21,008	3.57%
Commercial Paper (Discount)	44,947	7.64%
Total Pooled Investments	**$ 588,271**	**100.00%**

Restricted Investments

Investment Type	Fair Value	Percent (%) of Portfolio
U.S. Government Agency Securities	$ 23,009	4.55%
U.S. Government Agency Securities (Discount)	43,571	8.60%
U.S. Treasury Securities (Discount)	2,000	0.39%
Money Market Mutual Funds	242,501	47.89%
Local Agency Investment Fund (LAIF)	3,148	0.62%
Negotiable Certificates of Deposit	4,001	0.79%
Commercial Papers	577	0.11%
Corporate Bonds	2,595	0.51%
Local Government Bond	88,011	17.38%
Annuity Contracts	97,000	19.16%
Total Restriced Investments	**$ 506,413**	**100.00%**

Interest Rate Risk: This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. The longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates.

As a means for limiting its exposure to changing interest rates, Section 53601 of the State of California Government Code and the City's Investment Policy limit certain investments to short-term maturities such as certificates of deposit and commercial paper, whose maturities are 360 days and 270 days, respectively. Also, Section 53601 of the State of California Government Code limits the maximum maturity of any investment to be no longer than 5 years unless authority for such investment is expressly granted in advance by the City Council or authorized by bond covenants. The City continues to purchase a combination of shorter- term and longer-term investments to minimize such risks.

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2011, the City had the following investments and original maturities (in thousands):

Pooled Investments

			Maturity		
Investment Type	**Fair Value**	**Interest Rates (%)**	**12 Months or Less**	**1 - 3 Years**	**3 - 5 Years**
U.S. Government Agency Securities	$ 129,332	0.18 - 2.26	$ 20,285	$ 69,917	$ 39,130
U.S. Government Agency Securities (Discount)	195,960	0.02 - 0.13	195,960	-	-
Money Market Mutual Funds*	97,810	0.07 - 0.09	97,810	-	-
Local Agency Investment Fund (LAIF)*	99,214	0.45	99,214	-	-
Negotiable Certificates of Deposit	21,008	0.15 - 0.29	21,008	-	-
Commercial Paper (Discount)	44,947	0.03 - 0.50	44,947	-	-
Total Pooled Investments	**$ 588,271**		**$ 479,224**	**$ 69,917**	**$ 39,130**

* weighted average maturity used.

Restricted Investments

			Maturity			
Investment Type	**Interest Rates (%)**	**Fair Value**	**12 Months or Less**	**1 - 3 Years**	**3 - 5 Years**	**5 Years or More**
U.S. Government Agency Securities	0.25 - 1.70	$ 23,009	$ 17,008	$ 6,001	$ -	$ -
U.S. Government Agency Securities (Discount)	0.02 - 0.15	43,571	43,571	-	-	-
U.S. Treasuries (Discount)	0.01 - 0.09	2,000	2,000	-	-	-
Money Market Mutual Funds*	0.01 - 0.04	242,501	242,501	-	-	-
Local Agency Investment Fund*	0.45	3,148	3,148	-	-	-
Negotiable Certificates of Deposit	0.51	4,001	4,001	-	-	-
Commercial Papers	0.18	577	577	-	-	-
Corporate Bonds	9.01	2,595	-	-	-	2,595
Local Government Bond	4.86	88,011	6,843	14,815	15,429	50,924
Annuity Contracts	3.15	97,000	-	-	-	97,000
Total Restricted Investments		**$506,413**	**$ 319,649**	**$ 20,816**	**$ 15,429**	**$ 150,519**

* weighted average maturity used.

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, 2011, the City's investment in LAIF is $102.4 million ($99.2 million in pooled investments and $3.2 million in restricted investments). The total amount invested by all public agencies in LAIF at that date is approximately $24 billion. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately $66.5 billion, 94.99% is invested in non-derivative financial products and 5.01% in structured notes and asset-backed securities. As of June 30, 2011, LAIF has an average life-month end of 237 days. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different than the fair value of the City's position in the pool.

Investments – Retirement Plans

The Retirement Plans' 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 Retirement Plans' investment portfolios are managed by external investment managers. During the year ended June 30, 2011, the number of external investment managers was eleven for PFRS and one for OMERS.

Oakland Municipal Employees' Retirement System (OMERS)

Deposits in the City's Investment Pool

Cash and deposits consisted of cash in treasury held in the City's cash and investment pool. These funds are invested according to the investment policy adopted by the City Council. Interest earned on these pooled accounts is allocated monthly to all funds based on the average daily cash balance maintained by the respective funds. As of June 30, 2011, OMERS' share of the City's investment pool totaled $135,348.

Investments

OMERS' investment policy authorizes investments in domestic common stocks and bonds. 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, 2011, OMERS' investment portfolio consists of shares of two investment funds (Funds). OMERS invests in the American Century Equity Fund and the HighMark Employee Benefit Flexible Bond Commingled Fund. Specific guidelines for the Funds are detailed in the prospectus or declaration of Trust, for each individual fund.

The following summarizes OMERS' investment portfolio as well as the interest rate and the weighted average maturities of the funds as of June 30, 2011 (in thousands):

Investments	Fair Value	Yield	Weighted Average Maturity
Short-Term Investments	$ 47	-	*
Equity Investments			
American Century Equity Mutual Fund	3,256	-	*
Fixed Income Investments			
HighMark Employee Benefit Flexible Bond Commingled Fund	1,481	3.0%	4.6 Years
Total Equity & Fixed Income Investment	4,737		
Total Investments	$ 4,784		

* Weighted average maturity is less than 0.1 year.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. OMERS' investment policy states that the fixed income portfolio shall not exceed 8% investment in below investment grade securities (rated Ba/BB) or below by at least one Nationally Recognized Statistical Rating Organization (NRSRO) at fair market. As of June 30, 2011, OMERS was invested in the HighMark Employee Benefit Flexible Bond Commingled Fund which has a credit quality rating of AA.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a failure of a depository financial institution or counterparty to a transaction, OMERS may not be able to recover the value of deposits, investments, or collateral securities in the possession of an outside party.

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

OMERS does not have any investments that are not registered in the name of OMERS and are either held by the counterparty or the counterparty's trust department or agent, but not in OMERS's name.

Derivatives: OMERS has no derivatives as of June 30, 2011.

Oakland Police and Fire Retirement System (PFRS)

Deposits in the City's Investment Pool

As of June 30, 2011, cash and cash deposits consisted of cash in treasury held in the City's cash and investment pool as well as cash deposits held in bank and with a custodian. These funds are invested according to the investment policy adopted by the City Council. Interest earned on these pooled accounts is allocated monthly to all funds based on the average daily cash balance maintained by the respective funds. As of June 30, 2011, PFRS' share of the City's investment pool totaled $2,300,096.

PFRS has a money market account with Alta Alliance Bank in the amount of $1,100,158 and a cash balance of $17,421 in its international custodian accounts. Of the total cash and cash deposits not held in the City's investment pool, $267,421 was FDIC insured and $850,158 was collateralized with securities held by the pledging financial institution in PFRS' name, in accordance with Section 53652 of the California Government Code.

Investments

PFRS' investment policy authorizes investment in U.S. equities, international equities, U.S. fixed income securities, instruments including U.S. Treasury notes and bonds, government agency mortgage backed securities, U.S. corporate notes and bonds, collateralized mortgage obligations, yankee bonds and non-U.S. issued fixed income securities denominated in foreign currencies. PFRS' investment portfolio is managed by external investment managers, except for the bond iShares which are managed internally. During the year ended June 30, 2011, 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 as defined by the California Constitution.

PFRS' investment policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio 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 a broker account's fair value with no more than 5% in any one issue. CMOs are mortgage-backed securities that create separate pools of pass-through rates for different classes of bondholders with varying maturities. The fair value of CMOs are considered sensitive to interest rate changes because they have embedded options.

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

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. PFRS' investment policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio maturity of 15 years. The weighted average duration for PFRS fixed income investment portfolio excluding fixed short-term investments and securities lending investments was 4.95 years as of June 30, 2011.

As of June 30, 2011, PFRS had the following fixed income investments by category (in thousands):

Short-Term Investment Duration:

Investment Type	Fair Value	Modified Duration (Year)
U.S. Treasuries	$ 5,329	0.71
Short-Term Investment Funds	11,534	n/a
Total Short-Term Investments	$ 16,863	

Long-Term Investment Duration:

Investment Type	Fair Value	Modified Duration (Year)
Government Bonds:		
U.S. Treasuries	$ 14,477	4.15
U.S. Government Agency Securities	30,949	4.82
Total Government Bonds	45,426	
U.S. Corporate and Other Bonds		
Corporate Bonds	27,407	5.22
TIPS Bond Fund (iShares)	6,608	4.59
Other Government Bonds	2,082	9.71
Total U.S. Corporate and Other Bonds	36,097	
Total Fixed Income Investments	$ 81,523	4.95
Securities Lending Collateral	$ 11,536	0.003

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, 2011 concerning credit risk of fixed income securities (in thousands):

Investment Type	S&P/Moody's Rating	Fair Value
U.S. Treasuries	AAA/Aaa	$ 5,329
Short-Term Investment Funds	Not Rated	11,534
Total Short-Term Investments		$ 16,863

The following tables provide information as of June 30, 2011 concerning credit risk of fixed income and long-term investment rating (in thousands):

S & P/Moody's Rating	Fair Value	Percent of Total Fair Value
AAA/Aaa	$ 39,873	48.92%
AA /Aa	4,567	5.60%
A/A	8,057	9.88%
BBB/Baa	7,589	9.31%
BB/Ba	440	0.54%
B/B	597	0.73%
Not Rated	20,400	25.02%
Total Fixed Income Investments	$ 81,523	100.0%

The following tables provide information as of June 30, 2011 concerning credit risk of securities lending collateral ratings (in thousands):

S & P/Moody's Rating	Fair Value
Not Rated	$ 11,536

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, 2011, no investment in any single insurer exceeded 5% of PFRS' investments.

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

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

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

Derivatives: PFRS has no derivatives as of June 30, 2011.

Foreign Currency Risk: Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. Currency hedging is allowed under the PFRS investment policy for defensive purposes only. The investment policy limits currency hedging to a maximum of 25% of the portfolio value. The following summarizes PFRS' investments denominated in foreign currencies as of June 30, 2011 (in thousands):

Foreign Currency	Total
Australian Dollar	$ 1,681
Brazilian Real	998
Canadian Dollar	1,207
Danish Krone	672
Euro	8,230
Hong Kong Dollar	2,102
Indonesian Rupian	624
Japanese Yen	4,061
Malaysian Ringgit	379
Mexican Peso	425
Norwegian Kroner	447
Singapore Dollar	111
South Korean Won	856
Swedish Krona	1,010
Swiss Franc	2,968
Taiwan Dollar	231
United Kingdom Pound	4,447
Total Foreign Currency	**$ 30,449**

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.

The Bank of New York Mellon administers the securities lending program. The administrator is responsible for maintaining an adequate level of collateral in an amount equal to at least 102% of the market value of loaned U.S. government securities, common stock and other equity securities, bonds, debentures, corporate debt securities, notes, and mortgages or other obligations. Collateral received may include cash, letters of credit, or securities. If securities collateral is received, PFRS cannot pledge or sell the collateral securities unless the borrower defaults. PFRS does not match the maturities of investments made with cash collateral with the securities on loan.

As of June 30, 2011, 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 The Bank of New York Mellon requires it to indemnify PFRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities borrowed) or fail to pay PFRS for income distributions by the securities' issuers while the securities are on loan.

The following table summarizes investments in securities lending transactions and collateral received as of June 30, 2011 (in thousands):

Securities Lending
Investments and Collateral Received (At Fair Value)

Securities on loan:		
U.S. Government and Agency Securities	$	57
U.S. Corporate Bonds		513
U.S. Equity		8,906
Non-U.S. Equity		1,730
Total Securities on Loan	$	11,206
Invested Cash Collateral Received:		
Money Market Mutual Funds	$	585
Repurchase Agreements		10,951
Total Invested Cash Collateral Received	$	11,536

Fair Value Highly Sensitive to Change in Interest Rates: The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. PFRS has invested in collateralized mortgage obligations (CMOs), which are mortgage-backed bonds that pay pass-through rates with varying maturities. The fair values of CMOs are considered sensitive to interest rate changes because they have embedded options, which are triggers related to quantities of delinquencies or defaults in the loans backing the mortgage pool. If a balance of delinquent loans reaches a certain threshold, interest and principal that would be used to pay junior bondholders is instead directed to pay off the principal balance of senior bondholders and shortening the life of the senior bonds. The following table shows PFRS' investments in CMOs as of June 30, 2011 (in thousands):

Securities Name	Weighted Average Coupon Rate	Weighted Average Maturity	Fair Value	Percent of Total Investment Fair Value
Commercial Mortgage Pass-Through	4.13%	12/13/2023	$ 908	0.31%

Discretely Presented Component Unit – Port of Oakland

The Port's cash, investments and deposits consisted of the following at June 30, 2011 (in thousands):

Cash on hand	$	9
Bank Deposits and Deposits in Escrow		2,283
Investments		261,875
Total Cash and Investments	$	264,167

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

Investments

Under the City of Oakland Charter, all income and revenue from the operation of the Port is to be deposited in the City Treasury. Unused bonds proceeds are on deposit with a Trustee for both reserves and construction funds. The investment of funds held by a Trustee is governed by the Amended and Restated Master Trust Indenture, dated as of April 1, 2006 (the Restated Indenture). There were no investments pertaining to the Intermediate Lien Debt. Escrow funds are on deposit with an escrow agent. At June 30, 2011 the Port had the following investments (in thousands):

			Maturity	
	Fair Value	Credit Rating	Less than 1 Year	1 - 5 Years
U.S. Treasury Notes	$ 61,898	AAA	$ 61,898	$ -
Government Securities Money Market Mutual Funds	10,541	AAA	10,541	-
City Investment Pool	189,436	AAA	150,236	39,200
Total Investments	**$ 261,875**		**$ 222,675**	**$ 39,200**

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:

Authorized Investment Type	Maximum Maturity
U.S Government Securities	One year
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/Bankers' Acceptances	None
Money Market Mutual Funds	None
State-sponsored Investment Pools	None
Investment Contracts	None
Forward Delivery Agreement	None

Interest Rate Risk

This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. In order to manage interest rate risk, it is the Port's policy that most bond proceeds are invested in permitted investment provisions of the Port's Trust Indentures with a short-term maturity.

Credit Risk

Provisions of the Port's Trust Indenture prescribe restrictions on the types of permitted investments of the monies held by the trustee in the funds and accounts created under the trust indentures, including agreements or financial institutions that must meet certain ratings.

Concentration of Credit Risk

The Trust Indenture places no limit on the amount the Port may invest in any one issuer. There were no investments that exceeded 5% of the total invested funds.

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the ability to recover the value of the investments or collateral securities in the possession of an outside party may be doubtful. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Port will not be able to recover the value of its investment or collateral securities that are in possession of another party. To protect against custodial credit risk, all securities owned by the Port are held in the name of the Port for safekeeping by a third party bank trust

department, acting as an agent for the Port under the terms of the Restated Trust Indenture. The carrying amount of Port deposits in escrow was $2,283,000 at June 30, 2011. Bank balances and escrow deposits of $250,000 at June 30, 2011 are insured or collateralized with securities held by the pledging financial institution's trust department in the Port's name. The remaining balance of $2,033,000 as of June 30, 2011, 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.

(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 of the Agency relate to project advances made by the Agency for the City. The internal service funds' borrowing will be repaid over a reasonable period of time as described in Note 20. The composition of interfund balances and transfers as of June 30, 2011, is as follows (in thousands):

Due From/Due To Other Funds

Receivables	Payable Fund	Amount
General Fund	Oakland Redevelopment Agency	$ 1,197
	Other Governmental Funds	5,520
	Municipal Capital Improvement	8,045
	Internal Service Funds	39,803
	Subtotal General Fund	54,565
Federal/State Grant Fund	Oakland Redevelopment Agency	159
Oakland Redevelopment Agency	General Fund	8,992
	Federal/State Grant Fund	3,532
	Other Governmental Funds	512
	Subtotal Oakland Redevelopment Agency	13,036
Municipal Capital Improvement	Oakland Redevelopment Agency	98
Other Governmental Funds	Oakland Redevelopment Agency	818
	Subtotal Governmental Funds	68,676
Internal Service Funds	Oakland Redevelopment Agency	56
	Total	$ 68,732

Interfund Transfers

	TRANSFERS IN		
TRANSFERS OUT	General Fund	Other Governmental Funds	Total Governmental
General Fund	$ -	$ 100,300	$ 100,300
Federal/State Grant Fund	-	1,208	1,208
Other Governmental Funds	578	-	578
Sewer Service Fund	1,476	-	1,476
Internal Service Funds	224	-	224
Total	**$ 2,278**	**$ 101,508**	**$ 103,786**

The $100.3 million transferred from the General Fund consists of transfers made to provide funding for the following:

- $11.5 million for the Kids' First Children's Program
- $88.6 million for debt service payments
- $0.2 million for City-owned parcels of land in the Wildfire Prevention Assessment District

The $0.6 million transfer from Other Governmental Funds to General Fund is to provide funding for the following:

- $0.2 million for City's claims and liability payments
- $0.4 million for Motorola IPSS support and maintenance cost

The $1.5 million transfer from the Sewer Service Fund to the General Fund is to provide funding for the following:

- $0.6 million for City-wide lease payments
- $0.9 million for City's claims and liability payments

The $0.2 million transfer from the Internal Service Fund to the General Fund is to provide funds for City's claims and liability payments.

The $1.2 million transfer from Federal/State Grant Funds to Other Governmental Funds is to set up Prop 42 fund within the State Gas Tax fund.

Interfund Loans

Certain interfund loans made from the General Fund to the Oakland Redevelopment Fund have been removed as they are not expected to be repaid within a reasonable period of time. The loans continue to be obligations of the Agency, and will be recognized as other financing sources in the General Fund upon receipt. The table below shows the total amount of interfund loans due as of June 30, 2011 (in thousands).

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Oakland Center Project	$ 13,270	$ -	$ 13,270	$ -

On July 20, 2010, the City Council approved a resolution forgiving the remaining balance of interest and principal owed by the Oakland Redevelopment Agency under the 1966 Oak Center repayment contract.

(5) MEMORANDUMS OF UNDERSTANDING

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

Special Services

Payments for special services are treated as a cost of Port operations pursuant to the City Charter Section 717(3) Third Clause and have priority over certain other expenses of Port revenues. Special services totaled $6,802,000 and are included in "Operating Expenses." At June 30, 2011, $8,501,000 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, 2011, the Port accrued approximately $4,792,000 of payments for General Services as a current liability and by the City as a receivable. Additionally, subject to certain conditions, the Port accrued approximately $3,800,000 to reimburse the City for General Services for net City expenditures for Lake Merritt Tideland Trust properties in 2010. Subject to adequate documentation from the City, and subject to availability of surplus monies, the Port expects that it will continue to reimburse the City annually for General Services and Lake Merritt Tideland Trust services.

Lease with the Port

The Port has leased property to the City under a 66-year lease, which is expressed in terms of the Amended and Restated Lease between the Port and the City for the development and operation of the public golf course by the City. The lease commenced in 2003 when the Port delivered a completed 164.90 acres golf course to the City to replace the City's golf course that was destroyed when the Port used the site as a dredge disposal site. The golf course is leased to a third party and the minimum annual rental is $269,760 payable in twelve installments of $22,480 per month, which is then split 50/50 between the Port and the City.

(6) NOTES AND LOANS RECEIVABLE

The composition of the City's notes and loans receivable as of June 30, 2011, is as follows (in thousands):

Type of Loan	General Fund	Federal/State Grant Fund	Oakland Redevelopment Agency	Other Governmental Funds	Total
Pass-through Loans	$ 8,546	$ 3,532	$ -	$ 512	$ 12,590
HUD Loans	-	127,589	-	-	127,589
Economic Development					
Loans and Other	53	4,981	237,124	33,352	275,510
Less: Allowance for					
Uncollectable Accounts	-	(1,807)	(47,018)	(1,637)	(50,462)
Total Notes and Loans Receivable, Net	**$ 8,599**	**$ 134,295**	**$ 190,106**	**$ 32,227**	**$ 365,227**

As of June 30, 2011, the City has a total of $365.2 million net notes and loans receivable, which is not expected to be received in the next twelve months. All of the City's notes and loans receivables are offset with deferred revenue in the governmental funds as the collection of those notes and loans are not expected within the near future.

(7) CAPITAL ASSETS AND LEASES

Primary Government

Capital assets activity of the primary government for the year ended June 30, 2011, is as follows (in thousands):

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 78,366	$ 2,463	$ -	$ -	$ 80,829
Intangibles (easements)	2,607	-	-	-	2,607
Museum collections	481	255	-	-	736
Construction in progress	58,458	70,954	-	(72,207)	57,205
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	139,912	73,672	-	(72,207)	141,377
Capital assets, being depreciated:					
Facilities and improvements	763,888	575	-	41,355	805,818
Furniture, machinery and equipment	177,706	6,947	4,154	847	181,346
Infrastructure	545,811	1,105	-	30,005	576,921
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	1,487,405	8,627	4,154	72,207	1,564,085
Less accumulated depreciation:					
Facilities and improvements	330,037	23,147	-	-	353,184
Furniture, machinery and equipment	146,103	8,818	4,154	-	150,767
Infrastructure	194,603	19,497	-	-	214,100
TOTAL ACCUMULATED DEPRECIATION	670,743	51,462	4,154	-	718,051
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	816,662	(42,835)	-	72,207	846,034
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 956,574	$ 30,837	$ -	$ -	$ 987,411

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
BUSINESS-TYPE ACTIVITIES:					
Sewer Service Fund:					
Capital assets, not being depreciated:					
Land	$ 4	$ -	$ -	$ -	$ 4
Construction in progress	5,959	9,794	-	(3,277)	12,476
Total capital assets, not being depreciated	5,963	9,794	-	(3,277)	12,480
Capital assets, being depreciated:					
Facilities and improvements	306	-	-	-	306
Furniture, machinery and equipment	920	121	-	-	1,041
Sewer and storm drains	232,957	-	-	3,277	236,234
Total capital assets, being depreciated	234,183	121	-	3,277	237,581
Less accumulated depreciation:					
Facilities and improvements	153	21	-	-	174
Furniture, machinery and equipment	761	28	-	-	789
Sewer and storm drains	82,231	4,692	-	-	86,923
Total accumulated depreciation	83,145	4,741	-	-	87,886
Total capital assets, being depreciated, net	151,038	(4,620)	-	3,277	149,695
SEWER SERVICE FUND CAPITAL ASSETS, NET	$ 157,001	$ 5,174	$ -	$ -	$ 162,175
Parks and Recreation Fund:					
Capital assets, not being depreciated:					
Land	$ 218	$ -	$ -	$ -	$ 218
Construction in progress	-	73	-	(73)	-
Total capital assets, not being depreciated	218	73	-	(73)	218
Capital assets, being depreciated:					
Facilities and improvements	4,318	-	-	73	4,391
Furniture, machinery and equipment	369	-	-	-	369
Infrastructure	85	-	-	-	85
Total capital assets, being depreciated	4,772	-	-	73	4,845
Less accumulated depreciation:					
Facilities and improvements	1,254	276	-	-	1,530
Furniture, machinery and equipment	316	9	-	-	325
Infrastructure	14	6	-	-	20
Total accumulated depreciation	1,584	291	-	-	1,875
Total capital assets, being depreciated, net	3,188	(291)	-	73	2,970
PARKS AND RECREATION FUND CAPITAL ASSETS, NET	$ 3,406	$ (218)	$ -	$ -	$ 3,188
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 160,407	$ 4,956	$ -	$ -	$ 165,363

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

Governmental Activities:	
General Government	$ 2,853
Public Safety	4,862
Life Enrichment	12,047
Community and Economic Development	6,639
Public Works	21,634
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets	3,427
Total	$ 51,462
Business-Type Activities:	
Sewer	$ 4,741
Parks and Recreation	291
Total	$ 5,032

Discretely Presented Component Unit – Port of Oakland

Capital assets activity for the Port for the year ended June 30, 2011, is as follows (in thousands):

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Capital assets, not being depreciated:					
Land	$ 520,182	$ 336	$ (388)	$ -	$ 520,130
Intangibles (noise easements and air rights)	12,555	87	-	-	12,642
Construction in progress	114,847	49,464	16	(41,799)	122,528
Total capital assets, not being depreciated	647,584	49,887	(372)	(41,799)	655,300
Capital assets, being depreciated:					
Building and improvements	845,335	4,372	-	1,677	851,384
Container cranes	153,775	-	-	-	153,775
Systems and structures	1,545,442	463	-	29,053	1,574,958
Intangibles (software)	-	-	-	11,069	11,069
Other equipment	75,660	296	(1,214)	-	74,742
Total capital assets, being depreciated	2,620,212	5,131	(1,214)	41,799	2,665,928
Less accumulated depreciation:					
Building and improvements	406,914	34,476	-	-	441,390
Container cranes	72,967	5,428	-	-	78,395
Systems and structures	485,834	52,880	-	-	538,714
Intangibles (software)	-	553	-	-	553
Other equipment	40,918	5,479	1,021	-	45,376
Total accumulated	1,006,633	98,816	1,021	-	1,104,428
Total capital assets, being depreciated, net	1,613,579	93,685	(193)	41,799	1,561,500
CAPITAL ASSETS, NET	$ 2,261,163	$ (43,798)	$ (565)	$ -	$ 2,216,800

Capital Leases

The capital assets leased to others at June 30, 2011, consist of the following (in thousands):

Land	$ 441,073
Container cranes	153,775
Building and other facilities	1,103,271
Subtotal	1,698,119
Less accumulated depreciation	(488,438)
Capital assets on lease, net	$ 1,209,681

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2011

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, 2011, is as follows (in thousands):

Minimum non-cancelable rentals, including preferential assignments	$ 157,036
Contingent rentals in excess of minimums	22,290
Secondary use of facilities leased under preferential assignments	295
Total	$ 179,621

The Port and Ports America Outer Harbor Terminal, LLC, a private company, entered into a long-term concession and lease agreement on January 1, 2010 for the operation of berths 20-24 for 50 years. A $60 million upfront fee was paid to the Port with offsets of approximately $7 million for contractual obligations. The unamortized net upfront fee of approximately $52 million at June 30, 2011, is classified as short-term and long-term deferred revenues of $1.0 million and $51 million, respectively. One of the Port's goals for the concession and lease agreement for berths 20-24 was, among other things, to maintain the continuous use and occupancy of berths 20-24 by a rent-paying tenant and maximize the annual revenue guarantee over the life of the concession, while also transferring the risk and responsibility for the berths to the concessionaire to the greatest extent commercially reasonable to do so. In furtherance of these goals, the concession and lease agreement provides that the concessionaire is responsible for any redevelopment of the berths. Except for certain emissions reductions measures which the concessionaire is obligated to implement, the improvements to be made by the concessionaire are at the discretion of the concessionaire, subject to market conditions and the concessionaire's ability to compete for and handle cargo under the then existing condition of the facilities at Berths 20-24.

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

Year	Rental Revenues
2012	$ 169,100
2013	173,375
2014	162,044
2015	161,280
2016	159,797
2016 - 2021	394,797
2022 - 2026	294,262
2027 - 2031	274,973
2032 - 2036	235,581
2037 - 2041	243,774
2042 - 2046	263,975
Thereafter	869,097
Total	$ 3,402,055

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

Year	Rental Revenues
2012	$ 367
2013	378
2014	390
2015	401
2016	413
2016 - 2021	2,260
2022 - 2026	2,620
2027 - 2031	3,037
2032 - 2036	3,521
2037 - 2041	4,082
2042 - 2046	4,732
Thereafter	8,971
Total	$ 31,172

(8) PROPERTY HELD FOR RESALE

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

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Property held for resale	$ 163,919	$ 15,321	$ -	$ 179,240

The increases in Property Held for Resale represent the acquisition of the Fruitvale Bart Parking Lot from Bay Area Rapid Transit District for $6.0 million, properties located at 66th avenue from Cruise America Inc. for a total of $5.8 million and properties totaling $2.5 million for the Coliseum Transit Village project within the Coliseum Project Area. The Agency also purchased properties located at Foothill Boulevard for $1.0 million for its Central City East Project Area. The Agency purchased two properties from the City of Oakland at 615 High Street and 695 Hegenberger Road with a carrying value of a dollar each.

(9) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2011, for the City's individual major funds, nonmajor governmental funds in the aggregate, business-type activities – enterprise fund and internal service funds, are as follows (in thousands):

	Accounts Payable	Accrued Payroll/ Employee Benefits	Total
Governmental Activities:			
General Fund	$ 26,058	$ 85,000	$ 111,058
Federal/State Grant Fund	8,719	-	8,719
Oakland Redevelopment Agency	3,709	-	3,709
Municipal Capital Improvement Fund	2,156	-	2,156
Other governmental funds	5,531	-	5,531
Subtotal	46,173	85,000	131,173
Internal service funds	1,370	-	1,370
TOTAL	$ 47,543	$ 85,000	$ 132,543
Business-type Activities:			
Sewer Service Fund	2,161	-	2,161
TOTAL	$ 2,161	$ -	$ 2,161

Accounts payable and accrued liabilities for the pension trust funds and private purpose trust funds at June 30, 2011, are as follows (in thousands):

Pension Trust Funds:	
Accounts payable	$ 37
Investments payable	10,823
Accrued investment management fees	396
Member benefits payable	5,517
Total	16,773
Private Purpose Trust Fund	
Accounts payable and accrued liabilities	824
TOTAL	$ 17,597

(10) DEFERRED REVENUE

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

At June 30, 2011, the various components of deferred revenue and unearned revenue reported were as follows (in thousands):

	Unavailable	Unearned	Total
Governmental Activities:			
General Fund	$ 7,954	$ 8,233	$ 16,187
Federal/State Grant Fund	134,891	-	134,891
Oakland Redevelopment Agency	205,309	-	205,309
Other Governmental Funds	39,682	-	39,682
TOTAL GOVERNMENTAL FUNDS	$ 387,836	$ 8,233	$ 396,069
Business-type activities:			
Sewer Service	$ -	$ 263	$ 263

(11) TAX AND REVENUE ANTICIPATION NOTES PAYABLE

The City issued tax and revenue anticipation notes in advance of property tax collections. The notes were used to satisfy General Fund obligations and carried an approximate effective interest rate of 2.000%. Principal and interest were paid on June 30, 2011.

The short-term debt activity for the year ended June 30, 2011, is as follows (in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
2010 - 2011 Tax & Revenue Anticipation Notes	$ -	$ 100,000	$ (100,000)	$ -

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2011

(12) LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations as of June 30, 2011 (in thousands):

Governmental Activities

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
General obligation bonds (A)	2039	3.00 - 6.25%	$ 349,431
Tax allocation, housing, and other bonds (B)	2042	2.50 - 9.25%	523,905
Certificates of participation (C)	2012	5.00%	3,895
Lease revenue bonds (C)	2027	2.55 - 5.50%	242,800
Pension obligation bonds (D)	2023	6.09 - 6.89%	195,637
Accreted interest (C) and (D)			172,121
City guaranteed special assessment district bonds (D)	2039	2.00 - 6.70%	7,963
Notes payable (C) and (E)	2017	1.70 - 8.27%	12,295
Capital leases (C) and (E)	2022	2.56 - 6.10%	17,068
Accrued vacation and sick leave (F)			38,542
Self- insurance liability - workers' compensation (C) compensation (C)			82,045
Self-insurance liability - general liability (C)			36,687
Estimated environmental cost (B) and (C)			5,706
Pledge obligation for Coliseum Authority debt (C)			72,450
Net OPEB obligation (C)			156,978
Interest rate swap agreement (C)			16,112
Total			1,933,635
Less Deferred Amounts:			
Bond issuance premiums			22,203
Bond refunding loss			(23,481)
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS, NET			$ 1,932,357

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
(F) Revenues recorded in the funds that are responsible for the payroll costs.

Business-Type Activities

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Sewer fund - Notes payable	2014	3.00 - 3.50%	$ 848
Sewer fund - Bonds	2029	3.00 - 5.25%	52,580
Unamortized Bond Premium			2,121
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM OBLIGATIONS			$ 55,549

Component Unit - Port of Oakland

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Senior and intermediate lien bonds	2033	3.13 - 5.88%	$ 1,314,080
Notes and loans	2030	0.12 - 5.00%	93,030
Less Deferred Amounts:			
Unamortized bond discounts and premiums, net			12,684
Deferred loss on refunding			(16,938)
Total bonds, notes, and loans payable			1,402,856
Self-insurance liability - workers' compensation			6,900
Self-insurance liability - general liability			3,918
Accrued vacation, sick leave and compensatory time			6,595
Environmental remediation and other liabilities			22,560
Net OPEB obligation			10,461
Total other long-term obligation			50,434
TOTAL COMPONENT UNIT LONG-TERM OBLIGATIONS, NET			$ 1,453,290

Revenues Pledged for the Repayment of Debt Service

Tax Allocation Bonds

The Tax Allocation Bonds (TAB), which are comprised of Series 1992, Series 2003, Series 2005, Series 2006T, Series 2009T, Series 2006A TE/T, Series 2006B TE/T, Series 2006C TE/T, and Series 2010T are all secured primarily by a pledge of tax increment revenues, consisting of a portion of all taxes levied upon all taxable properties within each of the redevelopment project areas, and are equally and ratably secured on a parity with each TAB series. The total projected tax increment revenue through the period of the bonds is approximately $3,041,759,743. These revenues have been pledged until the year 2040, the final maturity date of the bonds. Debt service payments for these TABs is payable semi-annually on March 1 and September 1. The total principal and interest remaining on these TABs is $639,155,455 which is 21.0 percent of the total projected tax increment revenues. The pledged tax increment revenue recognized during the year ended June 30, 2011 was $74,067,000, of which $39,066,114 was used to pay debt service.

Housing Bonds

The Housing Set-Aside TAB, which are comprised of Series 2006A, Series 2006A-T and Series 2011T, are equally and ratably secured by the pledge and lien of the 20% tax increment revenue set-aside and voluntary 5 percent for the low and moderate income housing fund. The total projected 20 percent set-aside and 5 percent voluntary revenue through the period of the bonds is approximately $801,163,498 and $200,290,875, respectively. These revenues have been pledged until the year 2042 the final maturity date of the bonds. Debt service payment for these TABs is payable semi-annually on February 1 and August 1. The total principal and interest remaining on these Housing TABs is $263,256,251, which is 26.3 percent of the total projected set-aside and voluntary tax increment revenues. The pledged 20 percent set-aside and 5 percent voluntary tax increment revenue recognized for the year ended June 30, 2011, was $35,606,000, of which $7,501,417 was used to pay debt service.

Debt Compliance

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

Legal Debt Limit and Legal Debt Margin

As of June 30, 2011, the City's debt limit (3.75% of valuation subject to taxation) was $1,104,508,857. The total amount of debt applicable to the debt limit was $349,430,620. The resulting legal debt margin was $755,078,237.

Interest Rate Swap

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

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

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

On June 21, 2005, all of the outstanding 1998 Lease Revenue Bonds were defeased by the Oakland Joint Powers Financing Authority Refunding Revenue Bonds, 2005 Series A-1, A-2 and B ("Series 2005 A & B Bonds"). $143,093,669 was deposited with the trustee to defease the 1998 Lease Revenue Bonds. However, the Swap associated with the 1998 Lease Revenue Bonds still remains in effect. This is now a stand-alone swap with no association to any bond.

The amortization schedule is as follows as of June 30, 2011:

Calculation period (July 31)	Notional Amount	Fixed Rate To Counterparty	65% of LIBOR[1]	Net Rate
2011	$ 76,800,000	5.6775%	0.2266%[2]	5.4509%
2012	68,900,000	5.6775%	0.2266%[2]	5.4509%
2013	61,200,000	5.6775%	0.2266%[2]	5.4509%
2014	53,700,000	5.6775%	0.2266%[2]	5.4509%
2015	46,400,000	5.6775%	0.2266%[2]	5.4509%
2016	39,300,000	5.6775%	0.2266%[2]	5.4509%
2017	32,500,000	5.6775%	0.2266%[2]	5.4509%
2018	25,800,000	5.6775%	0.2266%[2]	5.4509%
2019	19,300,000	5.6775%	0.2266%[2]	5.4509%
2020	12,800,000	5.6775%	0.2266%[2]	5.4509%
2021	6,400,000	5.6775%	0.2266%[2]	5.4509%

[1] Rate is as of 1-month LIBOR on June 30, 2011
[2] Rates are projections, LIBOR rate fluctuates daily

Terms: The swap agreement terminates on July 31, 2021, and has a notional amount as of June 30, 2011 of $76,800,000. The notional amount of the swap declines through 2021. Under the Swap, the City pays the counterparty a fixed payment of 5.6775% and receives a variable payment computed at 65% of LIBOR rate (total rate not to exceed 12%). The City's payments to the counterparty under the Swap agreement are insured by the third party bond insurer.

Fair Value: Because interest rates have declined since the execution of the Swap, the Swap had a negative fair value of $16,112,193 as of June 30, 2011. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the Swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the Swap.

Credit Risk: The issuer and the counterparty take a credit risk to each other over the life of the swap agreement. This is the risk that either the issuer or the counterparty will fail to meet its contractual obligations under the swap agreement. The Counterparty was rated Aa1 by Moody's Investors Service, and AAA by Standard and Poor's as of June 30, 2011. To mitigate the potential for credit risk, if the counterparty's credit quality falls below "A3" by Moody's Investors Service or "A-" by Standard and Poor's, the swap agreement provides the counterparty, the City, the bond insurer for the Bonds and a third party collateral agent to execute a collateral agreement within 30 days of such a downgrade.

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

The counterparty may terminate the Swap if the City fails to perform under the terms of the contract. The counterparty also may terminate the Swap if the City's ratings fall below "Baa3" by Moody's Investors Service or "BBB-" by Standard and Poor's. If at the time of termination, the Swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the Swap's fair value.

Changes in Long-term Obligations

The changes in long-term obligations for the year ended June 30, 2011, are as follows (in thousands):

Governmental Activities

	Balance at July 1, 2010	Additional obligations, interest accretion and net increases (decreases)	Current maturities, retirements and net decreases (increases)	Balance at June 30, 2011	Amounts due within one year
Bonds Payable:					
General obligation bonds	$ 366,248	$ -	$ 16,817	$ 349,431	$ 17,678
Tax allocation, housing and other bonds	488,900	54,370	19,365	523,905	20,365
Certificates of participation	7,210	-	3,315	3,895	3,895
Lease revenue bonds	270,670	-	27,870	242,800	32,270
Pension obligation bonds	210,595	-	14,958	195,637	20,860
City guaranteed special assessment district bonds	8,298	-	335	7,963	298
Accreted interest on appreciation bonds	172,971	23,171	24,021	172,121	24,021
Less deferred amounts:					
Bond issuance premiums	26,846	(2,052)	2,591	22,203	2,504
Bond refunding loss	(26,396)	-	(2,915)	(23,481)	(1,725)
TOTAL	1,525,342	75,489	106,357	1,494,474	120,166
Notes Payable and Capital Leases:					
Notes payable	14,295	-	2,000	12,295	2,155
Capital Leases	18,483	2,500	3,915	17,068	3,570
TOTAL	32,778	2,500	5,915	29,363	5,725
Other Long-Term Liabilities:					
Accrued vacation and sick leave	39,460	51,618	52,536	38,542	27,818
Pledge obligation for Coliseum Authority debt	76,000	-	3,550	72,450	3,750
Estimated environmental cost	6,634	-	928	5,706	3,103
Self-insurance liability - workers' compensation	75,695	29,508	23,158	82,045	20,119
Self-insurance liability - general liability	40,067	20,575	23,955	36,687	14,775
Net OPEB obligation	126,237	46,451	15,710	156,978	-
Interest rate swap agreement	19,083	-	2,971	16,112	-
TOTAL	383,176	148,152	122,808	408,520	69,565
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS	$ 1,941,296	$ 226,141	$ 235,080	$ 1,932,357	$ 195,456

Internal service funds predominantly serve 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, 2011, $3,692,413, of capital leases and notes payable related to the internal service funds are included in the above amounts. Compensated absences are financed by individual funds that are responsible for the charges.

Business-Type Activities

	Balance at July 1, 2010	Current maturities, retirements and net decreases	Balance at June 30, 2011	Amounts due within one year
Sewer fund - Notes payable	$ 1,708	$ 860	$ 848	$ 274
Sewer fund - Bonds	54,380	1,800	52,580	1,885
Unamortized bond premium	2,239	118	2,121	118
Total	$ 58,327	$ 2,778	$ 55,549	$ 2,277

Component Unit - Port of Oakland

	Balance at July 1, 2010	Additional obligations, interest accretion and net increases	Current maturities, retirements and net decreases	Balance at June 30, 2011	Amounts due within one year
Senior and intermediate lien bonds	$ 1,350,390	$ -	$ 36,310	$ 1,314,080	$ 46,045
Notes and loans	95,392	63,398	65,760	93,030	211
Less deferred amounts:					
Unamortized bond discount and premium, net	16,341	(11)	3,646	12,684	3,587
Deferred loss on refunding	(19,253)	-	(2,315)	(16,938)	(2,319)
TOTAL	1,442,870	63,387	103,401	1,402,856	47,524
Self-insurance liability - workers' compensation	6,900	863	863	6,900	6,900
Self-insurance liability - general liability	3,079	4,983	4,144	3,918	-
Accrued vacation, sick leave, and compensatory time	5,610	1,136	151	6,595	3,973
Environmental remediation and other liabilities	22,141	6,255	5,836	22,560	5,215
Net OPEB obligation	10,389	11,193	11,121	10,461	-
TOTAL	41,219	23,567	21,252	43,534	9,188
TOTAL COMPONENT UNIT LONG-TERM OBLIGATIONS	$ 1,490,989	$ 87,817	$ 125,516	$ 1,453,290	$ 63,612

Repayment Schedule

The annual repayment schedules for all long-term debt as of June 30, 2011, are as follows (in thousands):

Governmental Activities [1]

Year Ending June 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Tax Allocation, Housing and Other Bonds Principal	Tax Allocation, Housing and Other Bonds Interest	Certificate of Participation Principal	Certificate of Participation Interest
2012	$ 17,678	$ 17,459	$ 20,365	$ 30,363	$ 3,895	$ 195
2013	18,571	16,633	22,545	29,313	-	-
2014	19,534	15,758	24,870	28,053	-	-
2015	20,574	14,814	19,865	26,651	-	-
2016	19,520	13,838	27,140	25,334	-	-
2017-2021	109,145	54,101	163,300	99,311	-	-
2022-2026	54,889	30,941	77,825	59,811	-	-
2027-2031	44,660	19,922	54,080	43,688	-	-
2032-2036	32,590	8,479	69,505	26,672	-	-
2037-2041	12,270	1,565	39,035	9,126	-	-
2042	-	-	5,375	248	-	-
Total	$ 349,431	$ 193,510	$ 523,905	$ 378,570	$ 3,895	$ 195

Year Ending June 30	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Pension Obligation Bonds Principal	Pension Obligation Bonds Interest	Special Assessment District Bonds Principal	Special Assessment District Bonds Interest
2012	$ 32,270	$ 11,095	$ 20,860	$ 17,515	$ 298	$ 431
2013	33,680	9,728	19,923	19,632	315	416
2014	35,295	8,155	18,881	21,884	330	400
2015	31,600	6,465	18,079	23,931	355	383
2016	18,845	5,290	17,210	26,075	355	365
2017-2021	44,145	16,248	74,840	161,810	2,100	1,510
2022-2026	38,125	7,166	25,844	78,907	2,110	891
2027-2031	8,840	221	-	-	560	563
2032-2036	-	-	-	-	755	367
2037-2041	-	-	-	-	785	102
Total	$ 242,800	$ 64,368	$ 195,637	$ 349,754	$ 7,963	$ 5,428

Year Ending June 30	Notes Payable Principal	Notes Payable Interest	Capital Leases Principal	Capital Leases Interest	Total Principal	Total Interest
2012	$ 2,155	$ 333	$ 3,570	$ 733	$ 101,091	$ 78,124
2013	2,325	278	2,270	586	99,629	76,586
2014	2,485	216	2,372	483	103,767	74,949
2015	2,180	157	2,104	376	94,757	72,777
2016	1,090	121	1,824	286	85,984	71,309
2017-2021	2,060	53	4,463	555	400,053	333,588
2022-2026	-	-	465	12	199,258	177,728
2027-2031	-	-	-	-	108,140	64,394
2032-2036	-	-	-	-	102,850	35,518
2037-2041	-	-	-	-	52,090	10,793
2042	-	-	-	-	5,375	248
Total	$ 12,295	$ 1,158	$ 17,068	$ 3,031	$ 1,352,994	$ 996,014

[1] The specific year for payment of other long-term liabilities is not practicable to determine.

Business-Type Activities

Year Ending June 30	Sewer Revenue Bonds Principal	Sewer Revenue Bonds Interest	Sewer Notes Payable Principal	Sewer Notes Payable Interest	Total Principal	Total Interest
2012	$ 1,885	$ 2,595	$ 274	$ 25	$ 2,159	$ 2,620
2013	1,985	2,499	283	17	2,268	2,516
2014	2,090	2,395	291	9	2,381	2,404
2015	2,175	2,306	-	-	2,175	2,306
2016	2,285	2,197	-	-	2,285	2,197
2017-2021	13,180	9,232	-	-	13,180	9,232
2022-2026	16,770	5,650	-	-	16,770	5,650
2027-2029	12,210	1,241	-	-	12,210	1,241
Total	$ 52,580	$ 28,115	$ 848	$ 51	$ 53,428	$ 28,166

Discretely Presented Component Unit – Port of Oakland

The Port's required annual debt service payment for the outstanding long-term debt, not including Commercial Paper Notes, as of June 30, 2011, are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2012	$ 46,243 (1)	$ 67,264	$ 113,507
2013	73,437	64,895	138,332
2014	115,515	62,346	177,861
2015	52,921	59,734	112,655
2016	50,222	57,179	107,401
2017 - 2021	297,587	241,345	538,932
2022 - 2026	333,604	161,730	495,334
2027 - 2031	363,816	65,517	429,333
2032 - 2033	73,765	3,734	77,499
TOTAL	$ 1,407,110	$ 783,744	$ 2,190,854

(1) Commercial Paper has been classified as long-term debt because the Port has the intent and ability to continue to refinance this debt. Although the Port intends to refinance the Commercial Paper debt in the future, for purposes of this schedule, Commercial Paper debt is amortized over the time period 2013-2017 pursuant to the terms of the Commercial Paper Reimbursement Agreements.

In January 2010, the Port defeased $44,505,000 of Series L Bonds with maturity dates from 2020 to 2032 and $3,950,000 of Series N Bonds with maturity dates of 2010 and 2022 with proceeds from monies received from the Concession and Lease Agreement with Ports America Outer Harbor Terminal LLC. Funds were deposited in escrow with the trustee, US Bank, and invested in United States Treasury Securities - State and Local Government Series (SLGS) in amounts sufficient to pay the principal and interest until November 1, 2012, on which date the outstanding defeased Series L Bonds and Series N Bonds are to be called for redemption. As of June 30, 2011, the trustee held $46,415,000 in the escrow account (along with interest earned in the escrow) to pay the remaining principal and interest on the defeased Series L Bonds and Series N Bonds until the call date of November 1, 2012. The Port incurred a defeasance loss of $4,158,000, of which $3,965,000 for Series L and $193,000 for Series N.

The Port did not capitalize any interest in fiscal year 2011.

Current Year Long-Term Debt Financings

Redevelopment Agency of the City of Oakland
Broadway/MacArthur/San Pablo Redevelopment Project
Second Lien Tax Allocation Bonds, Series 2010-T
Federally Taxable Recovery Zone Economic

On November 2, 2010, the Agency issued $7,390,000 of Broadway/MacArthur/San Pablo Redevelopment Project Second Lien Tax Allocation Bonds, Series 2010-T Federally Taxable Recovery Zone Economic Development Bonds (the "Series 2010-T Bonds"). The Bonds were issued to finance certain redevelopment activities within or to the benefit of the project area. The Bonds are taxable and treated as "recovery zone economic development bonds," a category of "Build America Bonds," under the American Recovery and Reinvestment Act of 2009 and the Agency receives direct payment from the United States Treasury Department equal to forty-five percent (45%) of the interest payable on each interest payment date. The final maturity date is September 1, 2040. The interest rates of these bonds range from 7.20% to 7.40%.

The Series 2010-T Bonds are limited obligations of the Agency payable solely from and secured solely by a pledge of second lien tax revenues, consisting primarily of tax increment derived from property, in the Broadway/MacArthur/San Pablo Redevelopment Project Area. The Agency expects to receive $6.2 million or 45% interest subsidy from the federal government as part of the bond issue.

Master Lease – Parking Access and Revenue Control System

On December 23, 2010, the City of Oakland closed a lease transaction with Chase Equipment Finance, Inc. in the amount of $2,500,000 for the purpose of financing the acquisition of the equipment, software, maintenance and services for the automation of City garages. The financing is done on a taxable basis with a final maturity of July 15, 2018. The interest rate on this lease transaction is 2.56%.

Redevelopment Agency of the City of Oakland
Subordinated Housing Set Aside Revenue Bonds, Series 2011A-T

On March 3, 2011, the Agency issued $46,980,000 of Subordinated Housing Set Aside Revenue Bonds Series 2011A-T (the "Series 2011A-T Bonds"). The Bonds were issued to finance low and moderate income housing activities within the Agency's project areas. The Series 2011A-T Bonds are federally taxable with interest rates ranging from 3.25% to 9.25% and a final maturity of September 1, 2041.

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 is therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2011, the amount of defeased debt outstanding amounted to $38.8 million.

Authorized and Unissued Debt

The City has $62.3 million (Measure DD) General Obligation Bonds authorized and unissued. The voters, in a City election on November 5, 2002, authorized these bonds. The bonds are to be issued by the City in general obligation bonds for the improvement of Lake Merritt, the Estuary, inland creeks, Studio One, and other specifically identified projects in the City.

Conduit Debt

The following long-term debt has been issued by the City on behalf of named agents of the City. The bonds do not constitute an indebtedness of the City. The bonds are payable solely from revenue sources defined in the individual bond documents, and from other monies held for the benefit of the bond holders pursuant to the bond indentures. In the opinion of City officials, these bonds are not payable from any revenues or assets of the City, and neither the full faith and credit nor the taxing authority of the City, State or any political subdivision thereof is obligated for the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded. The conduit debt issued and outstanding at June 30, 2011 (in thousands):

	Authorized and Issued	Maturity	Outstanding at June 30, 2011
Oakland JPFA Revenue Bond 2001 Series A Fruitvale Transit Village (Fruitvale Development Corporation)	$ 19,800	07/01/33	$ 15,805
Oakland JPFA Revenue Bond 2001 Series B Fruitvale Transit Village (La Clinica De La Raza Fruitvale Health Project, Inc)	5,800	07/01/33	5,200
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	$ 185,600		$ 181,005

(13) GENERAL FUND BALANCE RESERVE POLICY

The City Council approved the original City Reserve Policy on March 22, 1994. Creation of the policy was to help pay any unanticipated expenditures and pay for claims arising from the City's insurance program. In May 2010, the City adopted a revised reserve policy equal to seven and one-half percent (7.5%) for unassigned fund balance of the general purpose fund appropriation for each fiscal year.

The reserved policy established criteria for the use of general purpose fund reserve, the use of excess Real Estate Transfer Tax (RETT) revenue, and use of one-time revenues, and to minimize draw-downs from the general purpose fund reserve by previous approved projects and encumbrances.

The policy also established a baseline for the Real Estate Transfer Tax at $40 million (an amount collected in a normal year), with any amount over the baseline used as follows:

- Replenishment of the General Purpose Fund (GPF) reserves until such reserves reach 10 percent of current year budgeted GPF appropriations; and the remainder.
- 50 percent to repay negative Internal Service Funds.
- 30 percent set aside the Police and Fire Retirement System (PFRS) liability until this obligation is met.
- 10 percent to establish an Other Postemployment Benefits (OPEB) trust; and
- 10 percent to replenish the Capital Improvement Reserve Fund until such baseline reaches $10 million.

The policy also requires the City to conform to the following regarding the use of one-time discretionary revenues:

- 50 percent to repay negative Internal Service Fund balances and,
- 50 percent to repay negatives in all other funds, unless legally restricted to other purposes.

As of June 30, 2011, $5.8 million of the reserves is in assigned fund balance and $25.7 million is in unassigned fund balances.

(14) SELF-INSURANCE

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; employee's injuries; natural disasters; unemployment coverage; and providing health benefits to employees, retirees and their dependents. For the past three years, there have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded commercial insurance coverage.

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

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.

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 $82,044,864 in claims liabilities as of June 30, 2011, approximately $20,118,617 is estimated to be due within one year.

Changes in workers' compensation claims liabilities for the years ended June 30, 2011 and 2010 are as follows (in thousands):

	2011	2010
Self -insurance liability - workers' compensation, beginning of year	$ 75,695	$ 77,973
Current year claims and changes in estimates	29,508	33,445
Claims payments	(23,158)	(35,723)
Self -insurance liability - workers' compensation, end of year	$ 82,045	$ 75,695

The 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.

General Liability

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2011, the amount of liability determined to be probable of occurrence is approximately $36,687,103. Of this amount, claims and litigation approximating $14,775,498 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 and the City Attorney's Office for the City, none of these claims are expected to have a significant impact on the financial position or changes in financial position of the City and the Agency. The City has not accumulated or segregated assets or set aside fund balances for the payment of estimated claims and judgments.

Changes in general claims liabilities for the years ended June 30, 2011 and 2010 are as follows (in thousands):

	2011	2010
Self -insurance liability - general liability, beginning of year	$ 40,067	$ 49,237
Current year claims and changes in estimates	20,575	8,323
Claims payments	(23,955)	(17,493)
Self -insurance liability - general liability, end of year	$ 36,687	$ 40,067

The 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.

Insurance Coverage

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

Type of Coverage	Self-Insurance Retention	Insurance Authority/Purchase Insurance
General Liability	up to $4,000,000	$4,000,000 to $29,000,000 per occurrence
Automobile Liability	up to $4,000,000	$4,000,000 to $29,000,000 per occurrence
Public Officials Errors and Omissions	up to $4,000,000	$4,000,000 to $29,000,000 per occurrence/annual aggregate
Products and Completed Operations	up to $4,000,000	$4,000,000 to $29,000,000 per occurrence/annual aggregate
Employment Practices Liability	up to $4,000,000	$4,000,000 to $29,000,000 per occurrence/annual aggregate
Workers' Compensation	up to $750,000	$750,000 to $100,000,000 per occurrence/annual aggregate

Discretely Presented Component Unit – Port of Oakland

Workers' Compensation

The Port is exposed to risk of loss related to injuries of employees. The Port is self-insured and self-administered for workers' compensation up to a maximum of $750,000 per accident. The Port carries commercial insurance for claims in excess of $750,000 per accident. There were no workers' compensation claims paid in fiscal years 2011, 2010, and 2009 above the $750,000 per accident limit.

Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The claims payments and liabilities include an estimate of allocated loss adjustment expenses and claims that have been incurred but not yet reported. These losses are based on an actuarial valuation performed as of June 30, 2011. Estimated reserves can be defined as "actuarial central estimates" which represent the expected range of reasonably possible outcomes. The probability level refers to the probability that actual future payments will not exceed the indicated reserve amount.

Total reserve is equal to case reserves plus incurred but not reported (IBNR) reserves. Case reserves are established by individual claims adjusters. The IBNR reserves are estimated by the actuary and include reserves for late reported claims as well as developments on known claims. The reserve amount is net of excess insurance on an expected value, undiscounted basis. The loss reserve amount represents an estimated reserve amount required to satisfy the Port's retained liability without a contingency provision for unanticipated development. Changes in the reported liability resulted from the following (in thousands):

	2011	2010
Self -insurance liability - workers' compensation, beginning of year	$ 6,900	$ 6,137
Current year claims and changes in estimates	863	1,699
Claims payments	(863)	(936)
Self -insurance liability - workers' compensation, end of year	$ 6,900	$ 6,900

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 per occurrence. 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, 2011, the Port was a defendant in various lawsuits arising in the normal course of business, including constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known. The Port's insurance may cover a portion of any losses. For additional information, contact the Port of Oakland, 530 Water Street, Oakland, California 94607.

Changes in the reported liabilities, which is included as part of long-term obligations is as follows:

	2011	2010
Self -insurance liability - general liability, beginning of year	$ 3,079	$ 2,571
Current year claims and changes in estimates	4,983	3,282
Claims payments	(4,144)	(2,774)
Self -insurance liability - general liability, end of year	$ 3,918	$ 3,079

(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 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 Authority's revenues relating to football games consists primarily of a portion of club dues, concessions, 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 (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 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 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 Authority and Coliseum Inc. expired, by its terms, on July 31, 2006. The Authority entered into a Termination Agreement whereby, in return for certain consideration, the Authority agreed to perform the duties of Coliseum, Inc. on and after August 1, 2006. The Authority's Management Agreement with Oakland Coliseum Joint Venture expires in June 2012.

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

For the Period	Stadium Bonds		Arena Bonds	
Ending June 30,	Principal	Interest [1]	Principal	Interest [2]
2012	$ 7,500	$ 94	$ 4,050	$ 3,650
2013	7,900	89	4,400	3,510
2014	8,300	84	4,750	3,355
2015	8,700	79	5,150	3,187
2016	9,000	73	5,400	3,005
2017-2021	52,000	272	33,200	11,900
2022-2026	51,500	86	43,245	5,060
Total	$ 144,900	$ 777	$ 100,195	$ 33,667

(1) The Stadium Bonds include Lease Revenue Bonds Series C1 and C2, which bear weekly interest rates of 0.08% and 0.05%, respectively, at June 30, 2011.

(2) The Arena Bonds include Lease Revenue Bonds Series A-1 with a variable rate that resets in separate Commercial Paper Segment (46 and 77 days as of June 30, 2011) and Series A-2 with a weekly interest rate of 0.2% and 6.8%, respectively, at June 30, 2011.

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, 2011, the City made contributions of $10,034,000 to fund its share of operating deficits and debt service payments of the Authority.

The Authority has anticipated a deficit for operating costs and repayment of its Stadium bonds, such that the City and County may have to contribute to base rental payments. Of the $20,500,000 appropriated in the General Fund as part of the above agreements, it is estimated that the City may have to contribute $9,977,950 for the 2011-12 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's 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 $72,450,000. 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.

(16) RETIREMENT PLANS

The City has four defined benefit retirement plans: Oakland 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 Retirement 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 Retirement Plans.

	PFRS	OMERS	PERS
Type of plan	Single employer	Single employer	Agent multiple employer
Reporting entity	City	City	State
Most recent actuarial study	July 1, 2010	July 1, 2010	June 30, 2010

Police and Fire Retirement System (PFRS)

PFRS provides death, disability, and service retirement benefits to uniformed employees and their beneficiaries. Members who complete at least 25 years of service, or 20 years of service and have reached the age of 55, or have reached the age of 65, are eligible for retirement benefits. The basic retirement allowance equals 50% of the compensation attached to the average rank held during the three years immediately preceding retirement, plus an additional allowance of 1-2/3% of such compensation for each year of service (up to ten) subsequent to: a) qualifying for retirement, and b) July 1, 1951. Early retirees will receive reduced benefits based on the number of years of service. Benefit provisions and all other requirements are established by the City Charter (Charter). The June 30, 2010 stand alone financial statements are available by contacting the City Administrator's Office, One Frank Ogawa Plaza, Oakland, CA 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, 2011, these contributions ranged from 5.47% to 6.05%. By statute, employee contributions are limited to 13% of earned salaries. Employee contributions are refundable with interest at 4% per annum if an employee elects to withdraw from PFRS upon termination of employment with the City.

The City contributes, at a minimum, such amounts that are necessary, determined on an actuarial basis, to provide assets sufficient to meet benefits to be paid to PFRS members. The City is required to fund all liabilities for future benefits for all members by June 30, 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 annual pension cost and prepaid asset, computed in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* for the fiscal year ended June 30, 2011, were as follows:

Annual Required Contribution (ARC)	$ (41,400,000)
Interest on pension asset	16,000,218
Adjustment to the annual required contribution	(18,501,677)
Annual Pension Cost	(43,901,459)
Pension contribution	-
Pension assets, beginning of year	200,002,721
Pension assets, end of year	$ 156,101,262

The following table shows the City's annual pension cost and the percentage contributed for the fiscal year 2011 and each of the two preceding years:

Fiscal Year Ended June 30	Annual Pension Cost	Percentage (%) Contributed	Net Pension Asset
2009	$ 31,487,398	0%	$ 243,793,694
2010	43,790,973	0%	200,002,721
2011	43,901,459	0%	156,101,262

Actuarial Assumptions and Funded Status

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

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2010	$ 792.2	$ 297.8	$ 494.4	37.6%	$ 0.1	494400%

Multiyear trend actuarial information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time is presented in the Required Supplementary Information (RSI) immediately following the notes to the basic financial statements.

A summary of the actuarial methods and significant assumptions used to calculate the funded status of the valuation date and the annual required contribution for fiscal year ended June 30, 2011 are as follows:

Description	Method/Assumption	Method/Assumption
Valuation Date	July 1, 2010 [1]	July 1, 2009 [2]
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Investment Rate of Return	7.00%	7.50%
Inflation Rate, U.S.	3.25%	3.25%
Inflation Rate, Bay Area	3.50%	3.50%
Long-term General Pay Increases	4.50%	4.50%
Long-term Postretirement Benefit Increases	4.50%	4.50%
Amortization Method	Level Dollar	Level Dollar
Amortization Period	26 years closed as of July 1, 2010	27 years closed as of July 1, 2009
Actuarial Value of Assets	Expected actuarial value plus 20% of the difference from market value, with 110% and 90% market value corridor.	Expected actuarial value plus 20% of the difference from market value, with 110% and 90% market value corridor.

[1] The July 1, 2010 valuation was used to determine the funded status
[2] The July 1, 2009 valuation was used to determine the annual required contribution for fiscal year 2011

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, 2011 standalone financial statements are available by contacting the City Administrator's Office, One Frank Ogawa Plaza, Oakland, CA 94612.

All active non-uniformed City employees hired prior to September 1970 have transferred to PERS as of July 1, 2004. Accordingly, OMERS did not receive any employee contributions during the year ended June 30, 2011, and will not receive any employee contributions in the future. Because of the OMERS' current funded status, the City is currently not required to make contributions to OMERS. The funding of the unfunded actuarial accrued liability is based on a level percentage of payroll over a period ending July 1, 2020, as required by the City Charter.

Actuarial Assumptions and Funded Status

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

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2010	$ 5,471	$ 4,728	$ 743	86.4%	$ -	n/a

Multiyear trend actuarial information about whether the actuarial value of Plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time is presented in the Required Supplementary Information (RSI) immediately following the notes to the financial statements.

A summary of the actuarial methods and significant assumptions used to calculate the funded status as of the valuations date and the annual required contribution for fiscal year ended June 30, 2011 are as follows:

Description	Method/Assumption	Method/Assumption
Valuation Date	July 1, 2010 [1]	July 1, 2007 [2]
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Asset Valuation Method	Market Value	Market Value
Investment Rate of Return	6.50%	8.00%
Inflation Rate	3.25%	3.25%
Cost-of-living Adjustments	3.00%	3.00%
Amortization Method	Closed Level Dollar	N/A [3]
Amortization Period	6 Years	N/A [3]

[1] The July 1, 2010 valuation was used to determine the funded status
[2] The July 1, 2009 valuation was used to determine the annual required contribution for fiscal year 2011
[3] 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 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% for non-safety employees, 9% for police, and 13% for fire employees of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 19.885% for non-safety employees and 28.092% 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 2010-11, the City's annual pension costs of $51.1 million for the Safety Plan and $33.1 million for the Miscellaneous Plan were equal to the City's required and actual contributions. The required contributions were determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial values of plan assets were 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). The plans' unfunded actuarial accrued liability is amortized as a level percentage of projected payroll over a closed 20-year period.

Three-year trend information for the Safety and Miscellaneous Plans are as follows (in million):

Safety Plan

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	$ 52.7	100%	$ -
2010	54.2	100%	-
2011	51.1	100%	-

Miscellaneous Plan

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	$ 45.5	100%	$ -
2010	40.1	100%	-
2011	33.1	100%	-

Funded Status and Funding Progress for Retirement Plans

Safety Plan

As of June 30, 2010, the most recent actuarial valuation date, the Public Safety plan was 75.3% funded. The actuarial accrued liability for benefits was $1,262,845,446, and the actuarial value of Plan assets was $951,508,815 resulting in an unfunded actuarial accrued liability (UAAL) of $311,336,631. The annual covered payroll was $145,619,032, and the ratio of the UAAL to the annual covered payroll was 213.8%.

A summary of the actuarial methods and significant assumptions used to calculate the funded status of the plan and the annual required contribution for the fiscal year ended June 30, 2011 are as follows:

Description	Method/Assumption	Method/Assumption
Valuation Date	June 30, 2010 [1]	June 30, 2008 [2]
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	31 years closed as of the Valuation Date	32 years closed as of the Valuation Date
Asset Valuation Method	15 Years Smoothed Market	15 Years Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 13.15% depending on Age, service, and type of employment	3.25% to 13.15% depending on Age, service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

[1] The June 30, 2010 valuation was used to determine the funded status
[2] The June 30, 2008 valuation was used to determine contribution requirements for fiscal year 2011

Miscellaneous Plan

As of June 30, 2010, the most recent actuarial valuation date, the Miscellaneous Plan was 81.8% funded. The actuarial accrued liability for benefits was $1,914,725,522, and the actuarial value of plan assets was $1,565,521,601, resulting in an unfunded actuarial accrued liability (UAAL) of $349,203,921. The annual covered payroll was $195,788,222, and the ratio of the UAAL to the annual covered payroll was 178.4%. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry in PERS. Subsequent plan amendments are amortized as a level of payroll over a closed 20-year period.

A summary of the actuarial methods and significant assumptions used to calculate the funded status of the plan and the annual required contribution for the fiscal year ended June 30, 2011 are as follows:

Description	Method/Assumption	Method/Assumption
Valuation Date	June 30, 2010 [1]	June 30, 2008 [2]
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	18 years closed as of the Valuation Date	19 years closed as of the Valuation Date
Asset Valuation Method	15 Years Smoothed Market	15 Years Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on age, service, and type of employment	3.25% to 14.45% depending on age, service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

[1] The June 30, 2010 valuation was used to determine the funded status

[2] The June 30, 2008 valuation was used to determine contribution requirements for 2011

The schedules of funding progress for the Public Safety and Miscellaneous Plans are presented as RSI following the notes to the financial statements, and present multiyear trend information about whether the actuarial valuation of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(17) POSTEMPLOYMENT 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. City retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. The retiree health benefits are described in the labor agreements between the City and Local Unions and in City resolutions. The demographic rates used for the California Public Employee Retirement System (PERS) were public safety employees retirements benefits under a 3% @ 50 formula and miscellaneous employees retirement benefits under a 2.7% @ 55 formula.

The City's agent multi-employer defined benefit retiree health plan (Retiree Health Plan) allows eligible retirees and their dependents to receive employer-paid medical insurance benefits through PERS. The medical insurance reimbursement is not to exceed the Kaiser-HMO family plan rate. The Retiree Health Plan also includes dental and vision benefits and reimbursement of Medicare part B monthly insurance premium. The Retiree Health Plan does not issue a separate financial report.

Funding Policy

The City pays part of the health insurance premiums for all retirees from City employment receiving a pension annuity earned through City service and participating in a City-sponsored PERS health benefit plan on a pay-as-you-go basis. The City paid $15,709,758 for retirees under this program for the year ended June 30, 2011.

Annual OPEB Cost and Net OPEB Obligation

The City's annual postemployment benefit cost and net OPEB obligation for the Retiree Health Plan as of and for the fiscal year ended June 30, 2011 using a 4.00% interest rate scenario, were as follows (in thousands):

Annual Required Contribution (ARC)	$ 46,657
Interest on net OPEB obligation	5,050
Adjustment to ARC	(5,256)
Annual OPEB cost	46,451
Employer Contribution	(15,710)
Increase in net OPEB obligation	30,741
Net OPEB obligation, beginning of year	126,237
Net OPEB obligation, end of year	$ 156,978

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

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 54,564	23%	$ 85,758
2010	54,495	26%	126,237
2011	46,451	34%	156,978

OPEB Funded Status and Funding Progress

As summarized in the table below, as of July 1, 2010, the most recent actuarial valuation date, the City's Retiree Health Plan was zero percent funded on an actuarial basis for other postemployment benefits (OPEB). Changes to the UAAL for the OPEB Plan was primarily the result of the actuarial value of assets being zero and unfavorable investment returns during the last two years. The City is on a pay-as-you-go funding with no money set aside for future liabilities. The specific funded status for the OPEB plan is summarized in the table below, as of the July 1, 2010 (in thousands):

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2010	$ 520,882	$ -	$ 520,882	0.0%	$ 310,155	168%

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to the Basic Financial Statements, presents information about whether the actuarial value of plan assets increased or decreased in relation to the actuarial accrued liability for benefits. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan in effect and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Methods and Assumptions for OPEB Plan

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrual liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The more significant actuarial methods and assumptions used in the calculations of the annual OPEB cost and the annual required contribution for the fiscal year ended June 30, 2011 and the funded status as of July 1, 2010 are as follows:

Description	Method/Assumption	Method/Assumption
Valuation Date	July 1, 2010 [1]	July 1, 2008 [2]
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	30 years open as of the Valuation Date	30 years open as of the Valuation Date
Asset Valuation Method	5 Years Smoothed Market	5 Years Smoothed Market
Actuarial Assumptions:		
Discount Rate [3]	4.00%	4.00%
Projected Salary Increases	2.5% per year growth	2.5% per year growth
Inflation	3.00%	3.00%
Demographic Rate	Retirement benefit at 3% 50 formula for Safety employees and at 2.7% @ 55 formula for Miscellaneous employees.	Retirement benefit at 3% 50 formula for Safety employees and at 2.7% @ 55 formula for Miscellaneous employees.
Health Care Cost Trends Rate	7% for fiscal year 2011, graded down to 5.00% for fiscal year 2015 and beyond. The trend rate is determined by the Plan sponsor based on historical data and anticipated experience under the Plan.	8% for fiscal year 2009, graded down to 5.00% for fiscal year 2015 and beyond. The trend rate is determined by the Plan sponsor based on historical data and anticipated experience under the Plan.

[1] The July 1, 2010 valuation was used to determine the funded status.

[2] The July 1, 2008 valuation was used to determine contribution requirements for fiscal year 2011.

[3] The City does not pre-fund the ARC, and therefore the discount rate is based on the expected return on the City's general assets.

Discretely Presented Component Unit – Port of Oakland

Plan Description

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

The Port's Retiree Health Plan allows eligible retirees and their dependents to receive employer paid medical insurance benefits through PERS. 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. The Port contributes on a pay-as-you-go basis.

As of June 30, 2011, there were approximately 544 employees who had retired from the Port and were in the Port's retiree benefit plan. During the fiscal year ended June 30, 2011, the Port made payments of $5,947,000 on behalf of OPEB eligible retirees to third parties outside of CERBT. For fiscal year 2011, the CERBT had net investment earnings of $2,800,000.

Annual OPEB Cost and Net OPEB Obligation

The Port's annual other postemployment benefit (OPEB) cost is equal to (a) the annual required contribution (ARC) plus (b) one year's interest on the beginning balance of the net OPEB obligation, and minus (c) an adjustment of the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over an open period of thirty years.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2011

The following table shows the components of the Port's annual OPEB cost for the year, the amount contributed to the Plan, and changes in the Port's net OPEB obligation to the Plan as of June 30, 2011 (in thousands):

Annual Required Contribution (ARC)	$ 10,994
Interest on net OPEB obligation	791
Adjustment to ARC	(592)
Annual OPEB cost	11,193
Employer Contribution	(11,121)
Increase in net OPEB obligation	72
Net OPEB obligation, beginning of year	10,389
Net OPEB obligation, end of year	$ 10,461

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

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 10,019	123%	$ 5,443
2010	10,019	51%	10,389
2011	11,193	99%	10,461

Funded Status and Funding Progress

The unfunded actuarial accrued liability is being amortized as a level percentage of expected payroll over 30 years. The table below indicates the funded status of the Plan as of June 30, 2011, the most recent actuarial valuation date (in thousands):

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
6/30/2011	$ 128,906	$ 19,145	$ 109,761	14.9%	$ 44,627	246%

GASB Statement No. 45 requires that the interest rate used to discount future benefits payments back to the present be based on the expected rate of return on any investments set aside to pay for these benefits. As of the June 30, 2011 actuarial valuation, the Port intended to fully fund its OPEB liabilities by contributing the actuarially determined ARC amount to the CERBT trust. The ARC amount was calculated using a discount rate of 7.61 percent which was based upon PERS' expected return on assets held in the Port's OPEB Trust.

For the year ended June 30, 2011, the Port funded its annual OPEB cost at 99.36 percent. In recognition that a lower discount rate should be considered, the Port's Actuarial Service provided a second alternative valuation as of June 30, 2011, which recommended a lower discount rate of 4.25 percent in the event that the Port chose not to make any future contributions to the OPEB Trust, but would instead adopt a pay-as-you-go funding policy, keeping all other assumptions constant. The Port's UAAL, as of the June 30, 2011 actuarial valuation would increase by approximately $79.2 million and its ARC would increase by $4.4 million

Eligible Retirees Defined

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

Actuarial Methods and Assumptions

The actuarial cost method used for determining the benefit obligations of the Port is the Entry Age Normal Cost Method and amortized over an open period of 30 years. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan in effect and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions used included a discount rate of 7.61 percent, and an annual health cost trend rate of 4.5 percent in health premiums. Annual salary increases were assumed at 3.25 percent. The demographic assumptions regarding turnover and retirement are based on statistics from reports for PERS under a "2.7 percent at 55" benefit schedule.

The schedule presented as Required Supplementary Information following the notes to basic the financial statements, presents multiyear trend information. The Schedule of Funding Progress – Port of Oakland Postemployment Benefits presents information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(18) COMMITMENTS AND CONTINGENT LIABILITIES

Construction Commitments

The City has committed to funding in the amount of $153.7 million to a number of capital improvement projects for fiscal year 2012 through fiscal year 2013. As of June 30, 2011, the City had construction commitments for the acquisition and construction of assets as follows (in thousands):

Building, facilities and infrastructure	$	20,371
Parks and open space		25,847
Sewers and storm drains		19,243
Streets and sidewalks		61,427
Technology enhancements		542
Traffic improvements		26,247
Total	$	153,677

Other Commitments and Contingencies

As of June 30, 2011, the Agency has entered into contractual commitments of approximately $54.2 million for materials and services relating to various projects. These commitments and future costs will be funded by future tax increment revenue and other sources.

At June 30, 2011, the Agency was committed to fund $75.7 million in loans. These commitments were made to facilitate the construction of low and moderate income housing within the City.

Wood Street Affordable Housing Project Environmental Remediation

The Wood Street Affordable Housing Project analytical results show concentrations of arsenic, lead, total petroleum hydrocarbons as diesel and polycyclic aromatic hydrocarbons in site soils and or ground water sample. As of June 30, 2011, environmental remediation clean up activities has not been completed yet. The Agency has set-aside $300 thousand in escrow to cover the remaining environmental obligations.

Oakland Army Base Environmental Remediation

Land held by the Oakland Army Base project area may be subject to environmental remediation as required by the Comprehensive Environmental Response, Compensation and Liability Act. If and when such environmental remediation is required, the Agency and the Port are responsible for the first $13.0 million of environmental remediation costs; including environmental remediation insurance. The Agency has received a federal grant of $13 million to pay for the above-mentioned environmental remediation costs including a $3.5 million insurance premium. As of June 30, 2011 the Agency has spent approximately $13.0 million on this project. $10.9 million has been reimbursed by the U.S. Department of the Army (Army). The Agency is working with the Army on the remaining balance of $2.1 million.

The next $11.0 million of environmental remediation costs are to be shared equally by the Agency and the Port. As a result, the Agency reports its share of $5.5 million remediation obligation on the Oakland Army Base project. The next $9.0 million will be paid from insurance proceeds from the environmental remediation policy. If subsequent environmental remediation is required after the initially-required remediation is complete, then the environmental site liability policy will cover up to $30 million in additional environmental remediation-related costs. The Agency and the Port have agreed to share equally in any environmental remediation-related costs above $21 million that are not covered by insurance.

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

Discretely Presented Component Unit – Port of Oakland

The $594.5 million 5-Year Capital Needs Assessment includes projects in the Aviation, Maritime, Commercial Real Estate and Support Divisions. The most significant Aviation projects are the Terminal 1 renovation and retrofit; BART – Oakland Airport Connector; perimeter dike improvement; pavement rehabilitation; and the runway safety area. The most significant Maritime projects are the Shore Power program; maritime security initiatives; Berths 60-63 wharf replacement; site preparation and redevelopment activities at the former Oakland Army Base; and dredging related activities. The most significant projects in the Commercial Real Estate and Support Divisions include Jack London Square improvements and capital equipment purchases.

As of June 30, 2011, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

Aviation	$	26,642
Maritime		23,233
Commercial real estate		14
Total	$	49,889

The most significant projects for which the Port has contractual commitments for construction are airport terminal renovation projects of $2.6 million, runways and east apron reconstruction of $8.3 million, modernization of maritime wharves and terminals projects of $6.9 million, yard and gate improvement projects of $2.3 million and safety projects of $5.9 million.

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, 2011, the total purchase commitment was approximately $5.5 million for 99,556 megawatt-hours.

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.

The Port anticipates spending approximately $2.4 million annually for environmental compliance and remediation obligations. Environmental monitoring costs relating to legal mandates such as regulatory agency orders, court orders or other affirmative legal obligations are included in the anticipated spending.

A summary of the environmental liability accounts, included within the financial statements at June 30, 2011, is as follows (in thousands):

Obligating Event	Liability	Estimated Recovery
Pollution poses an imminent danger to the public or environment	$ 218	$ -
Identified as responsible to clean up pollution	17,533	619
Named in a lawsuit to compel to clean up	39	-
Begins or legally obligates to clean up or post-clean up activities	2,920	60
Total by Obligating Event	$ 20,710	$ 679

The environmental liability accounts in the summary tables are listed by the initial obligating event. Due to new information, the obligating event may change from the initial obligating event. Obligating events include without limitations: 1) the Port is named, or evidence indicates that it will be named, by a regulator such as the Department of Toxic Substances Control or the Regional Water Quality Control Board, as a responsible party or potentially responsible party for remediation; and 2) the Port has commenced, or has legally obligated itself to commence, clean-up activities or monitoring or operation and maintenance of the remediation effort (e.g., by undertaking a soil and groundwater pre-development investigation).

(19) TRANSACTIONS WITH THE FOX OAKLAND THEATER, INC. ("FOT") DEVELOPMENT

FOT is a Internal Revenue Code section 501(C)(3) organization set up by and for the benefit of the Agency and the City set up to renovate the Fox Theater. The Agency transferred the Fox Theater property to FOT in August 2006 through a long-term lease and a Disposition and Development Agreement ("DDA") which included a $25.5 million loan. The Fox Theater property was held by the Agency as property held for resale. During 2008, the property was transferred to FOT as a long-term capital lease which was valued at $6.5 million in the lease and DDA. All FOT board members are City employees and FOT has no staff. FOT set up a for profit entity, Fox Theater Manager, Inc ("FT Manager"), and then two LLCs managed by FT Manager, Fox Theater Landlord LLC and Fox Theater Master Tenant LLC. These new entities were used to syndicate Historic and New Markets Tax Credits. The Fox Theater property was transferred to the LLCs in December 2006, but the loan remains with FOT and is secured by a pledge and assignment of borrowers ninety nine and nine-tenths percent (99.9%) interests in the Community Development Entities (CDEs) loans entered into between FOT and Fox Oakland Investment Fund (FOIF). In fiscal year 2009-10, the Agency loaned an additional of $2.0 million to FOT and $1.4 million to Fox Theater Master Tenant LLC to complete the project. The $1.4 million Fox Theater Master Tenant LLC loan has a 15-year term.

The outstanding principal balance of the FOT loan shall accrue interest at the rate of 2.5 percent, commencing on the date of disbursement and compounded annually, which will only be payable to the extent of borrower's net cash flow from operations. The loan terminates at the end of ten years unless the borrower defaults on the agreement in which case the lender declares an acceleration of the maturity.

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

As of June 30, 2011, the following funds reported deficits in fund balance/net assets (in thousands):

Special Revenue:		
Landscape and Lighting Assessment District	$	(2,517)
Capital Projects Fund:		
Emergency Services	$	(152)

The Landscape and Lighting Assessment District and Emergency Services funds deficit will be cleared by future revenues.

Internal Service Funds:		
Equipment	$	(804)
Facilities		(25,678)
Reproduction		(426)
Central Stores		(4,290)
Purchasing		(711)

The City's facilities, equipment, central stores, and funds deficits are expected to be funded through increased user charges in future years. During the 2009-11 Budget, the City revised the repayment plan for the internal service funds to eliminate the funds net assets deficit by 2019. In addition, the City adopted a financial policy that requires half of one-time revenues to be used to eliminate negative internal service fund balances and half be used to pay off other negative funds balances.

As of June 30, 2011, the following funds reported expenditures in excess of budgets (in thousands):

Debt Service Fund:		
Other Assessment Bonds	$	(91)
Capital Projects Fund:		
Parks and Recreation	$	(66)

The excess of expenditures over budget in the Other Assessment Bonds Fund is primarily attributed to administrative and commission costs associated with property tax collection and levy and the excess of expenditures over budget for Parks and Recreation Fund is the unrealized loss in investments.

(21) SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

On July 8, 2011, the City closed the 2011-2012 Tax and Revenue Anticipation Notes (the "Notes") in the principal amount of $81,200,000 with a maturity date of March 30, 2012 and June 29, 2012. The Notes are tax-exempt with an interest rate of 2.0% on both maturities to yield at 0.31% for March 30, 2012 and 0.38% for June 29, 2012 maturity. The Notes were issued to finance General Fund expenditures, including but not limited to, current expenses, capital expenditures and the discharge of other obligations of the City.

Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the City "may use any available funds not otherwise obligated for other uses" to make this payment. The City intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

On July 26, 2011, City Ordinance No. 13084 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be $39.4 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated $10 million will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the Agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the state. In the event that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

City of Oakland v. Oakland Police and Fire Retirement System, et al., Alameda County Superior Court case number RG 11580626

In June 2011, the City filed a petition for writ of mandate and complaint for declaratory relief against Oakland PFRS seeking, in the alternative, (1) a writ of mandate to compel changes in benefit payments made by PFRS to retired police officers and police widows; (2) a judicial declaration that the City's position regarding the calculation of benefit payments made by PFRS to retired police officers and police widows is correct, that retired police officers and police widows are being overpaid for their retirement benefits, that these payments should be corrected prospectively and that such overpayments should be recovered from the retired police officers and widows. PFRS filed an answer to the City's action on August 1, 2011 that denied the City's allegations and raised certain affirmative defenses in response. A hearing on the merits of the City's action is presently scheduled for January 18, 2012.

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REQUIRED SUPPLEMENTARY INFORMATION

PERS ACTUARIAL VALUATIONS
SCHEDULES OF FUNDING PROGRESS

The schedules of funding progress below show the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to covered payroll. The required contributions were 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 (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2008	$ 1,084,370,034	$ 829,712,579	$ 254,657,455	76.5%	$ 138,606,908	183.7%
7/1/2009	1,194,359,091	888,250,432	306,108,659	74.4%	150,306,150	203.7%
7/1/2010	1,262,845,446	951,508,815	311,336,631	75.3%	145,619,032	213.8%

Miscellaneous Retirement Plan

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)
7/1/2008	$ 1,727,976,732	$ 1,445,373,281	$ 282,603,451	83.6%	$ 237,455,347	119.0%
7/1/2009	1,876,286,272	1,505,314,108	370,972,164	80.2%	224,759,546	165.1%
7/1/2010	1,914,725,522	1,565,521,601	349,203,921	81.8%	195,788,222	178.4%

City Other PostEmployment Benefits (OPEB)

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)
7/1/2008	$ 591,575,250	$ -	$ 591,575,250	0.0%	$ 304,875,561	194.0%
7/1/2010	520,882,498	-	520,882,498	0.0%	310,154,816	167.9%

Port of Oakland PostEmployment Benefits (OPEB)

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)
1/1/2009	$ 100,412,000	$ -	$ 100,412,000	0.0%	$ 48,400,000	207%
1/1/2011	131,327,000	13,373,000.00	117,954,000	10.2%	45,079,000	262%
6/30/2011	128,906,000	19,145,000.00	109,761,000	14.9%	44,627,000	246%

CITY OF OAKLAND
Required Supplementary Information (unaudited)
Year Ended June 30, 2011

PFRS AND OMERS ACTUARIAL VALUATIONS
SCHEDULES OF FUNDING PROGRESS

Oakland Police and Fire Retirement System - Pension

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2007 *	$ 888,100,000	$ 566,000,000	$ 322,100,000	63.7%	$ 400,000	80525%
7/1/2009 *	782,500,000	347,200,000	435,300,000	44.4%	100,000	435300%
7/1/2010 *	792,200,000	297,800,000	494,400,000	37.6%	100,000	494400%

* Factors influencing the decline in funded ratio in FY 2008-09 include investment performance, the contribution holiday associated with the Pension Obligation Bonds (POB) issuance, and the strengthening of discount rate and post-retirement mortality assumptions.

Oakland Municipal Employees' Retirement System - Pension

Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2007 **	$ 7,516,000	$ 9,371,000	$ (1,855,000)	124.7%	$ -	N/A
7/1/2009 **	5,499,000	4,981,000	518,000	90.6%	-	N/A
7/1/2010 **	5,471,000	4,728,000	743,000	86.4%	-	N/A

** The decline in the funded ratio was primarily due to explicit recognition of future administrative expenses in the Plan's actuarial accrued liability, investment performance in FY 2008-09, and strengthening of the interest and mortality assumptions. The entry age normal cost method was used for disclosure and annual required contribution rates starting with the July 1, 2009 valuation.

CITY OF OAKLAND
Budgetary Comparison Schedule - General Fund (unaudited)
For the Year Ended June 30, 2011
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 184,295	$ 184,295	$ 189,237	$ 4,942
State taxes:				
Sales and use tax	36,142	36,143	41,235	5,092
Motor vehicle in-lieu tax	1,111	1,111	2,168	1,057
Local taxes:				
Business license	50,813	50,813	53,138	2,325
Utility consumption	50,800	50,800	53,440	2,640
Real estate transfer	33,490	33,490	31,608	(1,882)
Transient occupancy	8,786	8,786	9,634	848
Parking	7,519	7,519	8,513	994
Franchise	15,365	15,365	14,724	(641)
Licenses and permits	1,362	694	888	194
Fines and penalties	31,736	31,976	24,397	(7,579)
Interest and investment income	1,640	1,640	847	(793)
Charges for services	90,183	122,002	99,717	(22,285)
Federal and state grants and subventions	1,652	1,658	1,370	(288)
Annuity income	11,700	11,700	7,647	(4,053)
Other	14,575	15,064	10,661	(4,403)
TOTAL REVENUES	541,169	573,056	549,224	(23,832)
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	1,766	1,806	1,977	(171)
Council	3,553	3,798	3,870	(72)
City Administrator	9,116	9,259	9,150	109
City Attorney	11,598	11,595	12,079	(484)
City Auditor	1,034	1,297	1,456	(159)
City Clerk	3,182	4,179	2,986	1,193
Agencies/Departments:				
Human Resource Management	3,887	3,917	4,231	(314)
Information Technology	8,017	8,028	8,219	(191)
Financial Services	23,394	23,797	24,007	(210)
Contracting and Purchasing	1,929	1,950	2,082	(132)
Police Services	175,175	176,521	188,384	(11,863)
Fire Services	102,426	99,078	96,871	2,207
Life Enrichment:				
Parks and Recreation	14,531	15,832	15,948	(116)
Library	9,202	9,407	8,912	495
Cultural Arts and Museum	5,775	5,775	6,008	(233)
Aging & Health and Human Services	8,229	6,692	5,968	724
Community and Economic Development	17,163	30,563	17,266	13,297
Public Works	32,923	39,564	35,312	4,252
Other	7,104	9,996	2,329	7,667
Capital outlay	736	50,617	5,899	44,718
Debt service:				
Principal repayment	1,698	1,984	1,860	124
Interest charges	689	719	633	86
TOTAL EXPENDITURES	443,127	516,374	455,447	60,927
EXCESS OF REVENUES OVER EXPENDITURES	98,042	56,682	93,777	37,095
OTHER FINANCING SOURCES (USES)				
Property sale proceeds	3,000	3,007	4,481	1,474
Insurance claims and settlements	-	65	538	473
Transfers in	34,498	35,444	2,278	(33,166)
Transfers out	(119,299)	(132,882)	(100,300)	32,582
TOTAL OTHER FINANCING USES, NET	(81,801)	(94,366)	(93,003)	1,363
NET CHANGE IN FUND BALANCE	16,241	(37,684)	774	38,458
Fund balances - beginning	238,067	238,067	238,067	-
Adoption of GASB Statement No. 54	-	-	(5,246)	(5,246)
Fund balance - beginning as restated	238,067	238,067	232,821	(5,246)
FUND BALANCES - ENDING	$ 254,308	$ 200,383	$ 233,595	$ 33,212

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

(1) BUDGETARY DATA

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

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

In June 2009, the City Council approved the City's two-year budget for fiscal years 2010 and 2011. Although appropriations are adopted for a 24-month period, they are divided into two one-year spending plans. Agencies/departments ending the first year with budgetary non-project surplus, according to Council policy, will be allowed to carry-forward 1/3 for their operating budget, 1/3 for their capital spending, and 1/3 for reverting to the General Fund balance.

The final budgetary data presented in the required supplementary information reflects approved changes to the original 2010-11 budget. Certain projects are appropriated on a multiyear 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 and 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.

Budgetary Basis of Accounting

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

Certain funds of the City contain capital projects, grant projects, loan programs or other programs that are budgeted on a multiyear basis. The amounts of the projects and programs budgeted on a multiyear 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/State Grants
Oakland Redevelopment Agency
Municipal Capital Improvement

Nonmajor Funds

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

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

(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, 2011, was $448,154.

On June 30, 2010, the City entered into a sublease agreement with the Oakland Redevelopment Agency (“Agency”) whereby the City received advance payment of $4 million for a twelve year lease agreement. The advance to the City was recorded as revenue in fiscal year 2011 when received on a budgetary basis. On a GAAP basis, the revenue was deferred and being recognized over the 12-year life of the sublease agreement. Amortization for the year ended June 30, 2011, was $335,478.

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

	General Fund
Net change in fund balance - GAAP basis	$ (2,443)
Advance from Scotlan Convention Center sublease	4,000
Amortization of Scotlan sublease agreement	(335)
Amortization of debt service deposit agreement	(448)
Net change in fund balance - Budgetary basis	$ 774

The General Fund’s fund balance on a GAAP Basis is reconciled to a Budgetary Basis as of June 30, 2011, which is as follows (in thousands):

	General Fund
Fund balance as of June 30, 2011 - GAAP basis	$ 225,361
Advance from Scotlan Convention Center sublease	3,665
Unamortized debt service deposit agreement	4,569
Fund balance as of June 30, 2011 - Budgetary basis	$ 233,595

COMBINING NONMAJOR GOVERNMENTAL FUNDS

CITY OF OAKLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 29,573	$ 9,356	$ -	$ 38,929
Receivables, net:				
Accrued interest	35	12	-	47
Property taxes	6,817	1,816	-	8,633
Accounts receivable	13,712	-	-	13,712
Grants receivable	2,189	-	-	2,189
Due from other funds	818	-	-	818
Notes and loans receivable, net	32,227	-	-	32,227
Restricted cash and investments	-	113,345	526	113,871
TOTAL ASSETS	$ 85,371	$ 124,529	$ 526	$ 210,426
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	$ 5,394	$ 9	$ 128	$ 5,531
Due to other funds	3,527	1,955	550	6,032
Due to other governments	62	-	-	62
Deferred revenue	38,535	1,147	-	39,682
Other	4,849	-	-	4,849
TOTAL LIABILITIES	52,367	3,111	678	56,156
Fund Balances				
Restricted	25,084	121,418	-	146,502
Committed	8,878	-	-	8,878
Assigned	1,559	-	-	1,559
Unassigned	(2,517)	-	(152)	(2,669)
TOTAL FUND BALANCES	33,004	121,418	(152)	154,270
TOTAL LIABILITIES AND FUND BALANCES	$ 85,371	$ 124,529	$ 526	$ 210,426

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes:				
Property	$ 2,572	$ 25,094	$ -	$ 27,666
State:				
Sales and use	10,675	-	-	10,675
Gas	10,990	-	-	10,990
Transient occupancy	2,850	-	-	2,850
Parking	4,947	-	-	4,947
Voter approved special tax	35,523	-	-	35,523
Licenses and permits	12,409	-	-	12,409
Fines and penalties	4,702	78	-	4,780
Interest and investment income	488	4,741	-	5,229
Charges for services	15,623	-	-	15,623
Federal and state grants and subventions	3,229	-	-	3,229
Other	6,958	49	-	7,007
TOTAL REVENUES	110,966	29,962	-	140,928
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	79	-	-	79
City Administrator	1,142	-	-	1,142
City Attorney	411	-	-	411
City Auditor	41	-	-	41
Agencies/Departments:				
Financial Services	182	56	-	238
Police Services	7,953	-	-	7,953
Fire Services	11,044	-	-	11,044
Life Enrichment:				
Parks and Recreation	4,837	-	-	4,837
Library	12,457	-	-	12,457
Cultural Arts/Museum	586	-	-	586
Aging & Health and Human Services	18,226	-	-	18,226
Community and Economic Development	29,547	-	-	29,547
Public Works	29,608	-	121	29,729
Other	1,231	148	66	1,445
Capital outlay	7,080	-	237	7,317
Debt service:				
Principal repayment	-	63,295	-	63,295
Interest charges	-	61,206	-	61,206
TOTAL EXPENDITURES	124,424	124,705	424	249,553
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(13,458)	(94,743)	(424)	(108,625)
OTHER FINANCING SOURCES (USES)				
Insurance claims and settlments	10	-	-	10
Transfers in	12,875	88,633	-	101,508
Transfers out	(143)	-	(435)	(578)
TOTAL OTHER FINANCING SOURCES (USES)	12,742	88,633	(435)	100,940
NET CHANGE IN FUND BALANCES	(716)	(6,110)	(859)	(7,685)
Fund balances - beginning	23,720	127,528	707	151,955
Adoption of GASB Statement No. 54	10,000	-	-	10,000
Fund balance - beginning as restated	33,720	127,528	707	161,955
FUND BALANCES - ENDING	$ 33,004	$ 121,418	$ (152)	$ 154,270

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds account for certain revenue sources that are legally restricted or committed 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.

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, 2011
(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
ASSETS								
Cash and Investments	$ 10,325	$ 3,464	$ -	$ 3,163	$ 7,906	$ -	$ 4,715	$ 29,573
Receivable, net:								
Accrued interest and dividends	12	3	-	3	12	-	5	35
Property taxes	-	-	2,803	168	3,438	-	408	6,817
Accounts receivable	2,957	1,243	579	26	8,907	-	-	13,712
Grants receivable	152	-	-	-	2,037	-	-	2,189
Due from other funds	-	-	-	-	818	-	-	818
Notes and loans receivable, net	-	-	-	-	32,227	-	-	32,227
TOTAL ASSETS	$ 13,446	$ 4,710	$ 3,382	$ 3,360	$ 55,345	$ -	$ 5,128	$ 85,371
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued liabilities	$ 732	$ 187	$ 422	$ 208	$ 3,823	$ -	$ 22	$ 5,394
Due to other funds	-	-	3,015	-	512	-	-	3,527
Due to other governments	-	-	-	-	62	-	-	62
Deferred revenues	-	-	2,462	140	35,544	-	389	38,535
Other	-	-	-	-	4,016	-	833	4,849
TOTAL LIABILITIES	732	187	5,899	348	43,957	-	1,244	52,367
Fund Balances (deficit)								
Restricted	12,714	4,523	-	3,012	4,835	-	-	25,084
Committed	-	-	-	-	6,553	-	2,325	8,878
Assigned	-	-	-	-	-	-	1,559	1,559
Unassigned	-	-	(2,517)	-	-	-	-	(2,517)
TOTAL FUND BALANCES (DEFICIT)	12,714	4,523	(2,517)	3,012	11,388	-	3,884	33,004
TOTAL LIABILITIES AND FUND BALANCES	$ 13,446	$ 4,710	$ 3,382	$ 3,360	$ 55,345	$ -	$ 5,128	$ 85,371

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds-Special Revenue Funds
For the Year Ended June 30, 2011
(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
REVENUES								
Taxes:								
Property	$ -	$ -	$ -	$ 1,738	$ 834	$ -	$ -	$ 2,572
State:								
Sales and use	10,675	-	-	-	-	-	-	10,675
Gas	-	10,990	-	-	-	-	-	10,990
Licenses and permits	-	-	17	-	12,392	-	-	12,409
Transient occupancy	-	-	-	-	2,850	-	-	2,850
Parking	-	-	-	-	4,947	-	-	4,947
Voter approved special tax	-	-	19,065	-	16,458	-	-	35,523
Fines and penalities	2,782	-	-	-	1,920	-	-	4,702
Interest and investment income	31	6	-	9	425	-	17	488
Charges for services	247	26	208	-	15,142	-	-	15,623
Federal and state grants and subventions	75	138	8	-	2,912	-	96	3,229
Other	15	8	-	3	5,075	-	1,857	6,958
TOTAL REVENUES	13,825	11,168	19,298	1,750	62,955	-	1,970	110,966
EXPENDITURES								
Current:								
Elected and Appointed Officials:								
Mayor	-	-	-	-	60	-	19	79
City Administrator	104	-	6	2	1,030	-	-	1,142
City Attorney	-	-	-	-	411	-	-	411
City Auditor	-	-	-	-	41	-	-	41
Agencies/Departments:								
Financial Services	-	3	156	-	23	-	-	182
Police Services	1,554	-	-	-	6,399	-	-	7,953
Fire Services	-	-	-	1,549	9,495	-	-	11,044
Life Enrichment:								
Parks and Recreation	-	-	4,340	-	461	-	36	4,837
Library	-	-	-	-	12,250	-	207	12,457
Cultural Arts and Museum	-	-	192	-	361	-	33	586
Aging & Health and Human Services	1,219	-	-	-	17,007	-	-	18,226
Community and Economic Development	26	-	-	-	29,520	-	1	29,547
Public Works	8,707	7,741	12,347	11	600	-	202	29,608
Other	-	-	11	2	1,218	-	-	1,231
Capital outlay	4,262	457	-	9	1,047	-	1,305	7,080
TOTAL EXPENDITURES	15,872	8,201	17,052	1,573	79,923	-	1,803	124,424
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,047)	2,967	2,246	177	(16,968)	-	167	(13,458)
OTHER FINANCING SOURCES (USES)								
Insurance claims and settlments	-	-	-	-	-	-	10	10
Transfers in	-	1,208	-	151	11,516	-	-	12,875
Transfers out	-	-	(143)	-	-	-	-	(143)
TOTAL OTHER FINANCING SOURCES (USES)	-	1,208	(143)	151	11,516	-	10	12,742
NET CHANGE IN FUND BALANCES	(2,047)	4,175	2,103	328	(5,452)	-	177	(716)
Fund balances (deficit) - beginning as originally reported	14,761	348	(4,620)	2,684	7,954	(1,114)	3,707	23,720
Adoption of GASB Statement No. 54	-	-	-	-	8,886	1,114	-	10,000
Fund balance - beginning as restated	14,761	348	(4,620)	2,684	16,840	-	3,707	33,720
FUND BALANCES (DEFICIT) - ENDING	$ 12,714	$ 4,523	$ (2,517)	$ 3,012	$ 11,388	$ -	$ 3,884	$ 33,004

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Funds
For the Year Ended June 30, 2011
(In Thousands)

	Traffic Safety and Control				State Gas Tax				Landscape and Lighting Assessment District			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES												
State:												
Sales and use	$ 9,625	$ 9,650	$ 10,675	$ 1,025	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gas	-	-	-	-	6,638	10,838	10,990	152	-	-	-	-
Voter approved special tax	-	-	-	-	-	-	-	-	18,208	18,208	19,065	857
Licenses and permits	-	-	-	-	-	-	-	-	13	13	17	4
Fines and penalties	2,551	2,551	2,782	231	-	-	-	-	-	-	-	-
Interest and investment income	250	100	31	(69)	-	-	6	6	-	-	-	-
Charges for services	80	80	247	167	20	20	26	6	172	172	208	36
Federal and state grants and subventions	-	-	75	75	141	141	138	(3)	-	-	8	8
Other	-	-	15	15	-	-	8	8	-	-	-	-
TOTAL REVENUES	12,506	12,381	13,825	1,444	6,799	10,999	11,168	169	18,393	18,393	19,298	905
EXPENDITURES												
Current:												
Elected and Appointed Officials:												
City Administrator	98	98	104	(6)	-	-	-	-	21	24	6	18
Agencies/Departments:												
Financial Services	-	-	-	-	-	-	3	(3)	23	23	156	(133)
Police Services	2,063	2,063	1,554	509	-	-	-	-	-	-	-	-
Life Enrichment:												
Parks and Recreation	-	-	-	-	-	-	-	-	4,205	4,205	4,340	(135)
Cultural Arts and Museum	-	-	-	-	-	-	-	-	213	213	192	21
Aging & Health and Human Services	914	1,550	1,219	331	-	-	-	-	-	-	-	-
Community and Economic Development	-	34	26	8	-	-	-	-	-	-	-	-
Public Works	5,878	9,070	8,707	363	6,815	9,104	7,741	1,363	13,658	13,696	12,347	1,349
Other	-	-	-	-	-	-	-	-	-	-	11	(11)
Capital outlay	5,750	21,214	4,262	16,952	-	4,699	457	4,242	-	34	-	34
TOTAL EXPENDITURES	14,703	34,029	15,872	18,157	6,815	13,803	8,201	5,602	18,120	18,195	17,052	1,143
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,197)	(21,648)	(2,047)	19,601	(16)	(2,804)	2,967	5,771	273	198	2,246	2,048
OTHER FINANCING SOURCES (USES)												
Transfers in	1,500	-	-	-	-	-	1,208	1,208	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(143)	(143)	(143)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,500	-	-	-	-	-	1,208	1,208	(143)	(143)	(143)	-
NET CHANGE IN FUND BALANCEs	(697)	(21,648)	(2,047)	19,601	(16)	(2,804)	4,175	6,979	130	55	2,103	2,048
Fund balances (deficit) -beginning	14,761	14,761	14,761	-	348	348	348	-	(4,620)	(4,620)	(4,620)	-
FUND BALANCES (DEFICIT) - ENDING	$ 14,064	$ (6,887)	$ 12,714	$ 19,601	$ 332	$ (2,456)	$ 4,523	$ 6,979	$ (4,490)	$ (4,565)	$ (2,517)	$ 2,048

(Continued)

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Funds
For the Year Ended June 30, 2011
(In Thousands)

	Assessment Districts				Other Special Revenue			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES								
Taxes:								
Property	$ 1,820	$ 1,821	$ 1,738	$ (83)	$ 13,651	$ -	$ 834	$ 834
Voter approved special tax	-	-	-	-	3,017	16,572	16,458	(114)
Parking	-	-	-	-	7,948	-	4,947	4,947
Transient occupancy	-	-	-	-	21	2,372	2,850	478
Licenses and permits	-	-	-	-	25,102	12,706	12,392	(314)
Fines and penalties	-	-	-	-	21	1,036	1,920	884
Interest and investment income	-	-	9	9	-	28	425	397
Charges for services	-	-	-	-	13,560	10,878	15,142	4,264
Federal and state grants and subventions	-	-	-	-	4,323	3,334	2,912	(422)
Other	3	3	3	-	85	310	5,075	4,765
TOTAL REVENUES	1,823	1,824	1,750	(74)	67,728	47,236	62,955	15,719
EXPENDITURES								
Current:								
Elected and Appointed Officials:								
Mayor	-	-	-	-	-	135	60	75
City Administrator	3	3	2	1	450	1,241	1,030	211
City Attorney	-	-	-	-	458	458	411	47
City Auditor	-	-	-	-	-	91	41	50
Agencies/Departments:								
Information Technology					1	(22)	-	(22)
Financial Services	-	-	-	-	-	53	23	30
Police Services	-	-	-	-	462	7,520	6,399	1,121
Fire Services	1,857	2,242	1,549	693	3,619	11,149	9,495	1,654
Life Enrichment:								
Parks and Recreation	-	-	-	-	-	505	461	44
Library	-	-	-	-	17	14,605	12,250	2,355
Cultural Arts and Museum	-	-	-	-	294	411	361	50
Aging, Health and Human Services	-	-	-	-	16,041	21,657	17,007	4,650
Community and Economic Development	-	-	-	-	22,324	31,471	29,520	1,951
Public Works	-	30	11	19	206	3,068	600	2,468
Other	-	-	2	(2)	(293)	2,197	1,218	979
Capital outlay	-	376	9	367	140	13,863	1,047	12,816
TOTAL EXPENDITURES	1,860	2,651	1,573	1,078	43,719	108,402	79,923	28,479
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(37)	(827)	177	1,004	24,009	(61,166)	(16,968)	44,198
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	151	(151)	11,672	17,196	11,516	(5,680)
Transfers out	-	-	-	-	(2,284)	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	151	(151)	9,388	17,196	11,516	(5,680)
NET CHANGE IN FUND BALANCES	(37)	(827)	328	853	33,397	(43,970)	(5,452)	38,518
Fund balances - beginning, as originally reported	2,684	2,684	2,684	-	7,954	7,954	7,954	-
Adoption of GASB Statement No. 54	-	-	-	-	-	-	8,886	8,886
Fund balance - beginning as restated	2,684	2,684	2,684	-	41,351	7,954	16,840	8,886
FUND BALANCES - ENDING	$ 2,647	$ 1,857	$ 3,012	$ 853	$ 50,739	$ (36,016)	$ 11,388	$ 47,404

(Concluded)

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 **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, 2011
(In Thousands)

	General Obligation Bonds	Lease Financing	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total
ASSETS						
Cash and investments	$ 5,650	$ 86	$ 1,228	$ 2,392	$ -	$ 9,356
Receivables, net:						
Accrued interest and dividends	8	-	1	3	-	12
Property taxes	1,738	-	-	78	-	1,816
Restricted cash and investments	-	-	97,171	1,011	15,163	113,345
TOTAL ASSETS	$ 7,396	$ 86	$ 98,400	$ 3,484	$ 15,163	$ 124,529
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	$ 2	$ 4	$ 1	$ -	$ 2	$ 9
Deferred revenue	1,076	-	-	71	-	1,147
TOTAL LIABILITIES	1,078	4	1	71	1,957	3,111
Fund Balances						
Restricted	6,318	82	98,399	3,413	13,206	121,418
TOTAL FUND BALANCES	6,318	82	98,399	3,413	13,206	121,418
TOTAL LIABILITIES AND FUND BALANCES	$ 7,396	$ 86	$ 98,400	$ 3,484	$ 15,163	$ 124,529

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds-Debt Service Funds
For the Year Ended June 30, 2011
(In Thousands)

	General Obligation Bonds	Lease Financing	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total
REVENUES						
Property taxes	$ 25,094	$ -	$ -	$ -	$ -	$ 25,094
Fines and penalties	78	-	-	-	-	78
Interest and investment income	17	-	4,630	47	47	4,741
Other	-	49	-	-	-	49
TOTAL REVENUES	25,189	49	4,630	47	47	29,962
EXPENDITURES						
Agencies/Departments:						
Financial services	-	-	-	56	-	56
Other	7	10	4	121	6	148
Debt Service:						
Principal repayment	10,397	14,415	10,875	335	27,273	63,295
Interest charges	13,574	3,414	9,274	444	34,500	61,206
TOTAL EXPENDITURES	23,978	17,839	20,153	956	61,779	124,705
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,211	(17,790)	(15,523)	(909)	(61,732)	(94,743)
OTHER FINANCING SOURCES						
Transfers in	-	17,832	9,027	-	61,774	88,633
TOTAL OTHER FINANCING SOURCES	-	17,832	9,027	-	61,774	88,633
NET CHANGE IN FUND BALANCES	1,211	42	(6,496)	(909)	42	(6,110)
Fund balances - beginning	5,107	40	104,895	4,322	13,164	127,528
FUND BALANCES - ENDING	$ 6,318	$ 82	$ 98,399	$ 3,413	$ 13,206	$ 121,418

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Funds
For the Year Ended June 30, 2011
(In Thousands)

	General Obligation Bonds				Lease Financing			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES								
Taxes:								
Property	$ 19,399	$ 23,994	$ 25,094	$ 1,100	$ -	$ -	$ -	$ -
Fines and penalties	-	-	78	78	-	-	-	-
Interest and investment income	-	-	17	17	7	7	-	(7)
Other	-	-	-	-	21,500	21,500	49	(21,451)
TOTAL REVENUES	19,399	23,994	25,189	1,195	21,507	21,507	49	(21,458)
EXPENDITURES								
Current:								
Other	33	39	7	32	12	12	10	2
Debt service:								
Principal repayment	9,342	10,397	10,397	-	35,915	35,915	14,415	21,500
Interest charges	10,024	13,578	13,574	4	3,418	3,418	3,414	4
TOTAL EXPENDITURES	19,399	24,014	23,978	36	39,345	39,345	17,839	21,506
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	-	(20)	1,211	1,231	(17,838)	(17,838)	(17,790)	48
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	17,839	17,839	17,832	(7)
TOTAL OTHER FINANCING SOURCES	-	-	-	-	17,839	17,839	17,832	(7)
NET CHANGE IN FUND BALANCES	-	(20)	1,211	1,231	1	1	42	41
Fund balances - beginning	5,107	5,107	5,107	-	40	40	40	-
FUND BALANCES - ENDING	$ 5,107	$ 5,087	$ 6,318	$ 1,231	$ 41	$ 41	$ 82	$ 41

(Continued)

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Funds
For the Year Ended June 30, 2011
(In Thousands)

	JPFA Fund				Other Assessment Bonds				Special Revenue Bonds			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES												
Property	$ -	$ -	$ -	$ -	$ -	$ 177	$ -	$ (177)	$ -	$ -	$ -	$ -
Interest and investment income	4,593	4,593	4,630	37	-	-	47	47	-	-	47	47
Other	-	-	-	-	640	640	-	(640)	-	-	-	-
TOTAL REVENUES	4,593	4,593	4,630	37	640	817	47	(770)	-	-	47	47
EXPENDITURES												
Current:												
Agencies/Departments:												
Financial Services	-	-	-	-	46	46	56	(10)	-	-	-	-
Other	16	16	4	12	23	28	121	(93)	24	24	6	18
Debt service:												
Principal repayment	10,875	10,875	10,875	-	275	335	335	-	27,273	27,273	27,273	-
Interest charges	9,274	9,274	9,274	-	286	456	444	12	32,042	34,892	34,500	392
TOTAL EXPENDITURES	20,165	20,165	20,153	12	630	865	956	(91)	59,339	62,189	61,779	410
EXCESS (DEFICIENCY) OF REVENUES												
OVER (UNDER) EXPENDITURES	(15,572)	(15,572)	(15,523)	49	10	(48)	(909)	(861)	(59,339)	(62,189)	(61,732)	457
OTHER FINANCING SOURCES (USES)												
Transfers in	15,572	15,572	9,027	(6,545)	561	650	-	(650)	59,339	62,189	61,774	(415)
Transfers out	-	-	-	-	(561)	(650)	-	650	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	15,572	15,572	9,027	(6,545)	-	-	-	-	59,339	62,189	61,774	(415)
NET CHANGE IN FUND BALANCES	-	-	(6,496)	(6,496)	10	(48)	(909)	(861)	-	-	42	42
Fund balances - beginning	104,895	104,895	104,895	-	4,322	4,322	4,322	-	13,164	13,164	13,164	-
FUND BALANCES - ENDING	$ 104,895	$ 104,895	$ 98,399	$ (6,496)	$ 4,332	$ 4,274	$ 3,413	$ (861)	$ 13,164	$ 13,164	$ 13,206	$ 42

(Concluded)

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, 2011
(In Thousands)

	Parks and Recreation	Emergency Services	Total
ASSETS			
Restricted cash and investments	$ 526	$ -	$ 526
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	$ 128	$ -	$ 128
Due to other funds	398	152	550
TOTAL LIABILITIES	526	152	678
Fund balances			
Unassigned:	-	(152)	(152)
TOTAL LIABILITIES AND FUND BALANCES	$ 526	$ -	$ 526

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds-Capital Projects Funds
For the Year Ended June 30, 2011
(In Thousands)

	Parks and Recreation	Emergency Services	Total
EXPENDITURES			
Current:			
Public Works	121	-	121
Other	66	-	66
Capital outlay	146	91	237
TOTAL EXPENDITURES	333	91	424
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(333)	(91)	(424)
OTHER FINANCING USES			
Transfers out	(426)	(9)	(435)
TOTAL OTHER FINANCING USES	(426)	(9)	(435)
NET CHANGE IN FUND BALANCES	(759)	(100)	(859)
Fund balances (deficit) - beginning	759	(52)	707
FUND BALANCES (DEFICIT) - ENDING	$ -	$ (152)	$ (152)

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Project Funds
For the Year Ended June 30, 2011
(In Thousands)

	Parks and Recreation				Emergency Services			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
EXPENDITURES								
Public Works	-	121	121	-	-	3	-	3
Other	-	-	66	(66)	-	-	-	-
Capital outlay	-	146	146	-	-	94	91	3
TOTAL EXPENDITURES	-	267	333	(66)	-	97	91	6
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(267)	(333)	(66)	-	(97)	(91)	6
OTHER FINANCING (USES)								
Transfers out	-	(426)	(426)	-	-	(9)	(9)	-
TOTAL OTHER FINANCING (USES)	-	(426)	(426)	-	-	(9)	(9)	-
NET CHANGE IN FUND BALANCES	-	(693)	(759)	(66)	-	(106)	(100)	6
Fund balances (deficit) -beginning	759	759	759	-	(52)	(52)	(52)	-
FUND BALANCES (DEFICIT) - ENDING	$ 759	$ 66	$ -	$ (66)	$ (52)	$ (158)	$ (152)	$ 6

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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, 2011
(In Thousands)

	Equipment	Radio	Facilities	Reproduction	Central Stores	Purchasing	Total
ASSETS							
Current assets:							
Cash and Investments	$ -	$ 2,354	$ -	$ -	$ -	$ -	$ 2,354
Accounts receivable	27	14	46	-	-	-	87
Due from other funds	-	-	1	-	-	55	56
Inventories	227	-	-	-	383	-	610
Restricted cash and investments	419	141	-	-	-	-	560
Total Current assets	673	2,509	47	-	383	55	3,667
Non-current assets:							
Capital assets:							
Land and other assets not being depreciated	-	-	310	-	-	-	310
Facilities and equipment, net of depreciation	10,309	217	555	78	-	-	11,159
Total Non-current Assets	10,309	217	865	78	-	-	11,469
TOTAL ASSETS	10,982	2,726	912	78	383	55	15,136
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	522	185	591	62	9	1	1,370
Accured interest payable	2	4	42	-	-	-	48
Due to other funds	10,371	-	23,561	442	4,664	765	39,803
Other liabilities	-	-	7	-	-	-	7
Notes payable and capital leases	891	412	312	-	-	-	1,615
Total Current Liabilities	11,786	601	24,513	504	4,673	766	42,843
Non-current liabilities:							
Notes payable and capital leases	-	-	2,077	-	-	-	2,077
TOTAL LIABILITIES	11,786	601	26,590	504	4,673	766	44,920
NET ASSETS (DEFICIT)							
Invested in capital assets, net of related debt	9,837	-	(1,524)	78	-	-	8,391
Unrestricted (deficit)	(10,641)	2,125	(24,154)	(504)	(4,290)	(711)	(38,175)
TOTAL NET ASSETS (DEFICIT)	$ (804)	$ 2,125	$ (25,678)	$ (426)	$ (4,290)	$ (711)	$ (29,784)

CITY OF OAKLAND
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011
(In Thousands)

	Equipment	Radio	Facilities	Reproduction	Central Stores	Purchasing	Total
OPERATING REVENUES							
Charges for services	$ 17,458	$ 4,005	$ 23,775	$ 1,048	$ 2,255	$ 894	$ 49,435
Other	33	-	29	-	-	1	63
TOTAL OPERATING REVENUES	17,491	4,005	23,804	1,048	2,255	895	49,498
OPERATING EXPENSES							
Personnel	5,495	1,373	9,443	429	897	598	18,235
Supplies	4,548	32	863	125	1	14	5,583
Depreciation and amortization	3,248	74	56	49	-	-	3,427
Contractual services and supplies	56	44	502	-	3	-	605
Repairs and maintenance	569	96	2,112	3	4	-	2,784
General and administrative	1,655	271	2,576	259	72	39	4,872
Rental	883	187	294	505	52	-	1,921
Other	287	343	5,171	4	977	4	6,786
TOTAL OPERATING EXPENSES	16,741	2,420	21,017	1,374	2,006	655	44,213
OPERATING INCOME (LOSS)	750	1,585	2,787	(326)	249	240	5,285
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment income (loss)	(27)	9	(69)	(2)	(15)	(3)	(107)
Interest expense	(64)	(27)	(110)	-	-	-	(201)
Rental	-	-	85	-	-	-	85
Federal and State grants	101	-	7	-	-	-	108
Insurance claims and settlements	332	5	284	-	-	-	621
Other, net	82	-	-	-	-	-	82
TOTAL NON-OPERATING REVENUES (EXPENSES)	424	(13)	197	(2)	(15)	(3)	588
INCOME (LOSS) BEFORE TRANSFERS	1,174	1,572	2,984	(328)	234	237	5,873
Transfers out	(210)	-	(14)	-	-	-	(224)
Change in net assets (deficit)	964	1,572	2,970	(328)	234	237	5,649
Total net assets (deficit) - beginning	(1,768)	553	(28,648)	(98)	(4,524)	(948)	(35,433)
TOTAL NET ASSETS (DEFICIT) - ENDING	$ (804)	$ 2,125	$ (25,678)	$ (426)	$ (4,290)	$ (711)	$ (29,784)

CITY OF OAKLAND
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011
(In Thousands)

	Equipment	Radio	Facilities	Reproduction	Central Stores	Purchasing	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers and users	$ 17,426	$ 4,007	$ 23,728	$ 1,048	$ 2,576	$ 903	$ 49,688
Cash from other sources	33	-	29	-	-	1	63
Cash paid to employees	(5,495)	(1,373)	(9,443)	(429)	(897)	(598)	(18,235)
Cash paid to suppliers	(8,119)	(796)	(11,641)	(872)	(1,119)	(72)	(22,619)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3,845	1,838	2,673	(253)	560	234	8,897
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Proceeds of interfund loans	-	-	-	255	-	-	255
Repayment of interfund loans	(2,854)	-	(2,420)	-	(545)	(231)	(6,050)
Other (settlements, rental), net	515	5	376	-	-	-	896
Transfers out	(210)	-	(14)	-	-	-	(224)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(2,549)	5	(2,058)	255	(545)	(231)	(5,123)
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES							
Acquisition of capital assets	(351)	-	(74)	-	-	-	(425)
Repayment of long-term debt	(854)	(394)	(362)	-	-	-	(1,610)
Interest paid on long-term debt	(64)	(27)	(110)	-	-	-	(201)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,269)	(421)	(546)	-	-	-	(2,236)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest income (loss)	(27)	9	(69)	(2)	(15)	(3)	(107)
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	1,431	-	-	-	-	1,431
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	419	1,064	-	-	-	-	1,483
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 419	$ 2,495	$ -	$ -	$ -	$ -	$ 2,914
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating income (loss)	$ 750	$ 1,585	$ 2,787	$ (326)	$ 249	$ 240	$ 5,285
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Depreciation	3,248	74	56	49	-	-	3,427
Changes in assets and liabilities:							
Receivables	(3)	-	(46)	-	-	-	(49)
Due from other funds	-	2	(1)	-	-	9	10
Inventories	(29)	-	-	-	321	-	292
Accounts payable and accrued liabilities	(121)	177	(130)	24	(10)	(15)	(75)
Other liabilities	-	-	7	-	-	-	7
Total Adjustments	3,095	253	(114)	73	311	(6)	3,612
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 3,845	$ 1,838	$ 2,673	$ (253)	$ 560	$ 234	$ 8,897
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS							
Cash and investments	$ -	$ 2,354	$ -	$ -	$ -	$ -	$ 2,354
Restricted cash and investment	419	141	-	-	-	-	560
TOTAL CASH AND CASH EQUIVALENTS	$ 419	$ 2,495	$ -	$ -	$ -	$ -	$ 2,914

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FIDUCIARY FUNDS

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

PENSION TRUST FUNDS

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

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

PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Fund accounts for the operations of certain trust funds, such as the Major Gifts Funds or the Youth Opportunity Program Fund, and retiree medical payments; that are not related to Oakland Redevelopment Agency projects or parks, recreation or cultural activities. The **Private Pension Trust Fund** accounts for employee deferred compensation fund.

CITY OF OAKLAND
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2011
(In Thousands)

	OMERS	PFRS	TOTAL
ASSETS			
Cash and investments	$ 135	$ 3,418	$ 3,553
Receivables:			
Accrued interest and dividends	-	959	959
Investments and other	6	3,558	3,564
Restricted:			
Short-term investments	47	16,863	16,910
Fixed income investments	-	81,523	81,523
Domestic equities and mutual funds	4,737	147,305	152,042
International equities and mutual funds	-	47,939	47,939
Real estate mortgage loans	-	38	38
Total restricted cash and investments	4,784	293,668	298,452
Securities lending collateral	-	11,536	11,536
TOTAL ASSETS	4,925	313,139	318,064
LIABILITIES			
Accounts payable and accrued liabilities	52	16,721	16,773
Securities lending liabilities	-	11,536	11,536
TOTAL LIABILITIES	52	28,257	28,309
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 4,873	$ 284,882	$ 289,755

CITY OF OAKLAND
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2011
(In Thousands)

	OMERS	PFRS	TOTAL
ADDITIONS:			
Contributions:			
Members	$ -	$ 7	$ 7
Investment Income:			
Net appreciation in fair value of investments	835	58,677	59,512
Interest	71	1,557	1,628
Dividends	38	4,791	4,829
Securities lending income	-	119	119
Total investment income, net	944	65,144	66,088
Less investment expense	(25)	(1,297)	(1,322)
Borrowers' rebates and other agent fees and securities lending transactions	-	(30)	(30)
Net investment income	919	63,817	64,736
Other income	6	63	69
TOTAL ADDITIONS	925	63,887	64,812
DEDUCTIONS:			
Disbursements to members and beneficiaries:			
Retirement	435	40,419	40,854
Disability	76	24,353	24,429
Death	3	2,075	2,078
TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES	514	66,847	67,361
Administrative expenses	266	845	1,111
TOTAL DEDUCTIONS	780	67,692	68,472
Change in net assets	145	(3,805)	(3,660)
Net assets - beginning	4,728	288,687	293,415
NET ASSETS - ENDING	$ 4,873	$ 284,882	$ 289,755

CITY OF OAKLAND
Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2011
(In Thousands)

	Private Purpose Trust Fund	Private Pension Trust Fund	Total
ASSETS			
Cash and investments	$ 9,461	$ 292	$ 9,753
Receivables:			
Accrued interest and dividends	6	1	7
Accounts receivable	2	-	2
TOTAL ASSETS	9,469	293	9,762
LIABILITIES			
Accounts payable and accrued liabilities	824	-	824
NET ASSETS HELD IN TRUST	$ 8,645	$ 293	$ 8,938

CITY OF OAKLAND
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Year Ended June 30, 2011
(In Thousands)

	Private Purpose Trust Fund	Private Pension Trust Fund	Total
ADDITIONS:			
Trust receipts	$ 813	$ 213	$ 1,026
Interest	23	1	24
Other income	3,816	-	3,816
TOTAL ADDITIONS	4,652	214	4,866
DEDUCTIONS:			
Administrative expenses	-	154	154
Public works	59	-	59
Police services	283	-	283
Other	196	-	196
Capital outlay	3,449	-	3,449
TOTAL DEDUCTIONS	3,987	154	4,141
Change in net assets	665	60	725
NET ASSETS - BEGINNING	7,980	233	8,213
NET ASSETS - ENDING	$ 8,645	$ 293	$ 8,938

STATISTICAL SECTION

CITY OF OAKLAND
STATISTICS

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Pledged Revenue Coverage

Schedule seventeen contains pledge revenue coverage for the City and the Port of Oakland, a component unit of the City. This schedule assists in understanding the revenues pledged for repayment of debt service.

Demographic and Economic Information

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

Operating Information

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

Sources: The City's Comprehensive Annual Financial Report for the relevant year.

SCHEDULE 1

NET ASSETS BY COMPONENT
(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	$ 395,311	$ 385,354	$ 389,345	$ 310,633	$ 319,932	$ 353,715	$ 401,881	$ 442,793	$ 478,689	$ 538,815
Restricted	246,923	429,353	316,026	292,415	267,824	317,558	336,908	338,514	372,439	382,563
Unrestricted	(634,634)	(400,886)	(260,074)	(55,983)	(8,522)	37,704	(117,971)	(156,331)	(301,692)	(334,771)
Total governmental activities net assets	$ 7,600	$ 413,821	$ 445,297	$ 547,065	$ 579,234	$ 708,977	$ 620,818	$ 624,976	$ 549,436	$ 586,607
Business-type activities										
Invested in capital assets, net of related debt	$ 103,197	$ 109,682	$ 113,610	$ 107,396	$ 110,279	$ 109,886	$ 111,881	$ 113,961	$ 113,718	$ 114,297
Restricted	-	-	-	-	-	-	-	-		
Unrestricted	(4,287)	(3,643)	(6,185)	3,114	989	2,173	7,731	15,037	26,126	37,429
Total business-type activities net assets	$ 98,910	$ 106,039	$ 107,425	$ 110,510	$ 111,268	$ 112,059	$ 119,612	$ 128,998	$ 139,844	$ 151,726
Primary government										
Invested in capital assets, net of related debt	$ 498,508	$ 495,036	$ 502,955	$ 418,029	$ 430,211	$ 463,601	$ 513,762	$ 556,754	$ 592,407	$ 653,112
Restricted	246,923	429,353	316,026	292,415	267,824	317,558	336,908	338,514	372,439	382,563
Unrestricted	(638,921)	(404,529)	(266,259)	(52,869)	(7,533)	39,877	(110,240)	(141,294)	(275,566)	(297,342)
Total primary government net assets	$ 106,510	$ 519,860	$ 552,722	$ 657,575	$ 690,502	$ 821,036	$ 740,430	$ 753,974	$ 689,280	$ 738,333

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

SCHEDULE 2

CHANGES IN NET ASSETS

(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental Activities:										
General government	$ 80,170	$ 95,671	$ 67,069	$ 65,865	$ 71,471	$ 91,119	$ 102,218	$ 94,957	$ 83,295	$ 75,381
Public safety	250,503	302,273	297,869	319,908	335,171	348,436	412,050	424,435	411,333	372,587
Life enrichment	99,223	105,133	102,314	96,649	101,902	105,728	115,315	119,659	119,254	123,538
Community and economic development	108,101	110,400	121,160	117,689	140,351	183,968	203,406	182,327	222,226	158,209
Public works	72,639	83,548	70,369	107,457	100,448	101,075	79,348	74,081	70,757	88,321
Interest on long-term debt	72,924	56,072	58,820	62,238	73,224	79,864	74,545	71,552	73,735	93,618
Total governmental activities expenses	$ 683,560	$ 753,097	$ 717,601	$ 769,806	$ 822,567	$ 910,190	$ 986,882	$ 967,011	$ 980,600	$ 911,654
Business-type activities:										
Sewer	$ 15,848	$ 17,960	$ 20,597	$ 21,337	$ 24,841	$ 29,365	$ 30,502	$ 25,530	$ 26,899	$ 27,971
Parks and recreation	94	68	159	160	734	1,087	384	652	520	740
Total business-type activities	$ 15,942	$ 18,028	$ 20,756	$ 21,497	$ 25,575	$ 30,452	$ 30,886	$ 26,182	$ 27,419	$ 28,711
Total primary government expenses	$ 699,502	$ 771,125	$ 738,357	$ 791,303	$ 848,142	$ 940,642	$ 1,017,768	$ 993,193	$ 1,008,019	$ 940,365
Program Revenues (see schedule 3)										
Governmental activities:										
Charges for services:										
General government	$ 25,131	$ 27,946	$ 14,913	$ 25,641	$ 16,266	$ 13,741	$ 22,276	$ 21,128	$ 24,382	$ 20,360
Public safety	14,715	15,489	38,959	66,983	42,492	9,803	10,331	15,733	14,900	13,573
Life enrichment	5,123	4,355	73	125	79	3,992	5,110	11,084	8,128	8,483
Community and economic development	21,553	21,599	7,287	12,528	7,947	16,437	45,466	47,223	48,765	42,418
Public works	21,872	26,898	3,600	6,190	3,927	31,269	27,113	30,887	39,283	84,834
Operating grants and contributions	63,235	79,784	78,965	74,694	77,154	106,903	91,278	94,353	97,177	123,149
Capital grants and contributions	10,553	9,262	10,366	-	-	-	-	-	-	-
Total governmental activities program revenues	$ 162,182	$ 185,333	$ 154,163	$ 186,161	$ 147,865	$ 182,145	$ 201,574	$ 220,408	$ 232,635	$ 292,817
Business-type activities:										
Charges for services:										
Sewer	$ 19,153	$ 19,364	$ 22,590	$ 24,252	$ 24,678	$ 29,838	$ 33,264	$ 35,382	$ 39,329	$ 41,832
Parks and recreation	100	122	58	244	197	237	487	796	286	118
Operating grants and contributions	19	19	-	-	-	21	-	-	-	-
Total business-type activities program revenues	$ 19,272	$ 19,505	$ 22,648	$ 24,496	$ 24,875	$ 30,096	$ 33,751	$ 36,178	$ 39,615	$ 41,950
Total primary government program revenues	$ 181,454	$ 204,838	$ 176,811	$ 210,657	$ 172,740	$ 212,241	$ 235,325	$ 256,586	$ 272,250	$ 334,767
Net (Expense)/Revenue										
Governmental activities	$ (521,378)	$ (567,764)	$ (563,438)	$ (583,645)	$ (674,702)	$ (735,868)	$ (785,308)	$ (746,603)	$ (747,965)	$ (618,837)
Business-type activities	3,330	1,477	1,892	2,999	(700)	(356)	2,865	9,996	12,196	13,239
Total primary government net expense	$ (518,048)	$ (566,287)	$ (561,546)	$ (580,646)	$ (675,402)	$ (736,224)	$ (782,443)	$ (736,607)	$ (735,769)	$ (605,598)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	$ 172,029	$ 202,297	$ 200,731	$ 234,127	$ 268,693	$ 317,666	$ 358,338	$ 359,851	$ 346,859	$ 324,516
State taxes	68,603	79,444	72,906	68,451	67,304	67,723	73,928	67,642	57,745	65,068
Local taxes	160,729	199,720	197,873	251,301	261,815	256,658	235,470	214,266	216,072	220,684
Other	66,883	64,414	117,238	84,850	30,406	108,048	50,153	81,885	58,374	35,672
Interest and investment income	36,463	40,043	5,566	46,063	78,053	48,073	47,852	25,917	10,894	8,592
Transfers	659	629	600	621	600	600	600	1,200	1,463	1,476
Special Items	-	-	-	-	-	59,020	-	-	-	-
Total governmental activities	$ 505,366	$ 586,547	$ 594,914	$ 685,413	$ 706,871	$ 857,788	$ 766,341	$ 750,761	$ 691,407	$ 656,008
Business-type activities:										
Interest and investment income	$ 10	$ 199	$ 94	$ 707	$ 1,996	$ 1,745	$ 1,434	$ 590	$ 113	$ 119
Other	1,891	6,082	-	-	62	2	-	-	-	-
Transfers	(659)	(629)	(600)	(621)	(600)	(600)	(600)	(1,200)	(1,463)	(1,476)
Total business-type activities	$ 1,242	$ 5,652	$ (506)	$ 86	$ 1,458	$ 1,147	$ 834	$ (610)	$ (1,350)	$ (1,357)
Total primary government	$ 506,608	$ 592,199	$ 594,408	$ 685,499	$ 708,329	$ 858,935	$ 767,175	$ 750,151	$ 690,057	$ 654,651
Change in Net Assets										
Governmental activities	$ (16,012)	$ 18,783	$ 31,476	$ 101,768	$ 32,169	$ 129,743	$ (18,967)	$ 4,158	$ (56,558)	$ 37,171
Business-type activities	4,572	7,129	1,386	3,085	758	791	3,699	9,386	10,846	11,882
Total primary government	$ (11,440)	$ 25,912	$ 32,862	$ 104,853	$ 32,927	$ 130,534	$ (15,268)	$ 13,544	$ (45,712)	$ 49,053

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

SCHEDULE 3

PROGRAM REVENUES BY FUNCTION/PROGRAM

(in thousands)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
Charges for services:										
General government	$ 25,131	$ 27,946	$ 14,913	$ 25,641	$ 16,266	$ 13,741	$ 22,276	$ 21,128	$ 24,382	$ 20,360
Public safety	14,715	15,489	38,959	66,983	42,492	9,803	10,331	15,733	14,900	13,573
Life enrichment	5,123	4,355	73	125	79	3,992	5,110	11,084	8,128	8,483
Community and economic development	21,553	21,599	7,287	12,528	7,947	16,437	45,466	47,223	48,765	42,418
Public works	21,872	26,898	3,600	6,190	3,927	31,269	27,113	30,887	39,283	84,834
Operating grants and contributions	63,235	79,784	78,965	74,694	77,154	106,903	91,278	94,353	97,177	123,149
Capital grants and contributions	10,553	9,262	10,366	-	-	-	-	-	-	-
Subtotal governmental activities	$ 162,182	$ 185,333	$ 154,163	$ 186,161	$ 147,865	$ 182,145	$ 201,574	$ 220,408	$ 232,635	$ 292,817
Business-type activities:										
Charges for services:										
Sewer	$ 19,153	$ 19,364	$ 22,590	$ 24,252	$ 24,678	$ 29,838	$ 33,264	$ 35,382	$ 39,329	$ 41,832
Parks and recreation	100	122	58	244	197	237	487	796	286	118
Operating grants and contributions	19	19	-	-	-	21	-	-	-	-
Subtotal business-type activities	$ 19,272	$ 19,505	$ 22,648	$ 24,496	$ 24,875	$ 30,096	$ 33,751	$ 36,178	$ 39,615	$ 41,950
Total primary government	$ 181,454	$ 204,838	$ 176,811	$ 210,657	$ 172,740	$ 212,241	$ 235,325	$ 256,586	$ 272,250	$ 334,767

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

SCHEDULE 4

FUND BALANCES, GOVERNMENTAL FUNDS

(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund [(1)]									
Reserved	$ 196,067	$ 214,317	$ 10,779	$ 151,494	$ 134,151	$ 138,891	$ 126,575	$ 116,543	$ 103,372
Unreserved	29,666	38,801	222,529	140,343	152,368	143,016	121,109	120,406	129,678
Total general fund	$ 225,733	$ 253,118	$ 233,308	$ 291,837	$ 286,519	$ 281,907	$ 247,684	$ 236,949	$ 233,050

	2011
General Fund [(2)]	
Restricted	$ 106,692
Committed	3,890
Assigned	65,985
Unassigned	48,794
Total general fund	$ 225,361

	2002	2003	2004	2005	2006	2007	2008	2009	2010
All Other Governmental Funds [(1)]									
Reserved	$ 327,871	$ 475,385	$ 284,475	$ 445,531	$ 496,474	$ 797,702	$ 828,314	$ 788,476	$ 761,679
Unreserved, reported in:									
Special revenue funds	(11,809)	(108,238)	4,704	19,785	42,102	32,444	8,129	9,553	(16,486)
Capital projects funds	4,222	6,599	164,788	143,456	130,221	98,912	73,147	41,322	66,136
Total all other governmental funds	$ 320,284	$ 373,746	$ 453,967	$ 608,772	$ 668,797	$ 929,058	$ 909,590	$ 839,351	$ 811,329

	2011
All Other Governmental Funds [(2)]	
Restricted	$ 481,124
Committed	139,178
Assigned	188,722
Unassigned	(2,669)
Total general fund	$ 806,355

Source: City of Oakland Balance Sheet, Governmental Funds

Note:
[(1)] The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.
[(2)] The City implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

SCHEDULE 5

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

(in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes (see Schedule 6)	$ 402,435	$ 439,159	$ 457,949	$ 535,706	$ 578,474	$ 616,754	$ 648,153	$ 641,086	$ 622,901	$ 612,328
Licenses and permits	11,758	13,098	13,476	15,676	19,006	20,390	19,319	14,467	12,124	13,297
Fines and penalties	17,806	20,645	28,189	26,325	25,467	26,859	23,497	29,348	31,220	29,440
Interest/investment net income	35,481	40,619	7,672	38,495	30,721	49,141	49,894	27,520	11,495	9,147
Charges for services	60,840	65,324	67,176	73,133	70,711	75,242	76,735	77,285	82,289	124,707
Other intergovernmental revenues	-	-	-	-	-	-	33,561	35,588	45,116	-
Federal and State grants and subventions	48,234	72,483	79,918	97,009	73,778	97,382	94,428	87,971	98,850	121,184
Other revenues	61,391	70,027	48,608	53,711	47,558	74,758	24,200	40,587	32,116	32,290
Total revenues	$ 637,945	$ 721,355	$ 702,988	$ 840,055	$ 845,715	$ 960,526	$ 969,787	$ 953,852	$ 936,111	$ 942,393
Expenditures										
General government	$ 41,389	$ 39,365	$ 42,225	$ 45,466	$ 49,411	$ 67,194	$ 45,600	$ 40,838	$ 35,710	$ 33,781
Financial and Personnel Services	16,637	17,025	22,339	22,197	24,181	26,018	35,761	34,863	30,943	28,756
Information Technology	-	-	-	-	-	-	13,666	12,975	9,137	8,276
Contracting and Purchasing	-	-	-	-	-	-	2,280	1,959	2,100	2,082
Police services	151,791	166,266	166,175	178,813	187,968	206,561	225,893	231,789	218,129	205,292
Fire services	84,239	88,154	91,542	98,029	111,162	112,699	118,429	119,711	111,583	111,339
Life enrichment										
Administration	561	660	1	7	-	-	-	-	-	-
Parks & Recreation	32,481	28,556	29,445	16,740	17,296	19,148	20,872	20,308	20,259	20,914
Library	16,540	17,096	18,460	20,547	22,942	24,631	23,833	21,824	20,927	21,633
Museum	7,278	7,561	8,327	7,383	267	6,976	6,883	6,584	6,146	6,749
Marketing	-	-	2,367	-	-	-	-	-	-	-
Aging, Health & Human Services	24,568	27,740	33,238	35,609	46,581	53,228	56,239	62,382	59,441	63,031
Cultural Arts	1,382	1,753	41	-	6,832	-	-	-	-	-
Community & Economic Development	118,234	122,715	92,788	101,031	135,561	169,233	206,908	197,285	227,505	175,750
Public Works	52,841	51,458	60,328	73,338	79,816	91,490	71,971	64,288	57,133	71,099
Other	41,471	36,652	30,372	38,327	23,048	10,641	10,597	20,099	8,328	27,062
Capital outlay	22,055	27,056	24,779	36,219	25,014	49,895	46,312	44,418	61,233	63,532
Debt service										
Bond issuance costs	3,711	4,212	12,874	4,478	2,496	4,467	4,210	864	1,558	828
Other refunding cost							5,674	-		
Principal	39,686	50,356	61,831	88,506	72,583	79,964	92,940	138,854	105,742	86,965
Interest	58,558	55,020	62,897	60,656	69,027	69,682	71,528	65,157	69,097	89,514
Total expenditures	$ 713,422	$ 741,645	$ 760,029	$ 827,346	$ 874,185	$ 991,827	$ 1,059,596	$ 1,084,198	$ 1,044,971	$ 1,016,603
Excess of revenues over(under) expenditures	$ (75,477)	$ (20,290)	$ (57,041)	$ 12,709	$ (28,470)	$ (31,301)	$ (89,809)	$ (130,346)	$ (108,860)	$ (74,210)
Other Financing Sources (Uses)										
Issuance of debt	$ -	$ -	$ 3,927	$ 433,956	$ 105,840	$ 143,988	$ -	$ 40,228	$ 67,693	$ 56,870
Issuance of refunding bonds	213,655	202,765	188,650	-	-	102,590	241,410	-		
Premiums/discounts on issuance of bonds	788	-	587	13,535	328	1,963	11,313	(779)	908	(2,052)
Payment to refunding bond escrow agent	(208,907)	(110,826)	(96,395)	(247,860)	(27,853)	(22,729)	(221,250)	-	-	-
Property sale proceeds	16,094	8,569	1,497	394	4,262	618	4,045	8,723	5,013	4,481
Insurance claims and settlements	-	-	-	-	-	-	-	-	1,641	548
Transfers in	142,816	79,144	95,404	109,911	101,643	97,397	98,691	130,095	106,409	103,786
Transfers out	(142,157)	(78,515)	(94,804)	(109,311)	(101,043)	(95,897)	(98,091)	(128,895)	(104,725)	(102,086)
Total other financing sources (uses)	$ 22,289	$ 101,137	$ 98,866	$ 200,625	$ 83,177	$ 227,930	$ 36,118	$ 49,372	$ 76,939	$ 61,547
Special item	$ -	$ -	$ -	$ -	$ -	$ 59,020	$ -	$ -	$ -	$ -
Change in fund balances										
Net change in fund balances	$ (53,188)	$ 80,847	$ 41,825	$ 213,334	$ 54,707	$ 255,649	$ (53,691)	$ (80,974)	$ (31,921)	$ (12,663)
Total fund balance - beginning	599,205	546,017	645,450	687,275	900,609	955,316	1,210,965	1,157,274	1,076,300	1,044,379
Total fund balance - ending	$ 546,017	$ 626,864	$ 687,275	$ 900,609	$ 955,316	$ 1,210,965	$ 1,157,274	$ 1,076,300	$ 1,044,379	$ 1,031,716
Debt service as a percentage of noncapital expenditures	14.21%	14.75%	16.96%	18.85%	16.68%	15.89%	17.00%	20.33%	18.13%	18.85%

Note: Debt ratio was calculated by dividing principal and interest by total government expenditures excluding capital outlay $80,834 for fiscal year 2011.
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.

SCHEDULE 6

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
(in thousands)

Fiscal Year	Property	Sales & Use	Motor Vehicle in-lieu	Gas	Business License	Utility Consumption	Real Estate Transfer	Transient Occupancy	Parking	Voter Approved	Franchise	Total
2002	163,130	45,749	22,854	7,705	42,094	49,547	37,272	10,530	7,525	5,085	10,944	402,435
2003	193,738	48,798	24,259	6,387	42,020	46,581	42,088	10,863	8,242	5,359	10,824	439,159
2004	200,646	47,760	18,178	6,968	44,223	48,056	55,665	9,857	9,799	5,205	11,592	457,949
2005	232,061	51,148	9,656	7,647	43,902	49,781	77,722	10,926	11,580	30,155	11,128	535,706
2006	268,361	56,844	2,984	7,476	43,790	48,770	79,483	11,690	15,196	31,728	12,152	578,474
2007	314,468	58,006	2,268	7,449	50,339	51,426	61,505	12,303	16,202	29,778	13,010	616,754
2008	358,074	64,812	1,811	7,305	52,542	52,524	36,205	12,400	15,747	32,942	13,791	648,153
2009	359,699	56,090	1,282	9,749	54,291	52,701	34,267	10,599	14,196	33,772	14,440	641,086
2010	349,084	45,503	1,251	10,991	54,141	51,107	36,971	10,085	13,885	35,228	14,655	622,901
2011	326,576	51,910	2,168	10,990	53,138	53,440	31,608	12,484	13,460	41,700	14,854	612,328
Change 2002-2011	100.2%	13.5%	-90.5%	42.6%	26.2%	7.9%	-15.2%	18.6%	78.9%	720.1%	35.7%	52.2%

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.

SCHEDULE 7

ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
(in thousands)

Fiscal Year	Land	Improvements	Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Less: Redevelopment Tax Increments	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Taxable Assessed Value	Total Assessed Value as a Percentage of Estimated Taxable Value
2002	7,200,754	15,231,115	2,165,091	24,596,960	1,666,969	3,057,178	19,872,813	5.613	111,546,099	17.82%
2003	7,725,624	16,906,517	1,997,630	26,629,771	1,828,260	3,524,500	21,277,011	5.392	114,725,643	18.55%
2004	8,374,188	18,571,148	1,964,460	28,909,796	1,863,890	4,090,609	22,955,297	5.811	133,393,231	17.21%
2005	9,157,808	20,308,258	1,878,079	31,344,145	2,067,228	5,186,441	24,090,476	5.534	133,316,694	18.07%
2006	10,206,973	22,383,882	1,962,917	34,553,772	2,310,189	7,750,010	24,493,573	5.519	135,180,029	18.12%
2007	11,410,672	24,862,440	1,894,048	38,167,160	2,347,281	9,552,758	26,267,121	5.667	148,855,775	17.65%
2008	12,472,317	27,192,312	2,132,949	41,797,578	2,478,761	9,552,758	29,766,059	5.508	163,951,453	18.16%
2009	13,222,782	28,429,996	2,205,480	43,858,258	2,584,624	10,425,138	30,848,496	5.414	167,013,757	18.47%
2010	12,708,080	27,749,554	2,110,456	42,568,090	2,691,489	9,753,604	30,122,997	5.674	170,917,885	17.62%
2011	12,479,365	26,787,417	1,985,401	41,252,183	2,768,044	9,030,570	29,453,569	5.692	167,649,715	17.57%

Note: Total Direct Tax Rate is "per $10,000 assessed value".
Source: County of Alameda

CITY OF OAKLAND
STATISTICS

SCHEDULE 9

PRINCIPAL PROPERTY TAX PAYERS

Taxpayer	2002 (1) Taxable Assessed Value	2002 (1) Percentage of Total City Taxable Assessed Value	2002 (1) Rank	2011 (2) Taxable Assessed Value	2011 (2) Percentage of Total City Taxable Assessed Value	2011 (2) Rank
SIC Lakeside Drive LLC				$ 206,990,615	0.538%	1
Oakland City Center Venture LLC	$ 204,141,387	0.890%	1	181,647,009	0.472%	2
CIM Oakland Center 21 LP				168,979,565	0.439%	3
Oakland Property LLC				165,154,080	0.429%	4
Kaiser Foundation Health Plan Inc				154,068,849	0.400%	5
Catholic Cathedral Corporation of the East Bay				144,403,733	0.375%	6
CIM Oakland 1 Kaiser Plaza LP				126,710,589	0.329%	7
1800 Harrison Foundation	104,206,152	0.455%	4	121,642,954	0.316%	8
Suncal Oak Knoll LLC				113,722,961	0.296%	9
Clorox Company	100,415,242	0.438%	5	98,818,392	0.257%	10
Prentiss Properties Acquisition Partners LP	117,787,784	0.514%	2	N/A		
Kaiser Foundation Hospitals	113,701,243	0.496%	3	N/A		
Kaiser Center, Inc.	123,860,033	0.540%	6	N/A		
Lake Merritt Plaza	95,900,011	0.418%	7	N/A		
Owens Illinois Glass Container, Inc.	71,754,700	0.313%	8	N/A		
Webster Street Partners, Ltd.	67,050,200	0.293%	9	N/A		
KSL Claremont Resort, Inc.	76,568,200	0.334%	10	N/A		
Total	$ 1,075,384,952	4.691%		$ 1,482,138,747	3.851%	

Note:
(1) 2002 based on total assessed value of $22,929,990,869
(2) 2011 based on total assessed value of $38,484,139,533

Source: County of Alameda

CITY OF OAKLAND
STATISTICS

SCHEDULE 8

DIRECT AND OVERLAPPING PROPERTY TAX RATES

	City Direct Rates				Overlapping Rates								
Fiscal Year	Basic Rate	Debt Service Fund	1981 Pension Liability	Total Direct Rate	Alameda County	Education	Education Debt	BART and AC Transit	BART Debt	Other	East Bay Municipal Utility Debt	East Bay Regional Parks District	East Bay Reg. Parks District Debt
2002	0.3485	0.0553	0.1575	0.5613	0.3086	0.2165	0.0959	0.0517	-	0.0505	0.0084	0.0242	0.0072
2003	0.3485	0.0332	0.1575	0.5392	0.3086	0.2165	0.0994	0.0517	-	0.0505	0.0084	0.0242	0.0065
2004	0.3485	0.0751	0.1575	0.5811	0.3086	0.2165	0.0923	0.0517	-	0.0505	0.0079	0.0242	0.0057
2005	0.3485	0.0474	0.1575	0.5534	0.3086	0.2165	0.0875	0.0517	-	0.0505	0.0076	0.0242	0.0057
2006	0.3485	0.0459	0.1575	0.5519	0.3086	0.2165	0.1018	0.0517	-	0.0505	0.0072	0.0242	0.0057
2007	0.3485	0.0607	0.1575	0.5667	0.3086	0.2165	0.1074	0.0517	-	0.0505	0.0068	0.0242	0.0085
2008	0.3485	0.0448	0.1575	0.5508	0.3086	0.2165	0.1030	0.0517	-	0.0505	0.0065	0.0242	0.0080
2009	0.3485	0.0354	0.1575	0.5414	0.3086	0.2165	0.1197	0.0517	-	0.0505	0.0064	0.0242	0.0100
2010	0.3485	0.0614	0.1575	0.5674	0.3086	0.2165	0.1689	0.0517	0.0057	0.0505	0.0065	0.0242	0.0108
2011	0.3485	0.0632	0.1575	0.5692	0.3086	0.2165	0.1697	0.0517	0.0031	0.0505	0.0067	0.0242	0.0084

Note: Rates per $1,000 assessed value
Source: County of Alameda

SCHEDULE 11

TAXABLE SALES BY CATEGORY
(in thousands)

	Fiscal Year 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Auto & Transportation	$ 895,331	$ 929,517	$ 871,710	$ 817,924	$ 860,194	$ 912,876	$ 840,330	$ 695,919	$ 580,398	$ 651,555
Business & Industry	588,871	715,740	700,079	622,816	667,630	613,457	691,322	574,628	490,566	512,453
General Consumer Goods	504,084	480,747	453,363	461,085	554,136	549,394	536,955	505,460	480,781	496,571
Restaurants and Hotels	442,948	430,058	406,565	441,158	496,814	483,765	527,276	515,602	525,068	566,973
Building & Construction	348,829	393,261	369,886	491,196	488,972	495,607	465,797	416,701	344,171	325,085
Food & Drugs	342,013	341,625	308,529	316,990	321,467	330,643	341,677	342,922	366,461	359,148
Fuel & Service Stations	317,736	342,098	593,926	869,866	1,058,122	1,186,535	1,236,876	638,147	433,207	620,279
Total	$ 3,439,812	$ 3,633,046	$ 3,704,058	$ 4,021,035	$ 4,447,335	$ 4,572,277	$ 4,640,233	$ 3,689,379	$ 3,220,652	$ 3,532,064
City direct sales tax rate					1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Source: HdL Companies

SCHEDULE 10

PROPERTY TAX LEVIES AND COLLECTIONS
(in thousands)

1% TAX ROLL

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Percent of Levy	Collections in Subsequent Year	Total Collections to Date: Amount	Percent of Levy
2002	56,947	55,270	97.06%	0	55,270	97.06%
2003	61,164	59,276	96.91%	0	59,276	96.91%
2004	65,248	63,546	97.39%	0	63,546	97.39%
2005	68,095	66,301	97.37%	0	66,301	97.37%
2006	73,331	71,198	97.09%	0	71,198	97.09%
2007	79,357	75,654	95.33%	0	75,654	95.33%
2008	86,220	81,048	94.00%	0	81,048	94.00%
2009	89,482	84,063	93.94%	0	84,063	93.94%
2010	85,706	82,015	95.69%	0	82,015	95.69%
2011	83,960	81,013	96.49%	0	81,013	96.49%

Voter-Approved Debt Tax Roll

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Percent of Levy	Collections in Subsequent Year	Total Collections to Date: Amount	Percent of Levy
2002	49,024	46,849	95.56%	0	46,849	95.56%
2003	48,441	46,001	94.96%	0	46,001	94.96%
2004	61,760	59,602	96.51%	0	59,602	96.51%
2005	59,673	57,558	96.46%	0	57,558	96.46%
2006	63,369	60,887	96.08%	0	60,887	96.08%
2007	75,071	70,586	94.03%	0	70,586	94.03%
2008	76,453	70,621	92.37%	0	70,621	92.37%
2009	75,753	70,494	93.06%	0	70,494	93.06%
2010	83,581	79,172	94.72%	0	79,172	94.72%
2011	85,262	81,506	95.59%	0	81,506	95.59%

Note: Collections in subsequent year data not available
Source: County of Alameda

SCHEDULE 13

RATIOS OF OUTSTANDING DEBT BY TYPE

(in thousands)

	Governmental Activities										Business-type Activities				
Fiscal Year	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Lease Revenue Bonds	Pension Obligation Bonds	Accreted Interest	Special Assessment Bonds	Notes Payable	Capital Leases	Pledge Oblig. For Authority Debt	Sewer Fund Notes Payable	Sewer Fund Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita
2002	133,295	214,295	67,346	399,675	435,686	-	8,870	52,283	-	99,048	7,663	-	1,418,161	12.12%	4
2003	167,350	246,660	63,631	382,645	442,592	-	8,463	49,448	-	96,590	7,045	-	1,464,424	12.52%	4
2004	232,045	235,555	59,594	386,200	436,873	-	7,940	46,153	-	93,950	6,362	-	1,504,672	12.86%	4
2005	227,010	270,085	50,195	488,721	366,405	70,811	7,370	18,440	26,769	91,150	5,655	62,330	1,684,941	14.40%	4
2006	358,124	319,115	49,154	346,110	341,475	85,884	7,085	17,940	20,218	88,100	4,925	60,840	1,698,970	14.52%	4
2007	345,214	514,475	45,795	325,105	313,625	104,356	6,800	17,090	31,809	85,350	4,126	59,305	1,853,050	20.33%	4
2008	331,528	496,630	40,495	323,340	282,705	125,743	6,200	19,045	26,968	82,450	3,346	57,720	1,796,170	17.02%	4
2009	317,188	505,765	10,375	296,985	248,455	148,580	5,645	17,610	23,235	79,350	2,540	56,090	1,711,818	15.31%	4
2010	366,248	488,900	7,210	270,670	210,595	172,971	8,298	14,295	18,483	76,000	1,708	54,380	1,689,758	14.45%	4
2011	349,431	523,905	3,895	242,800	195,637	172,121	7,963	12,295	17,068	72,450	848	52,580	1,650,993	14.84%	4

Source: Notes to Basic Financial Statements, Note (12) - Long-term Obligations
(1) Per capita income $28,311 multiplied by population 392,932 gives personal income $11,124,297,852

SCHEDULE 12

DIRECT AND OVERLAPPING SALES TAX RATES

Fiscal Year	City Direct Rate	State of California
2002	n/a	n/a
2003	n/a	n/a
2004	n/a	n/a
2005	n/a	n/a
2006	1.50%	7.25%
2007	1.50%	7.25%
2008	1.50%	7.25%
2009	1.50%	8.25%
2010	1.50%	8.25%
2011	1.50%	8.25%

Source: California State Board of Equalization

SCHEDULE 14

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

(in thousands)

General Bonded Debt Outstanding

Fiscal Year	Net Bonded Debt [(1)]	Assessed Value [(2)]	Percentage of Actual Taxable Value of Property (%)	Per Capita [(3)] *(in dollars)*
2002	133,295	22,930,000	0.5813	326.06
2003	167,350	24,802,000	0.6747	405.99
2004	232,045	27,046,000	0.8580	563.76
2005	227,010	29,277,000	0.7754	550.59
2006	358,124	32,244,000	1.1107	869.75
2007	345,214	35,820,000	0.9637	830.86
2008	331,528	39,319,000	0.8432	789.01
2009	317,188	41,274,000	0.7685	746.21
2010	366,248	39,877,000	0.9184	850.42
2011	349,431	38,484,140	0.9080	889.29

Note:
(1) Source: City of Oakland Annual Debt Service Roll Forward, General Obligation Debt Total as of June 30, 2011
(2) Source: County of Alameda.
(3) Population 392,932 as of 1/1/11 per State of California Demographic Information by City.

SCHEDULE 15

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Estimated Percentage Applicable	City Share of Debt
Direct Bonded Debt		
City of Oakland [(1)]	100	$ 349,430,620
City of Oakland and Coliseum Authority General Fund Obligations	100	371,145,000
City of Oakland 1915 Act Bond Obligations	100	7,978,483
City of Oakland Pension Obligations	100	195,636,499
Total Direct Bonded Debt:		$ 924,190,602
Overlapping Bonded Debt		
Alameda-Contra Costa Transit District Certificates of Participation	21.499	$ 8,054,600
Alameda County and Coliseum Authority General Fund Obligation	17.621	125,375,530
Alameda County Pension Obligations	17.621	27,239,377
Bay Area Rapid Transit District	6.831	28,271,118
East Bay Municipal Utility District, Special District #1	49.911	12,250,655
East Bay Regional Park District	10.584	16,298,302
Chabot-Las Positas Community College District	0.957	4,352,621
Chabot-Las Positas Community College District General Fund Obligations	0.957	43,017
Peralta Community College District	52.76	229,809,370
Peralta Community College District Pension Obligation	52.76	80,041,716
Berkeley & Castro Valley Unified School District	0.004 & 0.126	114,809
Oakland Unified School District	99.998	713,895,722
Oakland Unified School District Certificates of Participation	99.998	60,903,782
San Leandro Unified School District	9.715	16,280,046
Castro Valley Unified School District Certificates of Participation	0.126	391
City of Emeryville 1915 Act Bonds	4.183	340,705
City of Piedmont 1915 Act Bonds	4.792	159,094
Total Overlapping Bonded Debt:		$ 1,323,430,855
Total Direct and Overlapping Debt		$ 2,247,621,457
Less: East Bay M.U.D. Special District #1 (100% self-supporting)		12,250,655
Total Net Direct and Overlapping Bonded Debt		$ 2,235,370,802

(1) Source: City of Oakland Annual Debt Service Roll Forward, General Obligation Debt Total as of June 30, 2011
Source: City of Oakland Treasury Division

CITY OF OAKLAND
STATISTICS

SCHEDULE 16

LEGAL DEBT MARGIN INFORMATION

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	$ 745,230,478	$ 798,115,131	$ 860,823,608	$ 903,392,821	$ 918,508,985	$ 985,017,038	$ 1,116,227,253	$ 1,156,818,628	$ 1,129,612,382	$ 1,104,508,857
Total net debt applicable to limit	133,295,000	167,350,000	232,045,000	227,010,000	358,124,189	345,214,363	331,528,315	317,188,697	366,247,851	349,430,620
Legal debt margin	$ 611,935,478	$ 630,765,131	$ 628,778,608	$ 676,382,821	$ 560,384,796	$ 639,802,675	$ 784,698,938	$ 839,629,931	$ 763,364,531	$ 755,078,237
Total net debt applicable to the limit as a percentage of debt limit (%)	17.89%	20.97%	26.96%	25.13%	38.99%	35.05%	29.70%	27.42%	32.42%	31.64%

Source: County of Alameda and City of Oakland Annual Debt Service Roll Forward (General Obligation Debt Total as of June 30, 2011).

CITY OF OAKLAND
STATISTICS

SCHEDULE 17

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

(thousands of dollars)

Fiscal Year	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
PORT OF OAKLAND					
2002	85,485	13,810	39,380	53,190	160.72%
2003	94,610	10,638	46,323	56,961	166.10%
2004	110,797	9,241	50,124	59,365	186.64%
2005	126,636	8,155	53,633	61,788	204.95%
2006	136,566	14,968	56,806	71,774	190.27%
2007	138,458	19,892	62,756	82,648	167.53%
2008	144,931	19,800	70,474	90,274	160.55%
2009	130,173	19,724	75,578	95,302	136.59%
2010	147,860	35,593	78,018	113,611	130.15%
2011	155,502	36,500	69,378	105,878	146.87%
REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND					
2009	131,536	505,595	343,747	849,342	15.49%
2010	113,299	488,900	316,344	805,244	14.07%
2011	109,673	523,905	378,570	902,475	12.15%

Source: Port of Oakland and Redevelopment Agency of the City of Oakland
Note: FY2000 to FY2008 pledged-revenue coverage data for Redevelopment Agency is not available.

SCHEDULE 18

DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income *(thousands of dollars)*	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (%)
2002	408,800	16,192,977	39,611	33.3	53,108	6.7
2003	412,200	17,979,340	43,618	33.3	52,629	6.8
2004	411,600	18,163,496	44,129	33.3	49,334	6.1
2005	412,300	9,044,213	21,936	33.3	49,334	5.3
2006	411,755	11,697,548	28,409	33.3	41,467	7.1
2007	415,492	9,114,233	21,936	33.3	39,802	7.4
2008	420,183	10,554,157	25,118	36.1	39,705	9.6
2009	425,068	11,182,689	26,308	36.7	38,826	17.1
2010	390,757 (1)	10,607,099	27,145	37.1	38,450	17.2
2011	392,932	11,124,298	28,311	36.3	38,540	16.3

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

(1) 2010 is updated with newly available data from the California Department of Finance.

SCHEDULE 19

PRINCIPAL EMPLOYERS

	2006			2011		
Employer	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
County of Alameda	9,740	1	5.49%	9,611	1	5.42%
Oakland Unified School District	8,000	2	4.51%	5,570	2	3.14%
World Savings & Loan Assn	N/A			4,389	3	2.48%
Cost Plus Inc	N/A			4,148	4	2.34%
City of Oakland	4,290	5	2.42%	4,073	5	2.30%
Dreyer's Grand Ice Cream Inc	N/A			3,700	6	2.09%
Peralta Community College Dist	N/A			2,759	7	1.56%
Internal Revenue Service	N/A			2,500	8	1.41%
Children's Hospital & Research	N/A			2,070	9	1.17%
Itron	N/A			2,000	10	1.13%
Kaiser Permanente Medical Group	5,450	3	3.07%	N/A		
Kaiser Foundation Hospitals	4,340	4	2.45%	N/A		
Bay Area Rapid Transit	2,800	6	1.58%	N/A		
Federal Express	2,790	7	1.57%	N/A		
Alta-Bates Medical Center	2,620	8	1.48%	N/A		
Kaiser Foundation Health Plan	2,590	9	1.46%	N/A		
Summit Medical Center	2,230	10	1.26%	N/A		
Total	44,850			40,820		

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 2011 - Economic Development Alliance for Business, Alameda County Largest Employers.
Total employment of 177,258 (2010 estimate) from DemographicsNow.com is used to calculate the percentage of employment

SCHEDULE 20

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Aging, Health & Human Services	n/a	n/a	224	219	210	213	208	204	217	231
Community & Economic										
Development Agency	n/a	n/a	285	266	258	262	419	380	364	241
Fire										
Firefighters and officers	492	506	481	464	445	456	462	448	434	427
Civilians	74	81	78	72	77	81	82	77	78	69
General Government										
Management services	n/a	n/a	214	207	199	222	211	204	184	169
Finance	n/a	n/a	184	175	201	210	209	196	176	172
Retirement Services	n/a	n/a	8	6	7	7	5	5	5	5
Personnel Resource Mgmt	n/a	n/a	36	35	38	41	53	47	35	35
Contracts and Purchasing	n/a	n/a	n/a	n/a	n/a	n/a	22	22	22	23
Information Technology Division	n/a	n/a	73	72	76	76	92	88	67	62
Library	n/a	n/a	181	172	173	160	150	140	133	135
Marketing - CAM	n/a	n/a	22	22	22	22	21	20	12	12
Museum	n/a	n/a	67	61	56	58	55	51	42	38
Parks and Recreation	n/a	n/a	216	81	88	81	76	92	82	87
Police										
Officers	839	763	759	714	701	725	746	791	763	627
Civilians	443	443	385	370	354	335	432	303	305	279
Public Works	n/a	n/a	609	698	709	727	561	546	482	593
Total	**4,556**	**3,858**	**3,822**	**3,634**	**3,614**	**3,676**	**3,804**	**3,614**	**3,401**	**3,205**

Note: FTE's not broken down by function/program prior to FY04.

Source: City of Oakland Personnel Resource Mgmt.

SCHEDULE 21

OPERATING INDICATORS BY FUNCTION/PROGRAM

Function/Program	2005	2006	2007	2008	2009	2010	2011
General Government							
Building permits issued	15,942	15,674	16,488	14,957	13,055	12,951	13,648
Building inspections conducted	N/A	78,306	89,388	95,064	77,845	71,931	70,016
Authorized new dwelling units	1,350	1,377	2,035	704	395	555	528
Commercial value (in thousands)	173,292	173,908	171,157	213,696	117,876	95,851	108,767
Residential value (in thousands)	356,256	646,214	611,036	258,617	196,362	168,872	179,374
Police							
Dispatched calls	N/A	317,323	299,283	289,032	315,522	265,277	236,517
Field Contacts	N/A	8,270	7,221	9,641	8,393	20,220	23,391
Physical arrests	N/A	10,958	14,908	16,866	18,183	15,056	15,029
Parking violations	539,115	512,376	470,008	459,459	496,655	450,656	386,494
Traffic violations	N/A	36,233	39,098	44,897	51,019	33,484	20,731
Fire							
Emergency responses	34,806	58,736	61,470	49,784	51,255	49,887	51,041
Fires extinguished	N/A	3,095	2,021	3,800	2,601	1,143	1,073
Inspections	2,310	2,515	2,631	3,062	3,258	2,087	2,211
Port of Oakland							
Imports (in tonnage)	12,434,675	15,223,082	16,081,289	16,203,404	14,664,473	13,014,470	14,868,310
Exports (in tonnage)	14,510,634	14,837,250	14,710,407	16,191,383	16,258,547	17,357,582	17,647,626
Total tonnage	26,945,309	30,060,332	30,791,696	32,394,787	30,923,020	30,372,052	32,515,936
Containers	1,160,270	1,292,277	1,369,123	1,363,367	1,273,805	1,161,082	1,316,473
Other public works							
Street resurfacing (miles)	N/A	2.44	14.58	13.83	18.63	18.50	11.50
Potholes repaired	N/A	5,020	12,574	11,758	8,515	10,062	8,262
Parks and recreation							
Athletic field permits issued	N/A	465	543	330	340	346	378
Community center admissions	N/A	909,303	1,436,682	1,423,577	1,342,657	1,454,124	1,653,451
Library							
Volumes in collection	1,357,589	1,300,023	1,956,249	1,242,415	1,316,849	1,452,930	1,535,451
Total volumes borrowed	2,062,891	2,316,772	2,270,755	2,328,712	2,436,806	2,469,588	2,585,613
Water							
New connections	N/A	890	389	474	297	192	111
Water main breaks	N/A	269	261	251	410	242	263
Average daily consumption (gallons/family)	203	203	203	N/A	N/A	N/A	N/A
Peak daily consumption (thousands of gallons)	385,000	385,000	385,000	N/A	N/A	N/A	N/A
Wastewater							
Average daily sewage treatment (thousands of gallons)	76,000	77,000	75,500	75,000	66,000	68,000	70,000

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.

SCHEDULE 22

CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM

Function/Program	2005	2006	2007	2008	2009	2010	2011
Aviation facilities							
Airports operated	1	1	1	1	1	1	1
Paved airport runways	4	4	4	4	4	4	4
Total length of runways (in feet)	24,520	25,038	25,038	25,038	25,038	25,038	25,038
Area of airport (in acres)	2,500	2,600	2,600	2,600	2,600	2,600	2,600
Police							
Stations	n/a	2	7	8	8	7	7
Patrol units	n/a	611	630	622	633	602	592
Fire stations	25	25	25	25	25	25	25
Harbor facilities							
Miles at waterfront	n/a	19	19	19	19	19	19
Berthing length at wharves (in feet)	n/a	23,063	23,063	23,063	23,233	23,233	23,233
Harbor area (in acres)	n/a	786	786	786	786	786	779
Hospitals	n/a	2	2	4	4	4	4
Library branches	16	16	16	15	15	15	16
Museums	2	2	2	1	1	1	1
Other public works							
Streets (in lane miles)	n/a	2,294	2,287	2,288	2,323	1,963	1,965
Streetlights	n/a	36,219	33,952	36,219	36,219	36,219	37,000
Traffic signals	n/a	671	680	671	688	688	688
Parks and recreation							
Acreage	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Swimming pools	7	7	5	7	5	5	4
Tennis courts	44	44	36	44	44	44	44
Playgrounds	13	13	89	106	106	106	106
Baseball/softball diamonds	64	46	46	40	40	40	40
Soccer/football fields	13	13	15	15	15	15	15
Community centers	29	29	29	34	34	34	33
Water							
Water mains (miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fire hydrants	n/a	6,700	6,705	6,719	6,733	6,738	6,759
Storage capacity (thousands of gallons)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wastewater							
Sanitary sewers (miles)	n/a	29	29	29	29	29	29
Treatment capacity (million gallons per day)	n/a	120	120	320	320	320	320

Source: City of Oakland, Port of Oakland, and East Bay Municipal Utility District
Note: Harbor Facilities data based on prior calendar year; fiscal year data unavailable.
Data prior to fiscal year 2005 is not available.

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 392,932, 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 Attorney are both elected officials and serve four-year terms.

The Mayor and City Council is the governing body of the City and is comprised of eight elected officials. One Council member is elected “at large”, while the other seven Council members represent specific districts. The Mayor and City Council are elected to serve four-year terms. The City Manager, appointed by the Mayor, is responsible for day-to-day administrative and fiscal operations of the City.

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

The City provides a full range of services contemplated by statute or charter, including those functions delegated to cities under state law. These services include public safety (police and fire), sanitation and environmental health enforcement, recreational and cultural activities, public improvements, planning, zoning, and general administrative services. Oakland is also the seat of Alameda County, which is one of California’s largest counties.

COMMERCIAL SECTORS

Oakland has made significant gains in diversifying its economic base. While manufacturing jobs have decreased, the economy now offers a healthy mix of trade, transshipment, government, high tech, financial, real estate, medical, publishing, and service-oriented occupations. It also has growing skilled-crafts and re-emerging food production sectors. Because it is considered the transportation hub of Northern California, the growth in its port and international airport activities have been unprecedented in the last five years driven by agricultural and high tech products shipped to and from the far east economies.

Oakland is abundant in resources that are available to its businesses and residents. State-of-the-art transportation, communications, and utility facilities keep the City running smoothly. Waterfront restaurants, shops, live performance venues, and a nine-screen movie theater makes Jack London Square a lively nighttime attraction. In addition, new office and retail buildings, public facilities, hotels, a convention center, park enhancements, seven farmer’s markets, outdoor cinema, 32 art galleries and scores of public art installations and the annual Art & Soul festival have created a cosmopolitan environment in the downtown. The City’s 40 increasingly robust neighborhood retail areas are expanding and being revitalized. Abandoned warehouses, foundries and long silent cigar, macaroni, and tent factories are being converted into live/work studios for crafts people.

City departments and processes are being streamlined, restructured, and customer focused to better serve the needs of the businesses and the community. A variety of incentives are available to 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 392,932 residents per capita income in 2010 averaged $28,311. Portions of Oakland are among the wealthiest consumer markets in California; more than half of the City’s households report household income in excess of $75,000. Estimated annual taxable sales were $3.5 billion in 2011. 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:

- “…uniquely positioned as an excellent point for international business.” (Mickey Kanter, former U.S. Secretary of Commerce);
- “…ranked 8th 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*);
- “…ranked 4th best potential retail market in the nation.” (Marcus & Millichap, 2007);
- “…ranked 2nd in technology intensity and 4th highest percentage of U.S. households with computer users.” (MetaFacts, April 2003);
- “…ranked the top commercial real estate market in the nation, projected to have the largest increase in rents of all U.S. cities through 2007.” (*Cushman & Wakefield*, 2006);
- “…among the top ten in 2008 US Cities Sustainability Ranking.” (Sustainlane.com 2008);
- “…ranked 5th greenest economic cities.” (Communitywalk.com 2008);
- “…ranked 2nd in top 10 large cities recycling program.” (Natural Resources Defense Council);
- “…ranked nation’s 5th coolest city according to Forbes Magazine 2010”;
- “…ranked in top 10 for U.S. office, industrial and multi-housing markets.” (Grubb & Ellis Company, 2011);
- “…ranked 2nd in the Top “Can-do” Cities in America.” (Newsweek, 2011);
- “…one of the 20 towns of the future.” (Sunset Magazine, 2011)

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.

Since taking office in January 2011, Mayor Quan regularly meets with neighborhood retailers, participates in meetings with regional business leaders, and co-hosted a Mega-Region Conference with the Chamber of Commerce and the Port of Oakland to encourage regional investment in the Port of Oakland. Her recent Trade Mission to China also focused on promoting the Port of Oakland as a West Coast hub for trade with China. Creating jobs in Oakland will help the City and its residents thrive as the economy rebounds.

Mayor Quan Talks with Chinese Investors

They spent six days in China leading a trade mission with the Port of Oakland to Beijing, Shenzhen and Hong Kong to encourage increased trade through the Port and investment in Oakland. President Obama has set a goal of doubling the trade with Asia at the Port of Oakland that translates to 5,000 new jobs. This trip helped promote opportunities to make that goal a reality in Oakland.

Get Connected Oakland!

The Mayor's Office has joined a city-wide initiative to make Oakland one of the most "connected" cities in the nation. Eliminating the Digital Divide plays a pivotal role in the education and career success of young people and helps seniors stay connected and avoid isolation. The Mayor has joined a coalition of public and private organizations that is working together to expand broadband connection throughout the city. Working with recreation centers, senior programs, schools, senior centers, Oakland Housing Authority, the County and others, the goal is to provide easy access to the internet for Oakland residents no matter where they live or what their economic status.

Community & Economic Development

Oakland can flourish with more local business incentives, and jobs, equitable opportunities, smart planning for thriving local districts, affordable housing, access to services and resourced parks, libraries and arts. They can start if every Oakland resident committed to spending just 25% more right here in Oakland. If they all fulfilled that commitment, they could pour between $9 and $12 million additional dollars into the Oakland economy each year.

HISTORY

Oakland's first inhabitants, the Ohlone Indians, arrived about 1200 B.C. and lived in small tribal groups on the edge of the hills surrounding the Bay. The Ohlone Indians were a stocky hunting and gathering group who lived in such harmony with nature that they left no permanent mark on the landscape. They maintained such a peaceful attitude with each other that they had no word for war.

Spanish explorers first entered the area that is now Oakland by land in 1772. They reported the natural geography as possibly the most perfect on earth. Near the shore were magnificent oaks; on the hills stood acres of giant redwoods. In the spring, wildflowers filled the valley with golden poppies and purple iris. Deer, rabbits, bears and wildcats roamed the woods. Creeks tumbled into a Bay filled with salmons, crabs, sturgeons, smelts, lobsters, clams, and mussels. The marsh that would become Lake Merritt was alive with wildfowls.

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

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

Oakland was incorporated as a city in 1852, and construction of shipping wharfs began immediately. Ferry service between Oakland and San Francisco had existed for years, but by building large wharfs and dredging a shipping channel, Oakland became an independent destination. Oakland grew steadily through the 19th century. After the devastating earthquake in 1906, many people and businesses chose to relocate from San Francisco to Oakland. Oakland's population more than doubled between 1900 and 1910.

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

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

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

TRANSPORTATION

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

The Port of Oakland

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

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

Oakland International Airport

Oakland International is San Francisco Bay Area's most convenient airport and was ranked #1 for on-time arrivals in North America as measured by FlightStats.com in 2009. Strategically located at the center of the region, Oakland International handled 9.5 million passengers in 2010 and almost 1,000,000 metric tons of air cargo annually. It is the 31st largest airport in the United States by passenger traffic, and the second largest airport in the Bay Area. The airport is comprised of two airfields: South Field (the main commercial airfield) and North Field (primarily used by general and corporate aviation and some cargo companies). Between the two airfields, the airport offers more than 150 commercial passenger non-stop flights daily to 26 domestic and international destinations and 51 all-cargo flights as of February 2009. The passenger terminal complex consists of two terminals with 29 gates, including an international arrivals building for Oakland's growing international service to such destinations as Guadalajara, Morelia, Leon, Mexico, Paris, and Papeete, Tahiti and the Azores Islands. Service between Oakland and Hawaii was inaugurated in February 2000 and direct flights to New York, JFK and Newark, New Jersey were started. There are approximately 8,000 Port and tenant employees working at the Airport.

Air Cargo at Oakland International Airport

Oakland International handles nearly 1,000,000 metric tons of cargo annually and it is among the top 30 airports in the world in the amount of cargo handled. Five all-cargo carriers currently serve Oakland International. Additionally, air cargo is on the domestic and international passenger carriers that serve the airport. About one in every four employees works in a job related to cargo. FedEx, which currently doubled its operations in Oakland by opening a new 13-acre, 191,000 square foot complex, operates a regional sorting and international import clearance facility at Oakland, where nearly 2,100 people are employed. UPS employs 293 people in its airport sort facility and operates a regional distribution center at the nearby Oakland Airport Business Park.

Mass Transit

Local bus service is provided by AC Transit, the public bus system serving 13 cities (and adjacent unincorporated communities) in 364 square miles along the east shore of San Francisco Bay. Serving approximately 230,000 daily riders, AC Transit operates a network of 105 transbay and local East Bay bus routes, 98% of which make transfer connections with the Bay Area Rapid Transit (BART) system. AC Transit buses also serve the Amtrak Station and ferry terminal at Jack London Square, the Oakland International Airport, and many other Bay Area attractions including downtown San Francisco.

BART is a 104-mile, automated rapid transit system serving over 3 million people in the three BART counties of Alameda, Contra Costa, and San Francisco counties, as well as northern San Mateo County. Trains traveling up to 80 mph connect 17 Bay Area cities and 43 stations. Travel time between downtown Oakland and downtown San Francisco averages only 11 minutes on BART.

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

Car-sharing is offered by City CarShare, Flexcar and Zipcar. There are over 90 miles of bike lanes, routes and paths for the public. Oakland was one of the first cities to pilot the "sharrow" lane – shared-lane pavement markings to indicate road lanes shared by cyclists and motorists.

EDUCATION

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

The District operates 65 elementary, 20 middle, and 24 high schools. They also operate 36 child development centers and 6 adult education schools. The pupil to teacher ratio is 20:1 for K-3, 31:1 for grades 4-5, and 32:1 for 6-12 graders. Current implementation of 20:1 ratio for 9th graders is ongoing.
There are two community colleges and six four-year institutions inside the city limits, with the world-renowned U.C. Berkeley campus located nearby. In addition, a variety of evening extension courses is

offered in Oakland by nine other Bay Area colleges, including U.C. Berkeley. A wide array of non-profit, county and City-sponsored skills enhancement training programs are provided to Oakland residents, and career development is successfully encouraged at area high school academies.

HEALTH CARE

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

PUBLIC SAFETY

The Oakland Police Department is striving to use successful and innovative techniques to reduce crime in the City. The Department continues to strengthen its commitment by developing and implementing a "Total Community Policing" model in Oakland. The Mission of the Oakland Police Department is to provide the people of Oakland an environment where they can live, work, play and thrive free from crime and the fear of crime.

PARKS AND RECREATION

Sports, performing arts, boating, camping, gardens, and many other leisure activities are available at more than 140 parks, playgrounds, community centers, and other recreational facilities operated by the City. There are two public golf courses and a third driving range. Four public 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 West Coast. It is experiencing a dynamic cultural renaissance and economic revitalization throughout downtown, the waterfront, and neighborhoods. There are more than 5,000 professional artists living and working in Oakland; 25 dance companies; 36 music groups and organizations; 12 theater companies; 40 visual arts galleries and 15 historic and museum sites.

The Mayor and City Council have established a priority to "Celebrate Arts and Culture to express the creativity and diversity of Oakland." The Cultural Arts & Marketing Division, Community and Economic Development Agency, is the City's local arts agency which provides services to the arts community and sponsors culturally enriching programs, exhibitions, and events to celebrate Oakland's creative and cultural diversity. Through its three program areas, the Cultural Funding Program, Public Art Program, and Special Projects, the Cultural Arts & Marketing Division seeks to broaden and strengthen community participation in the development, support, and promotion of Oakland's rich artistic and cultural heritage at the local, regional, and national level.

Cultural Funding Program—The City of Oakland, through a competitive application process, awards over $1.1 million in contracts over the years to Oakland-based nonprofit organizations and individual artists that collectively provide more than 5,000 arts and cultural activities to Oakland residents and visitors.

Public Art Program—The City of Oakland Public Art Program serves Oakland residents and visitors of all ages by commissioning permanent and temporary works of art to help create a positive vision and identity for the City and its neighborhoods. The Public Art Program supports downtown and neighborhood revitalization by engaging a diverse range of artists in contributing to the quality of the visual environment while communicating Oakland's historical, social and cultural significance. Public Art Program Staff administers a variety of programs, including site-specific public art connected to City capital improvements.

Special Projects—The City collaborates with other community organizations, businesses, public institutions, and City agencies to produce programs, events, festivals, and celebrations that promote Oakland's art and culture. Current projects include: Oakland Artisan Marketplace, Art & Soul Oakland Festival, and support for 20 major festivals citywide.

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

Oakland Museum of California—It brings together collections of art, history and natural science under one roof to tell the extraordinary stories of California and its people. Oakland Museum of California connects collections and programs across disciplines, advancing an integrated, multilayered understanding of this ever-evolving state. With more than 1.8 million objects, the Museum is a leading cultural institution of the Bay Area and a resource for the research and understanding of California's dynamic cultural and environmental heritage.

Paramount Theater—This 1931 movie place, authentically restored in 1973, is Oakland's premiere live performance facility. The Oakland East Bay Symphony, led by maestro Michael Morgan, showcases a fine classical repertoire and works of California composers. The internationally recognized Oakland Ballet is expanding its definition of Ballet under Artistic Director Graham Lustig.

Both the Symphony and the Ballet perform at the Paramount Theater, which also hosts Broadway shows, R&B concerts, gospel musicals, comedy performances and many special engagements.

Malonga Casquelourd Center for the Arts — The beautifully restored turn-of-the-century Arts Center, formerly known as the Alice Arts Center, is one of the area's busiest performing arts facilities. Patrons can participate in a variety of arts programs or rent spaces for arts events and activities. This restored 1920s building is a popular multicultural, multidisciplinary performing arts complex sponsored by the city. The 350-seat theater and five performance spaces showcase drama, ballet, and African and contemporary dance.

The Oakland School for the Arts—It is a California Distinguished School and has been recognized by the national Arts Schools Network as an Exemplary School. Oakland School for the Arts (OSA) is part of the revitalization of uptown Oakland. Located in the recently restored historic Fox Theater, OSA anchors the uptown arts movement with its shows, productions and performances.

SPORTS

Oakland is a magnet for sports fans of all types. Whatever the season, Oakland pro and amateur games frequently garner large crowds and broad national media coverage. In the last three decades, Oakland's professional sports teams have won six world championships in three major sports.

- Golden State Warriors – The Warriors were one of the most exciting teams in basketball to watch in the 2008-2009 season. Golden State ranked second in the league in scoring with 108.6 points per game, and seven different players had at least one game with 30-plus points.

- Oakland Athletics – The Oakland Athletics have won six American League Championships and four baseball World Series titles.

- Oakland Raiders – From dominance in three Super Bowl victories to improbable come-from-behind victories, the Raiders have been involved in some of professional football's most incredible moments.

MEDIA

Oakland has its own daily and weekly regional newspapers, radio stations and a television station with daily award-winning newscasts. Its neighborhoods distribute 50 newsletters. In addition to media and cable companies located in Oakland, the City is served by other major Bay Area newspapers, seven television stations (including the three major networks) and the Public Broadcasting System. Over 30 other Bay Area radio stations are easily received in Oakland.

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APPENDIX E

AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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OAKLAND-ALAMEDA COUNTY
COLISEUM AUTHORITY

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2011

OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY
JUNE 30, 2011

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Oakland-Alameda County Coliseum Authority
Oakland, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oakland-Alameda County Coliseum Authority (the Authority), as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the assets and liabilities and related revenues and expenditure/expenses maintained by the Oakland Coliseum Joint Venture ("OCJV"), the management company of the Coliseum and Arena, which represent 6.8 percent, 8.5 percent and 65.3 percent, respectively, of the assets and liabilities and expenditures/expenses of governmental activities and the general fund. Those assets and liabilities maintained by OCJV and related revenues and expenses/expenditures were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The assets, liabilities, related revenues, and expenditure/expenses maintained by OCJV were not audited in accordance with *Government Auditing Standards.* 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 Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As disclosed in Note 4 to the financial statements, the Authority has two loans receivable outstanding, totaling $105,577,698 and $19,255,448, respectively, as of June 30, 2011. The loan balances increased $4,734,394 and $863,923, respectively, in fiscal year 2011, and has increased $51,677,698 and $9,255,488, respectively, since the loan inception in fiscal year 1996. Management has not adopted a methodology for reviewing the collectability of the loans receivable balance recorded in the governmental activities and the special revenue fund and, accordingly, has not considered the need to provide an allowance for uncollectible amounts. The Authority has not projected and evaluated the recoverability of these loans through the maturity date in fiscal year 2036. Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets, fund balances/net assets, and change the revenues in the special revenue fund and governmental activities. The amount by which this departure would affect the assets, fund balances/net assets, and revenues of the special revenue fund and governmental activities is not reasonably determinable.

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In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the previous paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the special revenue fund and governmental activities of the Authority, as of June 30, 2011, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, based on our audit and the report of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the general fund and debt service fund of the Authority, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Authority has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011, on our consideration of the Authority'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 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 and budgetary comparison information on pages 3 through 11 and 36, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 1, 2011

This section of the Oakland-Alameda County Coliseum Authority's (the Authority) financial statements presents a narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2011. All amounts in this discussion and analysis, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the fiscal year 2011 by $74,071. Of this amount, $16,662 represent assets associated with long-term debt that are subject to external restrictions as to how they may be used, $24,462 needs to be raised in order to meet excess of debt related to capital assets over the amount invested in those capital assets and $81,871 may be used to meet the Authority's ongoing obligations to citizens and creditors.

- The total net assets increased by $8,893 during the fiscal year. This is attributable to revenues exceeding expenditures. Current year operating revenue increased $4,119 or 13 percent, and other revenue increased $55 or 5 percent. The overall increase in revenue was primarily due to a $4,177 or 91 percent increase of Premium Seating Revenue.

- As of June 30, 2011, the Authority's governmental funds reported an ending fund balance of $109,361, a decrease of $3,317 or 3 percent. $64,064 of the ending fund balance is non-spendable, $16,662 is restricted, and $1,536 is assigned for capital outlay.

- At the close of the fiscal year, unassigned fund balance for the general fund was $27,100, as this amount will be used to pay existing debt. The total fund balance in the general fund as of June 30, 2011 was $28,800 or 99 percent of total general fund expenditures of $29,030.

- The Authority's long-term debt decreased by $12,660 or 5 percent during the fiscal year ended June 30, 2011 due to pay-down of existing debt without issuing any new debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements

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

The statement of net assets presents information on all of the 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 the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority'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 related to uncollected interest earnings and incurred but unpaid legal cost.

Both of the government-wide statements reflect the Authority's intent to generate revenues to recover a significant portion of their related costs through user fees and charges, similar to a business-type activity.

The government-wide financial statements are located on pages 12 and 13 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting in accordance with authoritative accounting and financial reporting standards for states and local governments. All of the funds of the Authority are considered governmental funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in evaluating a government'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 government'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 Authority maintains three major funds: General Fund, Special Revenue Fund, and Debt Service 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 each major fund.

The governmental fund financial statements can be found on pages 14 and 16 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 34 of this report.

Government-wide Financial Analysis

Analysis of net assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceed liabilities by $74,071 at June 30, 2011

The Authority's outstanding debt related to its capital assets (e.g. property, building improvements, equipment, and vehicles), is greater than the net book value of those assets by $24,462. The Authority uses these capital assets to provide facilities for sports activities for local citizens at the Coliseum Complex. These assets are not available for future spending. Although the Authority's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed
Statement of Net Assets

	Governmental Activities 2011	Governmental Activities 2010
Assets:		
Current and other assets	$ 196,154	$ 170,690
Capital assets	147,009	154,919
Total assets	343,163	325,609
Liabilities:		
Long-term liabilities	233,545	246,705
Other liabilities	35,547	13,726
Total liabilities	269,092	260,431
Net assets:		
Invested in capital assets, net of related debt	(24,462)	(25,778)
Restricted for debt service	16,662	17,449
Unrestricted	81,871	73,507
Total net assets	$ 74,071	$ 65,178

$81,871 of these net assets may be used to meet the ongoing obligations of the Authority. An additional portion of the Authority's net assets, $16,662, represents resources that are subject to external restrictions as to how they may be used. There is a net deficit of $24,462 for net assets invested in capital assets, net of related debt because the value of the Authority's net assets is less than the debt used to acquire those capital assets.

Analysis of changes in net assets

The Authority's net assets increased by $8,893 during the fiscal year ended June 30, 2011. This increase is explained in the governmental activities discussion below and is primarily a result of current year revenues exceeding expenses.

Condensed Statement of Governmental Activities

		2011		2010
Revenues:				
Program revenues:				
Charges for services:				
Club Dues	$ 560		$ 556	
Parking & Concession	3,207		2,692	
Arena facility fees	3,764		2,816	
Premium Seating Revenue	7,314	14,845	4,604	10,668
Operating subsidy		$ 20,068		$ 20,126
General revenue:				
Lease revenue		2,475		2,250
Interest income		7,949		7,988
Other revenue		3,033		2,939
Total revenue		48,370		43,971
Expenses:				
Administrative and operating expenses		34,850		33,251
Interest on long-term debt		4,627		2,555
Total expenses		39,477		35,806
Increase in net assets		8,893		8,165
Net assets - beginning		65,178		57,013
Net assets - ending		$ 74,071		$ 65,178

Governmental Activities:

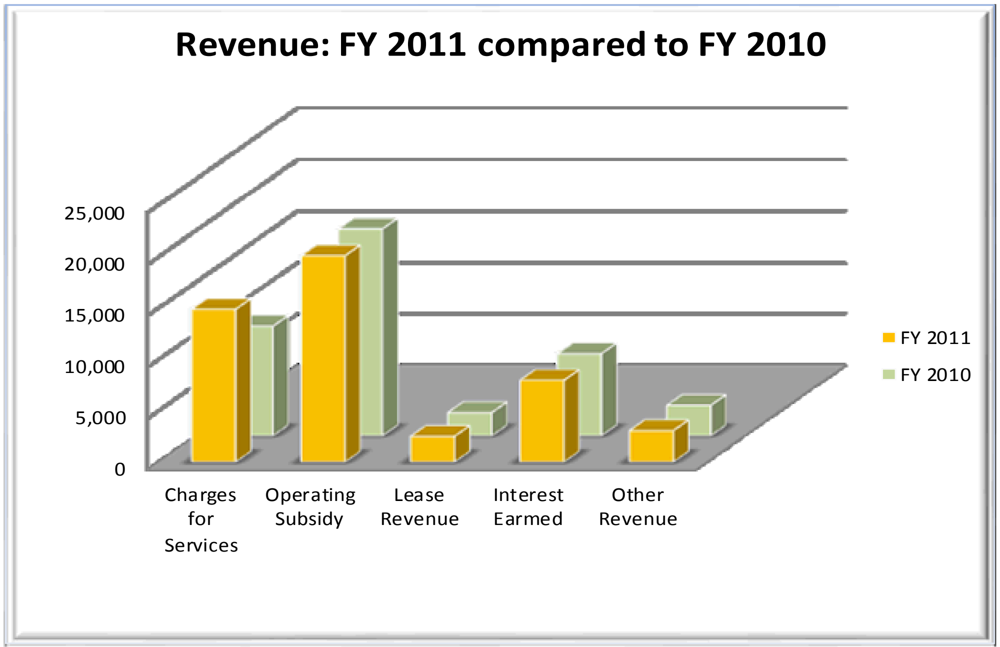
The activities of the Authority increased its net assets by $8,893. Key elements of this overall increase in net assets are as follows:

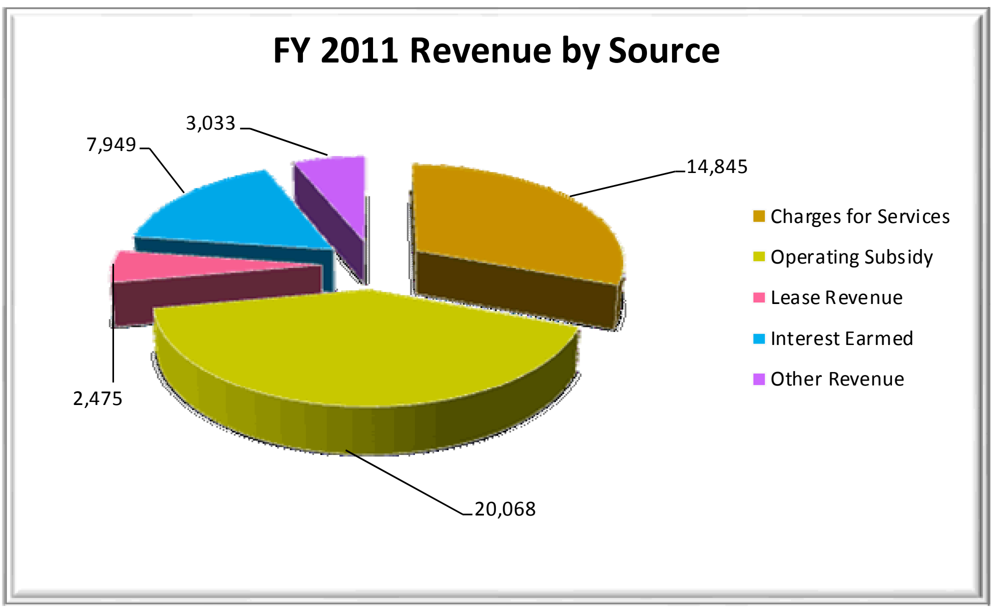
- Interest expense increased $2,072 or 81 percent due to a rating downgrade of the Letter of Credit providers for the Arena A-2 bond. As result, the Authority had to pay at higher interest rates.

- Revenue increased $4,119 or 13 percent during the year ended June 30, 2011 mainly due to several factors. As a result of the increased on the Arena bonds, Premium Seating Revenue ($2,710 or 59 percent) increased over previous year because the Warriors are required to pay the lower of $7,428 or the financing cost for the bonds as Premium Seating Revenue. In addition, Arena facility fees increased $948 or 34 percent as more events were booked in Arena complex. Also, Parking and Concession revenue increased $515 or 19 percent during the year ended June 30, 2011. This growth is mainly due to an increase in spectators and fans during the past sports seasons.

- Lease revenue increased $225 or 10 percent primarily due to rent revenue from the Oakland Athletics because of an increase in the rent for the last fiscal year.

- Administrative and operating expense increased $1,599 or 5 percent due to legal costs incurred as a result of arbitration between the Authority and the Golden State Warriors. An award in Phase I of the arbitration with the Warriors was issued in September 2010. Phase II of the arbitration commenced soon after in February. The Warriors entered into a Settlement Agreement with the Authority in June 2011. The Authority agreed to pay Warriors the sum of $3 million dollars; and to accept an amount of $579,225 from the Warriors as a recoverable fees and costs incurred as part of the settlement for Phase II.





Financial Analysis of the Authority's Funds

Governmental funds

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

At the end of the fiscal year, the Authority's governmental funds reported combined ending fund balances totaling $109,361 a decrease of $3,317 or 3 percent in comparison with the beginning fund balances. Revenues for governmental funds overall totaled approximately $42,772 in the fiscal year ended June 30, 2011, which represents an increase of $4,276 or 11 percent from the fiscal year ended June 30, 2010. Expenditures for governmental funds, totaling $46,089 reflect an increase of $7,657 or 20 percent from the fiscal year ended June 30, 2010. In the fiscal year ended June 30, 2011, expenditures for governmental funds exceeded revenues by approximately $63 or about 8 percent.

The general fund is the chief operating fund of the Authority. At the end of the current fiscal year, the fund balance of the general fund was $28,800. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 99 percent of general fund expenditures of $29,030. The fund balance in the Authority's general fund decreased by $2,530 or 8 percent during the fiscal year, this was mainly due to increase in administrative expenditures and Golden State Warriors settlement.

The financial statements of Financing Corporation have been presented under the special revenue fund. Revenue in the special revenue fund increased $214 over the prior year due to increased parking and concessions revenues. All revenues are applied to interest receivable on the Raiders loan; there is no change in fund balance at the end of the year which remains at $63,000.

The expenditures in the debt service fund increased $4,743 mainly due to increase in the interest expense as result of the interest rate increase on the Arena A-2 bond due to the downgrade of the letter of credit provider. The fund balance is $16,662 at year end; this is a decrease of $787 from the prior year.

General fund budgetary highlights

The Authority's final budget does not differ from the original budget in that no supplemental adjustments were made during the fiscal year.

Overall, the Authority's actual general fund revenues of fiscal year 2010-11 exceeded its budgeted revenues by $2,213 or 6 percent for several reasons. There was an unbudgeted settlement revenue in the amount of $550 was received by the Authority as part of the Phase II of the arbitration settlement with the Warriors. Premium seating revenue was more than budget by $914 or 14 percent because the Warriors, by contract, were required to pay the lower of $7,428 or the financing cost for the bonds. A $688 or 18 percent shortfall in parking and concessions revenue and a shortfall in club dues of $10 or 2 percent were related to lower fan participation in Coliseum complex events. Naming Rights revenue were $564 or 78 percent over budget due to a new signage agreement with O.co during the year which was not budgeted. Actual general fund expenditures were more than the 2010-11 budget by $2,613 or 11 percent mostly due to the unbudgeted $3,000 phase II arbitration settlement payment to the Warriors.

Operating costs to support Coliseum Complex activities were over budget by $2,432 or 9 percent.
This was offset by $3,613 or 19 percent because of decreased expenditures in other operational areas.

Capital assets and debt administration

Capital Assets

The Authority's capital assets as of June 30, 2011 amount to $147,009 (net of accumulated depreciation) as shown in the table below. This investment in capital assets includes property, improvements, machinery, equipment, and construction in progress. A net decrease of $5,879 in the Authority's capital assets for the current fiscal year, net of depreciation, was 4 percent, and was due to depreciation of assets.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities	
	2011	2010
Construction in progress	$ 2,078	$ 283
Arena improvement	66,155	69,343
Stadium improvement	73,415	77,212
Land improvement	1,141	1,203
Furniture and fixtures	841	929
Heavy Equipment	319	337
Machinery and equipment	2,926	3,407
Vehicles	134	174
Total	$ 147,009	$ 152,888

For government-wide statement of net assets presentation, the Authority depreciated all depreciable capital assets from the date the asset was placed into service to the end of the current fiscal year.

Fund financial statements record capital asset purchases as expenditures. Additional information about the Authority's capital assets can be found in Note 6 to the financial statements.

At the fiscal year ended June 30, 2011, the Authority added $543 to its capital assets and $1,795 in construction in progress.

More information about the Authority's capital assets is located in Note 6 to the financial statements.

Debt Administration

At the end of the current fiscal year, the Authority had total long-term obligations outstanding of $245,095. This entire amount is secured by letters of credit and is payable from revenues of the Authority. The unamortized bond issuance costs are $1,863 as of June 30, 2011.

Outstanding Long-term Obligations

	Governmental Activities	
	2011	2010
Revenue Bonds:		
Stadium variable rate refunding lease revenue bonds	$ 144,900	$ 152,000
Arena variable rate lease revenue bonds	100,195	105,755
Total	$ 245,095	$ 257,755

During the fiscal year 2010-11, the Authority's total bonded debt decreased by $12,660. The decrease was due to the pay down of existing debt without incurring any additional bonded indebtedness during the year.

Additional information about the Authority's long-term obligations is located in Note 9 to the financial statements.

Economic factors and next year's budget and rates

- Interest cost on the Stadium variable rate bonds is expected to remain low during the first six months of the new fiscal year. However, the Authority anticipates interest rates the Arena A-2 bond to remain high due to a credit rating downgrade of the letter of credit provider.

- All preseason basketball games in Arena for the 2011-12 season were cancelled as the NBA and players could not come to an agreement. Since July 1, 2011, the NBA locked out the players. If a collective bargaining agreement is not reached soon, the entire season could be lost. The magnitude of the financial impact of the lockout is unknown at this time.

- The Authority's revenues this fiscal year, such as parking and concession, exceeded the preceding year by 19 percent as attendance has increased for Stadium and Arena events.

- The unemployment rate in Alameda County in June 2011 was approximately 11 percent, according to the US Bureau of Labor Statistics updated on September 28, 2011. In comparison, to 11.5 percent from the prior year, this indicates that a slow economic recovery has taken place.

- On October 8, 2011, Al Davis, the principal owner of the Oakland Raiders, passed away. His passing was sad and will have an everlasting impact on the team and the Bay Area. Also, there was an NFL lock-out which fortunately ended before the start of the 2011-2012 football pre-season. Neither of these events will have a material financial impact on the Authority in the near future.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Below is the contact for questions about this report or requests for additional financial information.

Oakland-Alameda County Coliseum Authority
Office of the Auditor-Controller
1221 Oak Street, Room 249
Oakland, CA 94612

OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2011

		GOVERNMENTAL ACTIVITIES
ASSETS		
Current assets:		
Cash and investments (Note 2)	$	24,808,194
Restricted cash and investments (Note 2)		16,661,703
Accounts receivable (Note 3)		4,596,857
Due from OCJV (Note 5)		23,227,980
Prepaid expenses		163,721
Total current assets		69,458,455
Noncurrent assets:		
Raiders loans receivable (Note 4)		124,833,146
Capital assets not being depreciated - Construction-in-Progress (Note 6)		2,077,895
Capital assets (net of accumulated depreciation) (Note 6)		144,930,636
Unamortized bond issuance cost		1,862,836
Total noncurrent assets		273,704,513
Total Assets	$	343,162,968
LIABILITIES		
Current Liabilities:		
Accounts payable (Note 7)	$	1,195,876
Due to OCJV (Note 5)		22,801,260
Bonds payable - current (Note 9)		11,550,000
Total current liabilities		35,547,136
Noncurrent liabilities		
Bonds payable - (Note 9)		233,545,000
Total noncurrent liabilities		233,545,000
Total Liabilities		269,092,136
NET ASSETS		
Investment in capital assets, net of related debt		(24,461,503)
Restricted for debt service		16,661,703
Unrestricted		81,870,632
Total net assets		74,070,832
Total liabilities and net assets	$	343,162,968

The accompanying notes are an integral part of these financal statements

OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Subsidy	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
General government	$ 34,849,719	$ 14,845,107	$ 20,068,000	$ 63,388
Interest on long-term debt	4,627,331	-	-	(4,627,331)
Total governmental activities	$ 39,477,050	$ 14,845,107	$ 20,068,000	$ (4,563,943)

General Revenues:	
Leases	$ 2,475,000
Interest and investment	7,948,450
Other	3,033,405
Total general revenues	13,456,855
Change in net assets	8,892,912
Net assets - beginning	65,177,920
Net assets - ending	$ 74,070,832

The accompanying notes are an integral part of these financal statements

OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	$ 24,808,194	$ -	$ -	$ 24,808,194
Restricted Cash and Investments	-	-	16,661,703	16,661,703
Accounts Receivable	4,596,857	-	-	4,596,857
Prepaid Expense	163,721	-	-	163,721
Due from OCJV	23,227,980	-	-	23,227,980
Raiders Loans Receivable	-	124,833,145	-	124,833,145
Total Assets	$ 52,796,752	$ 124,833,145	$ 16,661,703	$ 194,291,600
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	$ 1,195,876	$ -	$ -	$ 1,195,876
Due to OCJV	22,801,260	-	-	22,801,260
Deferred Revenue	-	60,933,145	-	60,933,145
Total Liabilities	23,997,136	60,933,145	-	84,930,281
FUND BALANCES				
Non-Spendable:				
Prepaid Expense	163,721	-	-	163,721
Raiders Loan Receviable	-	63,900,000	-	63,900,000
Restricted for:				
Debt Service	-	-	16,661,703	16,661,703
Assigned for:				
Capital Projects	1,536,073	-	-	1,536,073
Unassigned	27,099,822	-	-	27,099,822
Total Fund Balances	28,799,616	63,900,000	16,661,703	109,361,319
TOTAL LIABILITIES AND FUND BALANCES	$ 52,796,752	$ 124,833,145	$ 16,661,703	$ 194,291,600

The accompanying notes are an integral part of these financal statements

OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
NET ASSETS OF GOVERNMENTAL ACTIVITES
JUNE 30, 2011

Total Fund Balance - Governmental Funds	$	109,361,319
Amounts reported for governmental activities in the statement of Net Assets are different from those reported in Governmental Funds because:		
As the focus of governmental fund is on short-term financing, some assets will not be available to pay current expenditures. Those assets (receivables) are offset by deferred revenue in the governmental funds and they are not measurable and available		60,933,145
Capital assets used in governmental activities are not financial resources and therefore, and not reported in the funds		147,008,532
Bond issuance costs are reported as deferred charges in the statement of net assets while these expenditures were recognized as expenditures in the year of issuance in the governmental funds. Those bond issuance costs are amortized over the life of the bonds		1,862,836
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds		(245,095,000)
Net Asset of Governmental Activities	$	74,070,832

The accompanying notes are an integral part of these financal statements

OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS GOVERNMENTAL FUNDS
REVENUES:				
Club Dues	$ 559,581	$ -	$ -	$ 559,581
Parking & Concession	3,206,947	-	-	3,206,947
Facility Fee	3,764,431	-	-	3,764,431
Premium Seating Revenue	7,314,147	-	-	7,314,147
Unrealized Gain/Loss on Investment	824	-	(14,167)	(13,343)
Interest Earned - Arena	395,906	-	11,098	407,004
Stadium	232,799	1,645,976	77,698	1,956,473
Naming Rights	1,287,763	-	-	1,287,763
Subsidy to Authority	20,068,000	-	-	20,068,000
Athletics Rent	985,000	-	-	985,000
Warriors Rent	1,500,000	-	-	1,500,000
CBS/Viacom Revenue	1,030,241	-	-	1,030,241
AT&T License fee	27,500	-	-	27,500
Sponsorship Revenue	99,600	-	-	99,600
GSW Settlement - Phase I & II	549,802	-	-	549,802
Misc. Revenue	28,500	-	-	28,500
Total Revenue	41,051,041	1,645,976	74,629	42,771,646
EXPENDITURES:				
CURRENT:				
ADMINISTRATIVE:				
Legal and Accounting Fee	1,992,085	-	-	1,992,085
Miscellaneous Admin. Expense	384,800	-	-	384,800
Payroll Expense	46,397	-	-	46,397
Naming Rights Consulation Service	25,013	-	-	25,013
Total Administrative	2,448,295	-	-	2,448,295
OPERATING:				
Parking Expense	1,533,778	-	-	1,533,778
City Parking Tax	515,485	-	-	515,485
Warriors Marketing Expense	675,000	-	-	675,000
Commerical Property Insurance	596,822	-	-	596,822
GSW Settlement - Phase II	3,000,000	-	-	3,000,000
Stagehand Expense	390,129	-	-	390,129
Warriors A/R due to OCJV	94,270	-	-	94,270
Incentive Fee - SMG	750,000	-	-	750,000
Coliseum JV - Subsidy - Operations	15,586,988	-	-	15,586,988
Coliseum JV - Subsidy - Capital	3,379,501	-	-	3,379,501
Total Operating	26,521,973	-	-	26,521,973
DEBT SERVICE:				
Debt Service - Arena				
Principal	-	-	5,560,000	5,560,000
Interest & Other Financing Costs	36,892	-	3,279,327	3,316,219
Debt Service - Stadium				
Principal	-	-	7,100,000	7,100,000
Interest & Other Financing Costs	22,500	-	1,120,086	1,142,586
Total Debt Service	59,392	-	17,059,413	17,118,805
Total Expenditures	29,029,660	-	17,059,413	46,089,073
Excess (deficiency) of revenue over (under) expenditures	12,021,381	1,645,976	(16,984,784)	(3,317,427)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	1,645,976	-	16,197,202	17,843,178
Operating Transfers Out	(16,197,202)	(1,645,976)	-	(17,843,178)
Total Other Financing Sources (Uses)	(14,551,226)	(1,645,976)	16,197,202	-
Net Change in Fund Balances	(2,529,845)	-	(787,582)	(3,317,427)
Fund Balances - Beginning	31,329,461	63,900,000	17,449,285	112,678,746
Fund Balances - Ending	$ 28,799,616	$ 63,900,000	$ 16,661,703	$ 109,361,319

The accompanying notes are an integral part of these financal statements

OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net Change in Fund Balances - Total Governmental Fund	$	(3,317,427)
Amounts reported for governmental activities in the statement of activities are different because:		
Debt service expenditures for principal payments - recognized as an expenditure in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances		12,660,000
Acquisition of capital assets - recognized as an expenditure in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances		2,337,065
Amortization of bond issuance cost - recognized as an expense in the government-wide Statement of activities		(168,526)
Depreciation of capital assets - recognized as an expense in the government-wide Statement of activities		(8,216,516)
Interest on Raiders loans which was not received within the available period established for the governmental funds is not reported as revenue in the funds		5,598,316
Change in Net Assets of Governmental Activities	$	8,892,912

The accompanying notes are an integral part of these financal statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity - Oakland-Alameda County Coliseum Authority (the Authority) is a joint exercise of powers authority formed on July 1, 1995 by and between the City of Oakland, California (the City) and the County of Alameda, California (the County). The Authority was created to assist the City and the County in financing the public capital improvements, pursuant to the Marks-Roos Local Bond Pooling Act of 1985.

The Authority's eight-member Board of Commissioners includes two members of the City of Oakland Council, two members of the Alameda County Board of Supervisors, two city appointed non-elected members, and two county appointed non-elected members.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Authority. The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statement includes a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Authority's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The Authority does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or that are restricted to meeting the operational or capital requirements of the Authority. Revenues that are not classified as program revenues are presented as general revenues of the Authority, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Authority.

Fund Financial Statements:

Fund financial statements report detailed information about the Authority. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) resulting in a net change in fund balance.

Description of Funds - The accounts of the Authority are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance (or retained earnings), revenues and expenditures or expenses, as appropriate.

The Authority's resources are allocated to, and accounted for in, the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority's activities are organized into major governmental funds as follows:

Major Governmental Funds:

The General Fund is the primary operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund. The Authority elected to present all funds as major fund since no major fund determination tests were done.

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Authority maintains one special revenue fund to account for the activities of the Oakland-Alameda County Coliseum Financing Corporation, a component unit. The revenues are restricted per the Raider's Loan Agreement and can only be applied to interest and principal payments that the Raider's owes the Authority.

The Debt Service Fund is used to account for the accumulation of financial resources and payment of general long-term debt principal, interest and related costs.

C. Basis of Accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the general-purpose financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Authority, "available" means collectible within the current period or within 60 days after fiscal year-end. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered) except for un-matured interest on general long-term debt, which is recognized when due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

D. Budgets and Budgetary Accounting

The Authority adopts an annual operation budget on or before June 30 for the ensuing fiscal year for the General Fund and Debt Service Fund. Special Revenue fund is not budgeted because it is not legally required. The Board of Commissioners of the Authority must approve the annual budget and any amendments to the budget.

E. Investments

Investments are reported at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for certain investments and for External Investment Pools.

F. Restricted Assets

Restricted assets are cash and investments that are restricted for specified uses by debt requirements. It is classified as restricted because they are maintained in a separate bank account or by fiscal agents and their use is limited by applicable bond covenants or agreements.

G. Issuance Costs

In the government-wide financial statement, issuance costs are deferred and amortized over the life of the bonds. Unamortized issuance costs are reported as non-current assets.

In the fund financial statements, governmental fund types recognize issuance costs at the time bonds are issued. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures and all other amount is reported as other financing sources or uses.

H. Use of Estimates

The preparation of the basic financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

I. Oakland-Alameda County Coliseum Financing Corporation (The Financing Corp)

The Oakland-Alameda County Coliseum Financing Corporation (the Financing Corporation) is a component unit of the Authority. It is a non-profit public benefit corporation. One purpose of forming the Authority is to provide loans to the Raiders for the remodeling of the Stadium and relocation costs of the Raiders associated with the team's move to Oakland, California. Since the Authority is restricted by law from legally providing loans, the Financing Corporation was created with the intent of providing various facilities as described above and in Note 1 exclusively for the Authority.

In accordance with *Governmental Accounting Standards Board (GASB)* Statement No. 14, *The Financial Reporting Entity*, component units should be blended if the units provide services or benefits exclusively, or almost exclusively, to a primary government

(PG). Blending means that the component unit's financial data is reported as though the unit is part of the PG. No funds, however, should be blended with the general fund of the PG. Instead, the separate general funds of the component units should be reclassified as special revenue funds. Accordingly, the financial statements of Financing Corporation have been presented as the Special Revenue Fund of the Authority.

J. Capital Assets

Capital assets which include construction, property improvement, furniture and fixtures, equipment and vehicles are reported in the government-wide financial statement governmental activities. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Software, Structures, and improvements with a minimum cost of $250,000 are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Major outlays for capital assets and improvements are capitalized as projects are constructed. The land of the Coliseum Complex is owned by the City and the County. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Construction, property improvement, furniture and fixture, equipment and vehicles of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Arena Improvement	30
Stadium Improvement	30
Property Improvement	30
Software	5-10
Machinery and Equipment	3-15
Furniture and Fixtures	5-15
Vehicles	5-15

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:		
Cash and investments	$	24,808,194
Restricted cash and investments		16,661,703
Total	$	41,469,897

Cash and investments as of June 30, 2011 consist of the following:

Cash in county treasury		24,804,604
Investments		16,665,293
Total	$	41,469,897

A. Deposits

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside entity. The Authority does not have a deposit policy for custodial credit risk. The Authority's funds are maintained in an interest earning trust account with the County of Alameda and with a bank. The deposits at the bank are uninsured and exposed to custodial credit risk. Available cash deposited in the treasury of Alameda County is invested by the County Treasurer as described below.

B. Investments

The Authority investments consist of (a) County Treasurer's investments, (b) Investments with fiscal agents. The Authority does not have an investment policy.

a. Cash in County Treasury

The Authority maintains its available cash in Alameda County Treasury. The County pools these funds with those of other agencies and invests the cash. These pooled funds are carried at cost, which approximates the market value. All the funds in the pool share any investments losses proportionately.

Funds with the County Treasurer are invested pursuant to investment policy established by the Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the County deposits funds, the types of investment instruments and the percentage of the portfolio which may be invested in certain instruments, as permitted by Section 53600 et seq. of the Government Code of the State of California.

Authorized instruments in which the Treasurer can invest include debts issued by the County, US Treasury securities, banker's acceptances, federal, state and local government securities, commercial paper, medium-term corporate notes, negotiable certificates of deposit, local agency investment fund, money market funds, mutual funds, and mortgage-backed securities. Information regarding the characteristics of the entire investment pool can be found in the County's June 30, 2011 comprehensive annual financial report. A copy of that report may be obtained by contacting the County's Auditor-Controller Agency, 1221 Oak Street, Room 220, Oakland, CA 94612. As of June 30, 2011, the Authority's share of the County's cash and investment pool totaled $24,804,604.

b. Investments with Fiscal Agents

The Authority's Debt Service Fund has investments with fiscal agents, which are permitted as follows:

Permitted investments for moneys in the Reserve Fund for the 1996 Arena bonds to the extent permitted by law:

1. Government Securities

2. Any obligations which are ten legal investments for moneys of lessees under the laws of the State of California; provided that such investments shall be rated in the highest short-term or one of the three highest long term rating categories by Fitch, Moody's and S&P.

3. Money markets or mutual funds which are rated by S&P "AAAM-G" or "AAAM" or higher and, if rated by Moody's, are rated "Aa" or higher, and such similar rating category by Fitch.

4. The Local Agency Investment Fund of the State of California

5. Any permitted investment for which the Trustee provides services.

Permitted investments for moneys in the Reserve Fund for the 2000 Coliseum bonds to the extent permitted by law:

1. Government Securities

2. Any obligations which are ten legal investments for moneys of lessees under the laws of the State of California; provided that such investments shall be rated in the highest short-term or one of the three highest long term rating categories by Fitch, Moody's and S&P.

3. Money markets or mutual funds which are rated by S&P "AAAm-G" or "AAAm" or higher and, if rated by Moody's, are rated "Aa" or higher (including any portfolios for which the Trustee or any of its affiliates provides investment advisory or management services).

4. The Local Agency Investment Fund of the State of California.

5. Investment agreements with or the obligations of which are guaranteed by (a) a domestic bank, financial institution or insurance company the financial capacity to honor its senior obligations of which is rated at least "AA-" by S&P and "Aa3" by Moody's; or (b) a foreign bank the long term debt of which is rated "AA-" by S&P and "Aa3" by Moody's (a "Qualified Provider"); provided, that the investment agreement shall provide that if during its term the provider's (or, if guaranteed, the guarantor's) rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider must within 10 days assign the investment agreements to a Qualified Provider reasonably acceptable to the Authority or collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the providers books) to the Trustee or a third party acting solely as agent therefore (the "Holder of the Collateral") Government Securities which are free and clear of any third party liens or claims.

6. Any investment approved by the Credit Provider.

As of June 30, 2011, investments with fiscal agents consisted of the following:

	Credit Rating	Investment Maturities (in Years)	
Investment Type	S&P's/Moody's Fitch	Less than 1	Fair Value
Discounted commerical paper	AA/Aa3/AA-	$ 3,270,097	$ 3,270,097
Money market fund	AA/Aa3/AA-	13,391,606	13,391,606
Total		$ 16,661,703	$ 16,661,703

Interest Rate Risk

The investment policy for the bond proceeds limits the investment maturity on or before the dates on which such money is anticipated to be needed for disbursement. The moneys in the Reserve Fund shall be invested with a term not greater than the final maturity date on the Bonds.

Credit Risk

The investment policy for the Debt Service Fund limits the fund to investments in government securities, the local agency investment fund of the State of California, and money markets or mutual funds to the rating in the highest short-term or one of the three highest long-term rating categories by Fitch, Moody's and Standard & Poors. The current ratings can be found in the above table.

Concentration of Credit Risk

As of June 30, 2011, investments in any one issuer that represent five percent or more of the total Authority's investments are as follows:

Issuer	Investment Type	Amount
Federal Home Loan Bank	US Government Obligation	$ 8,012,790
Federal National Mortgage Associaton	US Government Obligation	7,495,375
JP Morgan Prime Money Market	Mutual Fund	1,119,144
Total		$ 16,627,309

3. ACCOUNTS RECEIVABLE

According to the License Agreement between the Warriors and the Authority, as amended, commencing in August every fiscal year, the Warriors agree to make ten monthly payments of Premium Seating Revenue to the Authority to cover the current year's Arena debt payments up to a cap of $7,428,000. The amount of $914,147 applicable to the Premium Seating Revenue was receivable from the Warriors as of June 30, 2011.

Also, according with the same License Agreement, the Warriors shall pay to the Authority all facility fees collected as to each Home Game and each Non-Warriors Arena event during the prior calendar month including facility fees collected on Luxury Suite tickets. The amount of $5,111 applicable to the facility fees was outstanding and receivable from the Warriors as of June 30, 2011. In addition, the Warriors shall pay to the Authority rent of $1,500,000 per annum in four equal quarterly installments on the first business day of each calendar quarter. The amount of $750,000 applicable to the rent was outstanding and receivable from the Warriors as of June 30, 2011. The amount of $3,159 is for commission on suites and catering for May and June 2011 concessions owed by the Warriors. Furthermore, an amount of $352,642 on Arena naming rights was outstanding and receivable as of June 30, 2011.

The Authority entered into the Seventh Amendment to the Agreement with the Oakland Athletics on November 1, 2006, the Athletics agreed to pay the Authority $600,000 rent for the year 2007 and $750,000 for the years 2008 through 2011. The total outstanding rent as of June 30, 2011 is $1,092,242. This amount consists of $135,535 rent from fiscal year 2008-09, $356,707 from fiscal year 2009-10, and $600,000 from fiscal year 2010-11. The latter amount of $600,000 applicable to the one-half of the annual rent for the fiscal year 2010-11 was outstanding and receivable from the Athletics as of June 30, 2011, the other half of $600,000 is applicable to the 2011-12 fiscal year. In addition, the amount of $84,000 applicable to past-due interest on rent was receivable as of June 30, 2011.

Project Agreements between the Foster Interstate Media, Inc. (the Foster interstate) and the Authority state that the Foster Interstate will pay to the Authority an annual license fee on a calendar quarter basis in an amount equal to the greater of 36 percent of Gross Advertising Revenue from the Advertising or 25 percent of the Minimum Annual License Fee. On February 23, 2004, Foster Interstate was sold to Viacom Outdoor Group Inc., (Viacom). All terms and conditions of the original agreement remain unchanged. In January 2006, Viacom changed its name to CBS Outdoor Group Inc. (CBS). The amount of $268,076 applicable to fiscal year 2010-11 was outstanding and receivable from the CBS as of June 30, 2011.

On 27th of April, 2011, Authority entered into a new Naming Rights Agreement for Stadium facility with O.co (also known as Overstock.com). O.co desired to purchase the right to name the Stadium for a term of six-year. O.co is to pay Authority an annual fee according to the agreement and the net revenue is to be shared with Oakland Raiders. The amount of $960,000 applicable to the Naming Rights was outstanding and receivable as of June 20, 2011.

An additional $108,323 represents a receivable from the Arena concessionaire, Levy Restaurants, for collections during the latter part of fiscal year 2011. Since this revenue is for concessions at concerts and family events at the Arena the entire amount is payable to the OCJV. Therefore, the Authority has an offsetting payable in an equal amount.

The amount of $59,158 applicable to Arena facility fees on family events and concerts held in Arena facility was outstanding and receivable from OCJV as of June 30, 2011.

4. RAIDERS LOANS RECEIVABLE

In accordance with the Master Agreement among the Authority, the City, the County, the Coliseum, Inc., the Financing Corporation, and the Los Angeles Raiders, a California limited partnership, various loans were made to Raiders as follows:

- ***Operations Loan*** **-** totaling $53,900,000, advanced over a period of one year, bearing interest at 6.56% per annum and 6.07% after August 7, 1996 compounded on an annual basis on September 12 and added to the principal. This loan was to be used for relocation costs, for certain matters relating to revenues unavailable to Raiders, and for other matters relating to the transition of operations and business conducted as the Los Angeles Raiders to those of the Oakland Raiders. The balance of the loan on June 30, 2011 was $105,577,698.

- ***Training Facility Loan*** **-** totaling $10,000,000, advanced over a period of one year, bearing interest at 6.56% per annum and 6.07% after August 7, 1996 compounded on an annual basis on September 12 and added to the principal. This loan was to be used for hard and soft costs of site acquisition, building acquisition and improvements, administration offices, parking areas and practice football fields at the sites selected by the Raiders. The balance of the loan at June 30, 2011 was $19,255,448.

Loans are to be repaid from 50% of the Football Concession Net Revenue, 50% of Football Parking Net Revenue collected by the Raiders commencing with the 1995 football season, and, from an annual payment of $525,000 from the Raiders. (Per Supplement No 1, dated 6/1/96 to the master agreement, effective November 1, 1996.) From the total net revenue collected, 55% of the Net Revenue was applied to the Stadium Improvement Loan, and 45% of the Net Revenue was applied to the Operations and Training Facility Loans in proportion to their unpaid balances at the time of payment.

Repayment from the Raiders is limited to amounts received from Parking, Concessions, and Raiders Rent as described above. After reversion of the title to the Stadium Improvements, the full 50% of the Football Concession Net Revenue, 50% Football Parking Net Revenue, and $525,000 Raiders Rent was applied 84% and 16% respectively to the Operations and the Training Facility Loans. In the fiscal year 2010-2011, $1,017,900 of Football Concession Net Revenue and ($121,868) of Football Parking Net Loss were applied to the Operations and Training Facility Loans.

In the event of reversion of the Training Facilities to the Authority, Raiders shall receive a credit to the then outstanding balance of the loan in an amount equal to the lesser of (a) the fair market value of the Improvements or (b) the then outstanding balance of the Loan.

5. DUE TO/DUE FROM OCJV

The Authority advances funds to its agent, the Oakland Coliseum Joint Venture (OCJV) periodically during the fiscal year to fund on-going operations. OCJV allocates the advances between Stadium and Arena operations, and reconciles transfers between the two facilities. At the end of fiscal year 2011 the balance of advanced funds OCJV held reflects an excess in the Stadium account of $23,227,980 and an under-reimbursed expenditure in the Arena account of $22,801,260. This is reflected in the Authority’s Statement of Net Assets as a receivable from the Stadium and a payable to the Arena. The net of $426,720 represents fiscal 2011 funds to be returned by OCJV, and, therefore, due from the OCJV.

6. CAPITAL ASSETS

Capital asset activity of the primary government for the year ended June 30, 2011 is shown below:

	Balance 7/1/2010	Increases	Decreases	Balance 6/30/2011
Capital assets, not being depreciated:				
Construction in progress	$ 283,412	$ 1,794,483	$ -	$ 2,077,895
Total Capital assets, not being depreciated	283,412	1,794,483	-	2,077,895
Capital assets, being depreciated:				
Arena Improvement	106,272,969	-	-	106,272,969
Stadium Improvement	126,577,019	-	-	126,577,019
Land Improvement	1,862,113	-	-	1,862,113
Furniture and Fixtures	1,515,386	80,588	-	1,595,974
Heavy Equipment	359,848	-	-	359,848
Machinery and Equipment	10,347,354	461,994	(36,000)	10,773,348
Vehicles	310,286	-	-	310,286
Total capital assets, being depreciated	247,244,975	542,582	(36,000)	247,751,557
Less accumulated depreciation for:				
Arena Improvement	(36,929,857)	(3,188,189)	-	(40,118,046)
Stadium Improvement	(49,365,038)	(3,797,311)	-	(53,162,349)
Land Improvement	(659,497)	(62,070)	-	(721,567)
Furniture and Fixtures	(586,455)	(168,409)	-	(754,864)
Heavy Equipment	(22,491)	(17,992)	-	(40,483)
Machinery and Equipment	(6,940,793)	(942,054)	36,000	(7,846,847)
Vehicles	(136,273)	(40,491)	-	(176,764)
Total accumulated depreciation	(94,640,404)	(8,216,516)	36,000	(102,820,920)
Total capital assets, being depreciated, net	152,604,571	(7,673,934)	-	144,930,637
Governmental activities capital assets, net	$ 152,887,983	$ (5,879,451)	$ -	$ 147,008,532

7. ACCOUNTS PAYABLE

Generally, the Authority's accounts payable include legal fees, Arena concessionaire settlement, financing costs, incentive fee and other miscellaneous administrative expenditures.

The incentive fee is compensation to OCJV for providing services to the Authority during each fiscal year. This annual fee was calculated based on revenues that are generated by OCJC. The amount of $550,000 applicable to the incentive fee was payable to OCJV as of June 30, 2011.

On April 27, 2011, Authority entered into a new Naming Rights Agreement for the Stadium with O.co (also known as Overstock.com). O.co purchased the right to name the Stadium for a term of six-years. O.co is to pay the Authority an annual fee according to the agreement and the net revenue is to be shared with Oakland Raiders. The amount of $410,263 applicable to naming rights revenue was payable to Oakland Raiders as of June 30, 2011. In addition, $48,000 represents an outstanding payable as the end of the fiscal year to Premiere Partnership as commission for consulting services related to the Stadium naming rights.

The amount of $69,432 is for administrative expenditures such as, general legal services and compensation for an executive assistant, that was payable as of June 30, 2011.

Additionally, $108,323 represents a payable to OCJV for concessions revenues from concerts and family events at the Arena.

8. DEFERRED REVENUE

As of June 30, 2011 deferred revenue of $60,933,145 represents the interest earned and accrued on Raiders loans receivable. As this amount could not be received within the available period established for governmental funds, the same has been deferred under the governmental funds.

9. LONG-TERM DEBT

Stadium Bonds - In August 1995, the Authority issued 1995 Series A and B Lease Revenue Bonds. The Series A bond proceeds were used to defease the bonds issued earlier by Oakland-Alameda County Coliseum, Inc. (the Coliseum, Inc.) to construct the original Coliseum Complex (the Complex). Following the defeasance of the Coliseum's bonds, the title to the Coliseum, its structure, and improvements reverted to the City and the County from the Coliseum, Inc. To provide funds to defease the bonds, to fund certain payments to Raiders in consideration of their relocation to Oakland, and to finance the construction of the improvements to the Stadium at the Complex, the following financial structure was implemented. In February 2004, The 1995 Series A Lease Revenue Bond were fully repaid from the escrow established in 1995 at the time the Coliseum Authority issued the Stadium Bonds.

The City and the County executed a Ground Lease which leased the Complex to the Oakland-Alameda County Coliseum Financing Corporation (the Financing Corporation), a California non-profit corporation, in return for certain lease payments paid in advance from proceeds of the Series A and B bonds. The Financing Corporation assigned the Ground Lease to the Authority in return for an amount of bond proceeds sufficient to make the payments under the Ground Lease to the City and the County and to fund certain loans to Raiders, including an Operations Loan, a Training Facility Loan and a Stadium Improvement Loan. Under the Assignment Agreement, the Financing Corporation also assigned to the Authority all its rights to receive repayments on the loans made by the Financing Corporation to the Oakland Raiders (the Raiders) formerly, the Los Angeles Raiders, a California limited partnership under the Raiders Loan Agreement. The Authority leased the Complex to the City and the County under a Master Lease. The lease payments under the Master Lease are designed to be sufficient in amount and timing to pay the debt service on the bonds (see Note 9 for details on the revenue bonds).

The Authority, the City and the County entered into a Management Agreement whereby the City and the County licensed the Complex to the Authority to manage, and the Authority agreed to use any revenue it received from the Complex to offset lease payments under the Master Lease. The Authority originally engaged the Coliseum, Inc. as the operator of the Complex and licensed to the Coliseum, Inc. the Complex for the purposes of operations. The Coliseum, Inc. (see Note 11b) licensed to Raiders the stadium in which to play football and licensed the existing stadium to Raiders for the purposes of building and owning the improvements. The Raiders subsequently deeded all the ownership rights to the improvements to the City and County.

On May 25, 2000, the Authority issued $201,300,000 in series 2000 C and D Refunding Bonds to retire $181,900,000 of the 1995 Series B-1 and B-2 Variable Rate Lease Revenue Stadium Bonds ($188,500,000 less $6,600,000 principal payment). Net bond proceeds related to this refunding, is $18,567,232 as indicated below:

Issuance of Refunding Bond	$ 201,300,000
Payment to BNY to redeem 95 bond	(181,900,000)
Gross Proceeds	19,400,000
Less: Underwriter's Discount	(412,020)
Less: Letter of Credit Fees	(420,748)
Net Bond Proceeds	$ 18,567,232

The Refunding Bonds currently are secured by a direct-pay letter of credit issued by Bank of New York and California State Teachers' Retirement System pursuant to the Reimbursement Agreement.

Arena Bonds - On August 12, 1996, the Authority issued $70,000,000 Series A-1 and $70,000,000 Series A-2 Variable Rate Lease Revenue Bond (Variable Rate Bonds), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, to finance the costs of remodeling the Coliseum Arena (Arena) located at the Oakland-Alameda County Complex, as well as other costs associated with the retention of the Golden State Warriors (the Warriors), to satisfy certain obligations of the Authority, the City, the County and Coliseum, Inc. in connection with the retention of 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 (Warrior Agreements) among the Warriors, the City, the County, Coliseum, Inc. and the Authority, to pay interest and related expenses on the Variable Rate Bonds during construction, to provide a reserve fund for the Bonds and to pay the issuance cost of the Bonds.

Under the original Warriors Agreements, the Arena Bonds are limited obligations of the Authority payable solely from revenues of the Authority received by the Authority on behalf of the City and County. These revenues consist of payments from the Warriors up to $7,428,000 annually from premium seating revenues, the sale of personal seat licenses by the Authority, concessionaire payments and Arena naming rights. If necessary to prevent default, additional premium seating revenues up to $10,000,000 may be pledged to service Arena debt. If the above revenues are not sufficient to cover the debt service requirements in any fiscal year, the City and County are obligated to make up the shortfall in the base rental payment from their respective General Funds. The Arena Bonds are currently secured by a direct-pay letter of credit issued by Bank of New York, California State Teachers' Retirement System and Allied Irish Bank pursuant to the Reimbursement Agreement until July 25, 2012.

Debt payments during the fiscal year ended June 30, 2011 were as follows:

	Stadium	Arena	Total
Principal	$ 7,100,000	$ 5,560,000	$ 12,660,000
Interest	406,773	2,832,827	3,239,600
Total	$ 7,506,773	$ 8,392,827	$ 15,899,600

Long-term debt outstanding at June 30, 2011 is as follows:

Type of Indebtedness	Maturity	Interest Rate	Authorized and Issued	Outstanding at Jun 30, 2011
STADIUM				
Series 2000 C1				
Lease Revenue Bonds	Feb 1, 2025	Variable	$ 75,400,000	$ 72,500,000
Series 2000 C2				
Lease Revenue Bonds	Feb 1, 2025	Variable	75,400,000	72,400,000
Series 2000 D				
Lease Revenue Bonds	Feb 1, 2011	Variable	50,500,000	-
Subtotal			201,300,000	144,900,000
ARENA				
Series A-1	Feb 1, 2026	Variable	$ 70,000,000	$ 49,805,000
Lease Revenue Bonds				
Series A-2				
Lease Revenue Bonds	Feb 1, 2026	Variable	$ 70,000,000	$ 50,390,000
Subtotal			140,000,000	100,195,000
Total Debt			$ 341,300,000	$ 245,095,000

The Lease Revenue Bonds are limited obligations of the Authority, payable solely from certain revenues of the Authority, including revenues from the Stadium & Arena Complex and lease payments from the City and the County. The Authority has pledged the base rental payments and most other revenues received under the Master Lease from the lessees, the City, and the County to the trustee to pay debt service on the bonds. The City and the County have covenanted to appropriate and pay up to a combined $41 million ($22 Million for the Stadium and $19 Million for the Arena) in annual base rental payments to pay 100 percent of the debt and the amount of incidental financing expenses of the bonds and any additional rental payments necessary to maintain the complex. Base rental payments are projected to cover 100 percent of the debt service requirements over the life of the bonds. The obligation of the City and County to make such payments is reduced to the extent the Authority receives revenues generated at the complex to pay debt service on the lease revenue bonds and for operations and maintenance. In any event, the obligations of the City and the County are limited to rental payments; the lease revenue bonds are not general obligations of either the City or County. Total principal and interest remaining on the bonds is $295,414,850, payable through June 2026. For the current year, principal and interest paid and total base rental revenue were $15,850,128 and $20,068,000, respectively.

The following is a summary of long-term debt transactions for the year ended June 30, 2011:

Outstanding lease revenue bonds July 1, 2010	$ 257,755,000
Repayments	(12,660,000)
Outstanding lease revenue bonds June 30, 2011	245,095,000
Amount due within one year	(11,550,000)
Long term bonds payable June 30, 2011	$ 233,545,000

As of June 30, 2011, the variable interest rates for 2000 Lease Revenue Bonds for C1 and C2 are 0.08% and 0.05%; and for 1996 Revenue Bonds for A1 and A2 are 1% and 7%, respectively. Annual debt service requirements to maturity for the revenue bonds, including interest payments, are as follows:

2000 Lease Revenue Bonds: (Stadium)

Year Ending June 30	Principal	Interest	Total
2012	$ 7,500,000	$ 94,200	$ 7,594,200
2013	7,900,000	89,310	7,989,310
2014	8,300,000	84,190	8,384,190
2015	8,700,000	78,780	8,778,780
2016	9,000,000	73,140	9,073,140
2017-2021	52,000,000	272,000	52,272,000
2022-2025	51,500,000	85,650	51,585,650
Total	$ 144,900,000	$ 777,270	$ 145,677,270

1996 Revenue Bonds: (Arena)

Year Ending June 30	Principal	Interest	Total
2012	4,050,000	3,650,400	7,700,400
2013	4,400,000	3,509,890	7,909,890
2014	4,750,000	3,355,450	8,105,450
2015	5,150,000	3,187,080	8,337,080
2016	5,400,000	3,004,670	8,404,670
2017-2021	33,200,000	11,899,450	45,099,450
2022-2026	43,245,000	5,059,761	48,304,761
Total	$ 100,195,000	$ 33,666,701	$ 133,861,701

10. FUND BALANCES

Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the level of constraints imposed on the use of the funds. The Authority classifies fund balances into the following five categories or level of constraints:

- Nonspendable - Resources that are 1) not in spendable form, such as inventories, prepaid, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact such as an endowment. The Authority has prepaid expenditures and also classifies the Raiders loan as nonspendable.

- Restricted - Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed with the consent of resource providers. The Authority classifies the cash with fiscal agent as restricted, because it is restricted for debt service.

- Committed - Resources that are constrained to specific purposes by a formal action of the Authority's Board, such as resolution. The constraint remains binding unless removed in the same formal manner by the Board. Board action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently. The Authority has no committed fund balances as of fiscal year ended June 30, 2011.

- Assigned - Resources that are constrained by the Authority's intent to be used for specific purposes, but that are neither restricted nor committed. The Authority classifies encumbrances for capital outlay as assigned. Encumbrances are used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are liquidated when the commitments have been paid.

- Unassigned - Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed. The category is for any balances that have no restrictions place on them.

Unless otherwise disclosed, the Authority's policy is to apply expenditures in the following order:

- Apply to restricted fund balance when both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, or
- Apply to committed fund balance, then assigned fund balance, and finally unassigned fund balance when committed, assigned, or unassigned fund balances are available.

11. RELATED PARTY TRANSACTIONS

(a) Oakland Coliseum Joint Venture

The Authority entered into two 2-year agreements on July 1, 1998, with the Oakland Coliseum Joint Venture (OCJV), a Delaware limited liability corporation consisting of SMG, a Pennsylvania, general partnership and Williams Pacific Ventures, Inc. Two agreements (the Stadium Management Agreement and the Arena Management Agreement) engage the OCJV, a contractor, as agent of the Authority to promote, operate, and manage the Complex facilities.

In August 2000, the Coliseum, Inc. Board of Directors amended its bylaws to provide that the Authority Commissioners serve as the Coliseum Board of Directors. In January 2001, the Authority terminated its agreement with OCJV. Coliseum, Inc. and OCJV simultaneously entered into a new management agreement, which is substantially the same as the terminated agreement. In July 2002, Coliseum, Inc. and OCJV entered into a new 5-year management agreement. The agreement was amended in March 2005 to extend the term until June 30, 2012. The OCJV will be compensated an annual fixed fee of $200,000, allocated one-half to the Stadium and one-half to the Arena; and an incentive fee which is calculated based on the OCJV generated revenues. The total compensation for the year ended June 30, 2011 is $750,000. The compensation is accounted for as Incentive Fee – SMG on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

During fiscal year 2010-11, the Authority subsidized OCJV operations for $17,120,766. This amount includes operating funding of $15,586,988 and parking expenses of $1,533,778. The operating funding and parking expense is presented under the operating expenditure section of the Statement of Revenues, Expenditures, and Changes in Fund Balance.

The Authority also contributed funds of $3,379,501 for the capital improvements and expenditures during the fiscal year 2010-11. The amount of $2,337,065 was accounted for as capital assets (see note6) and $1,042,436 was for non-capitalized items such as maintenance expenditures.

12. LEASE OBLIGATIONS

In February 2011, the Authority terminated a lease agreement with Brookmat Corporation, which was for space previously occupied by the Oakland Football Marketing Association, through a buy-out of the remaining term of the lease, which was set to expire in March 2011. Brookmat agreed to accept $44,000 as early termination fee and a final payment on the lease.

13. EXPENDITURES (BUDGET VERSE ACTUAL)

EXPENDITURES (BUDGET VERSUS ACTUAL)

	Expenditures and Other Uses		
General Fund	Budget	Actual	Excess
Operating Expenditures	$ 23,909,000	$ 26,521,973	$ (2,612,973)

14. SUBSEQUENT EVENTS

The Authority's management has evaluated all events and transactions that occurred as of June 30, 2011, and through October 31, 2011, the date the financial statements were available to be issued.

- NBA lockout – On June 30, 2011, the collective bargaining agreement between National Basketball Association (NBA) and the players union expired. Effective July 1, 2011, the NBA locked out the players until a new collective bargaining agreement is reached. The NBA has since cancelled all preseason games and 12 regular season games through the end of November 2011. The loss of the more regular season games is still a possibility.

- On October 8, 2011, Al Davis, the principal owner of the Oakland Raiders, passed away. Also, there was an NFL lock-out which ended before the start of the 2011-2012 football pre-season. Neither of these events had a material financial impact on the Authority in the near future

OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2011

OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance- Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
Club Dues	$ 570,000	$ 570,000	$ 559,581	$ (10,419)
Parking & Concession	3,895,000	3,895,000	3,206,947	(688,053)
Facility Fee	3,000,000	3,000,000	3,764,431	764,431
Premium Seating Revenue	6,400,000	6,400,000	7,314,147	914,147
Unrealized Gain on Investment	-	-	824	824
Interest Earned	230,000	230,000	628,705	398,705
Naming Rights	724,000	724,000	1,287,763	563,763
Subsidy to Authority	20,068,000	20,068,000	20,068,000	-
Athletics Rent	1,210,000	1,210,000	985,000	(225,000)
Warriors Rent	1,500,000	1,500,000	1,500,000	-
CBS/Viacom Revenue	1,100,000	1,100,000	1,030,241	(69,759)
AT&T License fee	-	-	27,500	27,500
Sponsorship Revenue	141,100	141,100	99,600	(41,500)
GSW Settlement	-	-	549,802	549,802
Miscellaneous Revenue	-	-	28,500	28,500
Total Revenues	38,838,100	38,838,100	41,051,041	2,212,941
EXPENDITURES:				
CURRENT:				
ADMINISTRATIVE:				
Legal and Accounting Fees	2,139,000	2,139,000	2,017,098	121,902
Miscellaneous Admin. Expenses	550,000	550,000	384,800	165,200
Payroll Expense	-	-	46,397	(46,397)
Total Administrative	2,689,000	2,689,000	2,448,295	240,705
OPERATING:				
Parking Expenses	-	-	1,533,778	(1,533,778)
City Parking Tax	590,000	590,000	515,485	74,515
Warrior Marketing Expense	675,000	675,000	675,000	-
Commerical Property Insurance	922,000	922,000	596,822	325,178
GSW Settlement - Phase II	-	-	3,000,000	(3,000,000)
Stagehand Expense	-	-	390,129	(390,129)
Incentive Fee - SMG/OCJV	550,000	550,000	750,000	(200,000)
Warriors A/R due to OCJV	-	-	94,270	(94,270)
Coliseum JV. - Subsidy - Operations	19,200,000	19,200,000	15,586,988	3,613,012
Coliseum JV. - Subsidy - Capital	1,972,000	1,972,000	3,379,501	(1,407,501)
Total Operating	23,909,000	23,909,000	26,521,973	(2,612,973)
DEBT SERVICE				
Principal	-	-	-	-
Interest and Other Financing Costs	-	-	59,392	(59,392)
Total Debt Service	-	-	59,392	(59,392)
TOTAL EXPENDITURES	26,598,000	26,598,000	29,029,660	(2,431,660)
REVENUES OVER/(UNDER) EXPENDITURES	12,240,100	12,240,100	12,021,381	(218,719)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	1,645,976	1,645,976
Operating Transfers Out	-	-	(16,197,202)	(16,197,202)
Total Other Financing Sources (Uses)	-	-	(14,551,226)	(14,551,226)
NET CHANGE IN FUND BALANCES	12,240,100	12,240,100	(2,529,845)	(14,769,945)
FUND BALANCES - BEGINNING	31,329,461	31,329,461	31,329,461	-
FUND BALANCES - ENDING	$ 43,569,561	$ 43,569,561	$ 28,799,616	$ (14,769,945)

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Oakland Alameda County Coliseum Authority

We have audited the financial statements of the governmental activities and each major fund of Oakland Alameda County Coliseum Authority as of and for the year ended June 30, 2011, which collectively comprise Oakland Alameda County Coliseum Authority's basic financial statements and have issued our report thereon dated December 1, 2011. The assets, liabilities, related revenues, and expenditure/expenses maintained by OCJV were not audited in accordance with *Government Auditing Standards.* Our report includes an adverse opinion for the governmental activities and the special revenue fund opinion units because management has not adopted a methodology for reviewing the collectability of the loans receivable balance recorded in the governmental activities and the special revenue fund and, accordingly, has not considered the need to provide an allowance for uncollectible amounts. The Authority has not evaluated the recoverability of these loans through the maturity date in fiscal year 2036. Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets, fund balances/net assets, and change the revenues in the special revenue fund and governmental activities. The amount by which this departure would affect the assets, fund balances/net assets, and revenues of the special revenue fund and governmental activities is not reasonably determinable. Our report includes a reference to other auditors. Our report refers to the Authority's adoption of the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010. 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. The financial statements of Oakland Coliseum Joint Venture were not audited in accordance with *Government Auditing Standards*

Internal Control Over Financial Reporting

The management of Oakland Alameda County Coliseum Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Oakland Alameda County Coliseum Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Oakland Alameda County Coliseum Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Oakland-Alameda County Coliseum Authority's internal control over financial reporting.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oakland-Alameda County Coliseum Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management and Board of Commissioners of Oakland-Alameda County Coliseum Authority in a separate letter dated December 1, 2011.

This report is intended solely for the information and use of management, Authority's Board of Commissioners, others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 1, 2011

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds are issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for the Bonds, in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMIProcedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES OR BENEFICIAL OWNERS WITH RESPECT TO DTC'S RECORD KEEPING,

PAYMENTS BY DTC OR PARTICIPANTS, NOTICES TO BE DELIVERED BY DTC, OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER OF THE BONDS.

APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

The following summary discussion of selected features of the Ground and Facility Lease, dated as of June 1, 1996 (the "Ground and Facility Lease"), the Assignment Agreement, dated as of June 1, 1996 (the "Assignment Agreement"), the Master Lease, dated as of June 1, 1996 (the "Master Lease"), the Trust Agreement, dated as of June 1, 1996 (as amended and supplemented, the "Trust Agreement"), are made subject to all of the provisions of such documents and to the discussions of such documents contained elsewhere in this Remarketing Memorandum. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Bonds are referred to the complete texts of said documents, copies of which are available upon request from the office of the Trustee.

CERTAIN DEFINITIONS

The following are definitions of certain of the terms used in the Ground and Facility Lease, the Assignment Agreement, the Master Lease or the Trust Agreement, to which reference is hereby made. The following definitions are equally applicable to both the singular and plural forms of any of the terms defined herein:

"Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended) and all laws amendatory thereof or supplemental thereto.

"Additional Payments" means all amounts payable to the Authority or the Trustee or any other person from the Lessees as Additional Payments pursuant to the Master Lease.

"Alternate Credit Facility" means a replacement credit facility which satisfies the requirements specified in the Trust Agreement.

"Alternate Liquidity Facility" means a replacement liquidity facility which satisfies the requirements specified in the Trust Agreement.

"Arena" means the Oakland-Alameda County Coliseum Arena, as presently or hereafter existing on the Site.

"Arena Agreement" means the Arena Agreement, dated July 15, 1996 among the City, the County, Coliseum, Inc., the Authority and the Warriors providing for the design and construction of the New Arena (as defined in said Agreement), the financing of such construction, and the provision of certain facilities during the construction of the New Arena.

"Arena Project" means the design and construction of the New Arena (as defined in the Arena Agreement) in accordance with the Design Build Documents (as defined in the Arena Agreement).

"Arena Project Costs" means any and all costs and expenses payable by any Coliseum Entity or the Warriors in connection with the Arena Project.

"Assignment Agreement" means that agreement entitled "Assignment Agreement," dated as of June 1, 1996, by and between the Corporation, as assignor, and the Authority, as assignee, pursuant to which the Ground Lease is assigned to the Authority, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions thereof.

"Authority" means the Oakland-Alameda County Coliseum Authority created pursuant to the Act and its successors and assigns in accordance with the Trust Agreement.

"Authorized Denominations" means, with respect to Bonds bearing interest at a Term Rate, $5,000 and any integral multiple thereof and, with respect to the Tender and Commercial Paper Rate Bonds, $100,000 or any integral multiple thereof.

"Authorized Representative" means the City Manager of the City or his designee for the City, or the County Administrator of the County for the County or her designee for the County, or the Chairman of the Authority or her designee for the Authority.

"Available Moneys" means (1) moneys derived from drawings under the Credit Facility, or (2) moneys provided by the Authority and at the written direction of the Authority held by the Trustee in segregated funds and accounts established under the Trust Agreement (except the Rebate Fund and the Purchase Fund) and subject to the lien of the Trust Agreement for a period of at least one hundred twenty-three (123) days and not commingled with any moneys so held for less than said period and during and prior to which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been commenced by or against the Authority or the Lessees, or (3) investment income derived from the investment of moneys described in clause (2) so long as investments of such moneys are in (A) Government Securities; and (B) with respect to such investment earnings there has been delivered to the Trustee an opinion of nationally recognized bankruptcy counsel to the effect that the use of such amounts for such purpose would not constitute an avoidable preference under Section 547 of the United States Bankruptcy Code should the Authority or either of the Lessees become the debtor in a case under the Bankruptcy Code.

"Base Rental" or "Base Rental Payments" shall have the meaning ascribed to such term in the Master Lease.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including any person holding Bonds through nominees or depositories.

"Bond Counsel" means counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority.

"Bonds" means the 1996 Series A-1 Bonds, 1996 Series A-2 Bonds and all Additional Bonds. "1996 Series A-1 Bonds" means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. "1996 Series A-2 Bonds" means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. "1996 Bonds" means the 1996 Series A-1 Bonds and the 1996 Series A-2 Bonds. "Additional Bonds" means all bonds of the Authority authorized by and at any time Outstanding pursuant to a Supplemental Trust Agreement to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. "Serial Bonds" means Bonds for which no sinking fund payments are provided. "Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

"Bond Year" means the twelve (12) month period ending on July 1 of each year to which reference is made.

"Bondholder," "Bondowner" or "Owner" means any person who shall be the registered owner of any Outstanding Bond.

"Business Day" means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of New York or in any state in which the office of the Remarketing Agent, the Tender Agent or the Trustee is located or at which requests for funds under the Liquidity Facility or the Credit Facility are made are authorized to remain closed or a day on which the New York Stock Exchange is closed.

"Certificate of the Authority" means an instrument in writing signed by the Chairman, Secretary or Treasurer of the Authority, or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

"Certificate of the Lessees" means an instrument in writing signed by the City Manager of the City, or by his duly appointed designee, or by any other officer of the City duly authorized by the City Council of the City for that purpose, and by the President of the Board of Supervisors, or by her duly appointed designee, the County Administrator of the County, or by her duly appointed designee, or by any other officer of the County duly authorized by the Board of Supervisors of the County for that purpose.

"City" means the City of Oakland, a charter city and municipal corporation organized and validly existing under the Constitution and laws of the State.

"Closing Date" means August 2, 1996.

"Code" means the Internal Revenue Code of 1986, as amended.

"Coliseum Entity" means each of the City, the County, Coliseum Inc., and the Authority.

"Coliseum, Inc." means the Oakland-Alameda County Coliseum, Inc., a non-profit corporation duly organized and validly existing under the laws of the State.

"Commercial Paper Rate" means, with respect to any Bond, the non-variable rate associated with such Bond established in accordance with the Trust Agreement.

"Commercial Paper Rate Period" means each period comprised of Commercial Paper Segments during which Commercial Paper Rates are in effect.

"Commercial Paper Segment" means, with respect to each Bond bearing interest at a Commercial Paper Rate, the period established in accordance with the Trust Agreement.

"Construction Contract" means the contract between the Authority and a Contractor for the construction, acquisition or installation of the Arena Project.

"Construction Fund" means the fund by that name established pursuant to the Trust Agreement.

"Construction Manager" means Cordell Corporation, as construction manager for the construction of the Arena Project and any successor thereto.

"Contractor" means the construction contractor for the Arena Project and any successor thereto.

"Corporation" means the Oakland-Alameda County Coliseum Financing Corporation, a non-profit, public benefit corporation duly organized and existing under the laws of the State.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Lessees or the Authority and related to the authorization, execution and delivery of the Ground Lease, the Master Lease, the Liquidity Facility, the Credit Facility, the Trust Agreement and the issuance and sale of any Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the underwriters, the Liquidity Facility Provider and the Credit Provider, premiums or fees of the provider of a Swap delivered in connection with any Bonds, fees and charges for preparation, execution and safekeeping of any Bonds, fees of the Authority and any other cost, charge or fee in connection with the issuance of the Bonds.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Trust Agreement.

"County" means the County of Alameda, a body corporate and politic and a political subdivision of the State.

"Credit Agreement" means any reimbursement agreement or similar agreement providing for, or required to be entered into in connection with, the issuance of any Credit Facility, and providing for the reimbursement or repayment of amounts paid thereunder, as any such agreement may be amended from time to time in accordance with the provisions thereof.

"Credit Facility/Initial Credit Facility" means any bond insurance policy, letter of credit, surety bond or other insurance, credit or other support instrument or any combination thereof (which may include a Liquidity Facility) in effect on the Closing Date or which may be issued thereafter in accordance with provisions of the Trust Agreement, providing for the payment of principal of and interest on the Bonds when due, and, if such Credit Facility is also a Liquidity Facility, the Purchase Price of the Bonds.

"Credit Facility Fund" means the fund by that name established pursuant to the Trust Agreement.

"Credit Provider" means, with respect to the 1996 Bonds, the provider of any Credit Facility for such Series of Bonds and the provider of a Credit Facility while such Credit Facility for any other Series of Bonds issued under the Trust Agreement is in effect under the Trust Agreement.

"Current Interest Bonds" means Bonds the interest on which is payable on each Interest Payment Date to the maturity date for each such Bond.

"Daily Rate" means the variable interest rate that is determined on each Business Day pursuant to the Trust Agreement.

"Daily Rate Period" means each period during which interest on the Bonds is payable or is accrued at a Daily Rate.

"Debt Service" means, for any Fiscal Year or other period, the sum of (1) the interest accruing during such Fiscal Year or other period on all Outstanding Bonds and any net payment owed on any

Swaps, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds so long as such funded interest is in an amount equal to the gross amount necessary to pay such interest on the Bonds and is invested in Government Securities which mature no later than the related Interest Payment Date), (2) the principal amount of all Outstanding Serial Bonds maturing during such Fiscal Year or other period, and (3) the principal amount of all Outstanding Term Bonds required to be redeemed or paid (together with the redemption premiums, if any, thereon) during such Fiscal Year or other period; provided, that the foregoing shall be subject to adjustment and recalculation as follows:

A. with respect to Variable Rate Bonds, the interest payments shall be calculated at a rate equal to 150% of the highest rate borne by such Bonds in the last twelve (12) months not to exceed the maximum rate payable on such Bonds; and

B. with respect to Swaps and Swapped Bonds, the payments shall be adjusted to give effect to the Swap in such manner and to such extent (1) as may be required under generally accepted accounting principles, consistently applied or (2) in the absence of requirements imposed by generally accepted accounting principles, as shall be stated in a Certificate of the Authority (which Certificate shall be delivered to the Trustee concurrently with the later of the issuance of the Swapped Bonds or the execution of the Swap) in such manner as shall present fairly the reasonably expected Debt Service on the Swap and Swapped Bonds after the execution of the Swap.

"Depository" shall mean DTC or another recognized securities depository selected by the Authority which maintains a book-entry system for the Bonds.

"DTC" means The Depository Trust Company, New York, New York.

"Event of Default" shall have the meaning specified in the Trust Agreement.

"Expiration Date" means the date on which any Credit Facility or Liquidity Facility is scheduled to expire pursuant to its terms (taking into account any extension or renewal of such Credit Facility or Liquidity Facility).

"Facilities" means the sports arena and other facilities existing on the Site in Exhibit A attached to the Master Lease, and any future improvements to said building and facilities; and any facility or facilities substituted for the Facilities or any portion thereof in accordance with the Master Lease and the Trust Agreement.

"Final Acceptance Date" means the date of Final Acceptance (as defined in the Arena Agreement) of the Arena as certified by an Authorized Representative and delivered to the Trustee.

"Financial Newspaper" means The Wall Street Journal or The Bond Buyer, or any other newspaper or journal printed in the English language, publishing financial news and selected by the Authority.

"Fiscal Year" means the twelve (12) month period terminating on June 30 of each year, or any other annual accounting period selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

"Government Securities" means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations the timely payment of which is guaranteed directly by the United States of America, including evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations, commonly known as U.S. Treasury STRIPS, and interest strips of the Resolution Funding Corporation held in book-entry form by the Federal Reserve Bank of New York.

"Grant of Reciprocal Easements and Declaration of Covenants and Restrictions" or "Reciprocal Easements" means that certain Grant of Reciprocal Easements and Declaration of Covenants and Restrictions for the Oakland-Alameda County Coliseum, dated as of July 31, 1996, for the Oakland-Alameda Coliseum encumbering the Site.

"Ground Lease" means that certain lease, entitled "Ground and Facility Lease," by and between the City and County, as lessors and the Corporation as lessee, dated as of June 1, 1996, which lease or a memorandum thereof was recorded in the office of the County Recorder of the County on August 1, 1996 as Document No. 189832, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Trust Agreement and thereof.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom –

I. is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority or the Lessees;

II. does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the Lessees; and

III. is not connected with the Authority or the Lessees as a member, officer or employee of the Authority or the Lessees, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the Lessees.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 17302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's Investors Service's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard & Poor's Corporation's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance within current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

"Interest Payment Date" means with respect to each Series of Bonds (i) when used at any time that interest on such Series of Bonds is payable at a Daily Rate or a Weekly Rate, the first Business Day of each month and the maturity or redemption date thereof; (ii) when used at any time that interest on such Series of Bonds is payable at a Term Rate, the first Business Day of the sixth calendar month following the commencement of the Term Rate Period and the first Business Day of each sixth calendar month thereafter, and the maturity date thereof; (iii) when used with respect to any Commercial Paper Segment, the Business Day next succeeding the last day of such Commercial Paper Segment, and (iv) with respect to any Rate Period, the Business Day next succeeding the last day thereof.

"Interest Payment Period" means, for Bonds in a Rate Period, other than a Commercial Paper Rate Period, the period from and including an Interest Payment Date to and excluding the following Interest Payment Date and for Bonds in a Commercial Paper Rate Period, each Commercial Paper Segment.

"Joint Powers Agreement" means the Amended and Restated Joint Exercise of Powers Agreement by and between the City and the County, dated as of July 1, 1995, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions of the Trust Agreement and thereof.

"Lessees" means the City and the County.

"Liquidity Agreement" means an agreement between the Authority or the Trustee and a Liquidity Facility Provider, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with its terms, and any similar agreement entered into in connection with an Alternate Liquidity Facility.

"Liquidity Deposit Account" means the account by that name in the Purchase Fund established pursuant to the Trust Agreement.

"Liquidity Facility" means any letter of credit, standby bond purchase agreement or other liquidity facility (which may also be a Credit Facility) issued by a financial institution, insurance company or association pursuant to which the Trustee and/or the Tender Agent, as the case may be, is entitled to obtain funds to pay the Purchase Price of any Series of Bonds or any Alternate Liquidity Facility substituted therefor in accordance with the provisions of the Trust Agreement. The initial Liquidity Facility for the 1996 Bonds is the initial Credit Facility.

"Liquidity Facility Provider" means any issuer of a Liquidity Facility or any agent for the issuer or issuers thereof.

"Master Lease" means that certain lease, entitled "Master Lease," by and between the Authority and the Lessees, dated as of June 1, 1996, which lease or a memorandum thereof was recorded in the office of the County Recorder of the County on August 1, 1996 as Document No. 189834, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Trust Agreement and thereof.

"Moody's" means Moody's Investors Service, Inc. a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Lessees.

"Notice by Mail" or "Notice" of any action or condition "by Mail" means a written notice meeting the requirements of the Trust Agreement mailed by first-class mail to the owners of specified Bonds, at the address shown on the registration books maintained pursuant to the Trust Agreement.

"Operating Agreement" means the Amended and Restated Operating Agreement, dated as of August 1, 1996, between the Authority and Coliseum, Inc., as same may be amended and modified from time to time in accordance with its terms.

"Operating License" shall mean the Oakland-Alameda County Coliseum Arena License Agreement, dated July 15, 1996, between Coliseum Inc., the Authority and the Warriors, as the same may be amended and modified from time to time in accordance with the terms thereof.

"Opinion of Counsel" means a written opinion of Bond Counsel.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of the Trust Agreement;

(3) Bonds deemed tendered but not yet presented for purchase; and

(4) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant to the Trust Agreement.

"Participant" shall mean a member of, or participant in, the Depository.

"Paying Agent" shall mean the Trustee, or its successors or assigns.

"Permitted Encumbrances" means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the Lessees may, pursuant to the Master Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of the Master Lease or a memorandum thereof in the office of the County Recorder of the County of Alameda and which the Lessees certify in writing will not materially impair the use of the Site or the Project; (3) the Ground Lease, as it may be amended from time to time and the Assignment Agreement, as it may be amended from time to time; (4) the Master Lease, as it may be amended from time to time; (5) the Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) the Reciprocal Easements and any other easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the Lessees consent in writing and certify to the Trustee and the Credit Provider will not materially impair the leasehold interests of the Authority or use of the Facilities by the Lessees; (8) subleases and assignments of the Lessees; (9) the Management Agreement; (10) the Operating Agreement; and (11) the Operating License and any other license agreements regarding the use and/or occupancy of the Facilities (provided such other licenses are first approved by the Credit Provider if and to the extent required by the Credit Agreement).

"Permitted Investments" means any of the following (but not including any obligation issued by the Authority or either Lessee) to the extent then permitted by law:

(1) Government Securities;

(2) Any obligations which are then legal investments for moneys of the Lessees under the laws of the State of California; provided that such investments shall be rated in the highest short-term or one of the three highest long-term rating categories by Moody's and S&P;

(3) Money markets or mutual funds which are rated by S&P "AAAM-G" or "AAAM" or higher and, if rated by Moody's, are rated "Aa" or higher;

(4) The Local Agency Investment Fund of the State of California; and

(5) Any Permitted Investment for which the Trustee (or affiliate of the Trustee) provides services.

"Person" means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Practice Facilities Agreement" means the Practice Facilities/Office Agreement, dated July 15, 1996, between the City, the County, the Authority and CCE, Inc.

"Principal Office" refers to the office of the Trustee or the Tender Agent, as appropriate, noted in the Trust Agreement and such other offices as the Trustee or the Tender Agent may designate from time to time.

"Principal Payment Date" means any date on which principal of the Bonds is required to be paid (whether by reason of maturity, redemption or acceleration).

"Project" means collectively (i) the Arena Project and (ii) payment of costs required to be made by the Coliseum Entities pursuant to the Retention Agreement and the Practice Facilities Agreement.

"Provider Bonds" means Variable Rate Bonds not entitled to be purchased under the Liquidity Facility, including, without limitation, Bonds held by the Liquidity Facility Provider, or which are tendered and not purchased.

"Provider Rate" means, to the extent permitted by law, the rate of interest per annum payable with respect to each Provider Bond, which rate shall be determined as set forth in the Liquidity Agreement for such Series of Bonds.

"Purchase Date" means any date on which any Bond is required to be purchased pursuant to the Trust Agreement.

"Purchase Fund" means the fund by that name established pursuant to the Trust Agreement.

"Purchase Price" means with respect to any Bond purchased pursuant to the Trust Agreement, the principal amount of such Bond plus interest accrued thereon to the Purchase Date.

"Rate Period" means any Daily Rate Period, Weekly Rate Period, Commercial Paper Rate Period or Term Rate Period.

"Rating Category" means one of the general long-term (or short-term, if so specifically provided) rating categories of either Moody's and S&P, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

"Redemption Date" shall mean the date fixed for such redemption.

"Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Trust Agreement.

“Regular Record Date” means (a) with respect to any Interest Payment Date in respect of any Daily Rate Period, Weekly Rate Period or Commercial Paper Segment, the Business Day next preceding such Interest Payment Date; and (b) with respect to any Interest Payment Date in respect of any Term Rate Period in effect, the fifteenth day of the month preceding such Interest Payment Date.

“Related Obligations” means the obligations of the Authority under any Swap, Credit Agreement or Liquidity Agreement entered into in connection with or related to the Bonds or a series or portion thereof.

“Remarketing Agent” means the remarketing agent appointed by the Authority for a Series of Bonds and at the time serving as such under the Remarketing Agreement for such Series.

“Remarketing Agreement” means, with respect to the 1996 Series A-1 Bonds, that certain remarketing agreement, dated as of June 1, 1996, between the Authority and BNY Mellon Capital Markets, LLC, and with respect to the 1996 Series A-2 Bonds that certain remarketing agreement, dated as of June 1, 1996, between the Authority and Grigsby Brandford & Co. Inc., as the initial Remarketing Agents for the 1996 Series A-1 Bonds and the 1996 Series A-2 Bonds, respectively, and any similar agreement entered into in connection with any other Series of Bonds, as such agreement or agreements may from time to time be amended and supplemented, relating to the remarketing of the Bonds delivered or deemed to be delivered for purchase by the Owners thereof, and any similar agreement entered into with any successor Remarketing Agent.

“Remarketing Proceeds Account” means the account by that name in the Purchase Fund established pursuant to the Trust Agreement.

“Rental Payment Period” means the twelve month period commencing February 1 of each year and ending the following January 31; provided that the first Rental Payment Period means the period commencing on the Substantial Completion Date and ending on the next succeeding January 31.

“Representation Letter” means the letter of representation to DTC from the Trustee or any similar letter to a substitute Depository.

“Reserve Facility” has the meaning given such term in the Trust Agreement.

“Reserve Fund” means the fund of that name established pursuant to the Trust Agreement.

“Responsible Officer” means any officer of the Trustee assigned to administer its duties under the Trust Agreement.

“Retention Agreement” means the Retention Agreement, dated July 15, 1996, between the City, the County, the Authority and CCE, Inc.

“Revenues” means (i) all Base Rental Payments and other payments paid by the Lessees and received by the Authority pursuant to the Master Lease (but not Additional Payments), (ii) all interest or other income from any investment, pursuant to the Trust Agreement, of any money in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement or the Master Lease; and (iii) Swap Revenues.

“Securities Depositories” means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663-2343;

Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496-5058; or such other addresses and/or such other securities depositories as the Authority may designate to the Trustee.

"Series," whenever used in the Trust Agreement with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Trust Agreement.

"Site" means the real property situated in the County, described in Exhibit A attached to the Master Lease, together with all appurtenant rights, including any and all appurtenant rights held by the Authority, any additional real property added thereto by any supplement or amendment to the Master Lease, or any real property substituted for all or any portion of such property in accordance with the Master Lease and the Trust Agreement; subject, however, to any conditions, reservations and easements of record known to the Authority.

"Special Record Date" means the date established by the Trustee pursuant to the Trust Agreement as a record date for the payment of defaulted interest with respect to the Bonds.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Lessees.

"State" means the State of California.

"Substantial Completion Date" means the date of receipt by the Authority of the certificate of the construction manager as described in clause (b) of the definition of Substantial Completion as contained in the Arena Agreement.

"Substitution Date" means the date upon which a new Credit Facility or a new Liquidity Facility is being accepted by the Trustee that results in a reduction or withdrawal of the rating on the Series of Bonds to which such Credit Facility or Liquidity Facility relates.

"Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory of the Trust Agreement or supplemental to the Trust Agreement; but only if and to the extent that such Supplemental Trust Agreement is executed and delivered pursuant to the provisions of the Trust Agreement.

"Swap" means an interest rate swap, cap, floor, collar or other hedging transaction which is entered into by the Authority for the purpose of managing interest rate risk with respect to specified Bonds which are being issued concurrently with the execution of the Swap, which are proposed to be issued in connection with such Swap, or which are Outstanding at the time of execution of such Swap.

"Swap Party" means the entity which is a party to a Swap.

"Swap Revenues" means the sum of money due to be paid by a Swap Party to the Authority pursuant to any Swap subject to any netting of payments provided by the applicable Swap.

"Swapped Bonds" means the Bonds to which a Swap relates.

"Tender Agent" means, with respect to the 1996 Bonds, the tender agent appointed in accordance with the Trust Agreement.

"Tender and Commercial Paper Rate Bonds" means all of the Bonds which are outstanding and do not bear interest at a Term Rate.

"Term Rate" means a non-variable interest rate on any of a Series of Bonds established pursuant to the Trust Agreement.

"Term Rate Period" means each period of six months duration or longer during which a Term Rate is in effect.

"Treasurer" means the Treasurer of the Authority designated pursuant to the Joint Powers Agreement.

"Trust Agreement" means the Trust Agreement, dated as of June 1, 1996, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all supplemental trust agreements executed pursuant to the provisions of the Trust Agreement.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., or any other association or corporation which may at any time be substituted in its place as provided in the Trust Agreement.

"Variable Rate Bonds" means Bonds bearing interest at a Daily Rate, Weekly Rate, Commercial Paper Rate or Term Rate.

"Warriors" means CC Partners, a California general partnership, d/b/a Golden State Warriors, or their successors or assigns.

"Warriors' Agreements" means the Operating License, the Arena Agreement, the Practice Facilities Agreement and the Retention Agreement, as originally executed and as may be amended from time to time pursuant to the provisions thereof.

"Weekly Rate" means the variable interest rate on any Series of Bonds established pursuant to the Trust Agreement.

"Weekly Rate Period" means each period during which a Weekly Rate is in effect.

"Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by its Chairman or her designee, the Vice Chairman or his designee or the Treasurer or her designee or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

"Written Request of the Lessees" means an instrument in writing signed by the President of the Board of Supervisors of the County, the County Administrator of the County or any such official's duly authorized designee, and the City Manager of the City or the Director of Finance of the City or any such officials' duly authorized designee, or by any other officer or employee of the County or City duly authorized by the County or City for that purpose.

"1996 Series A-1 Bonds" means the bonds issued and so designated by the Authority under and pursuant to the Trust Agreement.

"1996 Series A-2 Bonds" means the bonds issued and so designated by the Authority under and pursuant to the Trust Agreement.

GROUND AND FACILITY LEASE

The City, the County and the Corporation entered into the Ground Lease providing for the lease of the Site and the Facilities from the City and the County to the Corporation. The term of the Ground Lease shall commence on the date of recordation of the Ground Lease or a Memorandum thereof in the office of the County Recorder of the County of Alameda, State of California, and shall end on February 1, 2036 unless such term is sooner terminated as provided in the Ground Lease. If prior to February 1, 2036 the Bonds and all other amounts due under the Trust Agreement shall be fully paid, the term of the Lease shall end sixty (60) days after written notice by the City and the County to the Corporation.

ASSIGNMENT AGREEMENT

The Corporation, for good and valuable consideration, as described in the Assignment Agreement will unconditionally grant, transfer and assign to the Authority, without recourse, all of the Corporation's right, title and interest as lessee under the Ground Lease, including without limitation, the following: (i) all rents, profits, products and proceeds from the leased property to which the Corporation has any right or claim whatsoever, (ii) the security interest granted by the Corporation in insurance proceeds received with respect to the Site and the Facilities, (iii) the right to take all actions and give all consents under the Ground Lease, (iv) any right of access more particularly described in the Ground Lease, and (v) any and all other rights and remedies of the Corporation in the Ground Lease as lessee thereunder; and any repayments amounts of the Loans, as described in the Assignment Agreement.

MASTER LEASE

The Authority, the City and the County will enter into the Master Lease providing for the lease of the Site and the Facilities to the City and the County.

<u>Commencement of Lease Term as to Project; Occupancy; Abatement</u>

The Term of the Master Lease will commence on the date of recordation of the Master Lease or memorandum thereof in the office of the County Recorder of the County, and will end on February 1, 2026, unless such term is extended or sooner terminated as provided in the Master Lease. If on February 1, 2026, the Bonds and all amounts due under the Master Lease and under the Trust Agreement will not be fully paid, or if the rental or other amounts payable under the Master Lease shall have been abated at any time and for any reason, then the term of the Master Lease shall be extended until all Bonds and all amounts due under the Master Lease and under the Trust Agreement shall be fully paid, except that the term of the Master Lease shall in no event be extended beyond February 1, 2036. If prior to February 1, 2026 all Bonds, all Related Obligations and all amounts due under the Master Lease and under the Trust Agreement shall be fully paid, or provision therefor made in accordance with their respective terms and provisions of the Trust Agreement, the term of the Master Lease shall end immediately.

<u>The Facilities</u>

The Base Rental Payments for the Facilities and the Site shall be due and payable on the dates set forth in the Master Lease, subject to abatement as provided in the Master Lease and completion of the Arena Project as provided therein.

The City, the County and the Authority agree in the Master Lease that on each day on which Base Rental Payments are payable during the term of the lease of the Facilities and the Site, there shall be applied as a credit against the Base Rental Payments payable on such date for the Facilities and the Site the amounts by which such Base Rental Payments for the Facilities and the Site when added to the funds held pursuant to the Trust Agreement (other than the Construction Fund and the Reserve Fund) and available to pay debt service on the Bonds and any Related Obligations exceeds such payment obligations due and payable on or before the first day of the immediately succeeding month.

Substitution

The City, the County and the Authority may substitute real property as part of the Site and the Facilities for purposes of the Ground Lease and the Master Lease only after the City and the County shall have filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

(A) Executed copies of the Ground Lease and the Master Lease or amendments thereto containing the amended description of the Facilities and the Site, including the legal description of the Site as modified if necessary.

(B) A Certificate of the City and the County with copies of the Ground Lease and the Master Lease, if needed, or amendments thereto containing the amended description of the Facilities and the Site stating that such documents or memoranda thereof have been duly recorded in the official records of the County Recorder of the County.

(C) A Certificate of the City and the County, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County or the City, evidencing that the annual fair rental value of the Facilities and the Site which will constitute the Facilities and the Site after such substitution (which may be based on the construction or acquisition cost or replacement cost of such facility to the Lessees) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending June 30 or in any subsequent year ending June 30.

(D)(i) A California Land Title Association leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Site after such substitution in an amount at least equal to the amount of such insurance provided with respect to the Site prior to such substitution; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the Authority in such substituted property subject only to such exceptions as do not substantially interfere with the Lessees' right to use and occupy such substituted property and as will not result in an abatement of Base Rental Payments payable by the City or the County under the Master Lease; or

(ii) An Opinion of Counsel or Certificate of the City and the County stating that, based upon review of such instruments, certificates or any other matters described in such Opinion of Counsel or Certificate of the City and the County, the City and the County have good merchantable title to the Site and the Facilities which will constitute the Site and the Facilities after such substitution. "Good Merchantable Title" shall mean such title, as in the Opinion of Counsel or Certificate of the City and the County is satisfactory and sufficient for the needs and operations of the City and the County, subject only to Permitted Encumbrances.

(E) A Certificate of the City and the County stating that such substitution does not materially adversely affect the City's and the County's use and occupancy of the Facilities and the Site.

(F) An Opinion of Counsel stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and the Master Lease; (ii) complies with the terms of the Constitution and laws of the state and of the Master Lease; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City and the County in accordance with its terms; and (iv) will not cause the interest on any series of Bonds sold as tax-exempt to be included in gross income for federal income tax purposes.

Rental Payments

Base Rental Payments. The City and the County agree to pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities and the Site (subject to the provisions of the Master Lease), in amounts sufficient to pay the principal and interest on the Bonds and any Related Obligations (including any termination payments with respect to any SWAP) as the same become due; provided that the aggregate Base Rental Payments for any Rental Payment Period shall equal $19 million (or a pro rata portion thereof for the first Rental Payment Period) (the "Maximum Annual Rental"). Base Rental Payments shall be calculated by the Authority in advance on an annual basis, for the succeeding twelve (12) month period commencing on February 1 and ending on January 31, except that the first Rental Payment Period shall commence on the Substantial Completion Date and shall end on the next succeeding January 31. Base Rental Payments shall be made in twelve (12) monthly installments, payable on the third business day preceding the first (1st) day of each calendar month in the amount, which amount will vary from time to time as determined by the Authority, at least sufficient to pay the principal of and interest on the Bonds and any Related Obligations (including any termination payments with respect to any SWAP) due on or before the first (1st) day of the following month; provided that the aggregate Base Rental Payment installments for any Rental Payment Period shall not exceed the Maximum Annual Rental; and provided further that to the extent the Authority has received revenues available to pay debt service on the Bonds and any Related Obligations and has deposited such revenues with the Trustee by the fourth (4th) Business Day preceding the first day of any month in which a Base Rental Payment is due, the Lessees shall receive a credit to the extent of such revenues on the installment of the Base Rental Payment for said month. For the purpose of calculating the amount of Base Rental Payments for any month relating to Bonds and Related Obligations bearing interest at a variable rate which has not yet been determined, such interest rate will be assumed to be the maximum rate on such Bonds of Related Obligations.

If the term of the Master Lease has been extended pursuant to the Master Lease, Base Rental Payment installments shall continue to be due on the third business day preceding the first (1st) day of each calendar month in each year, and payable as described above, continuing to and including the date of termination of the Master Lease, in an amount equal to the highest amount of Base Rental payable for any Rental Payment Period. Upon such extension of the Master Lease, Base Rental Payments shall be established in an amount sufficient to pay all unpaid principal of and interest on the Bonds plus interest on the extended principal and interest at a rate equal to the rate of interest on the Bonds so extended and any Related Obligations.

Additional Payments. The City and the County shall also pay such amounts (herein called the "Additional Payments") as shall be required by the Authority for the payment of all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Master Lease or any assignment of the Master Lease, the Trust Agreement, their interest in the Site and the Facilities and the lease of the Site and the Facilities to the City and the County, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Bonds, any Related Obligations, the Site and the Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Trust Agreement, to the provider of any Related

Obligations under the documents therefor and to any remarketing agent under a remarketing agreement, fees of any tender agent, auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence.

Such Additional Payments shall be billed to the City and the County by the Authority from time to time, together with a statement certifying that the amount billed has been paid by the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed shall be paid by the City and the County within sixty (60) days after receipt of the bill by the City and the County, or such earlier time as may be required under any Related Obligation. The City and the County reserve the right to audit billings for Additional Payments although exercise of such right shall in no way affect the duty of the City and the County to make full and timely payment for all Additional Payments.

The Authority has in the past and may in the future issue bonds and enter into leases to finance facilities other than the Site and the Facilities. The administrative costs of the Authority shall be allocated among said facilities and the Facilities, as provided below. The fees of the Trustee under the Trust Agreement or any other financing document, and any other expenses directly attributable to the Site and the Facilities shall be included in the Additional Payments payable under the Master Lease. The fees of any trustee or paying agent under any indenture securing bonds of the Authority or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Facilities, shall not be included in the administrative costs of the Facilities and shall not be paid from the Additional Payments payable under the Master Lease. Any expenses of the Authority not directly attributable to any particular project of the Authority shall be equitably allocated among all such projects, including the Facilities, in accordance with sound accounting practice. Such allocation will be subject to the written approval of the Credit Provider and the Liquidity Facility Provider, which approval will not be unreasonably withheld. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, shall be a final and conclusive determination as to such allocation. The Trustee may conclusively rely upon the Written Request of the Authority, with the approval of an Authorized Representative of the City and the County, endorsed thereon, in making any determination that costs relating to the Authority are payable as Additional Payments under the Master Lease, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of Facilities.

Payments to Be Unconditional

Notwithstanding any dispute between the Authority, the City or the County, the City and the County are required to make Base Rental Payments, Additional Payments and other payments when due without deduction or offset of any kind and will not withhold any Base. Rental Payments or Additional Payments or other payments pending final resolution of any dispute with the Authority. In the event of a determination that the City or the County was not liable for said payments or any portion thereof, said payments or excess of payments, as the case may be, will be credited against subsequent payments due under the Master Lease or refunded at the time of such determination. Amounts required to be deposited by the City and the County with the Trustee pursuant to the Facility Lease for payment of Base Rental Payments on any date will be reduced to the extent of amounts on deposit in the Revenue Fund and available therefor. Base Rental Payments and Additional Payments are subject to abatement as provided in the Master Lease.

Appropriations Covenant

The City and the County each covenant to take such action as may be necessary to include one-half (1/2) of the Maximum Annual Rental and any Additional Payments due under the Master Lease as a separate line item in their respective annual budgets, and to make necessary annual appropriations for one-half (1/2) of the Maximum Annual Rental and any Additional Payments. The City and the County will deliver to the Authority the Credit Provider, the Liquidity Facility Provider, and the Trustee copies of the portion of each annual budget relating to the payment of Base Rental Payments and Additional Payments under the Master Lease within thirty (30) days after the filing or adoption thereof. The covenants on the part of the City and the County contained in the Master Lease shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City and the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City and the County to carry out and perform the covenants and agreements in the Master Lease agreed to be carried out and performed by the City and the County. To the extent that either the City or the County fails, in any fiscal year, to budget or pay one-half (1/2) of the Maximum Annual Rental and any Additional Payments payable during such fiscal year, the other Lessee (i.e. the City or the County, as the case may be), shall, by supplemental budget in such fiscal year, appropriate and pay such additional amounts as shall be necessary to make up any deficiency in the amounts appropriated or paid by the other Lessee, including any interest accrued thereon.

The Authority and the City and the County understand and intend that the obligation of the City and the County to pay Base Rental Payments and Additional Payments under the Master Lease shall constitute a current expense of the City and the County and shall not in any way be construed to be a debt of the City and the County in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City and the County, nor shall anything contained in the Master Lease constitute a pledge of the general tax revenues, funds or moneys of the City and the County. Base Rental Payments and Additional Payments due under the Master Lease shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due under the Master Lease as consideration for the use of the Site and the Facilities. The City and the County have not pledged the full faith and credit of the City and the County, the State or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due under the Master Lease.

Abatement of Rental

The Base Rental Payments and Additional Payments shall be abated proportionately, during any period in which by reason of any material damage or destruction (other than by condemnation which is provided below) there is substantial interference with the use and occupancy of the Site and the Facilities by the City and the County, in the proportion in which the cost of that portion of the Site or the Facilities rendered unusable bears to the cost of the whole of the Site and the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Master Lease shall continue in full force and effect and the City and the County waive the benefits of California Civil Code Section 1932(2) and 1933(4) and of Title 11 of the United States Code, Section 365(h) and any and all other rights to terminate the Master Lease by virtue of any such damage or destruction or interference. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental Payments in any of the funds and accounts established under the Trust Agreement (except the Reserve Fund), Base Rental Payments shall not be abated as provided above but, rather, shall be payable by the City and the County as a special obligation payable solely from said funds and accounts.

Changes to the Facilities

Subject to the Master Lease, the City and the County shall, at their own expense, have the right to remodel the Facilities or to make additions, modifications and improvements thereto. All such additions, modifications and improvements shall thereafter comprise part of the Facilities. Such additions, modifications and improvement shall not in any way damage the Facilities or cause either to be used for purposes other than those authorized under the provisions of State and federal law; and the Facilities upon completion of any additions, modifications and improvements made pursuant to the Master Lease, shall be of a value which is at least equal to the value of the Facilities, immediately prior to the making of such additions, modifications and improvements.

Installation of City and County Equipment

Except as contemplated by the Master Agreement, the City and the County and any sublessee will not, without the prior written consent of the Authority, install or permit to be installed other items of equipment or other personal property in or upon the Facilities and the Site that would materially affect existing equipment or structural elements of the Facilities. All such items shall remain the sole property of such party during the term of the Master Lease in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Nothing in the Master Lease shall prevent the City and the County from purchasing items to be installed pursuant to the Master Lease under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Facilities or Site.

Maintenance, Utilities

Throughout the term of the Master Lease, all maintenance and repair, both ordinary and extraordinary (except for damage or destruction to be repaired with proceeds of insurance pursuant to the Master Lease), of the Site and the Facilities shall be the responsibility of the City and the County, which shall at all times maintain or otherwise arrange for the maintenance of the Site and the Facilities in first class condition, and the City and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Site and the Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Site and the Facilities resulting from ordinary wear and tear or want of care on the part of the City and the County or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Site and the Facilities.

Fire and Extended Coverage and Earthquake Insurance

The City and the County, at their own expense, shall insure or have insured the Facilities with companies acceptable to the Authority for such amounts and against such hazards (except earthquake insurance shall only be obtained if available on the open market from reputable insurance companies at reasonable cost) as the Authority may require, including, but not limited to, insurance for damage to the Facilities and liability coverage for personal injuries, death or property damage, all such policies being with companies and on terms satisfactory to the Authority. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Site and the Facilities, excluding the cost of excavations, of grading and filling, and of the land (except that any earthquake insurance may be subject to a deductible clause of not to exceed ten percent (10%) of said replacement cost for any one loss and except that such other insurance may be subject to deductible clauses for any one loss of not to exceed two hundred fifty thousand dollars ($250,000) or a comparable deductible adjusted for inflation), or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed.

In the event of any damage to or destruction of any part of the Facilities caused by the perils covered by such insurance or condemnation proceeds, the Authority, except as provided in the Master Lease, shall cause the proceeds of such insurance or condemnation proceeds to be used for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds separate and apart from all other funds, in a special fund to be designated the "Insurance and Condemnation Fund," to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Treasurer shall withdraw said proceeds from time to time upon receiving the Written Request of the Authority, stating that the Authority has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred, stating that the Authority has received the prior written consent of the Credit Provider and the Liquidity Facility Provider to such withdrawal and containing the additional information required to be included in a Written Request of the Authority prepared pursuant to the Trust Agreement. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be treated by the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, the Authority, if the proceeds of such insurance and any amounts transferrable from the Reserve Fund as allocable to the Bonds to be redeemed, together with any other moneys then available for the purpose are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds equal to the amount of Outstanding Bonds attributable to the portion of the Facilities so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the Facility bears to the aggregate cost of the Facilities), may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facility and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Trust Agreement, with the prior written consent of the Credit Provider and the Liquidity Facility Provider.

<u>Rental Interruption or Use and Occupancy Insurance</u>

The City and the County shall procure or cause to be procured and maintain or cause to be maintained throughout the term of the Master Lease, to the extent such insurance is commercially available, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Site and the Facilities as the result of any of the hazards covered by the insurance required by the Master Lease, in an amount sufficient to pay the maximum annual Base Rental Payments under the Master Lease for a two year period except that such insurance may be subject to a deductible clause of not to exceed one hundred thousand dollars ($100,000 or a comparable deductible adjusted for inflation). Any proceeds of such insurance and any amounts transferred from the Reserve Fund shall be used by the Trustee to reimburse to the City and the County any rental theretofore paid by the City and the County under the Master Lease attributable to such structure for a period of time during which the payment of rental under the Master Lease is abated, and any proceeds of such insurance not so used shall be applied as provided in the Master Lease (to the extent required for the payment of Base Rental Payments) and in the Master Lease (to the extent required for the payment of Additional Payments).

Eminent Domain

If the whole of the Site and the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the City and the County shall be taken under the power or threat of eminent domain, the term of the Master Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Site and the Facilities shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City and the County at the time of such taking, then the Master Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due under the Master Lease in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Site and the Facilities or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in the Master Lease. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the City and the County.

Default; Remedies

If the City and the County shall fail to pay any Base Rental Payment, Additional Payment or other amount payable under the Master Lease when the same becomes due and payable, time being expressly declared to be of the essence of the Master Lease, or the City and the County shall fail to keep, observe or perform any other term, covenant or condition contained in the Master Lease to be kept or performed by the City and the County for a period of thirty (30) days after notice of the same has been given to the City and the County by the Authority or the Trustee or for such additional time as is reasonably required, in the discretion of the Trustee, to correct the same, or upon the happening of any of the events specified in the Master Lease (any such case above being an "Event of Default"), the City and the County shall be deemed to be in default under the Master Lease and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the Master Lease. Upon any such default, the Authority (or any successor to the Authority's rights hereunder, including without limitation, the Corporation, the Credit Provider or the Liquidity Facility Provider), in addition to all other rights and remedies it may have at law, may do any of the following and shall do any of the following:

(1) To terminate the Master Lease in the manner provided in the Master Lease on account of default by the City and the County, notwithstanding any re-entry or re-letting of the Site and the Facilities as provided for in the Master Lease, and to re-enter the Site and the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Site and the Facilities and place such personal property in storage in any warehouse or other suitable place located within the County. In the event of such termination, the City and the County agree to surrender immediately possession of the Site and the Facilities, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City and the County, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Site and the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Master Lease. Neither notice to pay rent or to deliver up possession of the Site or the Facilities given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Site and the Facilities nor the appointment of a receiver upon

initiative of the Authority to protect the Authority's interest under the Master Lease shall of itself operate to terminate the Master Lease, and no termination of the Master Lease on account of default by the City and the County shall be or become effective by operation of law or acts of the parties to the Master Lease, or otherwise, unless and until the Authority shall have given written notice to the City and the County of the election on the part of the Authority to terminate the Master Lease and the Credit Provider and the Liquidity Facility Provider shall have given their prior written consent. The City and the County covenant and agree that no surrender of the Site and the Facilities of the remainder of the term of the Master Lease or any termination of the Master Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating the Master Lease, (i) to collect each Base Rental Payment and Additional Payment installment and other amounts as they become due and enforce any other terms or provision of the Master Lease to be kept or performed by the City and the County, regardless of whether or not the City and the County have abandoned the Facilities, or (ii) to exercise any and all rights of re-entry upon the Site and the Facilities. In the event the Authority does not elect to terminate the Master Lease in the manner provided for in the Master Lease, the City and the County shall remain liable and agree to keep or perform all covenants and conditions contained in the Master Lease to be kept or performed by the City and the County and, if the Site and the Facilities are not re-let, to pay the full amount of the Base Rental Payments, Additional Payments and other amounts to the end of the term of the Master Lease or, in the event that the Site and the Facilities are re-let, to pay any deficiency in rent and other amounts that result therefrom; and further agree to pay said rent and other amounts and/or deficiency rent and other amounts punctually at the same time and in the same manner as provided above for the payment of Base Rental Payments, Additional Payments and other amounts under the Master Lease (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental or other amounts in excess of the rental or other amounts specified in the Master Lease, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry as provided in the Master Lease, the City and the County will irrevocably appoint the Authority as the agent and attorney-in-fact of the City and the County to re-let the Site and the Facilities, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Site and the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the County, for the account of and at the expense of the City and the County, and the City and the County exempt and agree in the Master Lease to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Site and the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Master Lease. The City and the County agree that the terms of the Master Lease constitute full and sufficient notice of the right of the Authority to re-let the Site and the Facilities and to do all other acts to maintain or preserve the Site and the Facilities as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of the Master Lease, and further agree that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of the Master Lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City and the County the right to terminate the Master Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in the Master Lease. The City and the County further waive the right to any Base Rental Payment, Additional Payments or other amounts obtained by

the Authority in excess of such rental and other amounts specified in the Master Lease and convey and release in the Master Lease such excess to the Authority as compensation to the Authority for its services in re-letting the Site and the Facilities or any part thereof. The City and the County further agree to pay the Authority the cost of any alterations or additions to the Site and the Facilities necessary to place the Site and the Facilities in condition for re-letting immediately upon notice to the City and the County of the completion and installation of such additions or alterations.

Pursuant to the Master Lease, the City and the County waive any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Site and the Facilities as provided in the Master Lease and all claims for damages that may result from the destruction of the Site and the Facilities and all claims for damages to or loss of any property belonging to the City and the County, or any other person, that may be in or upon the Site and the Facilities.

If (1) the City and the County' interest in the Master Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the prior written consent of the Authority, or (2) the City and the County or any assignee shall file any petition or institute any proceeding under any act or acts, State or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City and the County ask or seek or pray to be adjudicated a bankrupt, or are to be discharged from any or all of the City and the County' debts or obligations, or offers to the City and the County' creditors to effect a composition or extension of time to pay the City and the County' debts or ask, seek or pray for reorganization or to effect a plan of reorganization, or for a readjustment of the City and the County' debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City and the County, or if a receiver of the business or of the property or assets of the City and the County shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City and the County shall make a general or any assignment for the benefit of the City and the County' creditors, or if (3) the City and the County shall abandon or vacate the Site and the Facilities, then the City and the County shall be deemed to be in default under the Master Lease.

(c) The Authority shall in no event be in default in the performance of any of its obligations under the Master Lease or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City and the County to the Authority and to the provider of any Related Obligations properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the City and the County shall be entitled to pursue any remedy provided by law.

(d) In addition to the other remedies set forth in the Master Lease, upon the occurrence of an event of default as described in the Master Lease, the Authority shall proceed to protect and enforce the rights vested in the Authority by the Master Lease or by law. The provisions of the Master Lease and the duties of the City and the County and of their trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority may bring the following actions:

(1) Accounting. By action or suit in equity to require the City and the County and their trustees, officers and employees and their assigns to account as the trustee of an express trust.

(1) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(2) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City and the County (and their board, officers and employees) and to compel the City and the County to perform and carry out their duties and obligations under the law and their covenants and agreements with the Authority as provided in the Master Lease.

The exercise of any rights or remedies under the Master Lease shall not permit acceleration of Base Rental Payments.

Each and all of the remedies given to the Authority under the Master Lease or by any law now or enacted later are cumulative and the single or partial exercise of any right, power or privilege under the Master Lease shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. "re-let" or "re-letting" as used in the Master Lease, shall include, but not be limited to, re-letting by means of the operation by the Authority of the Site and the Facilities. If any statute or rule of law validly shall limit the remedies given to the Authority under the Master Lease, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of the Master Lease, the City and the County agree to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority under the Master Lease, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Option to Purchase; Sale of Personal Property

The City and the County shall have the option to purchase the Authority's interest in any part of the Site and the Facilities upon payment of an option price consisting of moneys or securities of the category specified in clause (1) of the definition of the term Permitted Investments contained in the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of the Master Lease of the part of the total rent under the Master Lease attributable to such part of the Site and Facilities (determined by reference to the proportion which the acquisition, design and construction cost of such part of the Facilities bears to the acquisition, design and construction cost of all of the Site and Facilities). Any such payment shall be made to the Trustee and shall be treated as Base Rental Payments and shall be applied by the Trustee to pay the principal of and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in the Trust Agreement, (a) the Base Rental Payments thereafter payable under the Master Lease shall be reduced by the amount thereof attributable to such part of the Facilities and theretofore paid pursuant to the Master Lease, (b) the Master Lease shall not thereafter be applicable to such part of the Site and Facilities, (c) the insurance required by the Master Lease need not be maintained as to such part of the Site and Facilities, and (d) title to such part of the Facilities and of the portion of the Site upon which such part of the Facilities is located shall vest in the City and the County and the term of the Master Lease shall end as to the portion of the Site upon which such part of the Facilities is located and to such part of the Facilities.

The City and the County, in their discretion may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from the Master Lease, if (a) in the opinion of the City and the County the property so sold or exchanged is no longer required or useful in connection with the operation of the Facilities, (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of $500,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facilities. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the City and the County are not in default under any of the provisions of the Master Lease, be used upon the Written Request of the City and the County to purchase personal property, which property shall become a part of the Facilities leased under the Master Lease. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to the Master Lease or before releasing for the purchase of new personal property money received by it for personal property so sold.

TRUST AGREEMENT

The Trust Agreement is dated as of June 1, 1996, as supplemented and amended. The Trust Agreement, among other things, provides for the issuance, execution and delivery of the Bonds and sets forth the terms thereof, provides for the creation of certain of the funds described below, includes certain covenants of the Authority, defines events of default and remedies therefor, and sets forth the rights and responsibilities of the Trustee.

Certain provisions of the Trust Agreement setting forth the terms of the Bonds, the redemption provisions thereof and the use of the proceeds of the Bonds are set forth elsewhere in this Remarketing Memorandum. See "THE BONDS."

The Trustee

The Bank of New York Mellon Trust Company, N.A., has been appointed by the Authority as Trustee. The Trustee will receive all of the Bond proceeds and the Revenues for disbursement in conformity with the Trust Agreement. In addition, the Trustee will act as registrar of the Bonds. Payments of principal of, interest or redemption premiums, if any, on the Bonds will be made through the principal corporate trust office of the Trustee.

Pledge of Revenues; Assignment of Rights to Trustee

All Revenues, all amounts on deposit in the Revenue Fund, any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund created pursuant to the Trust Agreement or the Purchase Fund) are irrevocably pledged in the Trust Agreement to the payment of the interest and premium, if any, on and principal of the Bonds and the Related Obligations as provided in the Trust Agreement, and the Revenues and other amounts pledged under the Trust Agreement shall not be used for any other purpose while any of the Bonds or the Related Obligations remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. This pledge shall constitute a pledge of and charge and first lien upon the Revenues, all other amounts pledged under the Trust Agreement and all other moneys on deposit in the funds and accounts established under the Trust Agreement (excluding amounts on deposit in the Rebate Fund created with respect to any Series of tax-exempt bonds, and the Purchase Fund for the payment of the interest on and principal of the Bonds and the Related Obligations in accordance with the terms thereof and of the Trust Agreement).

<u>The Bonds</u>

The Variable Rate Bonds of each Series (*i.e.*, Series A-1 and Series A-2) will be divided into consecutive Rate Periods, during which the Variable Rate Bonds of each such series may bear interest at a Daily Rate, Weekly Rate, Commercial Paper Rate or Term Rate as described herein. In the event that Variable Rate Bonds of each series are in different Rate Periods, the description of the Variable Rate Bonds herein shall refer to the Series of Variable Rate Bonds in such Rate Periods.

The Variable Rate Bonds bearing interest at a Daily or Weekly Rate are subject to tender for purchase at the option of the Owners of the Variable Rate Bonds, and under certain circumstances the Variable Rate Bonds are subject to mandatory tender for purchase, in the manner and at the times described herein. The Variable Rate Bonds are subject to extraordinary, optional and mandatory redemption prior to maturity in the manner and at the times described herein.

When the Variable Rate Bonds bear interest at a Weekly Rate or a Daily Rate (as described below), the authorized denominations of such Variable Rate Bonds will be $100,000 or any integral multiple thereof. When the Variable Rate Bonds bear interest at a Commercial Paper Rate (as described below), the authorized denominations of such Variable Rate Bonds will be $100,000 or any integral multiple thereof. When the Variable Rate Bonds bear interest at a Term Rate (as described below), the authorized denominations will be $5,000 or any integral multiple thereof.

Payment of Principal and Interest.

The principal of and premium, if any, on the Variable Rate Bonds shall be payable to the Owners upon surrender thereof at the principal corporate trust office of the Trustee. Interest shall be payable to the registered Owners as of the Record Date (as defined below), such interest to be paid on any Variable Rate Bond held in book-entry only form in immediately available funds by no later than 2:30 p.m., New York City time. Otherwise interest shall be payable (i) by bank check mailed by first class mail on the interest payment date to such Owners or (ii) during any Rate Period other than a Term Rate Period, in immediately available funds (by wire transfer or by deposit to the account of the Owner of any such Variable Rate Bond if such account is maintained with the Trustee), but in respect of any Owner of Variable Rate Bonds in a Weekly Rate Period or Daily Rate Period only to any Owner which owns Variable Rate Bonds in an aggregate principal amount of at least $1,000,000 on the Record Date and who shall have provided wire transfer instructions to the Trustee prior to the close of business on such Record Date; except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the Owners in whose name any such Variable Rate Bonds are registered as of a special record date to be fixed by the Trustee, notice of which shall be given to such Owners not less than 10 days prior thereto. Notwithstanding the foregoing, interest on any Variable Rate Bond bearing a Commercial Paper Rate (except any Variable Rate Bond held in book-entry only form) shall be paid only upon presentation to the Tender Agent of the Variable Rate Bond on which such payment is due.

For any Weekly Rate Period or Daily Rate Period, interest on the Variable Rate Bonds shall accrue to and be payable on the first Business Day (as hereinafter defined) of each calendar month, and on the Business Day next succeeding the last day of each Rate Period. For any Commercial Paper Rate Segment, interest on the Variable Rate Bonds shall be payable on the Business Day next succeeding the last day thereof. For any Term Rate Period, interest shall be payable on the first day of the sixth month following the commencement of the Term Rate Period and the first day of each sixth month thereafter, and on the Business Day next succeeding the last day of such Term Rate Period. Interest shall be computed, in the case of any Weekly Rate Period, Daily Rate Period or Commercial Paper Rate Period, on the basis of a 360-day year for the number of days actually elapsed and, in the case of a Term Rate Period, on the basis of a 360-day year consisting of twelve 30-day months. The Trust Agreement provides that the maximum interest rate on Variable Rate Bonds bearing interest at a Daily Rate, Weekly Rate, Commercial Paper Rate or Term Rate is 18% per annum.

The "Record Date" for the Variable Rate Bonds is (i) with respect to any interest payment date in respect of any Weekly Rate Period, Daily Rate Period or Commercial Paper Rate Period, the Business Day next preceding such interest payment date, or (ii) with respect to any interest payment date in respect of a Term Rate Period, the fifteenth day of the month preceding such interest payment date.

Interest Rates and Rate Periods. of the Variable Rate Bonds of each Series shall be divided into consecutive Rate Periods, during each of which the Variable Rate Bonds of such Series shall bear interest at the Daily Rate, Weekly Rate, Commercial Paper Rate(s) or Term Rate as described below. Changes in Rate Periods will be effective and notice of changes of Rate Periods will be given as described herein. Upon notice from the Bank, the Authority may not change from one Rate Period to another Rate Period without the prior written consent of the Bank. Except as described under clause (2) under "Commercial Paper Rate Period—Adjustment to Commercial Paper Rates" below, no more than one Rate Period may apply to the Variable Rate Bonds of one Series at the same time.

Daily Rate Period

Daily Rate. During each Daily Rate Period, the Variable Rate Bonds shall bear interest at the Daily Rate, which shall be determined by the applicable Remarketing Agent for each Business Day either on such Business Day or on the next preceding Business Day and which may be determined by the Remarketing Agent for any day that is not a Business Day on any such day during which there shall be active trading in federally taxable securities comparable to such Variable Rate Bonds for such day.

The Daily Rate will be the lowest rate determined by the Remarketing Agent (based on an examination of federally taxable securities comparable to such Variable Rate Bonds known by the Remarketing Agent to have been priced or traded under the prevailing market conditions) which would enable the Remarketing Agent to sell such Variable Rate Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent has not determined a Daily Rate for any day, Variable Rate Bonds shall be deemed to bear interest at a Commercial Paper Rate and have a Commercial Paper Segment of one day (unless such Commercial Paper Segment would end on a day which does not precede a Business Day, in which case such Commercial Paper Segment shall end on the first day immediately preceding the Business Day next succeeding such day) and the Commercial Paper Rate shall be equal to 150% of the 30-day composite commercial paper rate posted by the Federal Reserve Bank of New York as calculated by the Remarketing Agent.

Adjustment to Daily Rate. The interest rate borne by the Variable Rate Bonds will be adjusted to a Daily Rate upon receipt by the Trustee, the Bank, the Credit Provider, the Liquidity Facility Provider, the Paying Agent and the Remarketing Agent of a written notice from the Authority, which notice shall specify the effective date of the adjustment to a Daily Rate which shall be (1) a Business Day not earlier than the 12th day (15th day if the then current Rate Period is a Term Rate Period or if such Variable Rate Bonds are then held in book-entry only form) following the third Business Day after the receipt by the Trustee of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee), (2) in the case of an adjustment from a Term Rate Period, a day on which such Variable Rate

Bonds could be redeemed at the option of the Authority or the day immediately following the last day of the then current Term Rate Period, and (3) in the case of an adjustment from a Commercial Paper Rate Period, either the day immediately following the last day of the then current Commercial Paper Rate Period or, for each Variable Rate Bond, the day immediately following the last day of the last Commercial Paper Segment for such Variable Rate Bond in the then current Commercial Paper Rate Period, all as determined in accordance with clause (1) or (2), respectively, under "Commercial Paper Rate Period-Adjustment to Commercial Paper Rates" below; provided, however, that if prior to the Authority's making such election, any Variable Rate Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Daily Rate Period for all Variable Rate Bonds shall not precede such redemption date.

Notice of Adjustment to Daily Rate. The Trustee shall give notice by mail of an adjustment to a Daily Rate Period to the Owners of such Variable Rate Bonds not less than 12 days (15 days if the then current Rate Period is a Term Rate Period or if such Variable Rate Bonds are then held in book-entry only form) prior to the effective date of such Daily Rate Period. Such notice shall state (1) that the interest rate on such Variable Rate Bonds will be adjusted to a Daily Rate, (2) the effective date of such Daily Rate Period, (3) that such Variable Rate Bonds are subject to mandatory tender for purchase on such effective date, (4) the procedures for such mandatory tender, and (5) that the Owners of the Variable Rate Bonds do not have the right to retain their Variable Rate Bonds on such effective date.

Weekly Rate Period

Weekly Rate. During each Weekly Rate Period, the Variable Rate Bonds shall bear interest at the Weekly Rate determined by the applicable Remarketing Agent no later than the first day of such Weekly Rate Period and thereafter no later than Tuesday of each week during such Weekly Rate Period, unless any such Tuesday shall not be a Business Day, in which event the Weekly Rate shall be determined by the Remarketing Agent no later than the Business Day next preceding such Tuesday.

The Weekly Rate shall be the lowest rate determined by the Remarketing Agent (based on an examination of federally taxable securities comparable to the Variable Rate Bonds known by the Remarketing Agent to have been priced or traded under the prevailing market conditions) which would enable the Remarketing Agent to sell such Variable Rate Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent shall not have determined a Weekly Rate for any period, the Weekly Rate shall be the same as the Weekly Rate for the immediately preceding period. The first Weekly Rate determined for each Weekly Rate Period shall apply to the period commencing on the first day of the Weekly Rate Period and ending on the next succeeding Tuesday and, thereafter, each Weekly Rate shall apply for the period commencing on each Wednesday and ending on the next succeeding Tuesday, unless such Weekly Rate Period shall end on a day other than Tuesday, in which event the last Weekly Rate for such Weekly Rate Period shall apply to the period commencing on Wednesday and ending on such last day.

Adjustment to Weekly Rate. The interest rate borne by the Variable Rate Bonds shall be adjusted to a Weekly Rate upon receipt by the Trustee, the Bank, the Credit Provider, the Liquidity Facility Provider, the Paying Agent and the Remarketing Agent of a written notice by the Authority, which notice shall specify the effective date of such adjustment to a Weekly Rate which shall be (1) a Business Day not earlier than the 12th day (15th day if the then current Rate Period is a Term Rate Period or if such Variable Rate Bonds are then held in book-entry only form) following the third Business Day after receipt by the Trustee of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee), (2) in the case of an adjustment from a Term Rate Period, a day on which the Variable Rate Bonds could be redeemed at the option of the Authority or the day immediately following the last day of the then current Term Rate Period, and (3) in the case of an adjustment from a Commercial Paper Rate

Period, either the day immediately following the last day of the then current Commercial Paper Rate Period or, for each Variable Rate Bond, the day immediately following the last day of the last Commercial Paper Segment for such Variable Rate Bond in the then current Commercial Paper Rate Period, all as determined in accordance with clause (1) or (2), respectively, under "Commercial Paper Rate Period-Adjustment to Commercial Paper Rates" below; provided, however, that if prior to the Authority's making such election, any Variable Rate Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Weekly Rate Period for all Variable Rate Bonds shall not precede such redemption date.

Notice of Adjustment to Weekly Rate. The Trustee shall give notice by mail of an adjustment to a Weekly Rate Period to the Owners of the affected Variable Rate Bonds not less than 12 days (15 days if the then current Rate Period is a Term Rate Period or if the Variable Rate Bonds are then held in book-entry only form) prior to the effective date of such Weekly Rate Period. Such notice shall state (1) that the interest rate on the Variable Rate Bonds will be adjusted to a Weekly Rate, (2) the effective date of such Weekly Rate Period, (3) that the Variable Rate Bonds are subject to mandatory tender for purchase on such effective date, (4) the procedures for such mandatory tender, and (5) that the Owners of the Variable Rate Bonds do not have the right to retain their Variable Rate Bonds on such effective date.

Commercial Paper Rate Period

Notice of Adjustment to Commercial Paper Rates. The Trustee shall give notice by mail of an adjustment to a Commercial Paper Rate Period to the Owners of the Variable Rate Bonds not less than 12 days (15 days if the then current Rate Period is a Term Rate Period or if such Variable Rate Bonds are then held in book-entry only form) prior to the effective date of such Commercial Paper Rate Period. Such notice shall state (1) that the interest rate on such Variable Rate Bonds will be adjusted to Commercial Paper Rates, (2) the effective date of such Commercial Paper Rate Period, (3) that such Variable Rate Bonds are subject to mandatory tender for purchase on such effective date, (4) the procedures for such mandatory tender, and (5) that the Owners of such Variable Rate Bonds do not have the right to retain their Variable Rate Bonds on such effective date.

Term Rate Period

Term Rate. During each Term Rate Period, the Variable Rate Bonds shall bear interest at the Term Rate to remain in effect for a Term Rate Period of at least one year or any integral multiple of six months in excess of one year, which shall be determined by the applicable Remarketing Agent on a Business Day selected by the Remarketing Agent, but not more than 30 days prior to and not later than the effective date with respect to any Variable Rate Bond for such Term Rate Period.

The Term Rate shall be the lowest rate determined by the Remarketing Agent on such date, and communicated on such date to the Trustee and the Paying Agent (based on an examination of federally taxable securities comparable to such Variable Rate Bonds known by the Remarketing Agent to have been priced or traded under the prevailing market conditions) which would enable the Remarketing Agent to sell such Variable Rate Bonds on the effective date of such Term Rate Period at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If, for any reason, a Term Rate for any Term Rate Period is not determined or effective or if an adjustment from a Term Rate Period to another Rate Period is not effective, the Variable Rate Bonds shall be deemed to bear interest at a Commercial Paper Rate and have a Commercial Paper Segment of one day (unless such Commercial Paper Segment would end on a day which does not precede a Business Day, in which case such Commercial Paper Segment shall end on the first day immediately preceding the Business Day next succeeding such day) and the Commercial Paper Rate shall be equal to 150% of the 30-day composite commercial paper rate posted by the Federal Reserve Bank of New York as calculated by the Remarketing Agent; provided such rate shall not exceed 18% per annum.

Adjustment to or Continuation of Term Rate. The interest rate borne by the Variable Rate Bonds shall be adjusted to or continued as a Term Rate upon receipt by the Trustee, the Bank, the Credit Provider, the Liquidity Facility Provider, the Paying Agent and the Remarketing Agent of a written notice from the Authority. Such notice shall specify the effective date of a Term Rate Period during which such Variable Rate Bonds shall bear interest at such Term Rate, which effective date shall be (1) a Business Day not earlier than the 12th day (15th day if the then current Rate Period is a Term Rate Period or if such Variable Rate Bonds are then held in book-entry only form) following the third Business Day after receipt by the Trustee of such notice (or such shorter period after the date of such receipt as shall be acceptable to the Trustee), (2) in the case of an adjustment from a Term Rate Period, a day on which such Variable Rate Bonds could be redeemed at the option of the Authority or the day immediately following the last day of the then current Term Rate Period, and (3) in the case of an adjustment from a Commercial Paper Rate Period, either the day immediately following the last day of the then current Commercial Paper Rate Period or, for each Variable Rate Bond, the day immediately following the last day of the last Commercial Paper Segment for such Variable Rate Bond in the then current Commercial Paper Rate Period, all as determined in accordance with clause (1) or (2), respectively, under "Commercial Paper Rate Period—Adjustment from Commercial Paper Rates," provided, however, that if prior to the Authority's making such election, any Variable Rate Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Term Rate Period for all Variable Rate Bonds shall not precede such redemption date. Prior to the initial conversion to a Term Rate Period, the Authority shall provide to the Trustee confirmation from the rating agencies then rating the Variable Rate Bonds that the rating on the Variable Rate Bonds will not be reduced or withdrawn as a result of the adjustment to a Term Rate.

On or before the Business Day next preceding the effective date specified in such notice of adjustment to or continuation of a Term Rate for the Variable Rate Bonds, the Authority shall give written notice to the City and County, the Trustee, the Paying Agent and the Remarketing Agent, which notice (1) shall specify the last day of such Term Rate Period, (2) may elect two or more consecutive Term Rate Periods and the duration of each such Term Rate Period, (3) may elect that such Term Rate Period shall be automatically renewed for successive Term Rate Periods each having the same duration as the Term Rate Period so specified, provided, however, that if the last day of any such successive Term Rate Period shall not be a day immediately preceding a Business Day, then such successive Term Rate Period shall end on the first day immediately preceding the Business Day next succeeding such day, or if such day would be after the day preceding the maturity date of the Variable Rate Bonds, such succeeding Term Rate Period shall end on the maturity date of the Variable Rate Bonds, and (4) may specify for such Term Rate Period(s) optional redemption provisions, prices and periods different from those set forth in the Trust Agreement.

If, by the date required to give notice to the Owners of such Variable Rate Bonds as described in the next succeeding paragraph, the Trustee has not received the Authority's notice of an adjustment to Commercial Paper Rates, the Daily Rate, the Weekly Rate or the Term Rate, the Variable Rate Bonds shall be deemed to bear interest at a Commercial Paper Rate and have a Commercial Paper Segment of one day (unless such Commercial Paper Segment would end on a day which does not precede a Business Day, in which case such Commercial Paper Segment shall end on the first day immediately preceding the Business Day next succeeding such day) and the Commercial Paper Rate shall be equal to 150% of the 30-day composite commercial paper rate posted by the Federal Reserve Bank of New York; provided such rate shall not exceed 18% per annum.

Notice of Adjustment to or Continuation of Term Rate. The Trustee shall give notice by mail of an adjustment to or continuation of a Term Rate Period to the Owners of the affected Variable Rate Bonds not less than 12 days (15 days if the then current Rate Period is a Term Rate Period or if such Variable Rate Bonds are then held in book-entry only form) prior to the effective date of such Term Rate Period. Such notice shall state (1) that the interest rate on such Variable Rate Bonds will be adjusted to, or continue to be, a Term Rate, (2) the effective date of the Term Rate Period, (3) that such Variable Rate Bonds shall be subject to mandatory tender for purchase on such effective date, (4) the procedures for such mandatory tender, and (5) that the Owners of such Variable Rate Bonds do not have the right to retain their Variable Rate Bonds on such effective date.

Owner Option to Tender for Purchase

During a Daily Rate Period or a Weekly Rate Period the Variable Rate Bonds shall be purchased by the Tender Agent from remarketing proceeds or funds received from the Authority or any Credit Facility then available for such purpose, at the election of the Owners thereof at the times and subject to the conditions described below. Payments for Variable Rate Bonds purchased will be made by the close of business on the dates specified by the Owners thereof for purchase, if the conditions for such purchase described below have been strictly complied with by the Owners. Each Variable Rate Bond must be accompanied by an instrument of transfer (which may be the form printed on the Variable Rate Bond) executed in blank by its owner or his duly authorized attorney, with such signature guaranteed by a guarantor institution participating in a guarantee program acceptable to the Tender Agent. The Tender Agent may refuse to accept delivery of any Variable Rate Bond for which a proper instrument of transfer has not been provided. If any Variable Rate Bond is to be purchased in part, the amount purchased and the amount not purchased must each be an authorized denomination.

"Owner" or "Bondowner" generally means the registered owner of any Variable Rate Bond. However, at any time Variable Rate Bonds are held in book-entry only form, (i) such terms shall also mean any beneficial owner, or nominee of such beneficial owner, of Variable Rate Bonds for purposes of tendering Variable Rate Bonds for purchase at the option of the Owner, as described in "Exercise of Tender Option Rights Relating to Book-Entry Variable Rate Bonds" below, but not for purposes of receiving payment thereon or notices with respect thereto, (ii) Variable Rate Bonds need not be delivered in connection with any Owner option to tender, and all references to physical delivery of such Variable Rate Bonds shall be ineffective. See "Exercise of Tender Option Rights Relating to Book-Entry Variable Rate Bonds" below.

Owner Tender for Purchase - Daily Rate Period. During any Daily Rate Period, any Variable Rate Bond (or portions thereof in authorized denominations) shall be purchased at the election of the Owner on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) delivery to the Tender Agent at the principal office of the Tender Agent, not later than 10:30 a.m., New York time, on such Business Day, of an irrevocable notice in writing or by telephone which states the principal amount of such Variable Rate Bond to be purchased and the date of such purchase; and

(b) delivery of such Variable Rate Bond to the Tender Agent at or prior to 1:00 p.m., New York time, on such Business Day.

If, after the giving of such irrevocable notice, delivery of such Variable Rate Bond fails to occur, such Variable Rate Bond shall be deemed to have been delivered and will be purchased and the former Owner will have no claim under the Trust Agreement except for the payment of the purchase price.

Owner Tender for Purchase - Weekly Rate Period. During any Weekly Rate Period, any Variable Rate Bond (or portions thereof in authorized denominations) shall be purchased at the election of the Owner on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) delivery to the Tender Agent at the principal office of the Tender Agent of an irrevocable written notice or telephonic notice confirmed in writing by 5:00 p.m., New York time, on any Business Day which states the principal amount of such Variable Rate Bond to be so purchased and the date on which such Variable Rate Bond is to be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice; and

(b) delivery of such Variable Rate Bond to the Tender Agent at or prior to 1:00 p.m., New York time, on the date specified in such notice.

If, after the giving of such irrevocable notice, delivery of such Variable Rate Bond fails to occur, such Variable Rate Bond shall be deemed to have been delivered and will be purchased and the former Owner will have no claim under the Trust Agreement except for the payment of the purchase price.

Creation of Special Funds and Accounts

The Trust Agreement provides for the establishment of the following special trust funds and accounts, among others: the Revenue Fund (within which the Interest Account and the Principal Account will be established and maintained), the Capitalized Interest Account, the Reserve Fund, the Costs of Issuance Fund, the Construction Fund (within which the Arena Improvement Account, the Practice Facilities Account and the Retention Fee Account will be established and maintained), the Marketing Fund, and the Rebate Fund. All funds will be held by the Trustee. All money in the Capitalized Interest Account will be transferred by the Trustee on or before each Interest Payment Date, until the funds deposited therein are depleted, for deposit into the Interest Account the amount needed to make the Interest Payments due on the 1996 Bonds on such Interest Payment Date together with such amounts necessary to make any payments to any Swap Party (including any termination payment payable under the Swap) and to pay the fees and expenses of the Remarketing Agent, the fees and expenses of the Credit Provider or the provider of any Credit Facility, the Trustee and the Tender Agent in accordance with the Written Request of the Authority. Upon Final Acceptance Date, any balance remaining in the Capitalized Interest Account shall be transferred by the Trustee to the Reserve Fund, to the extent necessary to increase the amount on deposit in the Reserve Fund to the Reserve Requirement and then the balance shall be transferred by the Trustee to the Authority or to the order of the Authority with the consent of the Credit Provider. All money in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity), the payment of any net amounts payable on any Swap (including termination payments) or for reimbursing the Credit Facility Provider for draws on the Credit Facility used to pay interest on the Bonds. All money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds or any Related Obligation as it becomes due and payable or to reimburse the Credit Facility Provider for draws on the Credit Facility used to pay principal of the Bonds, whether at maturity or redemption, except that any money in any sinking account will be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such sinking account was created, or to reimburse the Credit Facility Provider for draws on the Credit Facility used to pay principal of the Bonds or to redeem Term Bonds, as applicable. All money in the Reserve Fund will be used to replenish the Interest Account and the Principal Account, in that order, to the extent there are insufficient amounts in either of such accounts.

Moneys in the Costs of Issuance Fund will be used to pay the Costs of Issuance of the Bonds upon receipt by the Treasurer of a Written Request of the Authority.

Moneys in the Construction Fund, will be used to pay Arena Project Costs and expenses incident thereto (or for making reimbursements to any Coliseum Entity or any other person, firm or corporation for such costs theretofore or thereafter paid by him or her to it). Amounts in the Arena Improvement Account shall be disbursed for the purpose of paying Arena Project Costs. Before any amount is disbursed from the Improvement Account, the Authority will cause to be filed with the Trustee a written disbursement signed by an Authorized Representative and approved by the Credit Provider, (A) specifying the requested disbursement date, the recipient of the disbursement, the amount of the requested disbursement and the purpose for which such disbursement is to be used, and (B) certifying that the funds requested constitute an Arena Project Cost. Amounts in the Practice Facilities Account will be disbursed by the Trustee upon receipt by the Trustee of a written request from an Authorized Representative certifying that such disbursement is required to be made to the Warriors pursuant to the Practice Facilities Agreement. All amounts in the Retention Fee Account will be disbursed by the Trustee upon receipt by the Trustee of a written request from an Authorized Representative certifying that such disbursement is required to pay Arena Project Costs the Retention Fee as required by the Retention Agreement.

Upon Final Acceptance Date, the Trustee shall apply all amounts remaining in the Construction Fund (other than moneys retained therein to pay Arena Project Costs not then due and payable, or amounts required to be retained in the Practice Facility Account or the Retention Fee Account as required by the Practice Facilities Agreement or the Retention Agreement (as the case may be), as certified by the Authorized Representative) as follows: (i) to the Reserve Fund, such amount as required to make the amount in the Reserve Fund equal to the Reserve Requirement, and (ii) all remaining moneys to the Interest Account or for such other purpose as specified in a Written Request of the Authority approved by the Credit Provider.

Revenue Fund

Moneys in the Revenue Fund will be transferred to and deposited in the following respective accounts in the following order of priority:

(1) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date. On or before each payment date on a Swap, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account pursuant to the Written Request of the Authority that amount of money equal to the net amount payable on the Swap (including any termination payment payable under the Swap) on such payment date. The Trustee shall deposit funds in the Interest Account from the Capitalized Interest Account in accordance with the terms and provisions in the Trust Agreement.

No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such interest payment date and the net amount due and payable on any Swap on or before such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity), the payment of any net amounts payable on any Swaps (including any termination payments) pursuant to the Written Request of the Authority for the payment of the fees and expenses of the Remarketing Agent, the Credit Provider or of the provider of any

Credit Facility, the Trustee and the Tender Agent, or for reimbursing the Credit Facility Provider for draws on the Credit Facility used to pay interest on the Bonds.

(2) Principal Account. On or before the third Business Day preceding each February 1, commencing February 1, 1999, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such February 1 into the respective sinking fund accounts for all Outstanding Term Bonds and the principal amount of all Outstanding Serial Bonds maturing on such February 1.

No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of the Bonds is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such February 1 plus the aggregate amount of all sinking fund payments required to be made on such February 1 for all Outstanding Term Bonds.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds or any Related Obligation as it shall become due and payable or to reimburse the Credit Facility Provider for draws on the Credit Facility used to pay principal of the Bonds, whether at maturity or redemption, except that any money in any Sinking Account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such Sinking Account was created, or to reimburse the Credit Facility Provider for draws on the Credit Facility used to pay principal of the Bonds or to redeem Term Bonds, as applicable.

The Trustee shall establish and maintain within the Principal Account separate Sinking Accounts for the 1996 Term Bonds maturing on February 1, 2026. Subject to the terms and conditions set forth in the Trust Agreement, the Term Bonds maturing on February 1, 2026, shall be redeemed (or paid at maturity, as the case may be) by application of mandatory sinking account payments in the amounts and upon the dates as set forth in the Trust Agreement.

Reserve Fund

On the Closing Date, the Authority shall deposit or cause to be deposited in the Reserve Fund an amount equal to the reserve fund requirement. On or prior to (i) the Final Acceptance Date and (ii) the date on which the balance of moneys in the Capitalized Interest Account is $0, the Authority shall deposit or caused to be deposited from amounts on deposit in the Construction Fund (to the extent available), the Capitalized Interest Account, or from any other moneys legally available therefor, moneys sufficient to make the amount in the Reserve Fund equal the Reserve Fund Requirement. All money in the Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of funding the Interest Account or the Principal Account, in that order, in the event of any deficiency in either of such accounts, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Reserve Fund in excess of the Reserve Fund Requirement will be withdrawn from the Reserve Fund and deposited in the Revenue Fund on each Interest Payment Date. The Trustee may conclusively presume that there has been no change in the Reserve Fund Requirement unless notified in writing by the Authority. If the Reserve Fund Requirement is satisfied by a surety bond, insurance policy or letter of credit as provided below (the "Reserve Facility"), the Trustee shall draw on such Reserve Facility in accordance with its terms, in a timely manner, to the extent necessary to fund any such deficiency in the Interest Account or the Principal Account.

The Authority may satisfy the Reserve Fund Requirement at any time by depositing with the Trustee for the credit of the Reserve Fund a surety bond, an insurance policy or a letter of credit, or any combination thereof, as described in the Trust Agreement. If the Authority replaces a cash-funded Reserve Fund with a Reserve Facility meeting the requirements set forth in the Trust Agreement, amounts on deposit in the Reserve Fund will, upon Written Request of the Authority to the Trustee, be transferred, subject to the receipt by the Authority of an Opinion of Counsel that such transfer will not cause the interest on the Bonds or Series thereof, as appropriate, to be included in gross income for purposes of federal income taxation, to the Authority and applied for any lawful purpose.

Application of Insurance Proceeds

In the event of any damage to or destruction of any part of the Site or the Facilities covered by insurance proceeds or condemnation proceeds, the Authority shall cause such insurance proceeds or condemnation proceeds to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Site or the Facilities, and the Trustee shall hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds, to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Site or the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall invest said proceeds in Permitted Investments pursuant to the Request of the Lessees, as agent for the Authority under the Master Lease, and withdrawals of said proceeds shall be made from time to time upon the filing with the Trustee of a Written Request of the Lessees, stating that the Lessees have expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Site or the Facilities, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. The Lessees shall file a Certificate of the Lessees with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the Lessees, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the Site or the Facilities. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance shall be paid to the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, the Lessees, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the Facilities, or that portion, in the case of partial damage or destruction of the Facilities, of the Base Rental Payments and all other amounts relating to the damaged or destroyed portion of the Facilities, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the applicable provisions of the Trust Agreement; provided that prior to such redemption the Lessees shall have obtained and delivered to the Trustee the written approval of the Credit Bank. The Lessees shall not apply insurance proceeds or condemnation proceeds as set forth in the Trust Agreement to redeem the Bonds in part due to damage or destruction of a portion of the Facilities unless the Base Rental Payments on the undamaged portion of the Facilities will be sufficient to pay the initially scheduled principal and interest on the Bonds remaining unpaid after such redemption.

Investments

Subject to the Trust Agreement, all money held by the Trustee and the Treasurer in any of the accounts or funds, shall be invested in Permitted Investments at the Written Request of the Authority or, if no instructions are received, in money market funds described in paragraph 3 of the definition of Permitted Investments. The Trustee may conclusively rely on the written instructions of the Authority that such investment is a Permitted Investment under the Trust Agreement. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement; provided, however, that moneys in the Reserve Fund shall be invested in Permitted Investments with a term not greater than the final maturity date on the Bonds. For purposes of this restriction, Permitted Investments containing a repurchase option or put option by the investor shall be treated as having a maturity of no longer than such option. Subject to the Trust

Agreement, all interest or profits on any money invested in the funds held under the Trust Agreement (excluding the Rebate Fund, the Purchase Fund and the Credit Facility Fund) shall be deposited in the Reserve Fund, to the extent necessary to make amounts on deposit in the Reserve Fund equal to the Reserve Fund Requirement, and then in the Revenue Fund, provided however that all interest or profits on any money in the Arena Improvement Account shall remain in such account and be applied for such purpose or purposes as specified in a Written Request of the Authority with the prior written approval of the Credit Provider. The Trustee shall not be liable for any losses on investments made in accordance with the terms and provisions of the Trust Agreement.

Investments purchased with funds on deposit in the Revenue Fund shall mature not later than the Interest Payment Date or Redemption Date, as appropriate, when such funds are expected to be utilized.

Additional Bonds

The Authority may at any time, but only with the express prior written consent of the Credit Provider, issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued under the Trust Agreement, but only subject to the following specific conditions, which are made conditions precedent to the issuance of any such Additional Bonds:

(a) The Authority shall be in compliance with all agreements and covenants contained in the Trust Agreement.

(b) The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Bonds shall be (1) applied to the completion of the Project, or for the construction and acquisition of facilities to be added to the Facilities and leased pursuant to the Master Lease, or for the refunding or repayment of any Bonds then Outstanding, including in each case, the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds; provided that, if the proceeds of such Additional Bonds are to be used to complete the Project or additional Facilities, the Supplemental Trust Agreement shall provide that a portion of such proceeds shall be applied to the payment of the interest due or to become due on said Additional Bonds during the estimated period of any construction and for a period of not to exceed twelve (12) months thereafter and such Additional Bonds shall be paid solely from such proceeds until the Project or additional Facilities to be constructed thereby is delivered and only upon such delivery will such Additional Bonds be payable from Revenues on a parity with the other Bonds issued under the Trust Agreement.

(c) The Supplemental Trust Agreement shall provide, if necessary, that from such proceeds or other sources an amount shall be deposited in the Reserve Fund so that following such deposit there shall be on deposit in the Reserve Fund an amount at least equal to the Reserve Fund Requirement.

(d) The aggregate principal amount of Bonds issued and at any time Outstanding under the Trust Agreement shall not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.

(e) The Master Lease shall have been amended, if necessary, so that the Base Rental Payments payable by the Lessees under the Trust Agreement in each Fiscal Year shall at least equal Debt Service, including Debt Service on the Additional Bonds, in each Fiscal Year.

(f) The Master Lease shall have been amended, if necessary, so as to lease to the Lessees the Arena Project or additional Facilities being financed from the proceeds of such Additional Bonds or facilities of comparable worth and economic life and such facilities shall be ready for immediate use and occupancy by the Leasees.

(g) If the proceeds of such Additional Bonds are to be used, in whole or in part, to finance construction on real property not described in the Ground Lease or the facilities to be leased are not situated on property described in the Ground Lease and the same are otherwise required to be leased under the Trust Agreement then, (1) the Ground Lease shall have been amended so as to lease to the Authority such additional real property; and (2) the Master Lease shall have been amended so as to lease to the Lessees such additional real property.

(h) Written confirmation from the rating agencies of the then-current rating on the 1996 Bonds that such rating will not be lowered or withdrawn as a result of the issuance of such Additional Bonds.

Limitations on the Issuance of Obligations Payable from Revenues

The Authority will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except the following:

(a) Bonds of any Series authorized pursuant to the Trust Agreement.

(b) Any Related Obligations to any Bonds or Series of Bonds and the Obligation to the Credit Provider of the Credit Facility for the 1996 Bonds.

(c) Obligations owing with respect to a Reserve Facility, including principal, interest and fees relating thereto; provided such obligations shall be payable on a subordinate basis to principal and interest on the Bonds and to payments to the Credit Provider.

(d) Obligations which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and which subordinated obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Revenues after the prior payment of all amounts then required to be paid under the Trust Agreement from Revenues for principal, premium, interest and reserve fund requirements for the Bonds and Related Obligations or to the Credit Provider, as the same become due and payable and at the times and in the manner as required in the Trust Agreement.

Covenant Against Encumbrances

The Authority covenants in the Trust Agreement that it will not make any pledge or assignment of or place any charge or lien upon the Revenues except as provided in the Trust Agreement, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except as provided in the Trust Agreement.

Events of Default

If one or more of the following events (in the Trust Agreement called “Events of Default”) shall happen, that is to say:

(a) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) if default shall occur in the due and punctual payment of the Purchase Price of any Bond properly tendered for purchase pursuant to the Trust Agreement;

(d) if default shall be made by the Authority in the performance of any of the agreements or covenants required in the Trust Agreement to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee;

(e) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property; or

(f) if an event of default has occurred under the Master Lease or under the Credit Agreement (as such events are defined herein);

then and in each and every such case during the continuance of such Event of Default the Trustee may, and upon the written request of the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding and at the direction of the Credit Provider, shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained herein or in the Bonds to the contrary notwithstanding. The Trustee will promptly notify the Credit Provider and the Liquidity Facility Provider and all Bondowners by first class mail of any such event of default which is continuing of which a Responsible Officer has actual knowledge or written notice.

This provision, however, is subject to the condition that if at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Authority shall deposit with the Trustee a sum sufficient to pay (with Available Moneys if a Credit Facility is in effect) all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee, the Liquidity Facility Provider and the Credit Provider or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee or the Bondowners of not less than a majority in aggregate principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Bondowners of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon; and provided that no such rescission shall be effective unless that Credit Facility and the Liquidity Facility have been reinstated in amounts sufficient to pay principal of an interest on and purchase price of the Bonds as required under the Indenture.

Application of Funds Upon Acceleration

All moneys in the accounts and funds provided in the Trust Agreement upon the date of the declaration of acceleration by the Trustee as provided in the Trust Agreement and all Revenues (other than Revenues on deposit in the Rebate Fund) thereafter received by the Authority under the Trust Agreement shall be transmitted to the Trustee and shall be applied by the Trustee in the following order, provided that any funds held in the Credit Facility Fund or the Liquidity Facility Account of the Purchase Fund shall be used solely to pay principal of and interest on or Purchase Price of the Bonds--

First, to the payment of the reasonable costs and expenses of the Trustee in providing for the declaration of such Event of Default and carrying out its duties under the Trust Agreement, including reasonable compensation to their accountants and counsel together with interest on any amounts advanced as provided in the Trust Agreement and thereafter to the payment of the reasonable costs and expenses of the Bondowners, if any, in carrying out the provisions of the Trust Agreement, including reasonable compensation to their accountants and counsel; and

Second, upon presentation of the several Bonds, any claims for payment from either the Liquidity Facility Provider or the Credit Provider and Related Obligations, if any, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender of the Trust Agreement if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

Limitation on Bondholders' Right to Sue

No Bondholder of any Bond issued under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Bondholder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as defined in the Trust Agreement; (b) the Bondowners of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Trust Agreement or to institute such suit, action or proceeding in its own name; (c) said Bondowners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Amendment of Documents

Trust Agreement. The Trust Agreement and the rights and obligations of the Authority and of the Bondowners may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Liquidity Facility Provider, the Credit Provider and the Bondowners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of

Bonds disqualified as provided in the Trust Agreement, are filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity or Series remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under the Trust Agreement. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Bondholder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided in the Trust Agreement superior to or on a parity with the pledge, charge and lien created by the Trust Agreement for the benefit of the Bonds and Swaps, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority, the Liquidity Facility Provider, the Credit Provider or the Lessees without their prior written assent thereto, respectively. It shall not be necessary for the consent of the Bondowners (other than the Liquidity Facility Provider and the Credit Provider) to approve the particular form of any Supplemental Trust Agreement, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Trust Agreement pursuant to this paragraph, the Trustee shall mail a notice on behalf of the Authority, setting forth in general terms the substance of such Supplemental Trust Agreement to the Bondowners, the Credit Provider and the Liquidity Facility Provider at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

The Trust Agreement and the rights and obligations of the Authority and of the Bondowners may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption with the prior written consent of the Credit Provider and Liquidity Facility Provider but without the consent of any Bondowners for any one or more of the following purposes:

(i) to add to the agreements and covenants required in the Trust Agreement to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved in the Trust Agreement to or conferred in the Trust Agreement on the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising under the Trust Agreement which the Authority may deem desirable or necessary that will not materially adversely affect the interests of the Bondowners;

(iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in the Trust Agreement;

(iv) to add to the agreements and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939;

(v) to secure an initial rating for the Bonds;

(vi) to accommodate an Alternate Liquidity Facility or an Alternate Credit Facility;

(vii) to make any changes as are required to implement a book-entry only system of registration and transfer of beneficial ownership interests in the Bonds through a successor Securities Depository appointed by the Authority; or

(viii) to grant to or confer upon the Owners any additional rights, remedies, powers, authority or security that lawfully may be granted or conferred upon them, or to grant to or to confer upon the Trustee for the benefit of the Owners any additional rights, duties, remedies, power or authority.

Any Supplemental Trust Agreement entered into pursuant to this paragraph shall not, for purposes of this paragraph, materially adversely affect the interest of the Bondowners so long as (x) all Bonds are supported by a Credit Facility, and (y) the Credit Provider and the Liquidity Facility Provider shall have given their prior written consents to such Supplemental Trust Agreement.

Amendments to Master Lease; Ground Lease or Warriors' Agreements. The Authority will not supplement, amend, modify or terminate any of the terms of the Master Lease, Ground Lease, Assignment Agreement or Warriors' Agreements, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee, the Credit Provider and the Liquidity Facility Provider. The Trustee shall give such written consent if such supplement, amendment, modification or termination (a) will not materially adversely affect the interests of the Bondowners or result in any material impairment of the security by the Trust Agreement given for the payment of the Bonds (provided that such supplement, amendment or modification shall not be deemed to have such adverse effect or to cause such material impairment solely by reason of providing for the payment of Additional Bonds as required by the Trust Agreement or substitution of real property pursuant to the Master Lease), (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed thereunder by any party thereto, or to surrender any right or power therein reserved to the Authority or the Lessees, (c) is to cure, correct or supplement any ambiguous or defective provision contained therein, (d) is to accommodate any substitution in accordance with the Master Lease, (e) is to modify the legal description of the Site to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended or preferred to be included therein, (f) is necessary to obtain the desired rating on a Series of Bonds from S&P or Moody's, or (g) if the Trustee first obtains the written consent of the Bondowners of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination shall reduce the amount of Base Rental Payments to be made to the Authority or the Trustee by the Lessees pursuant to the Master Lease, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by the Trust Agreement on the Base Rental Payments (except as expressly provided in the Master Lease), in each case without the prior written consent of all of the Bondowners of the Bonds then Outstanding.

Any supplement, amendment or modification entered into pursuant to clause (a) of the immediately preceding paragraph shall not, for purposes of the Trust Agreement, be deemed to materially adversely affect the interest of the Bondowners or result in any material impairment of the security given for the payment of the Bonds so long as (i) all Bonds are supported by a Credit Facility, and (ii) the Credit Provider and the Liquidity Facility Provider shall have given its prior written consent to such supplement, amendment or modification.

Discharge of Trust Agreement

If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Bondowners of all Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated in the Trust Agreement and therein, and the Authority shall pay in full all other amounts due under the Trust Agreement and under any Related Obligations, then the Bondowners of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided in the Trust Agreement, and all agreements, covenants and other obligations of the Authority to the Bondowners of such Bonds under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Trust Agreement (other than in the Purchase Fund or the Credit Facility Fund) which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds and for the payment of all other amounts due to the Credit Provider or due under the Trust Agreement and under any Related Obligations.

Any Outstanding Bonds shall prior to the maturity date or redemption date of the Trust Agreement be deemed to have been paid within the meaning of and with the effect expressed in the Trust Agreement if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with the Trust Agreement, (2) there shall have been deposited with the Trustee (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date of the Trust Agreement, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Bondowners of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Trust Agreement and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds, and (4) in the event the Bonds are Variable Rate Bonds or Bonds secured by a Credit Facility, the Trustee shall have received written notice from S&P, if S&P is then rating such Bonds, that the rating on such Bonds shall not be reduced or withdrawn.

In the event of an advance refunding (i) the Authority shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a report of an independent firm of nationally recognized certified public accountants (the “Accountants”) verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity date or redemption date (the “Verification”), (ii) the escrow agreement shall provide that no (A) substitution of a defeasance obligation shall be permitted except with another defeasance obligation and upon delivery of a new Verification and (B) reinvestment of a defeasance obligation shall be permitted except as contemplated by the original Verification or upon delivery of a new Verification, and (iii) there shall be delivered an Opinion of Bond Counsel to the effect that the Bonds are no longer “Outstanding” under the Trust Agreement; each Verification and defeasance opinion shall be addressed to the Authority and the Trustee.

APPENDIX H

ORIGINAL FORM OF LEGAL OPINION

August 2, 1996

Oakland-Alameda County Coliseum Authority
Oakland, California

Re: **$70,000,000**
Oakland-Alameda County Coliseum Authority
Lease Revenue Bonds
(Oakland Coliseum Arena Project)
1996 Series A-1

$70,000,000
Oakland-Alameda County Coliseum Authority
Lease Revenue Bonds
(Oakland Coliseum Arena Project)
1996 Series A-2

Ladies and Gentlemen:

We have acted as co-bond counsel in connection with the issuance by the Oakland-Alameda County Coliseum Authority (the "Authority") of the Authority's Lease Revenue Bonds (Oakland Coliseum Arena Project) 1996 Series A-1 in the aggregate principal amount of $70,000,000 and the Authority's Lease Revenue Bonds (Oakland Coliseum Arena Project) 1996 Series A-2 in the aggregate principal amount of $70,000,000 (collectively, the "Bonds"), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (Section 6584 et seq.) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, as amended (the "Act"), an ordinance and resolution adopted by the City Council of the City of Oakland (the "City"), a resolution adopted by the Board of Supervisors of the County of Alameda (the "County"), a resolution adopted by the Board of Directors of the Authority, and a Trust Agreement, dated as of June 1, 1996 (the "Trust Agreement"), by and between the Authority and Texas Commerce Bank National Association, Houston, Texas, as trustee (the "Trustee").

In connection with the issuance of the Bonds, the City and the County leased to the Oakland-Alameda County Coliseum Financing Corporation, the Oakland-Alameda County Coliseum Sports Arena pursuant to a Ground and Facility Lease, dated as of June 1, 1996 (the "Ground and Facility Lease") and the Corporation, in turn, assigned the Ground and Facility Lease to the Authority pursuant to an Assignment Agreement, dated as of June 1, 1996 (the "Assignment Agreement"), and the Authority, in turn, subleased the Arena to the City and the County pursuant to a Master Lease, dated as of June 1, 1996 (the "Master Lease"). The Bonds are payable from and secured solely by base rental payments to be made by the City and the County under the Master Lease and certain other moneys pledged under the Trust Agreement. Payment of the principal and purchase price of and interest on the Bonds is supported by a letter of credit (the "Letter of Credit") issued by the Canadian Imperial Bank of Commerce, acting through its New York agency.

In connection with the issuance of the Bonds, we have reviewed the record of proceedings submitted to us relative to the Bonds and such other documents and matters of law deemed necessary by us to render the opinions set forth herein. In reviewing the record of proceedings and the documents and matters referred to above, we have assumed the genuineness of all signatures thereto, but have not undertaken to independently verify, and have assumed the accuracy of, the factual matters represented, warranted or certified therein.

Based on and subject to the foregoing, we are of the opinion that:

1. The Authority is a duly created and validly existing joint exercise of powers authority with the power to enter into the Trust Agreement, perform the agreements on its part contained therein and to issue the Bonds.

2. The Trust Agreement has been duly authorized, executed and delivered by the Authority and constitutes a valid and binding obligation of the Authority.

3. The Bonds have been duly authorized, executed and delivered by the Authority and are legal, valid, and binding limited obligations of the Authority, payable solely from the sources provided therefor in the Trust Agreement.

4. The Ground and Facility Lease, the Master Lease and the Assignment Agreement have been duly authorized, executed and delivered by the Authority, the City and the County (as the case may be) and constitute the legal, valid and binding obligations of such parties.

5. Interest on the Bonds is not excluded from gross income for federal income tax purposes. Interest on the Bonds is exempt from present State of California personal income taxes.

With respect to the opinions expressed herein, the rights of the owners of the Bonds and the enforceability of the Bonds and the Trust Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted, to the application of equitable remedies, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against public agencies in the State of California. Furthermore, we express no opinion with respect to the state or quality of title to any of the real or personal property described in the Ground and Facility Lease, Master Lease, the Assignment Agreement or the Trust Agreement, nor the accuracy or sufficiency of the description of any such property contained therein, nor do we express any opinion with respect to any deed of trust on such property. We further express no opinion with respect to the Letter of Credit.

Respectfully submitted, Respectfully submitted,