CITY OF OAKLAND,
C A L I F O R N I A

SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2014

CITY OF OAKLAND

CALIFORNIA

SINGLE AUDIT REPORTS

FISCAL YEAR ENDED JUNE 30, 2014

PREPARED BY THE FINANCE DEPARTMENT

OSBORN K. SOLITEI, DIRECTOR OF FINANCE/CONTROLLER

PRINTED ON RECYCLED PAPER

CITY OF OAKLAND

Single Audit Reports
Year Ended June 30, 2014

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CITY OF OAKLAND
SINGLE AUDIT REPORTS

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City Attorney's Office

Finance Department - Treasury Bureau

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Sacramento

Walnut Creek

LA/Century City

Newport Beach

San Diego

Seattle

Independent Auditor's Report

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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%, 128%, and 23%, respectively of the assets and deferred outflows of resources, net position, and additions of the aggregate remaining fund information as of and for the year ended June 30, 2014. Those 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 OMERS and PFRS, 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 the 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 from material misstatement. The financial statements of OMERS and PFRS were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Changes in Accounting Principles
As discussed in Note 2 to the financial statements, the City adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements effective for the year ended June 30, 2014:

- No. 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62;*
- No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25; and*
- No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*

Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and the budgetary comparison schedule for the general fund and the other special revenue 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 GASB, 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 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.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, State of California Department of Community Services and Development supplemental schedules of revenue and expenditures, and supplemental schedule of expenditures of Alameda County awards (collectively referred to as supplementary schedules), as required by OMB Circular A-133, the State of California Department of Community Services and Development, and the County of Alameda, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, 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* in considering the City's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Oakland, California
December 12, 2014, except for our report on
the supplementary schedules, for which
the date is February 25, 2015

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, 2014. 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 government-wide statement of net position for the City's governmental and business-type activities indicates that as of June 30, 2014, the total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by $1.2 billion compared to $986.8 million at June 30, 2013:

- $1.0 billion represents the City's investment in capital assets, less any related outstanding debt used to acquire those assets *(net investment in capital assets).* These capital assets are used to provide services to citizens and are not available for future spending.
- $433.1 million represents resources that are subject to restrictions on their use and are available to meet the City's ongoing obligations for programs of which $91.0 million are subject to external restrictions *(restricted net position).*
- $274.9 million represents a deficit in unrestricted net position that has primarily resulted from the underfunding of the annual other postemployment benefits cost, issuance of pension obligation bonds used to contribute to the Police and Fire Employees' Retirement System, and other unfunded long-term liabilities (*unrestricted net position*).

The City's total net position increased $191.3 million to $1.2 billion over the year. The positive change in City's net position indicates that the financial position of the City is improving.

- $177.9 million increase in net position was derived from governmental activities predominantly from increases in real estate transfer tax, transient occupancy tax, business license, and program revenues.
- $88.3 million increase is due transfer of excess tax allocation bonds from Oakland Redevelopment Successor Agency ("ORSA") to the City. California Department of Finance ("DOF") approved the bond expenditure agreement between ORSA and the City to transfer excess tax allocation bond proceeds to the City. The bond transfer was recorded as a special item in Oakland Redevelopment Successor Agency's ("ORSA") financial statements. Accordingly, the bond transfer of ORSA to the City was recorded as a special item in the City's governmental funds and governmental activities. The components of the special item recorded in the financial statements are discussed in Note 2.
- $13.5 million increase in net position was derived from the Business-type activities, mainly the Sewer related activities.

The City's governmental cumulative fund balances increased by 10.9 percent or $61.5 million to $623.2 million compared to $561.8 million for the prior fiscal year. This increase is primarily attributed to $88.3 million of excess bond transfer from ORSA to the City as approved by DOF recorded in the General Fund and the Municipal Capital Improvement Fund, which was partially offset by decreases of $11.4 million in the Municipal Capital Improvement Fund (before special item) and $21.4 million in Other Governmental Fund Funds.

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 2014 (See note 12).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to introduce the City's basic financial statements. The City's basic financial statements consist of three components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

In addition, this report also contains required and 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 position* presents information on all of the City's assets, deferred outflows and inflows of resources, and liabilities, with the difference between the two reported as net position. 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 position changed during the most recent fiscal year. All changes in net position 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, Community Services, 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 does not include the fiduciary funds, which comprise of the private purpose trust funds and pension trust funds. Resources in the fiduciary funds are not available to support the City's own programs.

The government-wide financial statements include the primary government of the City and 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 Port Financial Services Division, 530 Water Street, Oakland, CA 94607 or visit the website at www.portofoakland.com.

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, the federal and state grant special revenue fund, the low and moderate income housing asset fund (“LMIHF”), the municipal capital improvement fund, and the special revenue bond 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.

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 funds 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 the Other Special Revenue Fund and schedules of funding progress for pension and other postemployment benefits that show the City's and the Port'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 and schedules referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds that immediately follow the required supplementary information.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of the City's financial condition. The City's total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources as of June 30, 2014 by $1.2 billion compared to $986.8 million as of June 30, 2013, which represents an increase of $191.3 million. The largest portion of the City's net position reflects City's net investment in capital assets of $1.0 billion for governmental and business-type activities. Of the remaining balance, $433.1 million are subject to external restrictions on how they may be used. $274.9 million represent unrestricted net position, which is comprised of a deficit balance of $328.0 million for governmental activities, and a positive balance of $53.0 million for business-type activities.

Statement of Net Position
June 30, 2014 and 2013
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Assets:						
Current and other assets	$ 1,433,877	$ 1,417,618	$ 58,497	$ 60,226	$ 1,492,374	$ 1,477,844
Capital assets	1,180,519	1,098,752	186,962	175,932	1,367,481	1,274,684
TOTAL ASSETS	2,614,396	2,516,370	245,459	236,158	2,859,855	2,752,528
Deferred Outflows	15,630	17,088	-	-	15,630	17,088
Liabilities:						
Long-term liabilities	1,488,226	1,528,387	43,699	50,886	1,531,925	1,579,273
Other liabilities	159,982	201,130	4,834	2,389	164,816	203,519
TOTAL LIABILITIES	1,648,208	1,729,517	48,533	53,275	1,696,741	1,782,792
Deferred Inflows	-	-	592	-	592	-
Net Position:						
Net Investment in capital assets,	876,703	712,606	143,295	129,542	1,019,998	842,148
Restricted	433,080	434,923	-	-	433,080	434,923
Unrestricted (deficit)	(327,965)	(343,588)	53,039	53,341	(274,926)	(290,247)
TOTAL NET POSITION	$ 981,818	$ 803,941	$ 196,334	$ 182,883	$ 1,178,152	$ 986,824

Governmental activities. The City's net position in governmental activities increased by $177.9 million.

Total assets increased $98.0 million, or 3.9%, to $2.6 billion. The significant changes in assets occurred in the following areas:

- *Capital assets* increased by $81.8 million. The increase was due largely to various facilities, infrastructure and equipment improvements and acquisitions.
- *Restricted cash and investments* increased by $13.4 million (net) mainly due to $88.3 from ORSA transfer of excess bond proceeds to the City.

Total liabilities decreased $81.3 million, or 4.7% to $1.6 billion. The significant changes in liabilities occurred in the following areas:

- *Long-term liabilities* decrease is primarily as a result of the $80.6 million scheduled debt service payment of governmental bonds. The decrease is partially off-set by $19.8 million issuance in capital leases which include: Master Lease – IBM Phase I & II for $15.1 million; Master Lease – Oracle Phase I&II for $2.2 million and Master Lease - Parking Meters for $2.5 million.
- *Other liabilities* decrease mainly due to the California Department of Finance ("DOF") approved the bond expenditure agreement between ORSA and the City to transfer excess tax allocation bond proceeds to the City. The City did not have to submit payments to ORSA.

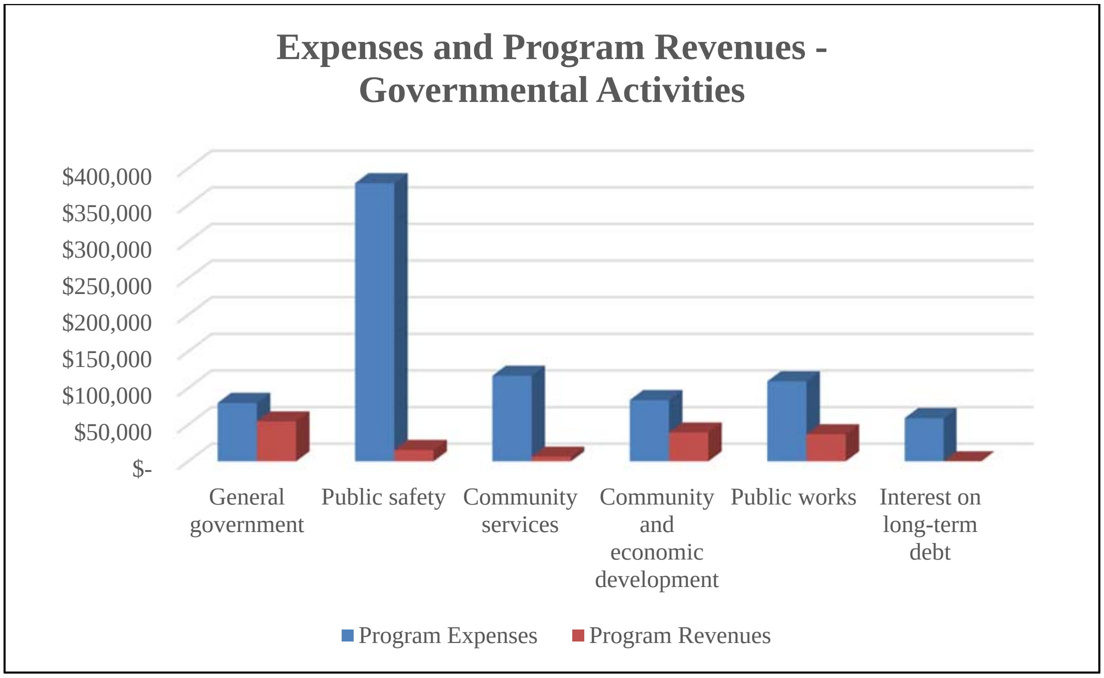
The net position increased by $177.9 million, or 22.1%, to $981.8 million as of June 30, 2014. The City net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

- $876.7 million of the net position reflects its *investment in capital assets* (e.g., land, buildings infrastructure, facilities and equipment), net of any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. These assets, therefore, are *not* available for future spending.
- $433.1 million of the net position represents resources that are subject to restrictions on how they may be used and therefore restricted of which $91.0 million is subject to external restriction.
- $328.0 million represents a deficit in unrestricted net position that has primarily resulted from the underfunding of the annual other postemployment benefits cost, issuance of pension obligation bonds used to contribute to the Police and Fire Employees' Retirement System, and other unfunded long-term liabilities.

The following table indicates the changes in net position for governmental and business-type activities:

Statement of Activities
For the Years Ended June 30, 2014 and 2013
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 152,674	$ 126,831	$ 53,449	$ 53,291	$ 206,123	$ 180,122
Operating grants and contributions	119,063	89,424	-	-	119,063	89,424
Capital grants and contributions	42,148	26,179	-	-	42,148	26,179
General revenues:						
Property taxes	240,779	256,333	-	-	240,779	256,333
State taxes:						
Sales and use taxes	58,912	60,494	-	-	58,912	60,494
Gas tax	13,085	10,004	-	-	13,085	10,004
Local taxes:						
Business license	62,905	60,371	-	-	62,905	60,371
Utility consumption	50,422	50,752	-	-	50,422	50,752
Real estate transfer	59,060	47,406	-	-	59,060	47,406
Transient occupancy	18,468	15,831	-	-	18,468	15,831
Parking	16,661	15,565	-	-	16,661	15,565
Voter approved special tax	38,835	38,247	-	-	38,835	38,247
Franchise	16,666	16,035	-	-	16,666	16,035
Interest and investment income	6,653	6,358	165	(24)	6,818	6,334
Other	19,671	7,076	-	-	19,671	7,076
Total revenues	916,002	826,906	53,614	53,267	969,616	880,173
Expenses:						
General government	79,806	93,942	-	-	79,806	93,942
Public safety	379,809	363,597	-	-	379,809	363,597
Community Services	116,961	107,779	-	-	116,961	107,779
Community & economic development	83,657	81,182	-	-	83,657	81,182
Public works	109,177	75,158	-	-	109,177	75,158
Interest on long-term debt	59,026	62,744	-	-	59,026	62,744
Sewer	-	-	37,306	34,504	37,306	34,504
Parks and recreation	-	-	855	643	855	643
Total expenses	828,436	784,402	38,161	35,147	866,597	819,549
Change in net assets before transfers, special item, and extraordinary item	87,566	42,504	15,453	18,120	103,019	60,624
Transfers	2,002	1,911	(2,002)	(1,911)	-	-
Special Item - Transfer of excess tax allocation bond	88,309	-	-	-	88,309	-
Extraordinary loss on SCO asset transfer review and DOF disallowances	-	(156,902)	-	-	-	(156,902)
Change in net assets	177,877	(112,487)	13,451	16,209	191,328	(96,278)
Net position at beginning of year	803,941	916,428	182,883	166,674	986,824	1,083,102
Net position at end of year	$ 981,818	$ 803,941	$ 196,334	$ 182,883	$ 1,178,152	$ 986,824

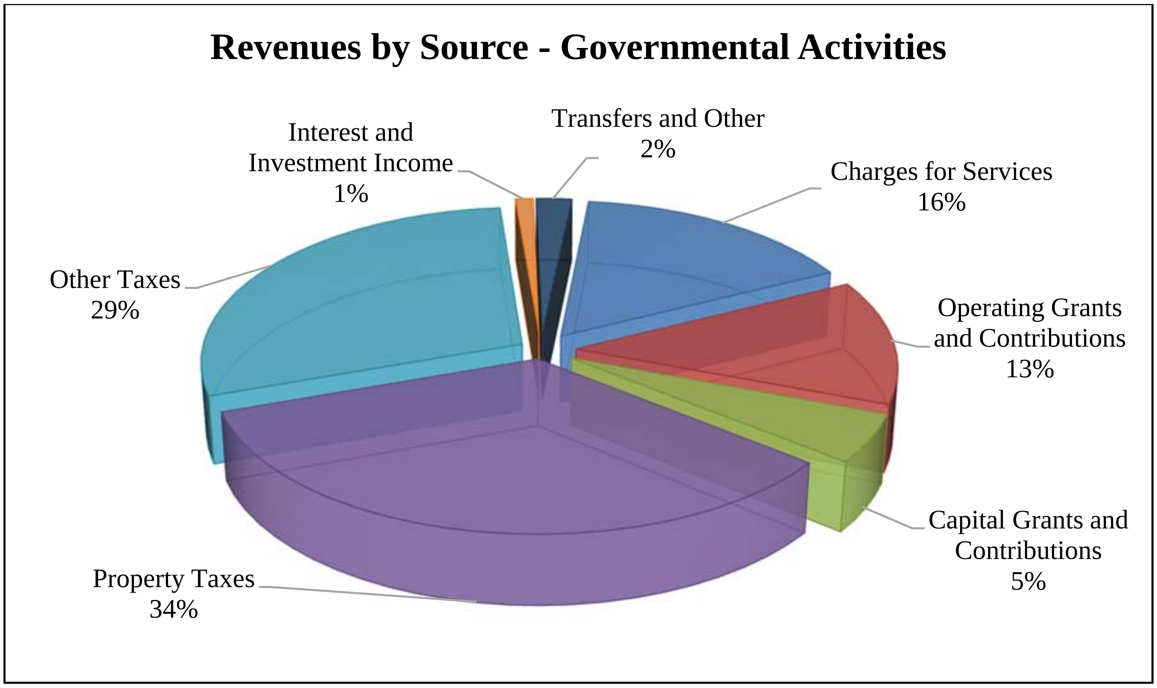


Governmental activities: Net position for governmental activities, excluding the special item of $88.3 million from ORSA transfer of excess bond proceeds to the City and last year's extraordinary loss of $156.9 million due to SCO asset transfer review of the former Agency, increased by $89.6 million or 11.1 percent during fiscal year 2013-14. Total revenue increased by 10.8 percent and expenses increased by 5.6 percent. During FY 2012-13, revenues decreased at a rate of 10.6 percent and expenses decreased at rates of 9.2 percent, respectively.

Changes in net position for governmental activities are attributed to the following significant elements:

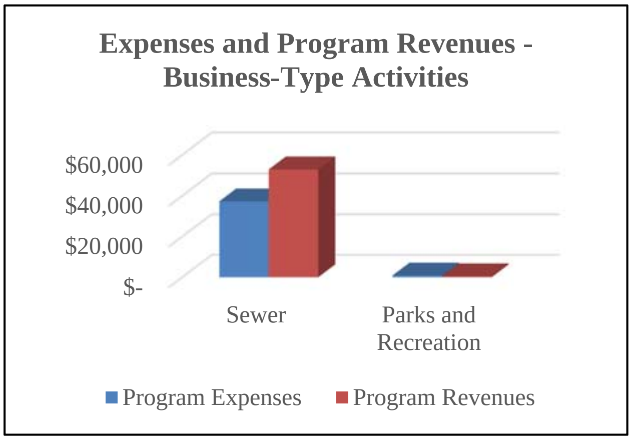
- Contributing factors resulting to increases in certain revenue categories are as follows: Real estate transfer tax increased by $11.6 million or 24.6 percent primarily due to stronger high volume real estate sales. Real estate transfer tax is highly volatile and revenues can increase and decrease rapidly with changing market conditions as a result of the sale of high value properties. Business license taxes increased by $2.5 million due to increases in gross receipts from businesses in the City. Transient occupancy taxes increased by $2.6 million or 16.7 percent due to thriving local hotel demand.
- Other factors contributing to revenue increase include: charges for services by $25.8 million or 20.4 percent mainly due to Low and Moderate Income Housing Asset Fund's increase in ROPS reimbursement as a result of California Department of Finance approval of project cost for LMIHF, Port of Oakland reimbursement reclassified as charges for services, and an increase on license and permits fees. Operating grants and contributions by $29.6 million or 33.1 percent mainly due to Local Agency Mandate claims or SB 90 approved by the State of California. Capital grants and contributions increased by $16.0 million or 61.0 percent mainly due to the new Trade Corridor Improvement Fund ("TCIF) for the construction of infrastructure and other site preparation with East and Central Gateway Areas of the former Oakland Army Base. Other revenues increased by $19.7 million mainly due to the State Controller's Office asset review in the prior year.

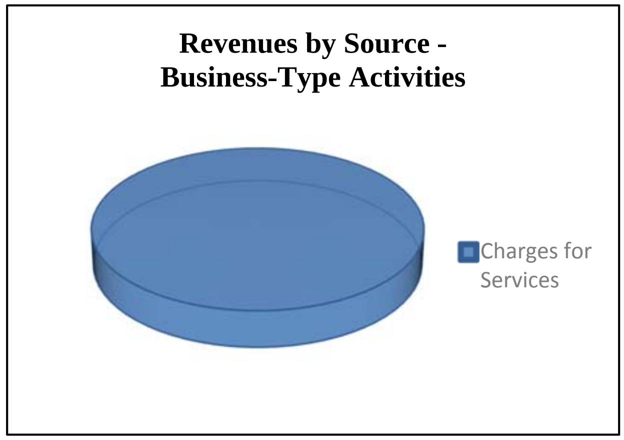
- Contributing factors resulting to decrease in certain revenue categories are as follows: property taxes decreased by $15.6 million or 6.1 percent mainly due to $12.0 million of one-time property tax distribution in FY 2012-13 as a result of the former redevelopment agency due diligence review ("DDR") by DOF for Low and Moderate Income Asset Fund and Other Former Redevelopment Agency Funds.



- *General government* expenses decreased by $14.1 million or 15.0 percent when compared to the previous year primarily due to the City amendment of Ordinance 2.29 which establishes the City organizational structure. In the ordinance, the City created a new department for Economic and Workforce which was formerly formed as divisions and offices under the City Administrator.
- *Public safety* expenses increased by $16.2 million or 4.5 percent when compared to the previous year due primarily to four (4) new Police academies, a two (2) percent cost of living adjustment ("COLA") for non-sworn and overtime on sworn employees. The increase is partially offset by vacancy savings.
- *Community services* expenses increased by 9.2 million or 8.5 percent primarily due to multi-year funding expenditure in the *Measure Y – Violence Prevention and Public Safety Act of 2004* and Kids First projects. Several contract expenditure for violence prevention services with an emphasis on youth and children, and COLA.
- *Community and economic development* expenses increased by $2.5 million or 3.0 percent primarily due to the creation of the new department for Economic and Workforce which was formerly formed as divisions and offices under the City Administrator and a two (2) percent COLA.
- *Public works* expenses increased by $34.0 million or 45.3 percent from the prior year primarily due to the LED streetlight project, overtime and a two (2) percent COLA.
- Interest on long-term debt decreased by $3.7 million or 5.9 percent primarily due to decrease in bond issuance cost and payment to refund bond escrow agent.

Business-type activities: Business-type activities ended the fiscal year with a positive change in its net position of $13.5 million compared to $15.9 million the previous fiscal year. The net increase in is mainly due the City issued Sewer Revenue Refunding Bond Series 2014 A and retirement of the Sewer Revenue Bond 2004 Series A. The increase is offset by $8.0 million or 23.8 percent increase in sewer project. The increase is offset by $8.0 million or 23.8 percent increase in sewer project related expenses.

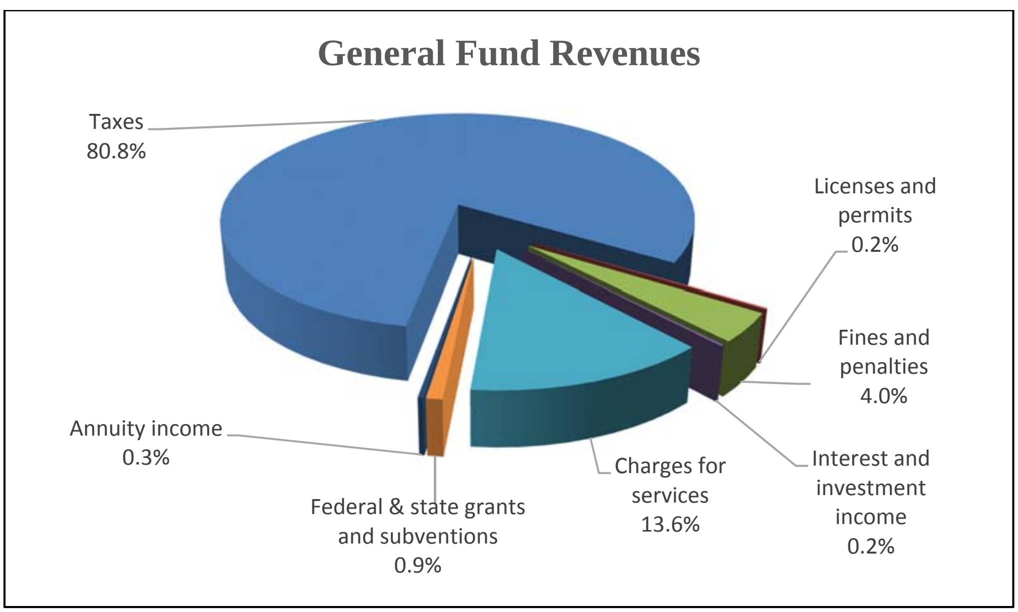




Financial Analysis of the Government's Funds

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.

General Fund: The General Fund is the chief operating fund of the City. At June 30, 2014, its unassigned fund balance is $23.5 million or 9.3 percent of the $253.9 million total General Fund balance.



For the fiscal year ended June 30, 2014 and 2013, revenues for the General Fund by revenue source are distributed as follows (in thousands):

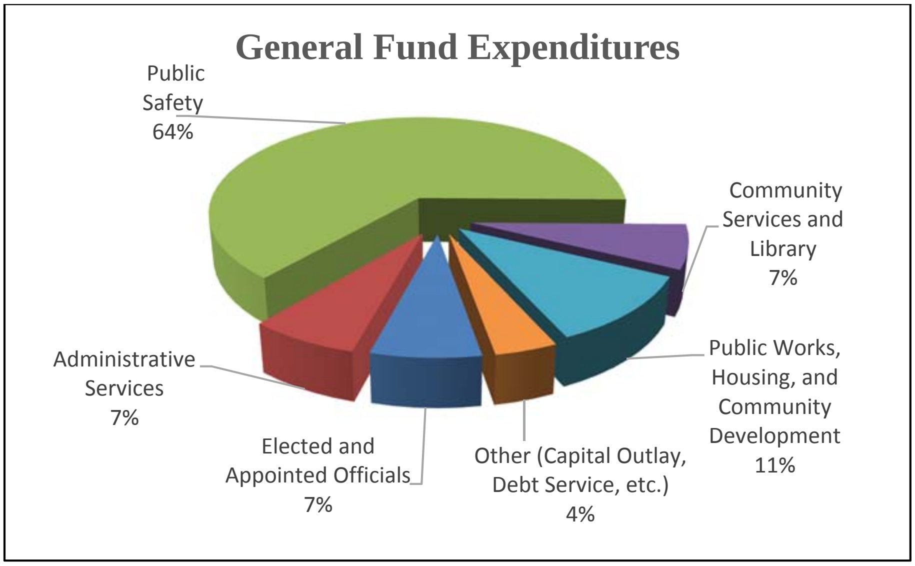
	General Fund		Increase/(Decrease)	
	2014	**2013**	**Amount**	**%**
Revenues:				
Property taxes	$ 205,895	$ 214,495	$ (8,600)	-4.0%
Sales and use taxes	46,956	46,143	813	1.8%
Local taxes:				
Business license	62,905	60,371	2,534	4.2%
Utility consumption	50,422	50,752	(330)	-0.7%
Real estate transfer	59,060	47,406	11,654	24.6%
Transient occupancy	14,578	12,454	2,124	17.1%
Parking	8,444	7,947	497	6.3%
Franchise	16,401	15,829	572	3.6%
Licenses and permits	1,388	1,373	15	1.1%
Fines and penalties	22,809	22,971	(162)	-0.7%
Interest and investment income	1,401	458	943	205.9%
Charges for services	77,978	69,442	8,536	12.3%
Federal & state grants and subventions	4,911	4,066	845	20.8%
Annuity income	2,040	-	2,040	n/a
Other	-	6,329	(6,329)	-100.0%
Total revenues	**$ 575,188**	**$ 560,036**	**$ 15,152**	**2.7%**

General Fund Revenues: Significant changes in revenues are as follows:

- *Property taxes* decreased by $8.6 million or 4.0 percent. The decrease is mainly due to one-time $12.0 million received by the City in FY 2012-13, as a share of the residual balances or "residual payment" from the Redevelopment Property Tax Trust Funds (RPTTF) distribution as a result of the California Department of Finance ("DOF") due diligence review ("DDR") for LMIHF and Other Funds and Accounts ("OFA") DDR.
- *Real estate transfer tax* increased by $11.7 million or 24.6 percent primarily due to stronger high volume real estate sales.
- *Business license* increased by $2.5 million mainly due to additional cannabis dispensary open in FY 2013-14; and also, the top 25 businesses remitted a 17% increase in business taxes over FY 2012-13.
- *Transient occupancy* increased by $2.1 million mainly due to thriving local hotel demand.
- *Annuity income* increased by $2.0 million mainly due to increased interest and investment earnings of the New York Life annuity contract investment.

For the fiscal years ended June 30, 2014 and 2013, expenditures for the General Fund by function are distributed as follows (in thousands):

	General Fund		Increase / (Decrease)	
	2014	2013	Amount	%
Expenditures:				
Current:				
Elected and Appointed Officials:				
Mayor	$ 1,984	$ 1,696	$ 288	17.0%
Council	3,623	3,509	114	3.2%
City Administrator	11,328	36,325	(24,997)	-68.8%
City Attorney	13,822	9,712	4,110	42.3%
City Auditor	1,650	1,369	281	20.5%
City Clerk	1,777	2,069	(292)	-14.1%
Departments:				
Administrative Service Department:				
Human Resource Management	4,902	5,107	(205)	-4.0%
Information Technology	8,293	7,130	1,163	16.3%
Financial	17,781	9,079	8,702	95.8%
Public Safety:				
Police Services	200,273	186,971	13,302	7.1%
Fire Services	96,951	94,904	2,047	2.2%
Community Service Department:				
Parks and Recreation	18,372	16,690	1,682	10.1%
Human Services	6,881	4,945	1,936	39.2%
Library	8,995	8,957	38	0.4%
Cultural and community services	-	306	(306)	-100.0%
Community and Economic Development:				
Planning and Building	80	76	4	5.3%
Economic and Workforce Development	7,134	-	7,134	n/a
Housing and Community Development	2,309	1,581	728	46.0%
Oakland Public Works	40,539	29,564	10,975	37.1%
Others	10,419	8,011	2,408	30.1%
Capital outlay	2,243	38,362	(36,119)	-94.2%
Debt service:				
Principal repayment	2,923	2,047	876	42.8%
Bond issuance costs	209	225	(16)	-7.1%
Interest charges	537	500	37	7.4%
Total expenditures	$ 463,025	$ 469,135	$ (6,110)	-1.3%



General Fund Expenditures: Significant changes in expenditures are as follows:

- *Public safety* increased by $15.3 million or 5.4 percent due to four (4) new Police academies, the two (2) percent cost of living adjustment ("COLA") for non-sworn and overtime on sworn employees. The increase is partially offset by vacancy savings
- *City elected offices, agencies and departments*, excluding public safety, are reporting a total increased by $12.4 million in expenditures mainly due to negotiated COLA increase of 2 percent for FY 2013-14, the settlement payment between the City and the International Federation of Professional and Technical Employees (Local 21) for $3.0 million, and LMIHF increased expenditure through the ROPS reimbursement.
- *Capital outlay* decreased $36.1 million in expenditures mainly due to prior year State Controller's Office asset transfer review.

Federal and State Grant Fund: The Federal and State Grant Fund had a deficit fund balance of $4.2 million as of June 30, 2014 that represents a decrease of $0.5 million from the prior fiscal year. The federal/state grant fund deficit will be cleared by grant reimbursement submitted to granting agencies, but revenue has not been received within the City's availability period and are recorded as deferred inflows of resources for $4.0 million as of June 30, 2014.

Low and Moderate Income Housing Asset Fund ("LMIHF"): Upon the dissolution of the former Agency, the City retained the housing activities previously funded by the former Agency and created LMIHF and transferred the assets and affordable housing activities of the low and moderate income fund to the City. The ending fund balance as of June 30, 2014 was $10.8 million and the fund's net loan receivable balance was $182.6 million.

Municipal Capital Improvement Fund: The Municipal Capital Improvement Fund had a fund balance of $206.3 million as of June 30, 2014 that represents an increase of $74.8 million or 56.9 percent from the prior fiscal year. Pursuant to Health and Safety Code (HSC) section 34179(h), California Department of Finance ("DOF") has completed its review of the Oversight Bond action on Bond Spending Plan and on November 6, 2013, it approved the Bond Spending Plan for Oakland Redevelopment Successor Agency ("ORSA"). The Bond Spending Plan allows ORSA to utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants. DOF approved the bond expenditure agreement between ORSA and the City to transfer excess tax allocation bond proceeds to the City. Therefore, an increase of $86.1 million is due to the DOF approval of the bond transfer to the City.

The Other Special Revenue Funds accounts for activities of several Special Revenue Funds, which include mainly the following local measures; Measure Y – Violence Prevention and Public Safety Act of 2004; Measure C – Oakland Hotel Tax; Measure Q – Library Services Retention and Enhancement; Measure WW – East Bay Regional Park District local grant program; Measure N – Paramedics Services Act; Oakland Kid's First Fund; Development Service Fund and Other miscellaneous special revenue funds. The ending fund balance as of June 30, 2014 was $23.9 million.

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 position invested in capital assets was $143.3 million as of June 30, 2014, compared to $129.5 million for the previous fiscal year. The $13.8 million or 10.6 percent increase is related to proceeds spent from debt issued to finance sewer projects. During the fiscal year, the City capitalized $11.2 million in sewer system completed projects, net of depreciation.

General Fund Budgetary Highlights

During the fiscal year ended June 30, 2014, General Fund had a $26.8 million increase in budgeted revenues between the original and final amended operating budget. The increase in revenue budget is primarily attributed to property taxes, sales and use tax, and real estate transfer tax. Actual budgetary basis revenues of $574.0 million were $2.3 million lower than the final amended budget. The variance is due primarily to negative variances in sales and use tax, fines and penalties, and annuity income, which were partially offset by positive variances in property tax revenue, business license, utility consumption, real estate transfer taxes, and federal and state grants and subventions.

In addition, there was a $42.3 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 $463.0 million were $48.6 million less than the amended budget. Savings were experienced in all expenditure categories mainly due to budget contingency and project and encumbrance carryforwards for multi-year budgets.

Capital Assets

The City's capital assets, net of depreciation, totaled $1.4 billion as of June 30, 2014 compared to $1.3 billion as of June 30, 2013, an increase of $92.8 million or 7.3 percent. Governmental activities additions of $138.7 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 $81.8 million in additions of capital assets for governmental activities. Business activities, primarily the sewer fund, increased its capital assets by $11.2 million, net of retirements and depreciation. See Note (7) to the financial statements for more details in capital assets.

Construction Commitments
The City has committed to funding in the amount of $314.5 million to a number of capital improvement projects for fiscal year 2015 through fiscal year 2016. 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 17 for more details in construction commitments.

Debt Administration:

General Obligation Bonds and Other Bond Ratings

A credit rating is a value assigned by one or more of the recognized rating agencies that "grade" a jurisdiction's credit, or financial trustworthiness. The three primary rating agencies are Moody's Investors Service ("Moody's"), Standard & Poor's Rating Services ("S&P"), and Fitch Ratings ("Fitch"). These rating agencies serve as independent assessors of municipal and corporate credit strength. Rating agencies generally focus on four major areas when assigning credit ratings: finances, management, economy and outstanding debt. The City continues to maintain strong credit ratings on the City's existing general obligation bonds from all three national rating agencies despite the difficult financial and economic conditions nationally and locally. The City of Oakland's underlying ratings for its general obligation bonds as of June 30, 2014 were as follows:

	Ratings		
Type of Bond	**Moody's**	**S & P**	**Fitch**
General Obligation Bonds	Aa2/Stable	AA-/Stable	A+/Stable
Pension Obligation Bonds	Aa3:A1/Stable	A+/Stable	A/Stable
Tax Allocation Bonds	A3[1]:Ba1[2]	A+:A:A-/Stable	N/A

[1] Rating as of May 21, 2014, based on Insured Rating
[2] Rating as of September 5, 2013

On September 5, 2013, Moody's confirmed the rating on the Successor Agency to the Oakland Redevelopment Agency's tax allocation bonds. The ratings reflect the credit strength of the agency's both value and size. The strengths that Moody's takes into account are the Agency's large geographic and total project area, sizable incremental and assessed valuation and solid high period of debt service coverage.

On July 28, 2014, Fitch affirmed the City's general obligations bonds (GOBs) at A+ and the pension obligation bonds at A. The outlook for all these bonds is "Stable".

On August 13, 2014, S&P affirmed its "AA-" long-term ratings and underlying rating (SPUR) on the City's general obligation bonds (GOBs). In addition, S&P affirmed its "A+" long-term rating and SPUR on pension obligations bonds (POBs) and lease revenue bonds. The outlook for all these bonds is "Stable".

General Fund Bonded Debt Limit

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 $1.2 billion. The total amount of debt applicable to the debt limit was $290.4 million. The resulting legal debt margin was $878.5 million.

Outstanding Debt

As of June 30, 2014, the City had total long-term obligations outstanding of $1.5 billion compared to $1.58 billion outstanding for the prior fiscal year, a decrease of 3.0 percent. Of this amount, $290.4 million is general obligation bonds backed by the full faith and credit of the City. The remaining $1.2 billion is comprised of various long-term debt instruments listed below including accruals of year-end estimates for other long-term liabilities.

Outstanding Debt
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	$ 290,449	$ 309,793	$ -	$ -	$ 290,449	$ 309,793
Lease revenue bonds	141,555	176,850	-	-	141,555	176,850
Pension obligation bonds	348,512	367,394	-	-	348,512	367,394
Special assessment debt with government commitments	6,365	6,690	-	-	6,365	6,690
Accreted interest on appreciation bonds	169,923	162,874	-	-	169,923	162,874
Sewer-bonds and notes payable	-	-	38,555	49,001	38,555	49,001
Unamortized premiums and discounts	18,390	20,219	5,144	1,885	23,534	22,104
Total Bonds Payable	975,194	1,043,820	43,699	50,886	1,018,893	1,094,706
Notes and leases payable	56,679	47,043	-	-	56,679	47,043
Other long-term liabilities	456,353	437,524	-	-	456,353	437,524
Total Outstanding Debt	$ 1,488,226	$ 1,528,387	$ 43,699	$ 50,886	$ 1,531,925	$ 1,579,273

The City's overall total long-term obligations decreased by $47.3 million compared to the prior fiscal year. The net decrease is primarily attributable to $80.6 million scheduled debt service payments of governmental bonds and the Sewer Revenue Refunding Bond Series 2014 A for $40.6 million, the bond generated approximately $6.2 million in net present value savings in debt service savings. The decrease is off-set by $19.8 million issuance in capital leases which include; Master lease – IBM Phase I & II for $15.1 million; Master Lease – Oracle Phase I & II for $2.2 million and Master lease - Parking Meters for $2.5 million.

Current Year Long-Term Debt Financing:

- On March 20, 2014, the City issued $40.6 million for Sewer Revenue Refunding Bonds, 2014 Series A to refund all of the old Sewer Revenue Bonds, 2004 Series A.
- On September 4, 2013 and August 30, 2013, the City entered into a Master Lease - Installment Purchase Financing Contracts (IBM Phase I for $10.7 million for the upgrades and enhancements to computer hardware and software for a new technology platform.
- On June 30, 2014, the City entered into a Master Lease – Installment Purchase Financing Contracts (IBM Phase II) for $4.5 million to enhance City's information system.
- On March 1, 2014, the City entered into Municipal Payment Plan Agreements with Oracle Credit Corporation in the principal amounts of $1.3 million and $0.3 million a Master Lease - Oracle Municipal Payment Plan Agreements (Phase I) for Oracle Business Intelligence Foundation Suite.
- On May 21, 2014, the City entered into a Municipal Payment Plan Agreement with Oracle Credit Corporation in the principal amount of $581,162Master Lease - Oracle Municipal Payment Plan Agreement (Phase II) to finance the acquisition of computer hardware and software for the storage and backup systems.
- On April 30, 2014, the City entered into a Master Lease – Parking Meter Lease 2014 for $2.5 million to finance the acquisition of a parking meter replacement system.

Additional information on the City's long-term debt obligations can be found in Note 11 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 year 2013-14.

The City's economy continues to grow, which is resulting in a steady growth of General Purpose Fund revenues. While revenues are approaching pre-recession levels, the growth is not enough to restore pre-recession service levels due to rising costs. There is also pressure on the budget to fund long-term deferred maintenance and capital equipment, and long-term unfunded liabilities. The City adopted a balanced budget for fiscal year 2013-14 without layoffs, for the first time in more than four years and continues to invest in public safety, stabilize our workforce, economic growth, job creation and training, education, equipment and technology, and quality of life.

In October 2012, as part of the proposed FY2013-15 Biennial Budget, the City issued a Five-Year Financial Forecast that forecasted revenues and expenditures. The purpose of the Five-Year Financial Forecast is to help the City of Oakland make informed financial and operational decisions by better anticipating long-term future revenues and expenditures. Since that time the City has experienced a significant recovery in revenues and rebounding local economy. This economic growth has been reflected in subsequent reports on City revenues and expenditures.

In February of 2015 the City will release a new Five-Year Financial Forecast in preparation for the FY 2015-17 Biennial Budget. This new forecast will address the projected future growth rates of expenditures and revenues based upon information available through December of 2014.

The City of Oakland's unemployment rate decreased to 9.0 percent in June 2014 compared to an average unemployment rate of 11.3 percent for June 2013.

The Bay Area's consumer price index for all urban consumers in June 2014 was 253.317 compared to 245.935 in June 2013 and to the U.S. city average consumer price index (CPI-U) for all urban consumers at 233.504 (Base period: 1982 – 84 = 100).

Estimated population for January 1, 2014 is 404,355 with an estimated total number of households of 154,799, an average household size of 2.6 persons, and a per capita personal income of $32,245.

PERS pension rates, and health care costs have been factored into the City's biennial budget for Fiscal Years 2013-15.

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 Department, Controller's Bureau, 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 Position
June 30, 2014
(In thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Port of Oakland
ASSETS				
Cash and investments	$ 282,216	$ 39,820	$ 322,036	$ 202,546
Receivables (net of allowance for uncollectibles of $16,171 for City and $1,036 for Port):				
Accrued interest	256	-	256	-
Property taxes	14,868	-	14,868	-
Accounts receivable	45,646	17,754	63,400	44,655
Grants receivable	35,008	-	35,008	-
Due from Port	5,153	-	5,153	-
Due from Oakland Redevelopment Successor Agency	1,614	-	1,614	-
Due from Pension Fund Trust	51	-	51	-
Due from other government	12,812	-	12,812	-
Inventories	202	-	202	-
Restricted assets:				
Cash and investments	311,380	895	312,275	70,926
Receivables	-	-	-	2,793
Property held for resale	76,966	-	76,966	-
Notes and loans receivable (net of allowance for uncollectibles of $130,652 for the City)	343,454	-	343,454	-
Prepaid expenses	1,670	28	1,698	-
Other	403	-	403	59,145
Net pension asset	302,178	-	302,178	-
Capital assets:				
Land and other capital assets not being depreciated	314,586	37,292	351,878	749,844
Facilities, infrastructures, and equipments, net of depreciation	865,933	149,670	1,015,603	1,446,930
TOTAL ASSETS	2,614,396	245,459	2,859,855	2,576,839
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	15,630	-	15,630	13,431
LIABILITIES				
Accounts payable and other current liabilities	129,348	4,758	134,106	38,245
Accrued interest payable	9,671	70	9,741	9,416
Due to other governments	1,312	-	1,312	-
Due to primary government	-	-	-	5,153
Due to Oakland Redevelopment Successor Agency	2,312	-	2,312	-
Unearned revenue	3,687	-	3,687	100,080
Other	13,652	6	13,658	25,472
Non-current liabilities:				
Due within one year	176,670	2,268	178,938	59,633
Due in more than one year	1,311,556	41,431	1,352,987	1,242,080
TOTAL LIABILITIES	1,648,208	48,533	1,696,741	1,480,079
DEFERRED INFLOWS OF RESOURCES				
Unamortized gain on refunding of debt	-	592	592	-
NET POSITION				
Net investment in capital assets	876,703	143,295	1,019,998	986,959
Restricted for:				
Debt service	13,865	-	13,865	-
Pension	90,975	-	90,975	-
Low and moderate income housing	194,922	-	194,922	-
Housing and community development	130,538	-	130,538	-
Other purposes	2,780	-	2,780	10,072
Unrestricted	(327,965)	53,039	(274,926)	113,160
TOTAL NET POSITION	$ 981,818	$ 196,334	$ 1,178,152	$ 1,110,191

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, 2014
(In thousands)

		Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit
			Operating	Capital	Primary Government			
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	Port of Oakland
Primary government:								
Governmental activities:								
General government	$ 79,806	$ 54,509	$ 13,540	$ -	$ (11,757)	$ -	$ (11,757)	
Public safety	379,809	15,472	20,668	-	(343,669)	-	(343,669)	
Community services	116,961	6,326	38,131	81	(72,423)	-	(72,423)	
Community and economic development	83,657	39,413	30,066	40,759	26,581	-	26,581	
Public works	109,177	36,954	16,658	1,308	(54,257)	-	(54,257)	
Interest on long-term debt	59,026	-	-	-	(59,026)	-	(59,026)	
TOTAL GOVERNMENTAL ACTIVITIES	828,436	152,674	119,063	42,148	(514,551)	-	(514,551)	
Business-type activities:								
Sewer	37,306	52,946	-	-	-	15,640	15,640	
Parks and recreation	855	503	-	-	-	(352)	(352)	
TOTAL BUSINESS-TYPE ACTIVITIES	38,161	53,449	-	-	-	15,288	15,288	
TOTAL PRIMARY GOVERNMENT	$ 866,597	$ 206,123	$ 119,063	$ 42,148	(514,551)	15,288	(499,263)	
Component unit:								
Port of Oakland	$ 328,299	$ 323,040	$ -	$ 60,335				$ 55,076
General revenues:								
Property taxes					240,779	-	240,779	-
Sales and use taxes					58,912	-	58,912	-
Gas tax					13,085	-	13,085	-
Local taxes:								
Business license					62,905	-	62,905	-
Utility consumption					50,422	-	50,422	-
Real estate transfer					59,060	-	59,060	-
Transient occupancy					18,468	-	18,468	-
Parking					16,661	-	16,661	-
Voter approved special tax					38,835	-	38,835	-
Franchise					16,666	-	16,666	-
Interest and investment income					6,653	165	6,818	1,373
Other					19,671	-	19,671	25,323
Transfers					2,002	(2,002)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					604,119	(1,837)	602,282	26,696
SPECIAL ITEM:								
Transfer of excess tax allocation bond proceeds approved by California Department of Finance					88,309	-	88,309	-
Changes in net position					177,877	13,451	191,328	81,772
Net position, beginning					803,941	182,883	986,824	1,028,419
NET POSITION, END OF YEAR					$ 981,818	$ 196,334	$ 1,178,152	$ 1,110,191

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

City of Oakland
Balance Sheet
Governmental Funds
June 30, 2014
(In thousands)

	General	Federal/State Grant Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement	Other Special Revenue	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ 179,918	$ 47	$ 1,812	$ 16,737	$ 28,611	$ 49,922	$ 277,047
Receivables (net of allowance for uncollectibles of $14,829):							
Accrued interest	172	-	-	13	27	44	256
Property taxes	7,299	-	-	-	3,858	3,711	14,868
Accounts receivable	36,292	250	-	977	4,388	3,606	45,513
Grants receivable	-	34,532	-	-	100	376	35,008
Due from component unit	5,153	-	-	-	-	-	5,153
Due from Oakland Redevelopment Successor Agency Trust Fund	-	-	1,437	177	-	-	1,614
Due from Pension Trust Funds	51	-	-	-	-	-	51
Due from other funds	43,801	-	-	9	-	-	43,810
Due from other government	12,812	-	-	-	-	-	12,812
Notes and loans receivable (net of allowance for uncollectibles of $130,652)	327	130,538	182,592	527	29,470	-	343,454
Restricted cash and investments	90,975	1,195	1,500	128,760	-	81,882	304,312
Property held for resale	-	-	9,137	67,829	-	-	76,966
Other	90	29	-	-	277	7	403
TOTAL ASSETS	$ 376,890	$ 166,591	$ 196,478	$ 215,029	$ 66,731	$ 139,548	$ 1,161,267
LIABILITIES							
Accounts payable and accrued liabilities	$ 93,291	$ 13,638	$ 1,473	$ 6,461	$ 6,290	$ 2,514	$ 123,667
Due to Oakland Redevelopment Successor Agency Trust Fund	2,312	-	-	-	-	-	2,312
Due to other funds	-	20,251	9	81	-	169	20,510
Due to other governments	1,304	-	-	-	8	-	1,312
Unearned revenue	3,581	96	-	-	10	-	3,687
Other	4,152	2,265	4	1,656	4,042	1,526	13,645
TOTAL LIABILITIES	104,640	36,250	1,486	8,198	10,350	4,209	165,133
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property tax	3,034	-	-	-	2,794	2,790	8,618
Unavailable revenue - notes and loans	327	130,538	182,592	527	29,470	-	343,454
Unavailable revenue - mandated claims (State)	12,348	-	-	-	-	-	12,348
Unavailable revenue - grants and others	2,690	3,997	133	-	238	-	7,058
Unavailable revenue - loans to ORSA	-	-	1,437	-	-	-	1,437
TOTAL DEFERRED INFLOWS OF RESOURCES	18,399	134,535	184,162	527	32,502	2,790	372,915
FUND BALANCES (DEFICITS)							
Restricted	156,462	1,195	10,830	128,760	-	129,270	426,517
Committed	-	-	-	-	11,672	2,230	13,902
Assigned	73,843	-	-	77,544	12,207	1,049	164,643
Unassigned	23,546	(5,389)	-	-	-	-	18,157
TOTAL FUND BALANCES (DEFICITS)	253,851	(4,194)	10,830	206,304	23,879	132,549	623,219
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 376,890	$ 166,591	$ 196,478	$ 215,029	$ 66,731	$ 139,548	$ 1,161,267

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 Position for Governmental Activities
June 30, 2014
(In thousands)

Fund balances - total governmental funds			$ 623,219
Amounts reported for governmental activities in the statement of net position are different due to the following:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Primary government capital assets, net of depreciation	$	1,180,519	
Less: internal service funds' capital assets, net of depreciation		(17,588)	1,162,931
Net pension asset is recognized in the statement of net position as an asset; however, it is not considered a financial resource and, therefore, is not reported on the balance sheet of governmental funds.			302,178
Prepaid insurance premiums on long-term debt are not financial resources and, therefore, are not reported in the governmental funds.			1,670
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.			
Interest payable on long-term debt for primary government	$	(9,671)	
Less: Interest payable on long-term debt for internal service fund		50	(9,621)
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 inflows of resources in the governmental funds.			372,915
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	$	(1,488,226)	
Less: long-term liabilities for internal service funds		10,225	(1,478,001)
Deferred outflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			15,630
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 position.			(9,103)
NET POSITION OF GOVERNMENTAL ACTIVITIES			$ 981,818

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

City of Oakland

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014
(In thousands)

	General	Federal/State Grant Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement	Other Special Revenue	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	$ 205,895	$ -	$ -	$ -	$ 15,094	$ 20,741	$ 241,730
Sales and use tax	46,956	-	-	-	-	11,956	58,912
Gas tax	-	-	-	-	-	13,085	13,085
Local taxes:							
Business license	62,905	-	-	-	-	-	62,905
Utility consumption	50,422	-	-	-	-	-	50,422
Real estate transfer	59,060	-	-	-	-	-	59,060
Transient occupancy	14,578	-	-	-	3,890	-	18,468
Parking	8,444	-	-	-	8,217	-	16,661
Voter approved special tax	-	-	-	-	17,723	21,112	38,835
Franchise	16,401	265	-	-	-	-	16,666
Licenses and permits	1,388	-	-	-	15,253	53	16,694
Fines and penalties	22,809	390	-	-	707	3,052	26,958
Interest and investment income	1,401	479	388	80	465	3,925	6,738
Charges for services	77,978	571	7,323	5,056	17,850	244	109,022
Federal and state grants and subventions	4,911	139,277	-	3,322	3,201	1,351	152,062
Annuity income	2,040	-	-	-	-	-	2,040
Other	-	3,236	3,755	2,190	3,035	5,385	17,601
TOTAL REVENUES	575,188	144,218	11,466	10,648	85,435	80,904	907,859
EXPENDITURES							
Current:							
Elected and Appointed Officials:							
Mayor	1,984	-	-	-	45	97	2,126
Council	3,623	-	-	-	-	-	3,623
City Administrator	11,328	-	-	123	1,115	31	12,597
City Attorney	13,822	23	-	-	961	154	14,960
City Auditor	1,650	-	-	-	-	-	1,650
City Clerk	1,777	-	-	-	-	-	1,777
Departments:							
Administrative Services Department:							
Human Resource Management	4,902	-	-	-	-	-	4,902
Information Technology	8,293	224	-	-	563	-	9,080
Finance	17,781	292	-	2,321	693	148	21,235
Public Safety:							
Oakland Police Department	200,273	8,529	-	-	15,407	1,750	225,959
Oakland Fire Department	96,951	5,917	-	-	10,999	694	114,561
Community Service Department:							
Parks and Recreation	18,372	176	-	5	410	4,131	23,094
Library	8,995	158	-	-	16,260	199	25,612
Human Services Department	6,881	39,909	208	-	18,635	1,250	66,883
Community and Economic Development:							
Planning and Building	80	203	-	1,500	23,099	-	24,882
Economic & Workforce Development	7,134	8,052	-	5,054	532	418	21,190
Housing & Community Development	2,309	17,579	11,572	-	2,190	-	33,650
Oakland Public Works	40,539	3,351	-	3,482	3,339	45,497	96,208
Other	10,419	-	-	2,162	3,403	59	16,043
Capital outlay	2,243	59,530	63	24,943	460	11,077	98,316
Debt service:							
Principal repayment	2,923	2,485	-	-	-	75,151	80,559
Bond issuance costs	209	-	-	-	-	-	209
Interest charges	537	179	-	-	-	58,598	59,314
TOTAL EXPENDITURES	463,025	146,607	11,843	39,590	98,111	199,254	958,430
EXCESS (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES	112,163	(2,389)	(377)	(28,942)	(12,676)	(118,350)	(50,571)
OTHER FINANCING SOURCES (USES)							
Capital leases	2,500	-	-	12,401	-	-	14,901
Property sale proceeds	89	-	-	5,248	105	-	5,442
Insurance claims and settlements	864	-	-	-	-	1	865
Transfers in	2,907	1,898	-	-	13,324	97,268	115,397
Transfers out	(112,490)	-	-	(65)	-	(328)	(112,883)
TOTAL OTHER FINANCING SOURCES (USES)	(106,130)	1,898	-	17,584	13,429	96,941	23,722
SPECIAL ITEM:							
Transfer of excess tax allocation bond proceeds approved by California Department of Finance	2,175	-	-	86,134	-	-	88,309
NET CHANGE IN FUND BALANCES	8,208	(491)	(377)	74,776	753	(21,409)	61,460
Fund balances - beginning	245,643	(3,703)	11,207	131,528	23,126	153,958	561,759
FUND BALANCES (DEFICIT) - ENDING	$ 253,851	$ (4,194)	$ 10,830	$ 206,304	$ 23,879	$ 132,549	$ 623,219

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

City of Oakland

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities of Governmental Activities

Year Ended June 30, 2014

(In thousands)

Net change in fund balances - total governmental funds			$	61,460
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 outlay and other capital transactions exceeds depreciation in the current period.				
Primary government:				
Capital asset acquisition	$	138,719		
Disposal of properties		(31)		
Depreciation		(56,921)		
Less: net changes of capital assets within internal service funds		(7,686)		74,080
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 outflows during the current period.				23,272
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				(6,421)
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.				(25,684)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and the advance refunding of debt consume the current financing sources of the governmental funds. These transactions, however, have no effect on net position. This is the amount by which principal retirement exceeded bond proceeds in the current period.				
Debt and capital lease principal and accreted interest payments	$	97,420		
Capital leases		(19,831)		77,589
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.				
Amortization of bond premiums and discounts	$	1,829		
Amortization of deferred outflows of refunding loss		(1,458)		
Amortization of prepaid bond insurance premium on long-term debt		(254)		
Accreted interest on appreciation bonds		(23,907)		
Changes in accrued interest on bonds and notes payable		605		
Changes in Coliseum Authority pledged obligation		3,670		
Changes in mandated environmental remediation obligations		1,300		
Changes on postemployment benefits other than pension benefits (OPEB)		(19,843)		
Changes on fair value of the interest swap agreement		2,465		(35,593)
The net income of activities of internal service funds is reported with governmental activities				9,174
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES			$	177,877

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

City of Oakland
Statement of Fund Net Position
Proprietary Funds
Year Ended June 30, 2014
(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	$ 39,255	$ 565	$ 39,820	$ 5,169
Accounts receivables (net of uncollectibles of $1,342 for the enterprise funds)	17,752	2	17,754	133
Inventories	-	-	-	202
Restricted cash and investments	32	863	895	7,068
Total Current Assets	57,039	1,430	58,469	12,572
Non-current Assets:				
Capital assets:				
Land and other assets not being depreciated	36,987	305	37,292	1,738
Facilities, equipment and infrastructure, net of depreciation	147,469	2,201	149,670	15,850
Total capital assets	184,456	2,506	186,962	17,588
Prepaid expenses	28	-	28	-
Total Non-current Assets	184,484	2,506	186,990	17,588
TOTAL ASSETS	241,523	3,936	245,459	30,160
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	4,481	277	4,758	5,681
Accrued interest payable	70	-	70	50
Due to other funds	-	-	-	23,300
Other liabilities	6	-	6	7
Bonds, notes payable, and capital leases	2,268	-	2,268	3,532
Total Current Liabilities	6,825	277	7,102	32,570
Non-current Liabilities:				
Bonds, notes payable, and capital leases	41,431	-	41,431	6,693
TOTAL LIABILITIES	48,256	277	48,533	39,263
DEFERRED INFLOWS OF RESOURCES				
Unamortized gain on refunding of debt	592	-	592	-
NET POSITION				
Net investment in capital assets	140,789	2,506	143,295	16,052
Unrestricted	51,886	1,153	53,039	(25,155)
TOTAL NET POSITION	$ 192,675	$ 3,659	$ 196,334	$ (9,103)

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 Position
Proprietary Funds
Year Ended June 30, 2014
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
OPERATING REVENUES				
Rental	$ -	$ 503	$ 503	$ -
Sewer services	52,946	-	52,946	-
Charges for services	-	-	-	54,454
Other	-	-	-	602
TOTAL OPERATING REVENUES	52,946	503	53,449	55,056
OPERATING EXPENSES				
Personnel	15,188	91	15,279	17,889
Supplies	594	174	768	7,368
Depreciation and amortization	5,610	309	5,919	1,433
Contractual services and supplies	2,896	14	2,910	1,157
Repairs and maintenance	118	62	180	4,681
General and administrative	4,468	19	4,487	5,157
Rental	1,925	15	1,940	1,813
Other	5,131	171	5,302	6,605
TOTAL OPERATING EXPENSES	35,930	855	36,785	46,103
OPERATING INCOME (LOSS)	17,016	(352)	16,664	8,953
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment income (loss)	163	2	165	(85)
Interest expense	(997)	-	(997)	(225)
Bond issuance costs	(379)	-	(379)	-
Federal and State grants	-	-	-	29
Other (settlements, rental), net	-	-	-	1,014
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,213)	2	(1,211)	733
INCOME/(LOSS) BEFORE TRANSFERS	15,803	(350)	15,453	9,686
Transfers out	(2,002)	-	(2,002)	(512)
Change in net position	13,801	(350)	13,451	9,174
Net position - beginning	178,874	4,009	182,883	(18,277)
NET POSITION - ENDING	$ 192,675	$ 3,659	$ 196,334	$ (9,103)

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

City of Oakland
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014
(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	$ 51,537	$ -	$ 51,537	$ 54,404
Cash received from tenants for rents	-	502	502	-
Cash from other sources	-	-	-	602
Cash paid to employees	(15,188)	(91)	(15,279)	(17,889)
Cash paid to suppliers	(12,330)	(184)	(12,514)	(24,451)
NET CASH PROVIDED BY OPERATING ACTIVITIES	24,019	227	24,246	12,666
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from interfund loans	-	-	-	312
Repayment of interfund loans	-	-	-	(5,788)
Other (grants, claims and settlements, proceeds from sale of assets), net	-	-	-	1,043
Transfers out	(2,002)	-	(2,002)	(512)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(2,002)	-	(2,002)	(4,945)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(16,833)	(116)	(16,949)	(9,120)
Long-term debt:				
Proceeds from issuance of debt	40,590	-	-	-
Repayment of long-term debt	(53,007)	-	(53,007)	(3,479)
Premium on bond issues	5,230	-	5,230	-
Bond issuance costs	(379)	-	(379)	-
Interest paid on long-term debt	(799)	-	(799)	(225)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(25,198)	(116)	(65,904)	(12,824)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	163	2	165	(85)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,018)	113	(2,905)	(5,188)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	42,305	1,315	43,620	17,425
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 39,287	$ 1,428	$ 40,715	$ 12,237
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 17,016	$ (352)	$ 16,664	$ 8,953
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Depreciation and amortization	5,610	309	5,919	2,908
Retirement of capital assets	-	-	-	(1,475)
Changes in assets and liabilities:				
Receivables	(1,409)	(1)	(1,410)	(41)
Inventories	-	-	-	(9)
Other assets	36	-	36	-
Accounts payable and accrued liabilities	2,766	271	3,037	2,330
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 24,019	$ 227	$ 24,246	$ 12,666
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and investments	$ 39,255	$ 565	$ 39,820	$ 5,169
Restricted cash and investments	32	863	895	7,068
TOTAL CASH AND CASH EQUIVALENTS	$ 39,287	$ 1,428	$ 40,715	$ 12,237
NON CASH ITEMS:				
Amortization of bond premiums	$ (1,971)	$ -	$ (1,971)	$ -
Amortization of bond insurance premium	198	-	198	-
	$ (1,773)	$ -	$ (1,773)	$ -

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

City of Oakland
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014
(In thousands)

	Pension Trust Funds	Private Purpose Trust Funds
ASSETS		
Current assets:		
Cash and investments	$ 4,249	$ 63,892
Receivables:		
Accrued interest and dividends	827	361
Accounts receivable	-	1,331
Investments and others	7,910	-
Due from primary government	-	2,312
Prepaid expenses	-	2,375
Restricted:		
Cash and investments:		
Short-term investments	4,679	50,276
U.S. corporate bonds and mutual funds	83,383	8,503
Domestic equities and mutual funds	336,245	-
International equities and mutual funds	42,389	-
Securities lending collateral	74,579	-
Loans receivable, net	-	14,019
Property held for resale	-	100,271
TOTAL ASSETS	554,261	243,340
DEFERRED OUTFLOWS OF RESOURCES		
Unarmortized bond insurance premium	-	-
Unamortized loss on refunding of debt	-	2,335
TOTAL DEFERRED OUTFLOWS	-	2,335
LIABILITIES		
Current liabilities:		
Due to primary government	51	1,614
Accounts payable and accrued liabilities	11,061	13,749
Securities lending liabilities	74,579	-
Other	-	201
Non-current liabilities		
Due within one year	-	20,709
Due in more than one year	-	437,875
TOTAL LIABILITIES	85,691	474,148
NET POSITION		
Net position held in trust	$ 468,570	$ (228,473)

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

City of Oakland
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2014
(In thousands)

	Pension Trust Funds	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Member	$ 4	$ -
Trust receipts	-	74,262
Investment income:		
Net appreciation in fair value of investments	60,135	-
Interest	2,898	351
Dividends	5,601	-
Securities lending	172	-
TOTAL INVESTMENT INCOME	68,806	351
Less investment expenses:		
Investment expenses	(1,793)	-
NET INVESTMENT INCOME	67,013	351
Federal and state grants	-	15,529
Other income	220	965
TOTAL ADDITIONS	67,237	91,107
DEDUCTIONS:		
Benefits to members and beneficiaries:		
Retirement	34,992	-
Disability	20,922	-
Death	1,805	-
TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES	57,719	-
Administrative expenses	989	2,911
Oakland Police Department	-	62
Human Services	-	213
Housing & Community Development	-	13,728
Economic & Workforce Development	-	26,984
Public works	-	535
Other	-	162
Capital outlay	-	9
Bond issuance cost	-	743
Interest on debt	-	27,240
TOTAL DEDUCTIONS	58,708	72,587
SPECIAL ITEM		
Transfer of excess tax allocation bond proceeds approved by California Department of Finance	-	(88,309)
Change in net position	8,529	(69,789)
Net position - beginning	460,041	(158,684)
NET POSITION - ENDING	$ 468,570	$ (228,473)

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, 1852, 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:

a) Oakland Redevelopment Successor Agency (ORSA)

On June 28, 2011, Assembly Bill X1 26 ("AB X1 26") was enacted. This legislation is referred to herein as the Redevelopment Dissolution Law. On December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26, and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provides for successor agencies and oversight boards that are responsible for overseeing the dissolution process and wind down of redevelopment activity. At the City's meeting on January 10, 2012, the City Council affirmed its decision as part of resolution number 83679 C.M.S. to serve as the Oakland Redevelopment Successor Agency ("ORSA"), effective February 1, 2012, and as such is a component unit of the City. Also, in the same meeting, the City Council elected as part of resolution number 83680 C.M.S. to retain the housing assets, functions and powers previously performed by the former Agency.

The ORSA was created to serve as a custodian for the assets and to wind down the affairs of the former Oakland Redevelopment Agency (Agency). The ORSA is a separate public entity from the City, subject to the direction of an Oversight Board. The Oversight Board is comprised of seven-member representatives from local government bodies: two City representatives appointed by the Mayor; two County of Alameda (County) representatives; the County Superintendent of Education; the Chancellor of California Community Colleges; and a representative of the largest special district from the taxing entities.

In general, the ORSA's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). The ORSA will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the ORSA's custodial role, the ORSA is reported in a fiduciary fund (private-purpose trust fund).

b) Oakland Joint Powers Financing Authority (JPFA)

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 was composed of the City and the former 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 position. AB X1 26 as amended by AB 1484 was enacted and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The dissolution law provides that ORSA is a separate legal entity from the City, with ORSA holding all of the transferred assets and obligations of the former Redevelopment Agency (other than the housing assets). Therefore, ORSA assumed the former Redevelopment Agency's role as member of the JPFA as of February 1, 2012 per AB X1 26.

Discretely Presented Component Unit – Port of Oakland

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 of Commissioners 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 unit may be obtained from:

City of Oakland,
Finance Department, Controller's Bureau
150 Frank H. Ogawa Plaza, 6th Floor, 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 position 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 are 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 fiscal period. All other revenues are considered to be available if they are collected within 120 days of the end of the 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 available. The estimated installments receivable not considered available, as defined above, are recorded as receivables and offset by deferred inflows of resources.

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.

The ***Low and Moderate Income Housing Asset Fund ("LMIHF")*** is a special revenue fund that was created to administer the housing assets and functions related to the Low and Moderate Income Housing program retained by the City following the dissolution of the former Agency. Prior to the dissolution of redevelopment agencies, the LMIHF accounted for the Agency's affordable housing activities, including the 20% redevelopment property tax revenue (i.e. former tax increment) set-aside for low and moderate income housing and related expenditures. Upon dissolution of the former Agency and the City Council's election to retain the housing activities previously funded by the former Agency, the City created LMIHF and transferred the assets and affordable housing activities.

The ***Municipal Capital Improvement Fund*** accounts primarily for monies pertaining to capital improvement funds, which includes mainly capital financing projects funds:

- *Oakland Redevelopment Successor Agency* - Unspent bond proceeds transferred to the City. The California Department of Finance approved the bond expenditure agreement between ORSA and the City to transfer excess tax allocation bond proceeds to the City. The Bond Spending Plan allows for ORSA to utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants.
- *Measure DD* – Capital improvement bond financing funds for clean water, safe parks & open space trust for the City Of Oakland
- *Measure G* – Capital improvement bond financing funds for Oakland Zoo, Museum and Chabot & Space Center improvements.
- *Master Lease Agreement Financing* – Capital improvement for parking access and control system.
- *Other miscellaneous capital improvement funds* - The fund also comprise of other municipal capital improvement funds which may be used for the lease, acquisition, construction or other improvements of public facilities.

The ***Other Special Revenue Funds*** accounts for activities of several Special Revenue Funds, which include mainly the following local measures and funds;

- *Measure Y – Violence Prevention and Public Safety Act of 2004*. The measure provides for the following services; community and neighborhood policing; violence prevention services with an emphasis on youth and children; fire services and evaluation.
- *Measure C – Oakland Hotel Tax.* This additional transient occupancy tax was approved to fund the following entities; Oakland Convention and Visitors Bureau 50%; Oakland Zoo 12.5%; Oakland Museum of California 12.5%; Chabot Space and Science Center 12.5% and the City Cultural Arts Programs and Festivals 12.5%.
- *Measure Q – Library Services Retention and Enhancement.* In March 2004, the electorate of Oakland approved, by more than a two-thirds majority, the extension of the Library Services and Retention Act, Measure Q (formerly known as Measure O). The act re-authorized and increased a special parcel tax on residential and non-residential parcels for the purpose of raising revenue to retain and enhance library services. The term of the tax is 20 years, commencing July 1, 2004 and ending June 30, 2024.
- *Measure WW – East Bay Regional Park District local grant program*. The funds are for various Oakland parks and open space renovation projects.
- *Measure N – Paramedics Services Act*. The revenue from the measure are to provide for increase, enhance and support paramedic services in the City.
- *Oakland Kids' First Fund.* The charter requires 3.0% of the City's unrestricted general purpose fund revenues for the fund. The funds provide additional funding for programs and services benefiting children and youth.
- *Development Service Fund.* The revenue sources for the development service fund will be the fees and penalties for development and enforcement activities, such as land use, permit, inspection, and abatement services for both direct and indirect costs.
- *Other miscellaneous special revenue funds.* Account for several other restricted monies that are classified as special revenue funds.

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 Oakland Redevelopment Successor Agency Trust Fund, which accounts for the custodial responsibilities that are assigned to the Oakland Redevelopment Successor Agency with passage of AB X1 26 (b) the Other Private Purpose Trust Fund, which accounts for assets and liabilities from the former Oakland Redevelopment Agency and 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 (c) the Private Pension Trust Fund, which accounts for the employee deferred compensation plan.

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 Successor Agency whose funds are held by outside custodians. Investments are generally carried at fair value. The fair value represents the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. The fair value of investments is obtained by using quotations from independent published sources. 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. 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.

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

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.

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 on January 1. 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, 2014.

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.

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.

Prepaid Bond Insurance, Original Issue Discounts and Premiums, and Refundings

Prepaid bond insurance costs are amortized using the straight-line method over the life of the bonds. Amortization of these balances is recorded as a component of operating expenses. In the government-wide, proprietary fund, and fiduciary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized using the straight-line method over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses from refunding of debt are reported as deferred inflows or outflows of resources and amortized over the shorter of the life of the refunded debt or refunding debt. Amortization of bond premiums and discounts and gains or losses from refunding of debt are recorded as a component of interest expense.

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.

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 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 is 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 former Agency's redevelopment program. These properties are both residential and commercial. Costs of administering the projects are charged to the municipal capital improvement fund as expenditures are 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 City, property held for resale may generate rental or operating income. This income is recognized as it is earned in the City's statement of activities and generally is recognized in the City's governmental funds in the same period depending on when the income becomes available on a modified accrual basis of accounting. The City does not depreciate property held for resale, as it is the intention of the City to only hold the property for a period of time until it can be resold for development.

Net Pension Asset

In February 1997 and July 2012, the City issued pension obligation bonds to reduce the actuarial accrued liability of the Police and Fire Retirement System (PFRS). The net pension asset represents a prepaid asset amortized over the same period used by the actuary at the time of the bond issuance, as it allows for the matching of the asset with the related pension obligation bond liability. See Note 15 for the accounting treatment of the net pension asset.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resourc*es. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources related to the unamortized loss on refunding of debts. The losses on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, notes and loan receivables, grant receivables/advances from the federal and State, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available. The City also has deferred inflows of resources related to the unamortized gains on refunding of debt.

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

The City has four defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS), and the Miscellaneous and the Public Safety Plans of the 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 15 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. See Note 16 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 17 for additional information.

Fund Balances

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, 2014, 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 City Council ordinance, which is the City's highest level of decision-making authority. 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 through City Council budgetary action, which includes of appropriations and revenue sources pertaining to the next fiscal year's budget. The City Council adopted a resolution establishing the City's policy budget, which states that assigned fund balances are intended to be used for specific purposes through City Council budgetary actions. Intent is expressed by (a) the City Council or (b) the City Administrator to which the City 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, 2014, were distributed as follows (in thousands):

	General	Federal/ State Grant Fund	LMIHF[1]	Municipal Capital Improvement	Other Special Revenue	Other Governmental Funds	Total
Restricted for:							
Capital projects	$ -	$ 1,195	$ -	$ 128,760	$ -	$ 30,197	$ 160,152
Pension obligations Annuity	90,975	-	-	-	-	-	90,975
Pension obligations PFRS	65,487	-	-	-	-	-	65,487
Debt service	-	-	-	-	-	99,073	99,073
Property held for resale	-	-	9,137	-	-	-	9,137
Housing projects	-	-	1,693	-	-	-	1,693
Subtotal	156,462	1,195	10,830	128,760	-	129,270	426,517
Committed for:							
Library, Kids First and museum trust	-	-	-	-	11,672	2,230	13,902
Assigned for:							
Redevelopment Projects	-	-	-	67,829	-	-	67,829
Capital projects	73,843	-	-	9,715	12,207	1,049	96,814
Subtotal	73,843	-	-	77,544	12,207	1,049	164,643
Unassigned	23,546	(5,389)	-	-	-	-	18,157
Total	**$ 253,851**	**$ (4,194)**	**$ 10,830**	**$ 206,304**	**$ 23,879**	**$ 132,549**	**$ 623,219**

[1] Low and Moderate Income Housing Asset Fund

Special Item:

Special items are either 1) unusual in nature (possessing a high degree of abnormality and clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity) or 2) infrequent in occurrence (not reasonably expected to recur in the foreseeable future, taking into account the environment in which the entity operates), and subject to management control. The transfer of excess bond proceeds as requested by the Oakland Redevelopment Successor Agency Oversight Board and approved by DOF pursuant to Health and Safety Code section 34179 (h) qualifies as a special item since this action is considered infrequent and requested by management of the City.

Under ABx1 26, adopted on June 28, 2011, as amended by AB 1484 adopted on June 27, 2012, all new redevelopment activities were suspended, with limited exceptions, and redevelopment agencies were dissolved on February 1, 2012. Under this legislation, the California Department of Finance ("DOF") and the California State Controller's Office (SCO) have varying degrees of responsibility and oversight. The ultimate outcome of issues raised by State authorities, such as the rejection of using ORSA assets to pay obligations or the return of asset transfers to the ORSA.

Pursuant to Health and Safety Code (HSC) section 34179(h), DOF has completed its review of the Oversight Bond action on Bond Spending Plan and on November 6, 2013, it approved the Bond Spending Plan for ORSA. The Bond Spending Plan allows ORSA to utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants. As required by HSC section 34191.4(c) (2) (A), ORSA has listed excess bond proceeds on the January through June 2014

ROPS in the total amount of $59.9 million which has been approved by DOF. DOF approved the bond expenditure agreement between ORSA and the City to transfer excess tax allocation bond proceeds to the City. The special item was recorded in the financial statements for the excess bond transfer in the total amount of $88.3 million.

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net Investment in Capital Assets* groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* reflects consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
  - o Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation.
  - o A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. As of June 30, 2014, restricted net position for the governmental activities was $433.1 million as reported on the government-wide statement of net position, and approximately $91.0 million of which was restricted by enabling legislation.
- *Unrestricted Net Position* represents net position of the City that is not restricted for any project or purpose.

Adoption of New Pronouncements

For the year ended June 30, 2014, The City implemented Governmental Accounting Standards Board (GASB) Statement No. 67*, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*. The requirements for GASB No. 67 require changes and addition in the Notes to the Financial Statements, Required Supplemental Information, and Other Supplemental Information. Significant changes include calculation of total and net pension liability for financial reporting, comprehensive footnote disclosure regarding pension liability, sensitivity of net pension liability to the discount rate, additional investment disclosure, expected long-term discount rate, and annual money-weighted rate of return on investment. Such information can be found in the PFRS and OMERS financial reports for the fiscal year ended June 30, 2014. Complete financial statements for PFRS and OMERS can be obtained from Retirement Systems, City of Oakland, 150 Frank H Ogawa Plaza, Suite 3332, Oakland, CA 94612.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*, to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement amends Statement No. 10, *Codification of Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62*, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate. The City's adoption of this statement effective July 1, 2013 did not have a significant impact on its financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement is intended to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities and requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. This statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. The City's adoption of this statement effective July 1, 2013 did not have a significant impact on its financial statements.

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 June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27.* The significant changes in this statement address (1) the measurement of pension obligations that derive liabilities (or assets); and (2) the calculations behind pension expense. GASB 68 also covers:

- Deferred outflows and deferred inflows of resources;
- Methods and assumptions of pension calculations, including how to calculate the discount rate to be used and how to attribute the pension liability to various periods;
- Note disclosure and required supplementary information; and
- Defined contribution pension plan reporting.

Application of this statement is effective for the City's fiscal year ending June 30, 2015.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is intended to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations. This statement provides guidance for determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations; using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations; measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and reporting the disposal of government operations that have been transferred or sold. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement is intended to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issues related to amounts associated with contributions, if any, made by a state of local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

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

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

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

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

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	$ 282,216	$ 39,820	$ 68,141	$ 390,177	$ 202,546
Restricted cash and investments	311,380	895	525,475	837,750	70,926
Securities lending collateral	-	-	74,579	74,579	-
TOTAL	$ 593,596	$ 40,715	$ 668,195	$ 1,302,506	$ 273,472
Deposits				$ 46,426	$ 625
Investments				1,256,080	272,847
TOTAL				$ 1,302,506	$ 273,472

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.

At June 30, 2014, the carrying amount of the City’s deposits was $46.4 million. Deposits include checking accounts, interest earning savings accounts, money market accounts, and nonnegotiable certificates of deposit. Of the bank balance of $55.6 million, $0.5 million was insured by the Federal Deposit Insurance Corporation (FDIC) and $55.1 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 securities. 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 at the time security is purchased. Long-term debt shall be rated at least A by Standard and Poor’s, Moody’s Investors Service or Fitch Ratings. Per the California Debt and Management Advisory Commission (“CDIAC”), it is recommended that the portfolio be monitored, as practical, for subsequent changes in credit rating of existing securities. As of June 30, 2014, approximately 88% of the pooled investments was invested in “AAA” and “AA” quality securities.

The following tables show the City's credit risk for the Pool and Restricted portfolios as of June 30, 2014 (in thousands):

Pooled Investments

		Ratings as of June 30, 2014						
	Fair Value	**AAA/Aaa**	**AA/Aaa**	**A+/A1**	**A-/A1**	**A/Aa3**	**A1/P1**	**Not Rated**
U.S. Government Agency Securities	$ 211,547	$ -	$ 211,547	$ -	$ -	$ -	$ -	$ -
U.S. Government Agency Securities (Discount)	152,973	-	152,973	-	-	-	-	-
Medium Term Notes	2,018	-	-	2,018	-	-	-	-
Money Market Mutual Funds	81,110	81,110	-	-	-	-	-	-
Local Agency Investment Fund (LAIF)	49,873	-	-	-	-	-	-	49,873
Negotiable Certificates of Deposit	5,000	-	-	-	-	-	5,000	-
State of California, General Obligation Bonds	4,515	-	-	-	-	4,515	-	-
State of California, Revenue Bonds	795	-	-	-	795	-	-	-
Total Pooled Investments	**$ 507,831**	**$ 81,110**	**$364,520**	**$ 2,018**	**$ 795**	**$ 4,515**	**$ 5,000**	**$ 49,873**

Restricted Investments

		Ratings as of June 30, 2014			
	Fair Value	**AAA/Aaa**	**AA/Aaa**	**A1/P1**	**Not Rated**
U.S. Government Agency Securities	$ 7,982	$ -	$ 7,982	$ -	$ -
Money Market Mutual Funds	150,889	150,889	-	-	-
Local Agency Investment Fund (LAIF)	4	-	-	-	4
Commercial Papers (Discount)	366	-	-	366	-
Local Government Bonds	66,354	-	-	-	66,354
Annuity Contract	81,000	-	-	-	81,000
Total Restricted Investments	**$ 306,595**	**$ 150,889**	**$ 7,982**	**$ 366**	**$ 147,358**

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, 2014 are as follows (in thousands):

Investment Type / Issuer	Amount	Percent of City's Investment Portfolio
U.S. Government Agency Securities:		
Federal Farm Credit Bank	$ 83,848	10.30%
Federal National Mortgage Association (Fannie Mae)	92,040	11.30%
Federal Home Loan Bank	94,412	11.59%
Federal Home Loan Mortgage Corporation (Freddie Mac)	102,202	12.55%
Local Government Bond:		
Oakland Joint Powers Financing Authority	66,354	8.15%
Annuity Contract:		
New York Life Insurance Company	81,000	9.95%

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	$ 211,547	41.66%
U.S. Government Agency Securities (Discount)	152,973	30.12%
Medium Term Notes	2,018	0.40%
Money Market Mutual Funds	81,110	15.97%
Local Agency Investment Fund (LAIF)	49,873	9.82%
Negotiable Certificates of Deposit	5,000	0.98%
State of California, General Obligation Bonds	4,515	0.89%
State of California, General Obligation Bonds	795	0.16%
Total Pooled Investments	**$ 507,831**	**100.00%**

Restricted Investments

Investment Type	Fair Value	Percent (%) of Portfolio
U.S. Government Agency Securities	$ 7,982	2.60%
Local Agency Investment Fund (LAIF)	4	0.00%
Money Market Mutual Funds	150,889	49.22%
Commercial Papers (Discount)	366	0.12%
Local Government Bond	66,354	21.64%
Annuity Contract	81,000	26.42%
Total Restriced Investments	**$ 306,595**	**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 limited 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 short- term and long-term investments to minimize such risks.

The City uses the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2014, 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	$ 211,547	0.18 - 2.03	$ 6,011	$ 153,559	$ 51,977
U.S. Government Agency Securities (Discount)	152,973	0.03 - 0.07	152,973	-	-
Medium Term Notes	2,018	2.00	-	-	2,018
Money Market Mutual Funds *	81,110	0.01 - 0.06	81,110	-	-
Local Agency Investment Fund (LAIF) *	49,873	0.228	49,873	-	-
Negotiable Certificates of Deposit	5,000	0.17	5,000	-	-
State of California, General Obligation Bonds	4,515	0.59 - 1.07	-	1,007	3,508
State of California, Revenue Bonds	795	0.85	-	-	795
Total Pooled Investments	**$ 507,831**		**$ 294,967**	**$154,566**	**$ 58,298**

* weighted average maturity used.

Restricted Investments

			Maturity			
Investment Type	**Fair Value**	**Interest Rates (%)**	**12 Months or Less**	**1 - 3 Years**	**3 - 5 Years**	**5 Years or More**
U.S. Government Agency Securities	$ 7,982	0.64 - 0.71	$ -	$ 7,982	$ -	$ -
Local Agency Investment Fund (LAIF) *	4	0.228	4	-	-	-
Money Market Mutual Funds *	150,889	0.01 - 0.02	150,889	-	-	-
Commercial Papers (Discount)	366	0.160	366	-	-	-
Local Government Bond	66,354	4.860	8,014	15,225	16,874	26,241
Annuity Contracts	81,000	2.45	-	-	-	81,000
Total Restricted Investments	**$ 306,595**		**$ 159,273**	**$ 23,207**	**$ 16,874**	**$107,241**

* 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, 2014, the City's investment in LAIF is $49.9 million. A total amount invested by all public agencies in LAIF at that date is approximately $21.1 billion. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately $64.9 billion, 98.14% is invested in non-derivative financial products and 1.86% in structured notes and asset-backed securities. As of June 30, 2014, LAIF has an average life-month end of 232 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 - Oakland Redevelopment Successor Agency ("ORSA")

Cash and Investments held by ORSA

ORSA follows the investment policy of the City, which is governed by provisions of the California Government Code 53600 and the City's Municipal Code. The Agency also has investments subject to provisions of the bond indentures of the former Agency's various bond issues. According to the investment policy and bond indentures, the Agency is permitted to invest in the City's cash and investment pool, LAIF, obligations of the U.S. Treasury or U.S. Government agencies, time deposits, money market mutual funds invested in U.S. Government securities, along with various other permitted investments. The Agency's cash and investments consist of the following at June 30, 2014 (in thousands):

Cash and Investments	Amount	
Cash and investments (unrestricted)	$	56,453
Restricted cash and investments		58,779
Total cash and investments	$	115,232

As of June 30, 2014, ORSA invested a total amount of $25.8 million in U.S. government agency securities, which is comprised of $17.3 million from its unrestricted accounts, $8.5 million from the Tax Allocation Bonds and the Housing Set-Aside Bonds reserve and capitalized interest. The remaining balance is invested in money market mutual funds of $79.8 million, $5.5 million in negotiable certificates of deposits, and $4.1 million in cash deposits.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a depository financial institution, ORSA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, ORSA will not be able to recover the value of the investment or collateral securities that are in the possession of another party.

The California Government Code requires that a financial institution secure its deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by the depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged governmental securities and/or first trust deed mortgage notes held in the collateral pool must be at least 110% and 150% of ORSA's deposits, respectively. The collateral is held by the pledging financial institution's trust department and is considered held in the ORSA's name.

As of June 30, 2014, the carrying amount of the ORSA's deposits was $4.2 million. The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of $0.50 million, and the remaining bank balance of $3.7 million are collateralized with securities held by the pledging financial institutions as required by Section 53652 of the California Government Code.

ORSA invests in individual investments. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the ORSA employs the trust department of a bank or trustee as the custodian of certain ORSA investments, regardless of their form.

Interest Rate Risk: This risk represents the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market rates. ORSA investment policy has mitigated interest rate risk by establishing policies over liquidity. As of June 30, 2014, ORSA had the following investments and original maturities (in thousands):

Pooled Cash and Investments

Type of Investment	Fair Value	Interest Rates (%)	Maturities 12 Months of Less
U.S. Government Agency Securities (Discount)	$ 17,299	0.03	$ 17,299
Money Market Mutual Funds	33,000	0.01 - 0.07	33,000
Negotiable CD's	2,001	0.08	2,001
Total	52,300		$ 52,300
Deposits	4,153		
	$ 56,453		

Restricted Cash and Investments

Type of Investment	Fair Value	Interest Rates (%)	Maturities 12 Months of Less
U.S. Government Agency Securities	$ 4,004	0.14	$ 4,004
U.S. Government Agency Securities (Discount)	4,499	0.05	4,499
Money Market Mutual Funds	46,776	0.01	46,776
Negotiable CD's	3,500	0.15	3,500
Total	$ 58,779		$ 58,779

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organizations. ORSA's investment policy has mitigated credit risk by limiting investments to the safest types of securities, by prequalifying financial institutions, by diversifying the portfolio and by establishing monitoring procedures. The following tables show ORSA's credit risk as rated by Standard & Poor's and Moody's for the Pooled and Restricted portfolios as of June 30, 2014 (in thousands):

Pooled Cash and Investments

Type of Investment	Fair Value	Ratings as of June 30, 2014 Aaa/AAA	Aaa/AA	A1/P1
U.S. Government Agency Securities (Discount)	$ 17,299	$ -	$ 17,299	$ -
Money Market Mutual Funds	33,000	33,000	-	-
Negotiable Certificates of Deposits	2,001	-	-	2,001
Total Cash and Investments	$ 52,300	$ 33,000	$ 17,299	$ 2,001

Restricted Cash and Investments

Type of Investment	Fair Value	Ratings as of June 30, 2014 Aaa/AAA	Aaa/AA	A1/P1
U.S. Government Agency Securities	$ 4,004	$ -	$ 4,004	$ -
U.S. Government Agency Securities (Discount)	4,499	-	4,499	-
Money Market Mutual Funds	46,776	46,776	-	-
Negotiable Certificates of Deposits	3,500	-	-	3,500
Total Cash and Investments	$ 58,779	$ 46,776	$ 8,503	$ 3,500

Concentration of Credit Risk: Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on ORSA. Investments issued by or explicitly guaranteed by the U.S. government, and investments in mutual funds, external investment pools, and other pooled investments are exempt from this requirement, as they are normally diversified themselves. The following table shows the diversification of the ORSA's portfolio as of June 30, 2014 (in thousands):

Pooled Cash and Investments

Type of Investment	Fair Value	Percentage of Portfolio
U.S. Government Agency Securities (Discount)	$ 17,299	33.1%
Money Market Mutual Funds	33,000	63.1%
Negotiable Certificates of Deposits	2,001	3.8%
Total Cash and Investments	$ 52,300	100.0%

Restricted Cash and Investments

Type of Investment	Fair Value	Percentage of Portfolio
U.S. Government Agency Securities	$ 4,004	6.8%
U.S. Government Agency Securities (Discount)	4,499	7.6%
Money Market Mutual Funds	46,776	79.6%
Negotiable Certificates of Deposits	3,500	6.0%
Total Cash and Investments	$ 58,779	100.0%

The following table show's ORSA's investments in one issuer that exceed 5% of ORSA's investment portfolio at June 30, 2014 (in thousands):

Investment Type / Issuer	Fair Value	Percentage of ORSA's Investment Portfolio
U.S. Government Agency Securities:		
Federal Home Loan Mortgage Corporation	$ 7,004	6.3%
Federal Home Loan Bank	12,799	11.5%

Restricted Cash and Investments with Fiscal Agents

Under the provisions of the bond indentures, certain accounts with trustees were established for repayment of debt, amounts required to be held in reserve, and temporary investments for unexpended bond proceeds. As of June 30, 2014, the amounts held by the trustees aggregated $58.8 million. All restricted investments held by trustees as of June 30, 2014 were invested in U.S. treasury notes, money market mutual funds, and negotiable certificates of deposits, and were in compliance with the bond indentures.

Investments – Retirement Plans

The Retirement Plans' investment policies authorize investment in 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, 2014, the number of external investment managers was twelve 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, 2014, OMERS' share of the City's investment pool totaled $26 thousand.

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, 2014, OMERS' investment portfolio consists of shares of two investment funds (Funds). OMERS invests in the American Century Equity Mutual 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, 2014 (in thousands):

Investment	Fair Value	Yield	Weighted Average Maturity
Short-Term Investments	$ 4	-	*
Equity Investments			
American Century Equity Mutual Fund	3,453	-	-
Fixed Income Investments			
HighMark Employee Benefit Flexible Bond Commingled Fund	1,345	2.2%	6.4 Years
Total Investments	$ 4,802		

* 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)) in fair value. As of June 30, 2014, OMERS was invested in the HighMark Employee Benefit Flexible Bond Commingled Fund which has a credit quality rating of A.

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.

Oakland Police and Fire Retirement System (PFRS)

Deposits in the City's Investment Pool

As of June 30, 2014, 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, 2014, PFRS' share of the City's investment pool totaled $4,155,557.

As of June 30, 2014, PFRS also had cash and cash deposits not held in the City's investment pool totaled $67,448.

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, 2014, the number of external investment managers was twelve.

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 income 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.

The following was the Board's adopted investment policy as of June 30, 2014

Asset Class	Target Allocation
Fixed Income	20%
Real Return	10%
Covered Calls	10%
Domestic Equity	43%
International Equity	12%
Private Equity	5%
Total	100%

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 4.82 years as of June 30, 2014.

As of June 30, 2014, PFRS had the following fixed income investments by category (in thousands):

Short-Term Investment Duration:

Investment Type	Fair Value	Modified Duration (Year)
Short-Term Investment Funds	$4,675	n/a

Long-Term Investment Duration:

Investment Type	Fair Value	Modified Duration (Year)
Government Bonds:		
U.S. Treasuries	$ 27,671	5.62
U.S. Government Agency Securities	24,091	4.55
Total Government Bonds	51,762	
U.S. Corporate and Other Bonds		
Corporate Bonds	31,505	4.33
Other Government Bonds	116	4.21
Total U.S. Corporate and Other Bonds	31,621	
Total Fixed Income Investments	$ 83,383	4.82
Securities Lending Collateral	$ 74,579	-

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, 2014 concerning credit risk of fixed income securities (in thousands):

Investment Type	S&P / Moody's Rating	Fair Value
Short-Term Investment Funds	Not Rated	$4,675

The following tables provide information as of June 30, 2014 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	$	53,830	64.6%
AA /Aa		6,085	7.3%
A/A		11,552	13.8%
BBB/Baa		11,756	14.1%
B/B		160	0.2%
Total Fixed Income Investments	$	83,383	100.0%

As of June 30, 2014, the securities lending collateral of $74.6 million was not rated.

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, 2014, no investment in any single issuer exceeded 5% of PFRS' net position.

Rate of return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.4 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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.

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, 2014 (in thousands):

Foreign Currency	Total
Australian Dollar	$ 1,053
Brazilian Real	380
Canadian Dollar	736
Danish Krone	1,037
Euro	9,806
Hong Kong Dollar	4,691
Indonesian Rupian	546
Japanese Yen	4,032
Malaysian Ringgit	82
Mexican Peso	514
Norwegian Kroner	246
Singapore Dollar	763
Swedish Krona	499
Swiss Franc	4,331
Turkish Lira	187
United Kingdom Pound	8,365
Total Foreign Currency	**$ 37,268**

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, 2014, 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, 2014 (in thousands):

Securities Lending
Investments and Collateral Received (At Fair Value)

Securities on loan:		
U.S. Government and agencies	$	15,508
U.S. Corporate Bonds		3,338
U.S. Equity		52,941
Non-U.S. Equity		1,293
Total Securities on Loan	$	73,080
Invested Cash Collateral Received:		
Repurchase Agreements	$	74,579
Total Invested Cash Collateral Received	$	74,579

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, 2014 (in thousands):

Security Name	Weighted Average Coupon Rate	Weighted Average Maturity (Years)	Fair Value	Percent of Total Investments
Commercial Mortgage Pass-Through	4.15%	27.8	$ 4,827	1.04%

Discretely Presented Component Unit – Port of Oakland

The Port's cash, investments and deposits consisted of the following at June 30, 2014 (in thousands):

Cash on hand	$	625
Bank Deposits and Deposits in Escrow		5,549
City Investment Pool		209,200
Government Securities Money Market Mutual Funds		58,098
Total Cash and Investments	$	273,472

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).

Senior Lien Bonds reserves are on deposit with the Senior Lien Bonds trustee. The investment of funds held by the Senior Lien Bonds trustee is governed by the Senior Trust Indenture and is currently invested in either 1) U.S. Treasury Notes or 2) Government Securities Money Market Mutual Funds. There were no investments pertaining to the Intermediate Lien Debt.

At June 30, 2014 the Port had the following investments (in thousands):

Type of Investment	Fair Value	Credit Rating	Maturities Less than 1 Year
Government Securities Money Market Mutual Funds	$ 58,098	Aaa	$ 58,098
City Investment Pool	209,200	Not Rated	209,200
Total Investments	**$ 267,298**		**$ 267,298**

Investments Authorized by Debt Agreements: The following are the types of investments generally allowed under the Senior Trust Indenture and the Intermediate Trust Indenture dated as of October 1, 2007 (Intermediate Trust Indenture, together with the Senior Trust Indenture, the Trust Indentures): U.S. Government Securities, U.S. Agency Obligations, obligations of any State in the U.S., prime commercial paper, FDIC-insured deposits, certificates of deposit/banker's acceptances, money market mutual funds, long or medium-term corporate debt, repurchase agreements, state-sponsored investment pools, investment contracts, and forward delivery agreements**.**

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 Port had investments held by a third party bank trust department in the amount of $58,098,000 at June 30, 2014. The carrying amount of Port deposits in escrow was $5,549,000 at June 30, 2014. Bank balances and escrow deposits of $250,000 at June 30, 2014 are insured or collateralized with securities held by the pledging financial institution's trust department in the Port's name. The remaining balance of $5,218,000 as of June 30, 2014, 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 Successor Agency are related to advances and interfund loans made by the City for projects, loans, and services. The receivable amounts of ORSA relate to project advances made by ORSA for the City. The internal service funds' borrowing will be repaid over a reasonable period of time as described in Note 18. The composition of interfund balances and transfers as of June 30, 2014, is as follows (in thousands):

Due From/Due To Other Funds

Receivables	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 169
	Federal/State Grant Fund	20,251
	Municipal Capital Improvement	81
	Low and Moderate Income Housing Asset Fund (LMIHF)	9
	Internal Service Funds	23,291
	Subtotal General Fund	43,801
Municipal Capital Improvement	Internal Service Funds	9
	Total	$ 43,810

Interfund Transfers:

Transfer Out	Transfer In	Amount	
General Fund	Other Special Revenue Fund	$ 13,324	(1)
	Other Governmental Funds	97,268	(2)
	Federal/State Grant Fund	1,898	(3)
Other Governmental Funds	General Fund	328	(4)
Municipal Capital Improvement	General Fund	65	(5)
Sewer Service Fund	General Fund	2,002	(4)
Internal Service Funds	General Fund	512	(4)
Total		**$ 115,397**	

(1) The $13.3 million transferred from the General Fund to the Other Special Revenue Fund is for the Kids' First Children's Program.

(2) The $97.3 million transferred from the General Fund to Other Governmental Funds consists of transfers made to provide funding for the following:

- $97.1 million for debt service payments.
- $0.2 million for City-owned parcels of land in the Wildfire Prevention Assessment District.

(3) The $1.9 million transferred from the General Fund to Federal/State Grant fund to provide funds to cover the Central Service Overhead cost for certain federal funds.

(4) The transfers to General Fund is to provide funding for City's claims and liability payments.

(5) The $0.1 million transfer from the Municipal Capital Improvement Fund to the General Fund for City capital improvement projects in the Coliseum project area.

(5) MEMORANDUMS OF UNDERSTANDING

The City has entered into agreements with the Port for provisions of various services such as aircraft rescue and firefighting (“ARFF”), Special Services, General Services, and Lake Merritt Trust Services. The City provides these services to the Port.

Special Services include designated police services, personnel, city clerk, legislative programming, and treasury services. General Services includes fire, rescue, police, street maintenance, and similar services. Lake Merritt Trust Services includes items such as recreation services, grounds maintenance, security, and lighting.

Payments to the City for these services are made upon execution of appropriate agreements and/or periodic findings and authorizations from the Board.

Special Services and Aircraft Rescue & Fire Fighters (ARFF)

Payments for special services and ARFF 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 and ARFF totaled $5,475,000 and are included in Operating Expenses. At June 30, 2014, $2,954,000 was accrued as a current liability by the Port and as a receivable by the City.

General Services and Lake Merritt Trust Services

Payments for General Services provided by 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, 2014, the Port accrued approximately $773,000 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 $1,425,000 to reimburse the City for General Services for net City expenditures for Lake Merritt Tideland Trust properties in 2014. 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.

Golf Course 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 $270,000 payable in twelve installments of $22,500 per month, which is then split 50/50 between the Port and the City.

(6) NOTES AND LOANS RECEIVABLE

Primary Government

The composition of the City's notes and loans receivable as of June 30, 2014, is as follows (in thousands):

Type of Loan	General Fund	Federal/ State Grant Fund	LMIHF[1]	Municipal Capital Improvement	Other Governmental Funds	Total
Pass-through Loans	$ -	$ 1,300	$ -	$ -	$ -	$ 1,300
HUD Loans	-	98,125	-	-	-	98,125
Economic Development Loans and Other	327	62,103	278,919	527	32,805	374,681
Less: Allowance for Uncollectible Accounts	-	(30,990)	(96,327)	-	(3,335)	(130,652)
Total Notes and Loans Receivable, Net	$ 327	$ 130,538	$ 182,592	$ 527	$ 29,470	$ 343,454

[1] Low and Moderate Income Housing Asset Fund

As of June 30, 2014, the City has a total of $343.5 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 inflows of resources in the governmental funds as the collection of those notes and loans did not occur within the City's availability period.

Prior to effective date of the Redevelopment Dissolution Law, California Community Redevelopment Law required that at least 20% of the incremental tax revenues generated from certain redevelopment project areas be used to increase, improve, and preserve the affordable housing stock for families and individuals with very low, low, and moderate incomes. In response to this former requirement, the City established its 20% Housing Program and an additional 5% of the former tax increment to offer financial assistance to qualified developers, families, and individuals by providing loans at "below market" rates. Upon dissolution of the former Agency, the City assumed the housing activity function of the former Agency. All loans receivable relating to the Low and Moderate Income Housing Program have been transferred from the former Agency to the LMIHF, which was established as of February 1, 2012 pursuant to City Council resolution no. 83680 C.M.S. As of June 30, 2014, loans receivable relating to the LMIHF program totaled approximately $182.6 million, net of allowance for uncollectible accounts.

Notes and Loans Receivables Held by ORSA

Composition of loans receivable as of June 30, 2014 is as follows (in thousands):

Type of Loan	**Amount**
Housing developments project loans	$ 1,462
Economic development loans	60,677
Gross notes and loans receivable	62,139
Allowance for uncollectable accounts	(48,120)
Total notes and loans receivable, net	**$ 14,019**

As of June 30, 2014, ORSA has a total of $14.0 million net notes and loans receivable, which is not expected to be received in the next twelve months.

(7) CAPITAL ASSETS AND LEASES

Primary Government

Capital assets activity of the primary government for the year ended June 30, 2014, is as follows (in thousands):

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
GOVERNMENTAL ACTIVITIES					
Capital assets, not being depreciated:					
Land	$ 86,389	$ -	$ -	$ -	$ 86,389
Intangibles (easements)	2,607	-	-	-	2,607
Museum collections	793	-	-	-	793
Construction in progress	158,125	127,854	-	(61,182)	224,797
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	247,914	127,854	-	(61,182)	314,586
Capital assets, being depreciated:					
Facilities and improvements	776,182	7	-	6,045	782,234
Furniture, machinery, and equipment	188,262	10,858	2,200	1,580	198,500
Infrastructure	649,655	-	-	53,557	703,212
TOTAL CAPITAL ASSETS, BEING DEPRECIATED	1,614,099	10,865	2,200	61,182	1,683,946
Less accumulated depreciation:					
Facilities and improvements	350,661	24,376	-	-	375,037
Furniture, machinery, and equipment	156,087	9,695	2,169	-	163,613
Infrastructure	256,513	22,850	-	-	279,363
TOTAL ACCUMULATED DEPRECIATION	763,261	56,921	2,169	-	818,013
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	850,838	(46,056)	31	61,182	865,933
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 1,098,752	$ 81,798	$ 31	$ -	$ 1,180,519

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
BUSINESS-TYPE ACTIVITIES:					
Sewer Service Fund:					
Capital assets, not being depreciated:					
Land	$ 4	$ -	$ -	$ -	$ 4
Construction in progress	23,444	15,873	-	(2,334)	36,983
Total capital assets, not being depreciated	23,448	15,873	-	(2,334)	36,987
Capital assets, being depreciated:					
Facilities and improvements	311	-	-	-	311
Furniture, machinery, and equipment	3,853	960	-	-	4,813
Sewer and storm drains	243,989	-	-	2,334	246,323
Total capital assets, being depreciated	248,153	960	-	2,334	251,447
Less accumulated depreciation:					
Facilities and improvements	216	21	-	-	237
Furniture, machinery, and equipment	1,561	686	-	-	2,247
Sewer and storm drains	96,591	4,903	-	-	101,494
Total accumulated depreciation	98,368	5,610	-	-	103,978
Total capital assets, being depreciated, net	149,785	(4,650)	-	2,334	147,469
SEWER SERVICE FUND CAPITAL ASSETS, NET	$ 173,233	$ 11,223	$ -	$ -	$ 184,456
Parks and Recreation Fund:					
Capital assets, not being depreciated:					
Land	$ 218	$ -	$ -	$ -	$ 218
Construction in progress	-	87	-	-	87
Total capital assets, not being depreciated	218	87	-	-	305
Capital assets, being depreciated:					
Facilities and improvements	4,433	-	-	-	4,433
Furniture, machinery, and equipment	430	29	-	-	459
Infrastructure	85	-	-	-	85
Total capital assets, being depreciated	4,948	29	-	-	4,977
Less accumulated depreciation:					
Facilities and improvements	2,086	280	-	-	2,366
Furniture, machinery, and equipment	350	23	-	-	373
Infrastructure	31	6	-	-	37
Total accumulated depreciation	2,467	309	-	-	2,776
Total capital assets, being depreciated, net	2,481	(280)	-	-	2,201
PARKS AND RECREATION FUND CAPITAL ASSETS, NET	$ 2,699	$ (193)	$ -	$ -	$ 2,506
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 175,932	$ 11,030	$ -	$ -	$ 186,962

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

Governmental Activities:		
General Government	$	10,124
Public Safety		5,242
Community Service Department:		
Parks and Recreation		5,948
Library		2,592
Human Services		584
Community and Economic Development:		
Planning and Building		2,669
Economic and Workforce Development		1,467
Housing and Community Development		75
Public Works		25,312
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets		2,908
Total	$	56,921
Business-Type Activities:		
Sewer	$	5,610
Parks and Recreation		309
Total	$	5,919

Discretely Presented Component Unit – Port of Oakland

Capital assets activity for the Port for the year ended June 30, 2014, is as follows (in thousands):

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets, not being depreciated:					
Land	$ 523,235	$ -	$ (857)	$ 905	$ 523,283
Intangibles (noise easements and air rights)	23,493	-	-	2,359	25,852
Construction in progress	197,125	104,856	(6,209)	(95,063)	200,709
Total capital assets, not being depreciated	743,853	104,856	(7,066)	(91,799)	749,844
Capital assets, being depreciated:					
Building and improvements	848,432	-	(558)	3,776	851,650
Container cranes	153,775	-	(358)	-	153,417
Systems and structures	1,650,965	-	(57)	79,898	1,730,806
Intangibles (software)	13,391	-	-	-	13,391
Other equipment	78,829	342	(1,257)	8,125	86,039
Total capital assets, being depreciated	2,745,392	342	(2,230)	91,799	2,835,303
Less accumulated depreciation:					
Building and improvements	496,578	26,887	394	-	523,071
Container cranes	89,071	4,823	-	-	93,894
Systems and structures	649,098	61,253	-	-	710,351
Intangibles (software)	2,763	1,339	-	-	4,102
Other equipment	52,650	4,957	652	-	56,955
Total accumulated depreciation	1,290,160	99,259	1,046	-	1,388,373
Total capital assets, being depreciated, net	1,455,232	98,917	(1,184)	91,799	1,446,930
CAPITAL ASSETS, NET	$ 2,199,085	$ 5,939	$ (8,250)	$ -	$ 2,196,774

Capital Leased to Others

The capital assets leased to others at June 30, 2014, consist of the following (in thousands):

Land	$ 412,265
Container cranes	153,417
Buildings and improvements	203,682
Infrastructure	1,064,953
	1,834,317
Less accumulated depreciation	(652,053)
Net capital assets, on lease	$ 1,182,264

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, 2014, is as follows (in thousands):

Minimum non-cancelable rentals, including preferential assignments	$ 170,700
Contingent rentals in excess of minimums	18,568
Total	$ 189,268

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 in fiscal year 2010. At June 30, 2014, the unamortized net upfront fee is approximately $48.9 million and the amounts are reported as unearned revenue in the statement of net position.

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
2015	$ 169,189
2016	169,099
2017	153,764
2018	129,970
2019	105,400
2020 - 2024	453,275
2025 - 2029	292,172
2030 - 2034	297,050
2035 - 2039	275,092
2040 - 2044	260,976
2045 - 2049	284,627
Thereafter	709,044
Total	$ 3,299,658

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
2015	$ 401
2016	413
2017	426
2018	438
2019	452
2020 - 2024	2,470
2025 - 2029	2,863
2030 - 2034	3,319
2035 - 2039	3,848
2040 - 2044	4,460
2045 - 2049	5,171
Thereafter	5,777
Total	$ 30,038

(8) PROPERTY HELD FOR RESALE

Primary Government

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

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Property held for resale	$ 76,966	$ -	$ -	$ 76,966

On August 21, 2013, the State Controller's Office issued the asset transfer review pursuant to Health and Safety Code section 34167.5 and reversed the March 3, 2011 agreement entered between the City and the former Redevelopment Agency for the purchase and sale agreement of various former Agency properties to the City. As of June 30, 2014, the property held for resale had no changes.

Oakland Redevelopment Successor Agency

As of June 30, 2014, ORSA has a total $100.3 million for properties booked at the lower of cost or net realizable value. On May 29, 2014, pursuant to Health and Safety Code section 34191.4, the California Department of Finance approved ORSA Long-Range Property Management Plan ("LRPMP") addressing the disposition and use of former Agency properties and authorizing the disposition of properties pursuant to the LRPMP. The table below shows a summary of the changes in the Property Held for Resale (in thousands):

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Property held for resale	$ 100,271	$ -	$ -	$ 100,271

(9) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2014, 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	$ 22,672	$ 70,619	$ 93,291
Federal/State Grant Fund	13,638	-	13,638
Low and Moderate Income Housing Asset Fund	1,473	-	1,473
Municipal Capital Improvement Fund	6,461	-	6,461
Other Special Revenue Funds	6,290	-	6,290
Other Governmental Funds	2,514	-	2,514
Subtotal	53,048	70,619	123,667
Internal service funds	5,681	-	5,681
TOTAL	$ 58,729	$ 70,619	$ 129,348
Business-type Activities:			
Sewer Service Fund	4,481	-	4,481
Nonmajor Fund - Parks and Recreation	277	-	277
TOTAL	$ 4,758	$ -	$ 4,758

Accounts payable and accrued liabilities for the pension trust funds and private purpose trust funds at June 30, 2014, are as follows (in thousands):

Pension Trust Funds:	
Accounts payable	$ 6
Investments payable	6,284
Accrued investment management fees	40
Member benefits payable	4,731
Total	11,061
Private Purpose Trust Fund	
Oakland Redevelopment Successor Agency Trust Fund	13,186
Other Private Purpose Trust Fund	563
	13,749

(10) 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 interest rate of 1.25% to yield at 0.18% at maturity. Principal and interest were paid on June 30, 2014.

The short-term debt activity for the year ended June 30, 2014, is as follows (in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
2013 - 2014 Tax & Revenue Anticipation Notes	$ -	$ 78,230	$ (78,230)	$ -

(11) LONG-TERM OBLIGATIONS

Primary Government

The following is a summary of long-term obligations as of June 30, 2014 (in thousands):

Governmental Activities

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
General obligation bonds (A)	2039	3.50 - 6.25%	$ 290,449
Lease revenue bonds (C)	2027	3.00 - 5.50%	141,555
Pension obligation bonds (D)	2026	2.37 - 6.89%	348,512
Accreted interest (C) and (D)			169,923
City guaranteed special assessment district bonds (D)	2039	2.00 - 6.70%	6,365
Plus Deferred Amounts:			
Bond insurance premium			18,390
Total			**975,194**
Notes Payable and Capital Leases			
Notes payable (C) and (E)	2017	1.00 - 8.27%	5,330
Capital leases (C) and (E)	2025	1.46 - 5.46%	51,349
Total			**56,679**
Other Long-Term Liabilities			
Accrued vacation and sick leave (F)			40,310
Self- insurance liability - workers' compensation (C)			83,484
Self-insurance liability - general liability (C)			32,341
Estimated environmental cost (B) and (C)			2,155
Pledge obligation for Coliseum Authority debt (C)			53,225
Net OPEB obligation (C)			235,095
Interest rate swap agreement (C)			9,743
Total			456,353
Total Governmental Activities Long-Term Obligations, Net			**$ 1,488,226**

Debt service payments are made from the following sources:

(A) Property tax recorded in the debt service funds
(B) Revenues recorded in the general fund
(C) Property tax voter approved debt
(D) Revenues recorded in the special revenue funds
(E) Compensated absences are financed by governmental funds (General Fund, Federal/State Grant Fund, LMIHF, Municipal Capital Improvement Fund, and Other Governmental Funds) and proprietary funds (Sewer Service Fund) that are responsible for the charges.

Business-Type Activities

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Sewer fund - Bonds	2029	2.00 - 5.00%	$ 38,555
Unamortized Bond Premium			5,144
Total Business-Type Activities Long-Term Obligations, Net			$ 43,699

Oakland Redevelopment Successor Agency

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Tax Allocation Bonds	2041	3.00 - 8.50%	$ 332,185
Housing Set-Aside Bonds	2042	3.25 - 9.25%	117,605
Plus (less) Deferred Amounts:			
Issuance premiums			11,045
Issuance discounts			(2,251)
Total ORSA Long-Term Obligations, Net			$ 458,584

Component Unit - Port of Oakland

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Senior and intermediate lien bonds	2033	2.00 - 5.50%	$ 1,118,890
Notes and loans	2030	0.13 - 5.00%	82,538
Plus Deferred Amounts:			
Unamortized bond discounts and premiums, net			56,837
Total bonds, notes, and loans payable			1,258,265
Self-insurance liability - workers' compensation			11,182
Accrued vacation, sick leave and compensatory time			7,072
Environmental remediation and other liabilities			14,780
Net OPEB obligation			10,414
Total other long-term obligations			43,448
Total Component Unit Long-Term Obligations, Net			$ 1,301,713

Revenues Pledged for the Repayment of Debt Service - ORSA

Tax Allocation Bonds

The Tax Allocation Bonds (TAB), which are comprised of Series 2006T, Series 2009T, Series 2006A TE/T, Series 2006B TE/T, Series 2006C TE/T, Series 2010T and Refunding Bond Series 2013 are issued primarily to finance redevelopment projects and are all secured by pledge of redevelopment property tax revenues (i.e. former tax increment), consisting of a portion of taxes levied upon all taxable properties within each the tax increment generating redevelopment project areas, and are equally and ratably secured on a parity with each TAB series.

As of June 30, 2014, the total principal and interest remaining on these TABs was estimated at $509.4 million and the property tax revenues are pledged until the year 2041, the final maturity date of the bonds. The former Agency's debt service payments are requested through the Recognized Obligation Payment Schedule (ROPS) as enforceable obligations until the debt obligations have been satisfied.

Historically, upon receipt of property tax increment, the ORSA calculated the 80 percent and 20 percent and the voluntary 5 percent amount of tax increment and would then transfer the 20 percent and 5 percent portion to the Low and Moderate Income Housing Fund, as required by the California Health and Safety Code and the ORSA board resolution. The previous requirement to bifurcate the tax increment into 80 percent and 20 percent portions was eliminated in AB X1 26. However, in order to maintain compliance with bond indentures secured by the 80 percent and 20 percent tax increment, the Oakland Redevelopment Successor Agency plans to request the funds through the Recognized Obligation Payment Schedule (ROPS) from the Redevelopment Property Tax Trust Fund ("RPTTF") pursuant to Health and Safety Code 34183 (a)(2)(A) as an enforceable obligations for debt service payments until the debt obligations have been satisfied.

Housing Set-Aside Bonds

The Housing set-aside bonds, which is comprised of Series 2006A, Series 2006A-T and Series 2011A-T are issued to finance affordable housing projects and are secured by a pledge and lien upon the 20% redevelopment property tax revenue (i.e. former tax increment) set-aside for the low and moderate income housing fund.

As of June, 30, 2014, the total principal and interest remaining on the Housing set-aside bonds was estimated at $227.5 million and the property tax revenues are pledged until the year 2042, the final maturity date of the bonds. The former Agency's debt service payments are requested through the Recognized Obligation Payment Schedule (ROPS) as enforceable obligations until the debt obligations have been satisfied.

In the future, in order to maintain compliance with bond indentures secured by the 20 percent tax increment, the Oakland Redevelopment Successor Agency plans to request the funds through the ROPS from the RPTTF pursuant to Health and Safety Code 34183 (a)(2)(A) as enforceable obligations for debt service payments until the debt obligations have been satisfied.

Revenues Pledged for the Repayment of Debt Service – Port

The Port's long-term debt consists primarily of tax-exempt bonds. The majority of the Port's outstanding bonds are revenue bonds, which are secured by pledged revenues of the Port. Pledged revenues are substantially all revenues and other cash receipts of the Port, including, without limitation, amounts held in the Port Revenue Fund with the City, but excluding amounts received from certain taxes, certain insurance proceeds, special facilities revenues, and certain other gifts, fees, and grants that are restricted by their terms to purposes inconsistent with the payment of debt service.

Pledged revenues do not include cash received from passenger facility charge (PFCs) or customer facility charge (CFCs) unless projects included in a financing are determined to be PFC or CFC eligible and bond proceeds are expended on such eligible projects and the Port elects to pledge PFCs or CFCs as supplemental security to such applicable bonds. As of June 30, 2014, the Port has no bonds for which PFCs or CFCs are pledged.

The Port did not capitalize any interest cost in fiscal year 2014. For additional disclosures on revenues pledged for repayment of Port debt, see the separately issued financial statements of the Port.

Debt Compliance

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

Legal Debt Limit and Legal Debt Margin

As of June 30, 2014, the City's debt limit (3.75% of valuation subject to taxation) was $1,168,926,502. The total amount of debt applicable to the debt limit was $290,448,558. The resulting legal debt margin was $878,477,944.

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 Offered Rates ("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, 2014:

Calculation period (July 31)	Notional Amount	Fixed Rate To Counterparty	65% of LIBOR[1]	Net Rate
2014	$ 53,700,000	5.6775%	0.1009%	5.5766%
2015	46,400,000	5.6775%	0.1009%	5.5766%
2016	39,300,000	5.6775%	0.1009%	5.5766%
2017	32,500,000	5.6775%	0.1009%	5.5766%
2018	25,800,000	5.6775%	0.1009%	5.5766%
2019	19,300,000	5.6775%	0.1009%	5.5766%
2020	12,800,000	5.6775%	0.1009%	5.5766%
2021	6,400,000	5.6775%	0.1009%	5.5766%

[1] Rate is as of 1-month LIBOR on June 30, 2014. 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, 2014 of $53,700,000. The notional amount of the swap declines through 2021. Under the Swap, the City pays the counterparty a fixed payment of 5.6775% and receives a variable payment computed at 65% of 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 $9,743,283 as of June 30, 2014. 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 Aa2 by Moody's Investors Service, and AAA by Standard and Poor's as of June 30, 2014. 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

Primary Government

The changes in long-term obligations for the year ended June 30, 2014, are as follows (in thousands):

Governmental Activities

	Balance at July 1, 2013	Additional obligations, interest accretion and net increases (decreases)	Current maturities, retirements and net decreases (increases)	Balance at June 30, 2014	Amounts due within one year
Bonds Payable:					
General obligation bonds	$ 309,793	$ -	$ 19,344	$ 290,449	$ 20,394
Lease revenue bonds	176,850	-	35,295	141,555	31,600
Pension obligation bonds	367,394	-	18,882	348,512	18,079
City guaranteed special assessment district bonds	6,690	-	325	6,365	345
Accreted interest on appreciation bonds	162,874	23,907	16,858	169,923	22,607
Unamortized premium and discounts, net	20,219	-	1,829	18,390	1,829
TOTAL	1,043,820	23,907	92,533	975,194	94,854
Notes Payable and Capital Leases:					
Notes payable	7,815	-	2,485	5,330	2,180
Capital Leases	39,228	19,831	7,710	51,349	10,586
TOTAL	47,043	19,831	10,195	56,679	12,766
Other Long-Term Liabilities:					
Accrued vacation and sick leave	40,564	49,803	50,057	40,310	30,037
Pledge obligation for Coliseum Authority debt	56,895	-	3,670	53,225	3,780
Estimated environmental cost	3,455	-	1,300	2,155	1,300
Self -insurance liability - workers' compensation	80,596	24,651	21,763	83,484	21,119
Self -insurance liability - general liability	28,554	28,165	24,378	32,341	12,814
Net OPEB obligation	215,252	40,476	20,633	235,095	-
Interest rate swap agreement	12,208	-	2,465	9,743	-
TOTAL	437,524	143,095	124,266	456,353	69,050
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS	$ 1,528,387	$ 186,833	$ 226,994	$ 1,488,226	$ 176,670

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, 2014, $10.2 million of capital leases and notes payable related to the internal service funds are included in the above amounts. Compensated absences obligations are financed and recorded in the appropriate governmental and proprietary funds when due.

Business-Type Activities

	Balance at July 1, 2013	Additional obligations, interest accretion and net increases (decreases)	Current maturities, retirements and net decreases (increases)	Balance at June 30, 2014	Amounts due within one year
Sewer fund - Notes payable	$ 291	$ -	$ 291	$ -	$ -
Sewer fund - Bonds	48,710	40,590	50,745	38,555	1,925
Unamortized bond premium	1,885	5,230	1,971	5,144	343
Total	$ 50,886	$ 45,820	$ 53,007	$ 43,699	$ 2,268

A summary of the Oakland Redevelopment Successor Agency changes in long-term debt for June 30, 2014 are as follows (in thousands):

Oakland Redevelopment Successor Agency

	Balance at July 1, 2013	Additional obligations, interest accretion and net increases (decreases)	Current maturities, retirements and net decreases (increases)	Balance at June 30, 2014	Amounts due within one year
Tax Allocation Bonds	$ 358,980	$ 102,960	$ 129,755	$ 332,185	$ 14,610
Housing Set-Aside Bonds	122,015	-	4,410	117,605	4,990
Plus (less) Deferred Amounts:					
Issuance premiums	5,695	10,519	5,169	11,045	1,245
Issuance discounts	(2,387)	-	(136)	(2,251)	(136)
Total	$ 484,303	$ 113,479	$ 139,198	$ 458,584	$ 20,709

Component Unit - Port of Oakland

	Balance at July 1, 2013	Additional obligations, interest accretion and net increases	Current maturities, retirements and net decreases	Balance at June 30, 2014	Amounts due within one year
Senior and intermediate lien bonds	$ 1,160,615	$ -	$ 41,725	$ 1,118,890	$ 43,245
Notes and loans	83,755	-	1,217	82,538	228
Plus Unamortized bond discount and premium, net	62,091	-	5,254	56,837	6,446
TOTAL	1,306,461	-	48,196	1,258,265	49,919
Accrued vacation, sick leave, and compensatory time	7,481	4,814	5,223	7,072	5,223
Environmental remediation and other liabilities	19,601	474	5,295	14,780	2,991
Self -insurance liability - workers' compensation	9,630	3,025	1,473	11,182	1,500
Self -insurance liability - general liability	290	-	290	-	-
Net OPEB obligation	10,453	12,789	12,828	10,414	-
TOTAL	47,455	21,102	25,109	43,448	9,714
TOTAL COMPONENT UNIT LONG-TERM OBLIGATIONS	$ 1,353,916	$ 21,102	$ 73,305	$ 1,301,713	$ 59,633

Repayment Schedule:

Primary Government

The annual repayment schedules for all long-term debt as of June 30, 2014, are as follows (in thousands):

Governmental Activities [1]

Year Ending	General Obligation Bonds		Lease Revenue Bonds		Special Assessment District Bonds	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 20,394	$ 14,685	31,600	$ 6,465	$ 345	$ 268
2016	19,350	13,700	18,845	5,290	335	260
2017	20,425	12,748	19,775	4,382	350	250
2018	21,462	11,752	5,660	3,398	365	237
2019	22,612	10,695	5,935	3,125	370	225
2020-2024	82,464	37,688	34,500	10,795	2,015	917
2025-2029	40,417	23,540	25,240	1,935	840	617
2030-2034	41,555	12,439	-	-	660	442
2035-2039	21,770	3,932	-	-	875	208
2040-2044	-	-	-	-	210	6
Total	$ 290,449	$ 141,179	$ 141,555	$ 35,390	$ 6,365	$ 3,430

Year Ending	Notes Payable		Capital Leases	
June 30	Principal	Interest	Principal	Interest
2015	$ 2,180	$ 157	$ 10,586	$ 1,276
2016	1,090	121	10,342	1,057
2017	2,060	53	7,339	815
2018	-	-	7,008	637
2019	-	-	5,776	468
2020-2024	-	-	8,910	959
2025-2029	-	-	1,388	42
Total	$ 5,330	$ 331	$ 51,349	$ 5,254

Year Ending	Pension Obligation Bonds			Total		
June 30	Principal	Accreted Interest	Interest	Principal	Accreted Interest	Interest
2015	$ 18,079	$ 22,607	32,892	$ 83,184	$ 22,607	$ 55,743
2016	17,210	24,688	35,036	67,172	24,688	55,464
2017	16,370	26,774	37,182	66,319	26,774	55,430
2018	25,274	28,807	39,162	59,769	28,807	55,186
2019	24,707	30,841	41,001	59,400	30,841	55,514
2020-2024	142,872	142,233	186,594	270,761	142,233	236,953
2025-2029	104,000	-	4,938	171,885	-	31,072
2030-2034	-	-	-	42,215	-	12,881
2035-2039	-	-	-	22,645	-	4,140
2040-2044	-	-	-	210	-	6
Subtotal	$ 348,512	$ 275,950	$ 376,805	$ 843,560	$ 275,950	$ 562,389
Less: unaccreted interest	-	(106,027)	-	-	(106,027)	-
	$ 348,512	$ 169,923	$ 376,805	$ 843,560	$ 169,923	$ 562,389

[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
2015	$ 1,925	$ 1,718
2016	1,965	1,680
2017	2,045	1,601
2018	2,125	1,519
2019	2,235	1,413
2020-2024	12,465	5,764
2025-2029	15,795	2,446
Total	$ 38,555	$ 16,141

Oakland Redevelopment Successor Agency

The debt service requirements for all debt are based upon a fixed rate of interest. The annual requirements to amortize outstanding tax allocation bonds and other long-term debt outstanding as of June 30, 2014, including mandatory sinking fund payments, are as follows (in thousands):

Year Ending	Tax Allocation Bonds		Housing Set-Aside Bonds		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 14,610	$ 18,036	$ 4,990	$ 7,809	$ 19,600	$ 25,845
2016	21,045	17,121	5,240	7,535	26,285	24,656
2017	23,295	15,878	5,505	7,226	28,800	23,104
2018	23,650	14,526	5,840	6,876	29,490	21,402
2019	25,520	13,127	6,205	6,506	31,725	19,633
2020-2024	95,790	45,050	31,110	26,110	126,900	71,160
2025-2029	37,585	30,220	12,530	19,394	50,115	49,614
2030-2034	49,005	18,412	13,395	15,570	62,400	33,982
2035-2039	38,845	4,674	17,990	10,703	56,835	15,377
2040-2042	2,840	212	14,800	2,134	17,640	2,346
Total	$ 332,185	$ 177,256	$ 117,605	$ 109,863	$ 449,790	$ 287,119

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, 2014, are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2015	$ 63,356 (1)	$ 60,062	$ 123,418
2016	71,321	56,773	128,094
2017	74,317	52,038	126,355
2018	60,551	47,841	108,392
2019	57,400	45,103	102,503
2020-2024	300,183	185,465	485,648
2025-2029	364,502	102,760	467,262
2030-2033	209,798	21,350	231,148
TOTAL	$ 1,201,428	$ 571,392	$ 1,772,820

(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 fiscal year 2014-2017 pursuant to the "Term Loan" provisions of the Commercial Paper Reimbursement Agreements.

The Port's required debt service payments on its Senior Lien Bonds and Intermediate Lien Bonds are due each May 1 and November 1 through May 1, 2033. The California Department of Boating and Waterways loan is due each August 1 through August 1, 2029. Commercial Paper has been classified as long-term debt because the Port has the intent and ability to continue to refinance this debt.

Current Year Long-Term Debt Financings

Oakland Redevelopment Successor Agency, Central District Redevelopment Project Subordinated Tax Allocation Refunding Bonds, Series 2013

On October 3, 2013, the Oakland Redevelopment Successor Agency issued $102,960,000 aggregate principal amount of Oakland Redevelopment Successor Agency Central District Redevelopment Project Subordinated Tax Allocation Refunding Bonds, Series 2013 (the "Series 2013 Bonds") to refund all of the outstanding Central District Redevelopment Project, Subordinated Tax Allocation Bonds, Series 2003 and Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2005, each previously issued by the Redevelopment Agency of the City of Oakland. The Series 2013 Bonds were issued with interest rates ranging from 3.00% to 5.00% producing yields ranging from 0.63% to 3.66%. The final maturity of the Series 2013 Bonds is September 1, 2022.

Issuance of the Series 2013 Bonds generated approximately $9.3 million or 8.49% in net present value savings which is approximately $10.0 million in debt service savings through 2022.

Sewer Revenue Refunding Bonds, 2014 Series A

On March 20, 2014, the City of Oakland issued $40,590,000 aggregate principal amount of City of Oakland Sewer Revenue Refunding Bonds, 2014 Series A (the "2014 Series A Bonds") to refund all of the outstanding City of Oakland Sewer Revenue Bonds, 2004 Series A. The 2014 Series A Bonds were issued with interest rates ranging from 2.00% to 5.00% producing yields ranging from 0.20% to 3.52%. The final maturity of the 2014 Series A Bonds is June 15, 2029.

Issuance of the 2014 Series A Bonds generated approximately $6.2 million or 12.74% in net present value savings which is approximately $13.4 million in debt service savings through 2029.

Master Lease - Installment Purchase Financing Contracts (IBM Phase I)

On September 4, 2013 and August 30, 2013, the City entered into Installment Purchase Financing Contracts (2013A Financing Contract and 2013B Financing), respectively in the amount of $ 10,683,407 for upgrades and enhancements to computer hardware and software for a new technology platform for the business and operational needs of the Oakland Police Department. The 2013A Financing in the amount of $7,948,283 was entered into with IBM Credit LLC on a tax-exempt basis with a final maturity of May 1, 2019; the interest rate on the financing is 2.86%. The 2013B Financing in the amount of $2,735,124 was executed with Oracle Credit Corporation on a tax-exempt basis with final maturities of October 1, 2017; the interest rate on the financings is 0.00%.

Master Lease – Installment Purchase Financing Contracts (IBM Phase II)

On June 30, 2014, the City of Oakland entered into a Master Lease-Purchase Agreement with IBM Credit LLC in the principal amount of $4,452,981 to finance the acquisition of upgrades and enhancements for the City's information technology systems. The transaction was issued for the renewal of on-going information technology operations and maintenance agreements. The financing was done on a tax-exempt basis with a final maturity of April 1, 2019; the interest rate on the financing is 2.76%.

Master Lease - Oracle Municipal Payment Plan Agreements (Phase I)

On March 1, 2014, the City of Oakland entered into Municipal Payment Plan Agreements with Oracle Credit Corporation in the principal amounts of $1,326,143 and $287,047 to finance the acquisition of various computer hardware and software systems including Oracle Business Intelligence Foundation Suite and Exalytics In-Memory Database. The financings were done on a tax-exempt basis with final maturities of October 1, 2017; the interest rate on the financings is 0.00%.

Master Lease - Oracle Municipal Payment Plan Agreement (Phase II)

On May 21, 2014, the City of Oakland entered into a Municipal Payment Plan Agreement with Oracle Credit Corporation in the principal amount of $581,162 to finance the acquisition of computer hardware and software for the storage and backup systems for the existing Exadata, Exalogic, and Exalytics environments. The financing was done on a tax-exempt basis with a final maturity of October 1, 2018; the interest rate on the financings is 0.00%.

Master Lease – Parking Meter Lease 2014

On April 30, 2014, the City of Oakland entered into a Master Lease-Purchase Agreement with JPMorgan Chase Bank, N.A. in the principal amount of $2,500,000 to finance the acquisition of a parking meter replacement system consisting of 4,300 new Smart Parking Meters and related equipment and services. The new Smart Parking Meters provide a credit card enable single-space meter mechanism which retrofits onto the current on-street parking meter poles. The financing was done on a tax-exempt basis with a final maturity of November 1, 2019; the interest rate on the financing is 1.55%.

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, 2014, the City has no defeased debt outstanding.

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, 2014 (in thousands):

	Authorized and Issued	Maturity	Outstanding at June 30, 2014
Oakland JPFA Revenue Bond 2001 Series A Fruitvale Transit Village (Fruitvale Development Corporation)	$ 19,800	07/01/33	$ 14,570
Redevelopment Agency of the City of Oakland, Multifamily Housing Revenue Bonds (Uptown Apartment Project), 2005 Series A [1]	160,000	10/01/50	-
TOTAL	$ 179,800		$ 14,570

[1] Full Redemeption for the Multifamily Housing Revenue Bonds (Uptown Apartment Project), Series A

(12) 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 (GPF) appropriation for each fiscal year. The GPF accounts for the City's operating budget that pays for basic programs and services as well as elected offices and municipal business functions. The GPF is reported within the General Fund.

The reserve policy established criteria for the use of GPF reserve, the use of excess Real Estate Transfer Tax (RETT) revenue, and use of one-time revenues, and to minimize draw-downs from the GPF 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 GPF reserves until such reserves reach 10 percent of current year budgeted GPF appropriations; and the remainder.
- 50 percent to repay negative Internal Service Fund balances.
- 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 negative fund balances in all other funds, unless legally restricted to other purposes.

As of June 30, 2014, the City has $109.1 million in the GPF fund balance. Of this amount, $36.7 million is set aside to meet the mandated 7.5% required reserve of $33.5 million, and is reported in the assigned fund balance of the General Fund.

(13) 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 $3,000,000 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 $10,000 deductible to be paid by the City. Vehicles are insured at full replacement value after a $20,000 deductible. Equipment valued at more than $250,000 is insured at full replacement after a $100,000 deductible and equipment valued at more than $250,000 is insured at full replacement cost after $20,000 deductible.

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 $83.5 million in claims liabilities as of June 30, 2014, approximately $21.1 million is estimated to be due within one year.

Changes in workers' compensation claims liabilities for the years ended June 30, 2014 and 2013 are as follows (in thousands):

	2014	2013
Self-insurance liability - workers' compensation, beginning of year	$ 80,596	$ 85,558
Current year claims and changes in estimates	24,651	17,297
Claims payments	(21,763)	(22,259)
Self-insurance liability - workers' compensation, end of year	$ 83,484	$ 80,596

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, 2014, the amount of liability determined to be probable of occurrence is approximately $32.3 million. Of this amount, claims and litigation approximating $12.8 million 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 ORSA are involved in various claims and litigation arising in the ordinary course of its activities. In the opinion of the ORSA'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 ORSA. 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, 2014 and 2013 are as follows (in thousands):

	2014	2013
Self-insurance liability - general liability, beginning of year	$ 28,554	$ 33,971
Current year claims and changes in estimates	28,165	13,652
Claims payments	(24,378)	(19,069)
Self-insurance liability - general liability, end of year	$ 32,341	$ 28,554

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, 2011, the self-insured retention levels and purchased insurance per occurrence are as follows:

Type of Coverage	Self-Insurance Retention	Insurance Authority/ Purchase Insurance (per occurrence/annual aggregate)
General Liability	Up to $3,000,000	$3,000,000 to $25,000,000
Automobile Liability	Up to $3,000,000	$3,000,000 to $25,000,000
Public Officials Errors and Omissions	Up to $3,000,000	$3,000,000 to $25,000,000
Products and Completed Operations	Up to $3,000,000	$3,000,000 to $25,000,000
Employment Practices Liability	Up to $3,000,000	$3,000,000 to $25,000,000
Workers' Compensation	Up to $750,000	$750,000 to $100,000,000

Discretely Presented Component Unit – Port of Oakland

Workers' Compensation

The workers' compensation liability of $11,182,000 at June 30, 2014 is based upon an actuarial study performed as of June 30, 2014 that assumed a probability level of 70% and a discount rate of 0.0%. Changes in the reported liability, which is included as part of environmental and other, follows (in thousands):

	2014	2013
Self-insurance liability - workers' compensation, beginning of year	$ 9,630	$ 8,190
Current year claims and changes in estimates	3,025	2,632
Claims payments	(1,473)	(1,192)
Self-insurance liability - workers' compensation, end of year	$ 11,182	$ 9,630

General Liability - Insurance

The Port purchases insurance on certain risk exposures including but not limited to property, crane, rail, automobiles liability, airport liability, umbrella liability, environmental liability, fidelity, fiduciary liability, and public officials liability. Port deductibles for the various insured programs range from $10,000 to $1,000,000 each claim. The Port is self-insured for other general liability and liability/litigation-type claims, workers' compensation of the Port's employees and most first party earthquake exposures. During fiscal year 2014, the Port carried excess insurance over $1,000,000 for the self-insured general liability and workers compensation exposures. There have been no claim payments related to these programs that exceeded insurance limits in the last three years.

As of June 30, 2014, 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 and the Port's insurance may cover a portion of any losses. Port management may make provision for probable losses if deemed appropriate on the advice of legal counsel. To the extent that such provision for damages is considered necessary, appropriate amounts are reflected in the accompanying financial statements. A summary of the reported liability included within the environmental remediation and other liability on the statement of net position is as follows (in thousands):

	2014	2013
Self-insurance liability - general liability, beginning of year	$ 290	$ 5,663
Current year claims and changes in estimates	(290)	(926)
Claims payments	-	(4,447)
Self-insurance liability - general liability, end of year	$ -	$ 290

On July 18, 2013, the port settled litigation with one of the Port's long-term seaport tenants, SSA Terminals, LLC and SSA Terminals (Oakland), LLC (collectively, SSAT). The settlement involved four of the Port's then seven marine terminals, and allowed SSAT to create a 350-acre mega-terminal at the Port's middle harbor. Under the settlement, SSAT leases two terminals through 2022 at substantially similar rates and conditions, and assumes the lease on a third terminal through 2016, with one option to extend to 2022. Additionally, the Port agreed to terminate SSAT's current lease at a forth terminal effective September 30, 2013.

Capital Improvement Projects

The Port maintains an Owner Controlled Insurance Program (OCIP) and Professional Liability Insurance Program (PLIP) for contractors and consultants working on Port Capital Improvement Projects (CIP).

OCIP provides general liability insurance and workers' compensation insurance for contractors working on CIP projects. The Port is responsible for payment of the deductible/self-insured retention, which is currently $100,000 for each general liability and workers' compensation claim. The Port's OCIP insurance broker provided an actuarial forecast for this program that projects losses within the deductible/self-insured retention, which have not yet been accrued, of approximately $507,000 through program expiration in July 2014.

The PLIP provides professional liability insurance for consultants working on Port CIP projects. Subject to this program, the consultants separately are responsible for paying the deductible/self-insured retentions, which are $50,000 for consultants with annual revenues under $20,000,000 and $1,000,000 for consultants with annual revenues over $20,000,000. The Port's deductible/self-insured retention is $1,000,000. There is no actuarial forecast for this coverage.

(14) JOINT VENTURE

Oakland-Alameda County Coliseum

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.

Stadium Bonds – Background

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 to retire the 1995 Series B-1 and B-2 Variable Rate Lease Revenue Stadium Bonds. The balance was reduced to $137.4 million as of May 31, 2012 through annual principal payments and optional calls.

On May 31, 2012, the Authority issued $122.8 million in Refunding Bonds Series 2012 A with coupons of 2 to 5 percent to refund and defease all outstanding variable rate 2000 Series C Refunding Bonds. The bonds were priced at a premium, bringing total proceeds to $138.1 million.

These funds coupled with $13 million in the 2000 Series C reserve fund generated a total available funds of $151.1 million which was used to refund the 2000 C Refunding Bonds of $137.4 million, fund a reserve fund of $12.8 million and to pay underwriter's discount and issuance cost of $0.9 million. The all-in-interest cost of the 2012A refunding bonds was 3.04 percent.

There was an economic loss of $23 million (difference between the present value of the old and the new debt service payments) due to the low variable interest rates on the old bonds and the higher fixed rates on the new bonds. The Authority was unable to maintain the bonds at a variable rate because it was not able to renew the letters of credit as required due to the tightening of the credit markets since 2008. However, the Authority was able to take advantage of the fixed rate market with historically low interest rates and issued fixed rate bonds that generated a premium of $15.3 million.

The Stadium Bonds are limited obligations of the Coliseum Authority payable solely from certain revenues of the Coliseum Authority, including revenues from the Stadium and Arena Complex and base rental payments from the City and the County. The source of the Coliseum Authority's revenues relating to football games consists primarily of a portion of the club dues, concession, and parking payments. The Coliseum 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. In the event that 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 shortfall 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. Base rental payments are projected to cover one hundred percent of the debt service requirements over the life of the bonds. The obligation of the City and the County to make such payments is reduced to the extent the Coliseum Authority receives revenues generated at the complex to pay debt service and for operations and maintenance. The Stadium Bonds are not general obligations of either the City or the County.

Arena Bonds – Background

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 are limited obligations of the Coliseum Authority, payable solely from revenues received by the Coliseum Authority on behalf of the City and the County. Revenues consist of base rental payments from the City and County, certain payments from the Warriors of up to $7.428 million annually from premium seating revenues, the sale of personal seat licenses by the Coliseum Authority, concessionaire payments and Arena naming rights. If necessary to prevent default, additional premium revenues up to $10 million may be pledged to service Arena debt. 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 the County are obligated to make up the shortfall in the base rental payments 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 City could have to pay up to $19 million annually in the event of default by the County.

Allied Irish Bank had issued a direct-pay letter of credit for the Series A-2 Lease Revenue Bonds. Over the past several years, the bank's credit rating decreased significantly, increasing the interest rates the Coliseum Authority had to pay on the bonds. The Coliseum Authority replaced Allied Irish Bank with The Bank of New York as the letter of credit provider, so currently both bond series are backed by The Bank of New York.

Debt Compliance

Long-term debt outstanding as of June 30, 2014 is as follows:

	Maturity	Interest Rate	Authorized and Issued	Outstanding
Stadium Bonds				
2012 Refunding Series A Lease Revenue Bonds	February 1, 2025	Fixed	$ 122,815	$ 106,450
Arena Bonds				
1996 Series A-1 Lease Revenue Bonds	February 1, 2026	Variable	70,000	43,205
1996 Series A-2 Lease Revenue Bonds	February 1, 2026	Variable	70,000	41,680
Subtotal			140,000	84,885
Total Long-term debt			$ 262,815	$ 191,335

The following is a summary of long-term debt transactions for the year ended June 30, 2014:

Outstanding lease revenue bonds, July 1, 2013	$ 204,085
Principal repayments	(12,750)
Outstanding lease revenue bonds, June 30, 2014	191,335
Amount due within one year	(12,710)
Amount due beyond one year	$ 178,625

Debt payments during the fiscal year ended June 30, 2014 were as follows:

	Stadium	Arena	Total
Principal	$ 7,340	$ 5,410	$ 12,750
Interest	5,467	215	5,682
Total	$ 12,807	$ 5,625	$ 18,432

Debt service requirements for the Coliseum Authority debt:

For the Period	Stadium Bonds		Arena Bonds		Total	
Ending June 30,	Principal	Interest	Principal	Interest [1]	Principal	Interest
2015	$ 7,560	$ 5,246	$ 5,150	$ 141	$ 12,710	$ 5,387
2016	7,865	4,944	5,400	132	13,265	5,076
2017	8,255	4,552	5,800	122	14,055	4,674
2018	8,670	4,138	6,200	112	14,870	4,250
2019	9,100	3,706	6,600	102	15,700	3,808
2020-2024	52,805	11,226	40,850	316	93,655	11,542
2025-2026	12,195	610	14,885	23	27,080	633
Total	$ 106,450	$ 34,422	$ 84,885	$ 948	$ 191,335	$ 35,370

(1) As of June 30, 2014, the variable interest rates for the Arena Bonds, which includes Lease Revenue Bonds Series A-1 and Series A-2, were 0.18% and 0.17%, respectively.

Management of Coliseum Authority

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 expired in June 2012. In July 2012, AEG Management Oakland, LLC took over management of the Coliseum Complex after signing a five year agreement.

Under the joint exercise of power 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. During the year ended June 30, 2014, the County made contributions of $9.925 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 $9.894 million for the year ending June 30, 2015. 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 position in an amount equal to its contingent share (50 percent) of the outstanding Stadium Bonds, in the amount of $53.225 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.

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.

(15) RETIREMENT PLANS

The City has four defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS), and the California Public Employees' Retirement System (PERS) Public Safety Retirement Plan and Miscellaneous Retirement Plan. 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, 2013	July 1, 2014	June 30, 2013

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, 2014 standalone 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, 2014, the contribution rate was 5.47%. 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 March 1997 to fund PFRS through June 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.

In November 2007, City voters passed Measure M to modify the City Charter to allow PFRS to invest in non-dividend paying stocks and to switch the asset allocation structure from 50% equities and 50% fixed income to the Prudent Person Standard.

Effective July 1, 2011, the City resumed contributing to PFRS pension obligations. The City contributed a total of $45,507,996 to PFRS for the year ended June 30, 2012. Using the current actuarial cost method, these contributions are based on spreading costs as a level percentage of all uniformed employees' compensation through June 30, 2026. Budgeted administrative expenses are included in the City contribution rates. The City must contribute, at a minimum, such amounts as are necessary, on an actuarial basis, to provide assets sufficient to meet benefits to be paid to plan members.

On July 30, 2012, the City issued additional Pension Obligation Bonds (Series 2012) and contributed $210,000,000 to PFRS. As a result of a funding agreement entered into between the PFRS Board and the City, no additional contributions are required until July 1, 2017. See Note 11 for additional information.

As of July 1, 2013 (the date of the last PFRS actuarial valuation), the unfunded actuarial accrued liability is approximately $215,000,000.

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, 2014, were as follows:

Annual Required Contribution (ARC)	$	(20,300,000)
Interest on pension asset		26,228,942
Adjustment to the annual required contribution		(31,613,144)
Annual Pension Cost		(25,684,202)
Pension contribution		-
Net pension assets, beginning of year		327,861,776
Net pension assets, end of year	$	302,177,574

The following table shows the City's annual pension cost and the percentage contributed for the fiscal year 2014 and each of the two preceding years:

Fiscal Year Ended June 30	Annual Pension Cost	Pension Contribution	Percentage (%) Contributed	Net Pension Asset
2012	$ 47,235,275	$ 45,507,996	96%	$ 154,373,983
2013	36,512,207	210,000,000	575%	327,861,776
2014	25,684,202	-	0%	302,177,574

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)
7/1/2013	$ 655.4	$ 440.4	$ 215.0	67.2%	$ -	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 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, 2014 are as follows:

Description	Method/Assumption	Method/Assumption
Valuation Date	July 1, 2013 [1]	July 1, 2012 [2]
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Investment Rate of Return	6.75%	6.75%
Inflation Rate, U.S.	3.25%	3.25%
Inflation Rate, Bay Area	3.375%	3.375%
Long-term General Pay Increases	3.975%	3.975%
Long-term Postretirement Benefit Increases	3.975%	3.975%
Amortization Method	Level Dollar	Level Dollar
Amortization Period	23 years closed as of July 1, 2013	23 years closed as of July 1, 2013
Asset Valuation Method	Market value adjusted to reflect investment earnings greater than (or less than) the assumed rate over a five-year period.	Expected actuarial value plus 20% of the difference from market value, with 110% and 90% market value corridor.

[1] The July 1, 2013 valuation was used to determine the funded status
[2] The July 1, 2012 valuation was used to determine the annual required contribution for fiscal year 2014

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, 2014 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, 2014, 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.

On November 4, 2014, City of Oakland voters passed Oakland Measure EE, which grants the City of Oakland Council the authority to terminate OMERS by purchasing a group annuity contract to guarantee pension payments to the remaining OMERS' retirees and beneficiaries. This Measure is effective January 2015.

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)
7/1/2014	$ 2,824	$ 4,774	$ (1,950)	169.1%	$ -	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, 2014 are as follows:

Description	Method/Assumption	Method/Assumption
Valuation Date	July 1, 2014 [1]	July 1, 2012 [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	6.25%	6.25%
Inflation Rate	3.25%	3.25%
Cost-of-living Adjustments	3.00%; 3.375%	3.00%
Amortization Method	Closed Level Dollar	Closed Level Dollar
Amortization Period	6 Years	6 Years

[1] The July 1, 2014 valuation was used to determine the funded status
[2] The July 1, 2012 valuation was used to determine the annual required contribution for fiscal year 2014

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.

	Employee Organization	
Tier Pension Plans	**Safety**	**Miscellaneous**
Tier One (Classic Member)	Receive 3% at age 50. Pension benefits are based on the one year of highest salary.	Receive 2.7% at age 55. Final compensation is based on the twelve (12) highest paid consecutive months.
Tier Two (New Hires as of June 9, 2011)	Receive 3% at age 55. Pension benefits are based on the final average salary of 3 years under the Government Code 20037.	Receive 2.5% at age 55. Final compensation is based on the highest average annual compensation of the three consecutive years.
Tier Three: AB 340 (January 1, 2013)	Basic: 2% at age 57. Option 1: 2.5% at age 57. Option 2: 2.7% at age 57. Pension benefits are based on the final average salary of 3 years subject to established cap.	2% at 62 Pension benefits are based on the final average salary of 3 years subject to established cap.

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 27.295% for non-safety employees and 33.346% 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 2013-14, the City's annual pension costs of $48.8 million for the Safety Plan and $49.8 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, 2011, 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 millions):

Safety Plan

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	$ 46.8	100%	$ -
2013	46.5	100%	-
2014	48.8	100%	-

Miscellaneous Plan

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	$ 42.2	100%	$ -
2013	42.9	100%	-
2014	49.8	100%	-

Funded Status and Funding Progress for PERS' Retirement Plans

Safety Plan

As of June 30, 2013, the most recent actuarial valuation date, the Safety Plan was 67.9% funded. The actuarial accrued liability for benefits was $1,487,554,559 and the actuarial value of Plan assets was $1,009,460,115 resulting in an unfunded actuarial accrued liability (UAAL) of $478,094,444. The annual covered payroll was $116,889,443, and the ratio of the UAAL to the annual covered payroll was 409.0%.

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, 2014 are as follows:

Description	Method/Assumption	Method/Assumption
Valuation Date	June 30, 2013 [1]	June 30, 2011 [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		32 years closed as of the Valuation Date
Asset Valuation Method	Market Value	15 Years Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.50% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, service, and type of employment	3.30% to 14.20% depending on Age, service, and type of employment

[1] The July 1, 2013 valuation was used to determine the funded status
[2] The July 1, 2011 valuation was used to determine the annual required contribution for fiscal year 2014

Description	Method/Assumption	Method/Assumption
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

Miscellaneous Plan

As of June 30, 2013, the most recent actuarial valuation date, the Miscellaneous Plan was 69.5% funded. The actuarial accrued liability for benefits was $2,153,399,419 and the actuarial value of plan assets was $1,496,650,907, resulting in an unfunded actuarial accrued liability (UAAL) of $656,748,512. The annual covered payroll was $183,384,391 and the ratio of the UAAL to the annual covered payroll was 358.1%. 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, 2014 are as follows:

Description	Method/Assumption	Method/Assumption
Valuation Date	June 30, 2013 [1]	June 30, 2011 [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		19 years closed as of the Valuation Date
Asset Valuation Method	Market Value	15 Years Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.50% (net of administrative expenses)	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service, and type of employment	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.25%

[1] The July 1, 2013 valuation was used to determine the funded status
[2] The July 1, 2011 valuation was used to determine the annual required contribution for fiscal year 2014

Description	Method/Assumption	Method/Assumption
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

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.

(16) 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.

As of June 30, 2014, the City began to partially pre-fund the annual required contribution (ARC) to the California Employer's Retiree Benefit Trust (CERBT), an agent multiple-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 City's single-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 $20,632,950 for retirees under this program for the year ended June 30, 2014.

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, 2014 were as follows (in thousands):

Annual Required Contribution (ARC)	$	39,418
Interest on net OPEB obligation		12,033
Adjustment to ARC		(10,975)
Annual OPEB cost		40,476
Employer Contribution		(20,633)
Increase in net OPEB obligation		19,843
Net OPEB obligation, beginning of year		215,252
Net OPEB obligation, end of year	$	235,095

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 OPEB Cost Contributed	Net OPEB Obligation
2012	$ 46,401	36.2%	$ 186,583
2013	46,291	38.1%	215,252
2014	40,476	51.0%	235,095

OPEB Funded Status and Funding Progress

As summarized in the table below, as of July 1, 2013, the most recent actuarial valuation date, the City's Retiree Health Plan was zero percent funded on an actuarial basis. Changes to the UAAL for the OPEB Plan was primarily the result of the actuarial value of assets being zero. The City is on a pay-as-you-go funding progress and as June 30, 2014, it has begun to partially pre-fund the annual required contribution (ARC) to CERBT. As of June 30, 2014, the City has $2.2 million set aside for future liabilities. The specific funded status for the OPEB plan is summarized in the table below, as of July 1, 2013 (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)
7/1/2013	$ 463,851	$ -	$ 463,851	0.0%	$ 322,170	144%

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, 2014 and the funded status as of July 1, 2013 are as follows:

Description	Method/Assumption
Valuation Date	July 1, 2013
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	30 years open as of the Valuation Date
Asset Valuation Method	5 Years Smoothed Market
Actuarial Assumptions:	
Discount Rate [1]	5.59%
Projected Salary Increases	2.5% per year growth
Inflation	3.00%
Demographic Rate	Retirement benefit at 3% 50 formula for Safety employees and at 2.7% @ 55 formula for Miscellaneous employees.
Health Care Cost Trends Rate	7.25% for fiscal year 2014, graded down to 5.00% for fiscal year 2025 and beyond. For post-Medicare benefits the trend rate for health claims is 6.00% for fiscal year 2014 grading down to 5.00% for 2025 and beyond. The trend for fiscal year 2013 is based on the actual known premium rate changes. The trend rate is determined by the Plan sponsor based on historical data and anticipated experience under the Plan.

[1] The City began to partially pre-fund the ARC in June 2014 by participating in CERBT sponsored by CalPERS, and therefore the discount rate is a blend of the expected return on assets for the CERBT assets and 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), an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. The CERBT is an Internal Revenue Code Section 115 trust and an investment vehicle that can be used by all California public employers to prefund future retiree health and Other Postemployment Benefits (OPEB) costs.

The Port's Retiree Health Plan allows eligible retirees and their dependents to receive employer paid medical insurance benefits through CalPERS, subject to certain limitations described below. Additionally, through the Port's Retiree Health Plan, employees hired before October 1, 2009 [before January 1, 2013 for members of the Services Employees International Union (SEIU) and International Brotherhood of Electrical Workers (IBEW)] are eligible to receive dental and vision benefits.

Prior to 2011, eligible retirees must have attained the age of fifty or over at the time of retirement, have five or more years of CalPERS service, and must be eligible to receive PERS retirement benefits. On July 21, 2011, the Port adopted resolutions that established a Health Benefit Vesting Requirement for employees hired on or after September 1, 2011 (on or after April 1, 2013 for members of SEIU and IBEW).

Under the adopted vesting schedule, the Port shall pay a percentage of retiree medical coverage for a retiree and his or her eligible dependents based on the provisions of Section 22893 of the California Government Code. Under these rules, a retiree must have at least 10 years of credited service with a CalPERS agency, at least five of which are with the City/Port. The Port will pay a percentage of employer contributions for the Retiree based upon the following:

Years of Credited Service (at least 5 of which are with the City/Port)	Percentage of Employer Contributions
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20	100

Funding Policy

Benefit provisions are established and are amended through negotiations between the Port and the various bargaining units during each bargaining period. The Port pays a portion of retiree benefit expenses on a pay-as–you-go basis to third parties, outside of the CERBT fund, and funds the remaining annual required contribution (ARC) to the CERBT fund.

As of June 30, 2014, there were approximately 535 employees who had retired from the Port and were participating in the Port's Retiree Health Plan. During fiscal year ended June 30, 2014, the Port contributed $5,800,000 to the CERBT and made payments of $7,028,398 on behalf of eligible retirees to third parties outside of the CERBT fund.

Annual OPEB Cost and Net OPEB Obligation

The Port's annual OPEB cost is equal to (a) ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45, plus (b) one year's interest on the beginning balance of the net OPEB obligation, and minus (c) an adjustment to 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.

The following table shows the components of the Port's annual OPEB cost for the year, the amount contributed to the CERBT, and changes in the Port's net OPEB obligation to the Plan as of June 30, 2014 (in thousands):

Annual Required Contribution (ARC)	$	12,844
Interest on net OPEB obligation		732
Adjustment to ARC		(787)
Annual OPEB cost		12,789
Employer Contribution		(12,828)
Increase in net OPEB obligation		(39)
Net OPEB obligation, beginning of year		10,453
Net OPEB obligation, end of year	$	10,414

The Port's annual OPEB cost and net OPEB obligation are as follows (in thousands):

Fiscal Year Ended June 30,		Annual OPEB Cost	Percentage OPEB Cost Contributed		Net OPEB Obligation
2012	$	10,983	99.6%	$	10,510
2013		10,984	100.5%		10,453
2014		12,789	100.3%		10,414

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, 2013, 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)
6/30/2013	$	136,616	$	30,715	$	105,901	22.5%	$	47,823	221%

Actuarial Methods and Assumptions

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.

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.

The actuarial cost method used for determining the benefit obligations of the Port is the Projected Unit Credit Cost Method. Under the principles of this method, the actuarial present value of the projected benefits is the value of benefits expected to be paid for active and retired employees. The AAL is the present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The ARC for fiscal year 2014 was based on an actuarial valuation of the Port's plan as of June 30, 2013, which amortized the Port's UAAL over a "closed" period of 30 years.

Actuarial assumptions used for the valuation of the Port's plan include a discount rate, which is based on the CERBT expected rate of return for the plan assets, and annual health care cost trends, which is based on the "Getzen"model published by the Society of Actuaries. The demographic assumptions regarding turnover and retirement are based on statistics from reports for CalPERS under a "2.7% @ 55" benefit schedule. The June 30, 2013 valuation used a discount rate of 7.00% and annual healthcare costs were assumed to increase at rates ranging from 2.75% to 7.25%.

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.

(17) COMMITMENTS AND CONTINGENT LIABILITIES

Construction Commitments

The City has committed to funding in the amount of $314.5 million to a number of capital improvement projects for fiscal year 2015 through fiscal year 2016. As of June 30, 2014, the City had construction commitments for the acquisition and construction of assets as follows (in thousands):

Building, facilities and infrastructure	$	23,533
Parks and open space		15,479
Sewers and storm drains		41,636
Streets and sidewalks		201,341
Technology enhancements		17,831
Traffic improvements		14,664
Total	$	314,484

Other Commitments and Contingencies

Long-Range Property Management Plan ("LRPMP")

Under ABx1 26, adopted on June 28, 2011, as amended by AB 1484 adopted on June 27, 2012, all new redevelopment activities were suspended, with limited exceptions, and redevelopment agencies were dissolved on February 1, 2012, and replaced with successor agencies. Under this legislation, the Oakland Oversight Board, the California Department of Finance ("DOF") and the California State Controller's Office have varying degrees of responsibility and oversight over the dissolution process and successor agency activities. Health and Safety Code section 34179.7 provides that DOF will issue a finding of completion to a successor agency that makes required payments of available cash assets for distribution to taxing entities. On May 29, 2013, the Oakland Redevelopment Successor Agency ("ORSA"), after making its required payments, received its Finding of Completion from DOF.

On May 29, 2014, pursuant to Health and Safety Code ("HSC") section 34191.4, the California Department of Finance approved ORSA Long-Range Property Management Plan ("LRPMP") addressing the disposition and use of the former Agency properties and authorizing the disposition of properties pursuant to the plan.

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, 2014, environmental remediation clean up activities has not been completed yet. The ORSA has set-aside $300 thousand in escrow to cover the remaining environmental obligations.

Oakland Army Base Environmental Remediation

Land held for the Oakland Army Base project 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 former redevelopment agency and the Port are responsible for the first $13.0 million of environmental remediation costs; including environmental remediation insurance. The former 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 former 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). In FY 2013-14, the City received the $2.1 million from the Army.

The next $11.0 million of environmental remediation costs are to be shared equally by the City and the Port. As of June 30, 2014, the City has recorded its remaining share of $1.6 million in estimated environmental cost under long-term liabilities. 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 City and the Port have agreed to share equally in any environmental remediation-related costs above $21 million that are not covered by insurance.

As part of the City and the former Agency properties purchase and sale agreement of March 3, 2011, the Oakland Army Base operations and remediation liabilities have been transferred to the City. In August 2013, the State Controller's Office, pursuant to Health and Safety Code section 34167.5 asset transfer review deemed the Oakland Army Base properties allowable and recommended for the City to the Oakland Army Base and its assets. The City 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

As of June 30, 2014, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

Aviation	$	94,251
Maritime		51,787
Commercial real estate & Support Division		64
Total	$	146,102

The most significant projects for which the Port has contractual commitments for construction are: Runway Safety Area of $6.6 million, Airport Terminal Renovation projects of $84.6 million and, phase 1 of the new rail terminal project on Port-owned OAB property of $48.3 million.

Power Purchases

The Port purchases electrical power for resale and self-consumption and currently has three power purchase agreements with East Bay Municipal Utility ("EBMUD"), the Western Area Power Administration ("WAPA") and SunEdison, LLC ("SunEdison") with expiration dates greater than four years.

Counterparty	Contract Ending Year	Contract Structure	Estimated Output	Estimated Annual Cost
EBMUD	2017	Take and Pay - (Pay contract price only if energy is received)	8,000 MWH	Approx. $584,000 with no annual escalator
WAPA	2024	Take or Pay - (Pay contract price without regard to energy received)	17,000 MWH	Approx. $800,000 (Changes annually depending on revenue requirement for power generation projects)
SunEdison	2027	Take or Pay - (Pay contract price only if energy received)	1,200 MWH	Approx. $200,000 with annual escalator

In addition to the aforementioned power purchase agreements, the Port had outstanding, as of June 30, 2014, approximately $3.6 million of power purchases contracts with Powerex Corporation and Shell Energy North America with expiration dates of 18 months or less.

Environmental Remediation

The entitlements for the Airport Development Program ("ADP") subject the Port to obligations arising from the adopted ADP Mitigation Monitoring and Reporting Program required under: the California Environmental Quality Act; permits issued by numerous regulatory agencies including the Regional Water Quality Control Board and the Bay Conservation and Development Commission; and settlement agreements. The majority of these obligations have been met, and monitoring and reporting are ongoing.

A summary of the Port's environmental remediation liability accounts, net of the estimated recoveries, included in long-term obligations on the statement of net position at June 30, 2014, is as follows (in thousands):

Obligating Event	Liability	Estimated Recovery
Pollution poses an imminent danger to the public or environment	$ 434	$ -
Violated a pollution prevention-related permit or license	-	-
Identified as responsible to clean up pollution	9,532	988
Named in a lawsuit to compel to clean up	10	-
Begins or legally obligates to clean up or post-clean up activities	3,497	61
Total by Obligating Event	$ 13,473	$ 1,049

The environmental remediation 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).

Methods and Assumptions

The Port measured the environmental liabilities for pollution remediation sites on Port-owned property using the Expected Cash Flow technique. The measurements are based on the current value of the outlays expected to be incurred. The cash flow scenarios include each component which can be reasonably estimated for outlays such as testing, monitoring, legal services and indirect outlays for Port labor instead of ranges of all components. Reasonable estimates of ranges of possible cash flows are limited from a single scenario to a few scenarios. Data used to develop the cash flow scenarios is obtained from outside consultants, Port staff, and the Port's outside legal counsel.

Changes to estimates will be made when new information becomes available. Estimates for the pollution remediation sites will be developed when the following benchmarks or changes in estimated outlays occur:

- Receipt of an administrative order.
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation.
- Completion of a corrective measures feasibility study.
- Issuance of an authorization to proceed.
- Remediation design and implementation, through and including operation and maintenance and post-remediation monitoring.

- Change in the remediation plan or operating conditions, including but not limited to type of equipment, facilities and services that will be used and price increases.
- Changes in technology.
- Changes in legal or regulatory requirements.

Recoveries

Estimated future recoveries that are listed on the prior page have been netted against the environmental remediation and other liability accounts. In calculating the estimated future recoveries, Port staff and outside legal counsel reviewed and applied the requirements of GASB Statement No. 49 for accounting for recoveries. For example, if a Port tenant has a contract obligation to reimburse the Port for certain pollution remediation costs, or if an insurance carrier has paid money on a certain claim and the Port is pursuing additional costs from the insurance carrier associated with the claim, then a recovery was estimated. If an insurance carrier has not yet acknowledged coverage, then a recovery was not estimated.

(18) DEFICIT FUND BALANCES/NET POSITION AND EXPENDITURES OVER BUDGET

As of June 30, 2014, the following funds reported deficits in fund balance/net position (in thousands):

Special Revenue:		
Federal/State Grant Fund	$	(4,194)
Internal Service Funds:		
Facilities	$	(17,149)
Reproduction		(1,609)
Central Stores		(3,834)
Purchasing		(141)

The deficit in the Federal/State Grant Fund will be cleared by grant reimbursement submitted to granting agencies, but revenue has not been received within the City's availability period. The City's facilities, reproduction, central stores, and purchasing fund deficits are expected to be funded through increased user charges in future years. During the 2011-13 Budget, the City revised the repayment plan for the internal service funds to eliminate the funds net position 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, 2014, the Other Assessment Bonds debt service fund reported expenditures in excess of budgets by $25 thousand, which is primarily attributed to administrative and commission costs associated with property tax collection and levy.

(19) SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

On July 9, 2014, the City issued the 2014-15 Tax and Revenue Anticipation Notes (the "Notes") in the principal amount of $55,000,000 with final maturity on June 30, 2015. The Notes were successfully sold on a competitive basis and were priced with an interest rate of 1.00% to yield 0.11% at 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.

Master Lease - 2014 Vehicles and Equipment

On November 14, 2014, the City entered into a Master Lease-Purchase Agreement with Banc of America Public Capital Corp in the principal amount of $15,731,000 to finance the acquisition of 269 pieces of equipment and vehicles. The financing was done on a tax-exempt basis with a final maturity of January 15, 2025; the interest rates on the financing are 1.174-2.177%.

City of Oakland v. Oakland Police and Fire Retirement System, et al., Alameda County Superior Court case number RG 11580626

This lawsuit was initiated by the City of Oakland in June 2011, and seeks to stop the System from paying retirement benefits based on certain holidays and shift differential premium pay (7.25%) to many police retirees. The City also seeks an order requiring the System to collect back overpayments. After the initial judgment was issued in September 2012, it was appealed to the First District Court of Appeal. The Court of Appeal issued its ruling in February 2014, and the trial court entered an amended writ and judgment in August 2014.

The writ and judgment direct the PFRS board to cease paying excessive holidays and the shift differential premium. In September and October 2014, the PFRS Board passed resolutions #6819 and #6824 to seek 100% recovery of the combined overpayments, which total approximately $3.9 million. The PFRS Board has not yet decided on the method and timing of recovering the overpayments.

The impact of the court decisions and PFRS Board actions thus far is a reduction in the monthly payout of retiree benefits (due to the elimination of the 7.25% shift differential premium and 17.417 excessive holidays). These actions could increase the fund by approximately $3.9 million, depending on the recovery from retirees and beneficiaries.

Measure EE - Termination and Winding Up of OMERS Retirement System

On November 4, 2014, City of Oakland voters passed Oakland Measure EE, which grants the City of Oakland Council the authority to terminate OMERS by purchasing a group annuity contract to guarantee pension payments to the remaining OMERS' retirees and beneficiaries. This Measure is effective January 2015.

REQUIRED SUPPLEMENTARY INFORMATION

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)
7/1/2011	$ 683,200,000	$ 256,400,000	$ 426,800,000	37.5%	$ 100,000	426800%
7/1/2012	658,300,000	257,200,000	401,100,000	39.1%	100,000	401100%
7/1/2013	655,400,000	440,400,000 *	215,000,000	67.2%	-	N/A

* The increase in the actuarial value of assets reflects the City's pension contribution of $210 million of Pension Obligation Bond proceeds on July 30, 2012.

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)
7/1/2010	5,471,000	4,728,000	743,000	86.4%	-	N/A
7/1/2012	3,630,000	4,448,000	(818,000)	122.5%	-	N/A
7/1/2014	2,824,000	4,774,000	(1,950,000)	169.1%	-	N/A

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)
6/30/2011	$ 1,357,816,142	$ 1,023,866,075	$ 333,950,067	75.4%	$ 130,530,316	255.8%
6/30/2012	1,398,098,675	1,080,138,724	317,959,951	77.3%	118,924,175	267.4%
6/30/2013	1,487,554,559	1,009,460,115	478,094,444	67.9%	116,889,443	409.0%

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)
6/30/2011	$ 2,025,140,791	$ 1,615,939,765	$ 409,201,026	79.8%	$ 194,123,413	210.8%
6/30/2012	2,080,205,749	1,655,997,001	424,208,748	79.6%	184,568,347	229.8%
6/30/2013	2,153,399,419	1,496,650,907	656,748,512	69.5%	183,384,391	358.1%

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)
7/1/2010	$ 520,882,498	$ -	$ 520,882,498	0.0%	$ 310,154,816	167.9%
7/1/2012	553,530,074	-	553,530,074	0.0%	304,373,447	181.9%
7/1/2013	463,850,944 *	-	463,850,944	0.0%	322,169,792	144.0%

* The City began to partially pre-fund the annual required contribution in the year ended June 30, 2014 by participating in to CERBT sponsored by CalPERS, which increased the discount rate to 5.59%.

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)
1/1/2011	$ 131,327,000	$ 13,373,000	$ 117,954,000	10.2%	$ 45,248,000	261%
6/30/2011	128,906,000	19,145,000	109,761,000	14.9%	44,627,000	246%
6/30/2013	136,616,000	30,715,000	105,901,000	22.5%	47,823,000	221%

CITY OF OAKLAND
Required Supplementary Information (unaudited) (continued)
For the Year Ended June 30, 2014

Budgetary Comparison Schedule - General Fund

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 202,130	$ 204,556	$ 205,895	$ 1,339
Sales and use tax	46,051	48,893	46,956	(1,937)
Local taxes:				
Business license	59,240	59,850	62,905	3,055
Utility consumption	50,000	49,128	50,422	1,294
Real estate transfer	40,365	56,745	59,060	2,315
Transient occupancy	12,620	14,567	14,578	11
Parking	9,235	7,947	8,444	497
Franchise	15,535	15,535	16,401	866
Licenses and permits	1,436	1,924	1,388	(536)
Fines and penalties	23,090	26,247	22,809	(3,438)
Interest and investment income	715	715	1,003	288
Charges for services	69,209	70,757	77,978	7,221
Federal and state grants and subventions	1,188	1,636	4,911	3,275
Annuity income	9,624	9,624	2,040	(7,584)
Other	9,062	8,209	-	(8,209)
TOTAL REVENUES	549,500	576,333	574,790	(1,543)
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	2,109	2,136	1,984	152
Council	3,699	3,918	3,623	295
City Administrator	21,961	15,075	11,328	3,747
City Attorney	10,577	18,075	13,822	4,253
City Auditor	1,556	1,663	1,650	13
City Clerk	1,967	2,603	1,777	826
Administrative Service Department:				
Human Resource Management	5,645	5,904	4,902	1,002
Information Technology	8,396	11,533	8,293	3,240
Financial Services	20,802	25,500	17,781	7,719
Public Safety Department:				
Police	186,007	202,292	200,273	2,019
Fire	97,894	99,741	96,951	2,790
Community Service Department:				
Parks and Recreation	18,431	18,159	18,372	(213)
Library	9,061	9,192	8,995	197
Health and Human Services	7,204	8,184	6,881	1,303
Housing and Community Development Department:				
Planning and Building	1,017	1,042	80	962
Economic and Workforce Development	236	-	7,134	(7,134)
Housing & Community Development	3,555	8,180	2,309	5,871
Public Works	34,929	39,681	40,539	(858)
Other	29,738	28,594	10,419	18,175
Capital outlay	1,665	6,320	2,243	4,077
Debt service:				
Principal repayment	2,555	3,037	2,923	114
Bond issuance costs	-	230	209	21
Interest charges	361	557	537	20
TOTAL EXPENDITURES	469,365	511,616	463,025	48,591
EXCESS OF REVENUES OVER EXPENDITURES	80,135	64,717	111,765	47,048
OTHER FINANCING SOURCES (USES)				
Capital lease	-	2,500	2,500	-
Property sale proceeds	-	-	89	89
Insurance claims and settlements	-	-	864	864
Transfers in	62,759	66,543	2,907	(63,636)
Transfers out	(146,259)	(146,629)	(112,490)	34,139
TOTAL OTHER FINANCING USES, NET	(83,500)	(77,586)	(106,130)	(28,544)
SPECIAL ITEM:				
Transfer of excess tax allocation bond proceeds approved by California Department of Finance	-	-	2,175	2,175
NET CHANGE IN FUND BALANCE	(3,365)	(12,869)	7,810	20,679
Fund balances - beginning	249,399	249,399	249,399	-
FUND BALANCES - ENDING	$ 246,034	$ 236,530	$ 257,209	$ 20,679

Budgetary Comparison Schedule – Other Special Revenue Fund

	Original	Final	Actual Budgetary	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 13,956	$ 13,956	$ 15,094	$ 1,138
Local taxes:				
Voter approved special tax	17,430	17,430	17,723	293
Parking	7,109	7,109	8,217	1,108
Transient occupancy	2,963	3,838	3,890	52
Licenses and permits	12,917	12,917	15,253	2,336
Fines and penalties	1,015	1,015	707	(308)
Interest and investment income	20	124	465	341
Charges for services	16,203	15,823	17,850	2,027
Federal and state grants and subventions	1,443	2,306	3,201	895
Other	292	1,225	3,035	1,810
TOTAL REVENUES	73,348	75,743	85,435	9,692
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	81	97	45	52
City Administrator	1,797	1,997	1,115	882
City Attorney	993	962	961	1
Agencies/Departments:				
Information Technology	657	594	563	31
Finance	412	445	693	(248)
Police Department	14,104	14,960	15,407	(447)
Fire	8,642	11,708	10,999	709
Life Enrichment:				
Parks and Recreation	110	472	410	62
Library	16,599	17,242	16,260	982
Human Services Department	18,807	22,237	18,635	3,602
Planning and Building Department	-	27,041	23,099	3,942
Economic & Workforce Development	20,498	-	532	(532)
Housing & Community Development	1,362	4,568	2,190	2,378
Public Works	3,944	5,635	3,339	2,296
Other	3,862	4,327	3,403	924
Capital outlay	570	7,626	460	7,166
TOTAL EXPENDITURES	92,438	119,911	98,111	21,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(19,090)	(44,168)	(12,676)	31,492
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	105	-
Transfers in	18,996	19,418	13,324	(6,094)
Transfers out	(1,000)	(37)	-	37
TOTAL OTHER FINANCING SOURCES	17,996	19,381	13,429	(6,057)
NET CHANGE IN FUND BALANCES	(1,094)	(24,787)	753	25,435
Fund balance - beginning	23,126	23,126	23,126	-
FUND BALANCES - ENDING	$ 22,032	$ (1,661)	$ 23,879	$ 25,435

(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 2013, the City Council approved the City's two-year budget for fiscal years 2014 and 2015. 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 2013-14 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 accounting principles generally accepted in the United States of America (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:

Federal/State Grants Fund
Low and Moderate Income Housing Asset Fund
Municipal Capital Improvement Fund

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 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 actual amounts on a budgetary basis and a GAAP basis is due to timing.

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, 2014, was $398,498.

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	$ 8,208
Amortization of debt service deposit agreement	(398)
Net change in fund balance - Budgetary basis	$ 7,810

The General Fund's fund balance on a GAAP Basis is reconciled to a Budgetary Basis as of June 30, 2014, which is as follows (in thousands):

	General Fund
Fund balance as of June 30, 2014 - GAAP basis	$ 253,851
Unamortized debt service deposit agreement	3,358
Fund balance as of June 30, 2014 - Budgetary basis	$ 257,209

FEDERAL AWARDS PROGRAMS

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Independent Auditor's 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*

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

We have audited the 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 12, 2014, except for our report on the supplementary schedules, as to which the date is February 25, 2015. 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. Our report includes a reference to other auditors who audited the financial statements of the Oakland Municipal Employees' Retirement System (OMERS) and the Oakland Police and Fire Retirement System (PFRS), as described in our report on the City's financial statements. The financial statements of OMERS and PFRS were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Oakland, California
December 12, 2014

MGO Certified Public Accountants.

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Independent Auditor's Report on Compliance for
Each Major Federal Program and on Internal Control over Compliance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Oakland's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Port of Oakland (Port), which expended federal awards which are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2014. Our audit, described below, did not include the operations of the Port because we were engaged to perform a separate audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, 2014-003, and 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-002, 2014-003, and 2014-004 to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Oakland, California
February 25, 2015

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CITY OF OAKLAND
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed through State of California, Department of Education				
Child and Adult Care Food Program	10.558	04008-CACFP-01-GM-CS	$ 537,013	$ -
Summer Food Service Program for Children	10.559	E116-01	429,921	300,491
TOTAL U.S. DEPARTMENT OF AGRICULTURE			966,934	300,491
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants (CDBG)/ Entitlement Grants	14.218	B-13-MC-06-0013	9,040,145	1,917,762
CDBG/Entitlement Grants	14.218	B-11-MN-06-0005	1,047,401	-
Subtotal CDBG - Entitlement Grants Cluster			10,087,546	1,917,762
Emergency Shelter Grants Program	14.231	E-11-MC-06-0013	40,746	14,979
Emergency Shelter Grants Program	14.231	E-12-MC-06-0013	103,653	102,934
Emergency Shelter Grants Program	14.231	E-13-MC-06-0013	430,897	411,045
Subtotal Emergency Shelter Program			575,296	528,958
Supportive Housing Program	14.235	CA0093B9T020802	19	-
Supportive Housing Program	14.235	CA0106B9T021104	15,920	15,498
Supportive Housing Program	14.235	CA0096B9T021104	783	-
Supportive Housing Program	14.235	CA0103L9T021205	61,992	61,914
Subtotal Supportive Housing Program			78,714	77,412
Home Investment Partnerships Program	14.239	M13-MC060208	6,892,772	-
Housing Opportunities for Persons with AIDS	14.241	CA-H08-F001	227,144	227,144
Housing Opportunities for Persons with AIDS	14.241	CA-H09-F001	396,096	396,096
Housing Opportunities for Persons with AIDS	14.241	CA-H10-F001	577,546	569,230
Housing Opportunities for Persons with AIDS	14.241	CA-H11-F001	1,559,968	1,559,968
Housing Opportunities for Persons with AIDS	14.241	CA-H12-F001	409,992	399,119
Housing Opportunities for Persons with AIDS	14.241	CA-H13-F001	28,445	-
Subtotal Housing Opportunities for Persons with AIDS			3,199,191	3,151,557
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	E-95-EZ-06-0001	530,096	236,712
Community Development Block Grants - Section 108 Loan Guarantees	14.248	B94-MC-06-0013-A	719,000	-
Continuum of Care Program	14.267	CA0093L9T021205	148,154	140,454
Continuum of Care Program	14.267	CA0103L9T021205	197,530	191,353
Continuum of Care Program	14.267	CA0096L9T021205	1,558,817	1,514,088
Continuum of Care Program	14.267	CA0106L9T021205	694,016	653,443
Continuum of Care Program	14.267	CA0096L9T021306	600,067	599,306
Continuum of Care Program	14.267	CA0093L9T021306	57,453	57,252
Subtotal Continuum of Care Program			3,256,037	3,155,896
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			25,338,652	9,068,297

See notes to the schedule of expenditures of federal awards.

CITY OF OAKLAND

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF JUSTICE				
Direct Programs				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	2010-PB-FX-K011	$ 575,811	$ 182,606
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	2010-CZ-BX-0066	442,661	355,294
Subtotal Juvenile Justice and Delinquency Prevention - Allocation to States			1,018,472	537,900
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2007-DN-BX-K019	99,555	-
Federal Surplus Property Transfer Program	16.578	CA0010900	70,085	-
Public Safety Partnership and Community Policing Grants	16.710	2008CKWX0633	924,235	924,235
Public Safety Partnership and Community Policing Grants	16.710	2009CKWX0560	60,816	-
Public Safety Partnership and Community Policing Grants	16.710	2009CKWX0531	250,000	-
Public Safety Partnership and Community Policing Grants	16.710	2010CKWX0332	983,744	-
Public Safety Partnership and Community Policing Grants	16.710	2010CKWX0392	1,006	-
Public Safety Partnership and Community Policing Grants	16.710	2011ULWX0002	2,870,231	-
Public Safety Partnership and Community Policing Grants	16.710	2013ULWX0010	287,776	-
Subtotal Public Safety Partnership and Community Policing Grants			5,377,808	924,235
Forensic Casework DNA Backlog Reduction Program	16.743	2010-DN-BX-K068	126,632	-
Forensic Casework DNA Backlog Reduction Program	16.743	2011-DN-BX-K484	203,919	-
Forensic Casework DNA Backlog Reduction Program	16.743	2011-MU-BX-K572	126,112	-
Forensic Casework DNA Backlog Reduction Program	16.743	2012-DN-BX-0054	220,587	-
Forensic Casework DNA Backlog Reduction Program	16.743	2013-DN-BX-0123	100,418	-
Subtotal Forensic Casework DNA Backlog Reduction Program			777,668	-
Edward Byrne Memorial Competitive Grant Program	16.751	2013-DJ-BX-0128	702,553	-
TOTAL U.S. DEPARTMENT OF JUSTICE			8,046,141	1,462,135
U.S. DEPARTMENT OF LABOR				
Passed through Senior Service America, Inc.				
Senior Community Service Employment Program	17.235	SCSEP-233	903,252	-
Passed through State of California, Employment Development Department				
WIA Cluster				
WIA Adult Program	17.258	K386313	473,282	332,616
WIA Adult Program	17.258	K491034	950,011	659,967
Subtotal WIA Adult Program			1,423,293	992,583
WIA Youth Activities	17.259	K386313	1,279,834	933,012
WIA Youth Activities	17.259	K491034	863,309	722,476
Subtotal WIA Youth Activities			2,143,143	1,655,488
WIA Dislocated Workers	17.278	K386313	817,453	364,502
WIA Dislocated Workers	17.278	K491034	1,511,078	1,149,694
Subtotal Dislocated Workers			2,328,531	1,514,196
Subtotal WIA Cluster			5,894,967	4,162,267
TOTAL U.S. DEPARTMENT OF LABOR			6,798,219	4,162,267

See notes to the schedule of expenditures of federal awards.

CITY OF OAKLAND
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Program				
National Infrastructure Investments	20.933	DTH61-11-H-0001	$ 37,893	$ -
Passed through State of California, Department of Transportation				
Highway Planning and Construction Cluster				
ARRA-Highway Planning and Construction	20.205	ESPL-5012(098)	23,172	-
Highway Planning and Construction	20.205	SRTSL-5012(102)	376,442	-
Highway Planning and Construction	20.205	BRLS-5012(085)	3,086	-
Highway Planning and Construction	20.205	STPLZ-5012(037)	399,251	-
Highway Planning and Construction	20.205	STPLZ-5012(093)	23,227	-
Highway Planning and Construction	20.205	STPLZ-5012(094)	3,769,879	-
Highway Planning and Construction	20.205	STPLZ-5012(027)	1,703,365	-
Highway Planning and Construction	20.205	CML-5012(106)	131,717	-
Highway Planning and Construction	20.205	HSIPL-5012(117)	27,724	-
Highway Planning and Construction	20.205	HSIPL-5012(118)	19,855	-
Highway Planning and Construction	20.205	HSIPL-5012(119)	47,277	-
Highway Planning and Construction	20.205	STPLZ-5012(028)	169,491	-
Highway Planning and Construction	20.205	BPMP-5012(121)	51,564	-
Highway Planning and Construction	20.205	BPMP-5012(108)	721	-
Highway Planning and Construction	20.205	BHLO-5012(103)	92,551	-
Highway Planning and Construction	20.205	BPMP-5012(111)	5,660	-
Subtotal Highway Planning and Construction Cluster			6,844,982	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			6,882,875	-
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed through State of California, Water Resources Control Board				
Brownfields Assessment and Cleanup				
Cooperative Agreements	66.818	BF-00T29101-0	260,000	260,000
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			260,000	260,000
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs				
Medical Reserve Corps Small Grant Program	93.008	MRC091176	6,346	-
Head Start Cluster				
Head Start	93.600	09CH9006/42	2,507,925	556,699
Head Start	93.600	09CH9006/43	15,860,039	3,873,382
Subtotal Head Start Cluster			18,367,964	4,430,081
Assets for Independence Demonstration Program	93.602	90E10470/01	111,407	-
Subtotal direct programs			18,485,717	4,430,081
Passed through State of California, Department of Community Services and Development				
Community Services Block Grant	93.569	13F-3002	853,172	458,790
Community Services Block Grant	93.569	14F-3002	518,015	244,136
Subtotal Community Services Block Grant			1,371,187	702,926
Passed through State of California, Department of Aging				
Medical Assistance Program	93.778	MS-1213-01	18,891	-
Medical Assistance Program	93.778	MS-1314-01	1,394,287	-
Subtotal Medical Assistance Program			1,413,178	-
Subtotal pass-through programs			2,784,365	702,926
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			21,270,082	5,133,007

See notes to the schedule of expenditures of federal awards.

CITY OF OAKLAND
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs				
Foster Grandparent Program	94.011	09SFPCA010	$ 31,988	$ -
Senior Companion Program	94.016	09SCPCA010	303,172	-
TOTAL U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			335,160	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
National Urban Search and Rescue Response System	97.025	Agreement	22,154	-
National Urban Search and Rescue Response System	97.025	EMW-2012-CA-K00012	569,509	-
National Urban Search and Rescue Response System	97.025	EMW-2013-CA-K00009	564,778	-
Subtotal National Urban Search and Rescue			1,156,441	-
Assistance To Firefighter Grant	97.044	2003-313-0ES#-001-000	3,103	-
Assistance To Firefighter Grant	97.044	EMW-2009-FO-10080	8,421	-
Assistance To Firefighter Grant	97.044	EMW-2012-FO-05506	11,928	-
Port Security Grant Program	97.056	2009-PU-T9-K032	1,000,000	-
Port Security Grant Program	97.056	2010-PU-T0-K050	102,276	-
Subtotal Port Security Grant Program		.	1,102,276	-
Staffing for Adequate Fire and Emergency	97.083	EMW-2012-FH-01272	1,770,458	-
Regional Catastrophic Preparedness Grant	97.111	2010 RCGP	44,461	-
Subtotal Direct Programs			4,097,088	-
Passed through City and County of San Francisco				
Homeland Security Grant Program	97.067	2011 NCRIC	41,982	-
Homeland Security Grant Program	97.067	2010 SUASI	37,596	-
Homeland Security Grant Program	97.067	2011 SUASI	474,664	-
Homeland Security Grant Program	97.067	2012 SUASI	197,730	-
Homeland Security Grant Program	97.067	2012 SUASI	807,736	-
Homeland Security Grant Program	97.067	2013 SUASI	224,127	-
Homeland Security Grant Program	97.067	2010-12 ALCO	105,762	-
Homeland Security Grant Program	97.067	2012 MMRS	110,000	-
Homeland Security Grant Program	97.067	2011 MMRS	280,000	-
Subtotal Homeland Security Grant Program			2,279,597	-
Passed through County of Alameda				
State Homeland Security Program (SHSP)	97.073	Y2CCCOA01	6,714	-
Passed through Port of Oakland				
ARRA-Port Security Grant Program	97.116	2009-PU-RI-0189	561	-
Subtotal pass-through programs			2,286,872	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			6,383,960	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 76,282,023	$ 20,386,197

See notes to the schedule of expenditures of federal awards.

Note 1 – General

The accompanying schedule of expenditures of federal awards (SEFA) presents the expenditures of all federal award programs of the City of Oakland, California (City) for the year ended June 30, 2014. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the SEFA.

Note 2 – Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting for grants as described in Note 2 to the City's basic financial statements.

Note 3 – Relationship to the Financial Statements

Expenditures of federal awards are reported in the City's basic financial statements as expenditures in the Federal/State Grant special revenue fund.

CITY OF OAKLAND

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:

• Material weaknesses identified?	Yes
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes

Identification of major programs:

Program Title	CFDA Number
• Community Development Block Grants/Entitlement Grants	14.218
• Home Investment Partnerships Program	14.239
• Housing Opportunity for Persons with AIDS	14.241
• Continuum of Care Program	14.267
• Public Safety Partnership and Community Policing Grants	16.710
• Workforce Investment Act Cluster	17.258, 17.259, 17.278
• ARRA-Highway Planning and Construction Program	20.205
• Head Start Program	93.600

Dollar threshold used to distinguish between Type A and Type B programs:	$2,288,461
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

No findings were reported.

Section III – Federal Award Findings and Questioned Costs

Finding 2014-001 Federal Funding Accountability and Transparency Act Reporting

Federal Program Title:	Community Development Block Grants/Entitlement Grants
Federal Catalog Number(s):	14.218
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	N/A – direct award.
Federal Award Number(s):	B-11-MN-06-0005, B-13-MC-06-0013

Criteria:
The Federal Funding Accountability and Transparency Act (FFATA), which was signed on September 26, 2006, requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a single, searchable website www.USASpending.gov. The FFATA Subaward Reporting System (FSRS) is the reporting tool federal prime grantees use to capture and report subaward and executive compensation data regarding their first-tier subawards to meet the FFATA reporting requirements.

Prime grantees are required to report each first-tier subaward or subaward amendment that results in an obligation of $25,000 or more in federal funds by the end of the month following the month in which the subcontract award or modification occurs.

Condition:
As a prime grantee of federal awards under the Community Development Block Grants/Entitlement Grants (CDBG Program), the City is required to comply with FFATA reporting requirements. The City's Department of Housing and Community Development (HCD) did not submit the required reports for subawards with obligation dates of September 2, 2013 until November of 2014. As such, the City did not submit the reports by within the prescribed timeline.

Cause:
This has been a repeat finding since fiscal year 2011-12. At the time, the HCD believed the publication of the CDBG Program's Annual Action Plan on the City website and submission of the Consolidated Annual Performance and Evaluation Report (CAPER) were sufficient. In December 2013, the U.S. Department of Housing and Urban Development (HUD) confirmed to the City that those reports did not satisfy the FFATA requirements. HCD's corrective action was to report all subawards made to date in the FFATA Subaward Reporting System (FSRS) website https://www.fsrs.gov and to retain documentation to demonstrate good faith efforts in the event that technical difficulties prevented compliance with the requirements. However, the corrective action was not implemented.

Section III – Federal Award Findings and Questioned Costs

Finding 2014-001 (continued)

Effect:
The City is not in compliance with the FFATA reporting requirement.

Questioned Costs:
None noted. The FFATA report captures subaward information and does not affect program expenditures.

Recommendation:
We recommend that the City establish more solid procedures to ensure that future FFATA report submissions are made within the prescribed timeframe.

Management Response and Corrective Action:
We concur. The Federal Funding Accountability and Transparency Act (FFATA) is a new reporting system of which staff was not accustomed to all the reporting requirements including the dates by the report needs to be completed. Staff is still in the process of becoming more familiar with the requirements of the reporting system and will make every effort to meet all the requirements. Staff is in agreement with the recommendation and will establish a more solid procedure to ensure future FFATA report submissions completed within the prescribed timeframe.

As a form of public transparency, the City has made available on the website the Annual Action Plan. The Annual Action Plan provides in detail the names of sub-recipient, the dollar amount and the project description of all projects funded through grants from the U. S. Department of Housing and Urban Development (HUD). Also, the City enters the sub-recipient name, dollar amount; project description of all HUD funded projects into the Integrated Database and Information System (IDIS), HUD Database.

Section III – Federal Award Findings and Questioned Costs

Finding 2014-002 Subrecipient Monitoring

Federal Program Title:	Public Safety Partnership and Community Policing Grants
Federal Catalog Number(s):	16.710
Federal Agency:	U.S. Department of Justice
Pass-Through Entity:	N/A – direct award.
Federal Award Number(s):	2008CKWX0633

Criteria:
Pursuant to Code of Federal Regulations, Title 28, section 70.47, a system for contract administration must be maintained to ensure contractor conformance with the terms, conditions and specifications of the contract and to ensure adequate and timely follow up of all purchases.

Condition:
The City entered into a memorandum of understanding (MOU) with the Oakland Unified School District (OUSD) to support the Oakland Secondary School Safety Project. During Phase II of the Project, which took place in fiscal year 2014, OUSD was responsible for procuring and monitoring a contractor to perform the work for the project. The City's role with respect to Phase II was that of a fiscal agent. The City would directly pay the contractor for costs incurred upon receipt of the contractor's invoices approved by OUSD.

The MOU expired on August 31, 2010. Although the City continued to monitor OUSD and the costs incurred under the MOU, the City's payments to the contractor during fiscal year 2013-14 were effectively made under an expired MOU.

Cause:
The MOU between the City and OUSD covered a term from September 1, 2008 through August 31, 2010, which coincided with the original timeline of the grant awarded to the City by the DOJ. The City obtained an extension on the award from the DOJ through May 31, 2014. However, the City did not properly track the corresponding term of the MOU and continued to regard the original agreement as the basis for the project costs incurred after the expiration date.

Effect:
The City made disbursements that were not supported by active and enforceable agreements.

Questioned Costs:
Questioned costs represent amounts paid to OUSD's contractor for the Oakland Secondary School Safety Project under the MOU, which total $924,235.

Section III – Federal Award Findings and Questioned Costs

Finding 2014-002 (continued)

Recommendation:
We recommend that the City take measures to ensure that term periods of contracts and MOUs are more carefully monitored and are appropriately renewed when additional costs are anticipated.

Management Response and Corrective Action:

The Administration agrees with the recommendation.

The Oakland Police Department (OPD) staff will implement the processes listed below to ensure OPD and the City carefully monitors and appropriately renews the term periods of contracts and Memorandum of Understandings (MOU) when additional costs are anticipated.

1) Create a MOU log and update the log on a monthly basis, or as changes occur
2) Create, review and update grant award checklists on a quarterly basis
3) Train and/or re-train staff on grants/project monitoring

Section III – Federal Award Findings and Questioned Costs

Finding 2014-003 Period of Availability Monitoring

Federal Program Title:	Community Development Block Grants/Entitlement Grants
Federal Catalog Number(s):	14.218
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	N/A – direct award.
Federal Award Number(s):	B-11-MN-06-0005

Criteria:
Federal awards may specify a time period during which the non-federal entity may use the federal funds. Where a funding period is specified, a non-federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the federal awarding agency.

Condition:
The City incurred expenditures under two grant awards for the Community Development Block Grants/Entitlement Grants (CDBG) program, which is administered by the Department of Housing and Community Development. Expenditures in the amount of $57,566 related to award number B-11-MN-06-0005 were incurred after the grant expiration date of March 9, 2014. The questioned amount consists of $37,296 in personnel and operations and maintenance (O&M) costs and $20,270 in contract service expenditures.

Cause:
Personnel and O&M costs are charged to the CDBG program through the use of journal entry imports. When a similar finding was identified in the fiscal year 2012-13 single audit, the Department of Housing and Community Development's corrective action was to stop allocating O&M costs one month prior to grant expiration to allow for a reconciliation of grant charges. However, the corrective action was not implemented.

Contract service expenditures are charged through contractor invoices, which should be reviewed against the grant term during the invoice review and approval process. This appears to be a management oversight.

Effect:
Expenditures incurred after grant expiration are not reimbursable. The City has reduced federal expenditures reported in the schedule of expenditures of federal awards under CFDA No. 14.218 by the questioned cost amount.

Questioned Costs:
Expenditures incurred after the end of the grant amounted to $57,566 and constitute questioned costs.

Section III – Federal Award Findings and Questioned Costs

Finding 2014-003 (continued)

Recommendation:
We recommend management reevaluate and strengthen current procedures and controls over the monitoring of period of availability requirements to ensure only expenditures incurred within the grant period are charged to the grant award.

Management Response and Corrective Action:
The grant in question was a special one-time grant with a different fund availability period from the annual CDBG allocation. Staff agrees with the recommendation and will reevaluate and strengthen current procedures and controls over the monitoring of period of availability requirements to ensure only expenditures incurred within the grant period are charged to the grant award.

Section III – Federal Award Findings and Questioned Costs

Finding 2014-004 Subrecipient Monitoring

Federal Program Title:	Community Development Block Grants/Entitlement Grants
Federal Catalog Number(s):	14.218
Federal Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	N/A – direct award.
Federal Award Number(s):	B-13-MC-06-0013

Criteria:
Pursuant to Code of Federal Regulations, Title 24, sections 85.40(a) and 570.501(b), grant recipients must monitor grant and subgrant supported activities to assure compliance with applicable federal requirements and that performance goals are being achieved. The use of designated public agencies, subrecipients, or contractors does not relieve the grant recipient of this responsibility. The grant recipient is also responsible for determining the adequacy of performance under subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise.

For those subrecipients that are required to obtain single audit reports in accordance with OMB Circular A-133, the City, as the pass-through entity, is also required to ensure that the audits are performed, and must follow-up on the resolution of all reported findings and questioned costs.

Condition:
During our audit of the Community Development Block Grant/Entitlement Grants (CDBG) program administered by the Department of Housing and Community Development, we selected 5 of 22 subrecipients for the program and noted that the City did not perform monitoring for 1 subrecipient during the year.

The subrecipient in question was a public agency that administered the Minor Home Repair Program on the City's behalf. Services included property inspections, specification and authorization of repairs, selection of contractors, and inspection of completed repairs.

Cause:
Although the Director of the Department of Housing and Community Development considered the public agency to be a subrecipient, the program staff responsible for subrecipient monitoring considered the subrecipient in question to be a contractor that was not subject to monitoring.

Effect:
The City did not comply with the requirement to monitor subrecipients to ensure their compliance with federal grant requirements. Key monitoring requirements include obtaining and reviewing the subrecipient's single audit report and verifying the subrecipient is not suspended or debarred from receiving federal funds.

Section III – Federal Award Findings and Questioned Costs

Finding 2014-004 (continued)

Questioned Costs:
Federal funds passed through to the subrecipient in question totaled $198,595 for fiscal year 2013-14.

Recommendation:
We recommend that the City revisit its evaluation process of whether outside agencies receiving federal funds from the City are subrecipients or contractors. While the City is ultimately responsible for monitoring the outside agencies' compliance with applicable requirements, different requirements apply to subrecipients and contractors.

Management Response and Corrective Action:
The subrecipient in question is a public agency that administered the Minor Home Repair Program on the City's behalf and has had an agreement with the City for years. This contract is developed and administered by the Housing & Community Development, Residential Lending unit who works with solely with contractors and considered Alameda County as a contractor instead of a subrecipient.

Staff agrees with the recommendation and will revisit its evaluation process of whether outside agencies receiving federal funds from the City are subrecipients or contractors to ensure the City meets its responsibility for monitoring the outside agencies' compliance with applicable requirements.

Reference Number:	**Federal Award Finding 2013-001**
CFDA number(s)/ Program Name(s):	14.241 – Housing Opportunities for Persons with AIDS 14.218 – Community Development Block Grants/Entitlement Grants
Audit Finding:	During our review of the City's compliance with reporting requirements for the Housing Opportunities for Persons with AIDS program and the Community Development Block Grants/ Entitlement Grants, we noted that the City did not submit the required HUD 60002 reports for fiscal year ended June 30, 2013.
Status of Corrective Action:	Not applicable. Due to unanticipated technical problems with the Section 3 60002 Summary Reporting System, which resulted in a temporary shutdown in 2014, the U.S. Department of Housing and Urban Development indicated grant recipients would not be held in noncompliance for failing to submit the reports timely and the unavailability of the system should not result in negative audit findings.

Reference Number:	**Federal Award Finding 2013-2**
CFDA number(s)/ Program Name(s):	14.218 – Community Development Block Grants/Entitlement Grants
Audit Finding:	The City did not submit the Federal Funding Accountability and Transparency Act (FFATA) reports during the year ended June 30, 2013.
Status of Corrective Action:	Corrective action was not implemented. See current year finding 2014-001.

Reference Number:	**Federal Award Finding 2013-003**
CFDA number(s)/ Program Name(s):	14.218 – Community Development Block Grants/Entitlement Grants
Audit Finding:	The City incurred and charged $42,741 of program expenditures to grant awards after the grant expiration dates. Expenditures incurred after the end of the grants are not reimbursable.
Status of Corrective Action:	Corrective action has not been implemented. See current year finding number 2014-003.

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SUPPLEMENTARY SCHEDULES

CITY OF OAKLAND
Supplemental Schedule of Revenue and Expenditures

State of California Department of Community Services and Development (CSD)
Community Services Block Grant (CSBG) – CFDA No. 93.569
Contract No. 13F-3002, Project No. G422710/20
For the Period January 1, 2013 to June 30, 2014

	Jan. 1, 2013 through June 30, 2013	July 1, 2013 through June 30, 2014	Total Actual	Total Reported [1]	Total Budget
Revenue:					
Grant Amount	$ 389,734	$ 853,172	$ 1,242,906	$ 1,242,906	$ 1,242,906
Expenditures:					
Personnel Costs:					
Salaries and Wages	$ 49,085	$ 110,100	$ 159,185	$ 204,291	$ 195,956
Fringe Benefits	43,089	103,175	146,264	128,255	131,076
Subtotal Personnel Costs	92,174	213,275	305,449	332,546	327,032
Non-Personnel Costs:					
Operating Expenses	4,807	4,005	8,812	28,743	32,456
Equipment	-	-	-	-	2,000
Out-of-State Travel	5,028	12,472	17,500	15,000	15,000
Sub-Contractors	280,730	513,087	793,817	842,098	841,596
Other Costs	6,995	110,333	117,328	24,519	24,822
Subtotal Non-Personnel Costs	297,560	639,897	937,457	910,360	915,874
Total Expenditures	$ 389,734	$ 853,172	$ 1,242,906	$ 1,242,906	$ 1,242,906

[1] The reported column represents cumulative expenditures reported to the State of California Department of Community Services and Development since the inception of the grant.

CITY OF OAKLAND
Supplemental Schedule of Revenue and Expenditures

State of California Department of Community Services and Development (CSD)
Community Services Block Grant (CSBG) – CFDA No. 93.569
Contract No. 14F-3002, Project No. G463910/20
For the Period January 1, 2014 to June 30, 2014

	Actual	Total Reported [1]	Total Budget
Revenue			
Grant Amount	$ 518,015	$ 518,149	$ 1,258,856
Expenditures			
Personnel Costs:			
Salaries and Wages	$ 123,689	$ 123,823	$ 235,790
Fringe Benefits	112,150	112,150	242,257
Subtotal Personnel Costs	235,839	235,973	478,047
Non-Personnel Costs			
Travel	1,262	1,262	16,644
Operating Expense	2,921	2,921	-
Sub-Contractors/Consultants	273,267	273,267	711,877
Other Costs	4,726	4,726	52,288
Subtotal Non-Personnel Costs	282,176	282,176	780,809
Total Expenditures	$ 518,015	$ 518,149	$ 1,258,856

[1] The reported column represents cumulative expenditures reported to the State of California Department of Community Services and Development since the inception of the grant.

CITY OF OAKLAND
Supplemental Schedule of Expenditures of Alameda County Awards
Year Ended June 30, 2014

Alameda County Award/Program Title	Contract Number	Exhibit/PO Number	Expenditures
Department of Adult and Aging Services			
Information and Assistance(Outreach)	SOCSA-900163	10073	$ 150
Information and Assistance(Outreach)	SOCSA-900163	11312	46,543
Total Department of Adult and Aging Services			46,693
Housing and Community Development Department			
Winter Shelter Program	C-9635	2014006200	61,233
Winter Shelter Program	C-8380	2013005884	19,903
Total Housing and Community Development Department			81,136
Department of Workforce and Benefits Administration			
Henry J. Robinson Multi-Service Center	SOCSA-900163	9396	256,134
Total Department of Workforce and Benefits Administration			256,134
Total Alameda County Awards			$ 383,963

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