NEW ISSUE—BOOK-ENTRY ONLY

RATINGS:
MOODY'S: Aaa
STANDARD & POOR'S: AAA
(See "RATINGS" herein)

In the opinion of Lofton, De Lancie & Nelson, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal individual and corporate alternative minimum taxes, although it is taken into account in determining certain income and earnings in computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, such interest is exempt from State of California personal income taxes. See "TAX EXEMPTION."

$15,000,000
CITY OF OAKLAND
ALAMEDA COUNTY, CALIFORNIA
GENERAL OBLIGATION BONDS
SERIES 1995B

Dated: March 1, 1995 **Due: June 15, as shown below**

Pursuant to Resolution No. 71639 C.M.S., adopted by the City Council (the "City Council") of the City of Oakland, California (the "City") on January 31, 1995, the City has authorized the issuance of its City of Oakland, Alameda County, California, General Obligation Bonds, Series 1995B in the aggregate principal amount not to exceed $15,000,000 (the "Bonds"). The City will issue the Bonds pursuant to the terms and conditions of a Declaration of Trust dated as of March 1, 1995 (the "Declaration of Trust") of the Treasurer of the City (the "Treasurer"). The Bonds are authorized by election as more fully described herein under "THE BONDS — Authority for Issuance."

The Bonds are being issued as fully registered bonds, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners"), in denominations of $5,000 or any integral multiple thereof under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. Interest on the Bonds is payable on December 15, 1995 and semiannually thereafter on each June 15 and December 15. **The Bonds are subject to redemption in advance of maturity as provided herein.**

Principal of and interest on the Bonds is payable by First Interstate Bank of California, San Francisco, California, as fiscal agent (the "Fiscal Agent"), to DTC and, so long as DTC or its nominee remains the registered owner, disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Fiscal Agent, all as described herein under "THE BONDS — Book-Entry Only System."

The Bonds represent general obligations of the City, and the City is obligated to levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the City. The Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of such banks, are prudent for the investment of funds of depositors, and are eligible for security for deposits of public moneys in California.

Payment of principal of and interest on the Bonds when Due for Payment which is unpaid by reason of Nonpayment (as such terms are defined in the Financial Guaranty Bond) will be guarantied by a Financial Guaranty Bond to be issued by Capital Guaranty Insurance Company simultaneously with the delivery of the Bonds.

CAPITAL GUARANTY℠

This cover page contains certain information for quick reference only. It is not intended to be a summary of the Bonds, and potential investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision.

BONDS MATURING ON OR AFTER JUNE 15, 2005
ARE SUBJECT TO OPTIONAL REDEMPTION AS PROVIDED HEREIN.

MATURITY SCHEDULE

Maturity (June 15)	Principal Amount	Interest Rate	Price/ Yield	Maturity (June 15)	Principal Amount	Interest Rate	Price/ Yield
1996	$ 50,000	8¼ %	4¾ %	2005	$520,000	5.40%	100%
1997	290,000	8¼	4.90	2006	550,000	5½	100
1998	315,000	8¼	5	2007	580,000	5.60	100
1999	340,000	8¼	5.10	2008	610,000	5.65	100
2000	370,000	8¼	5.20	2009	645,000	5.70	100
2001	400,000	8¼	5.30	2010	685,000	5.70	5¾
2002	435,000	8¼	5.40	2011	720,000	5¾	5.80
2003	470,000	5.30	100	2012	765,000	5.80	5.85
2004	495,000	5.35	100	2013	810,000	5.85	5.90

$1,760,000 5⅞% Term Bonds due June 15, 2015 at 6%—Price 98.535%
$4,190,000 5⅞% Term Bonds due June 15, 2019 at 6%—Price 98.402%

The Bonds were offered by competitive bid on March 1, 1995. The Bonds are offered when, as and if issued by the City and received by the purchaser, subject to the approval of legality by Lofton, De Lancie & Nelson, San Francisco, California, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York, on or about March 16, 1995.

Dated: March 1, 1995

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

This Official Statement is not be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

CITY OF OAKLAND

MAYOR AND CITY COUNCIL

ELIHU HARRIS, Mayor

NATALIE BAYTON

IGNACIO DE LA FUENTE

SHEILA JORDAN

NATHAN MILEY

JOHN RUSSO

HENRY CHANG

RICHARD SPEES

DEZIE WOODS-JONES

CITY OFFICIALS

CRAIG G. KOCIAN, City Manager

CEDA FLOYD, City Clerk

DOLORES E. BLANCHARD, Director of Budget and Finance

JANICE S. MAZYCK, Treasury Manager

JAYNE WILLIAMS, City Attorney

SPECIAL SERVICES

FIRST INTERSTATE BANK OF CALIFORNIA
San Francisco, California
Fiscal Agent

RAUSCHER PIERCE REFSNES, INC.
San Francisco, California
Financial Advisor

LOFTON, DE LANCIE & NELSON
San Francisco, California
Bond Counsel

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$15,000,000

CITY OF OAKLAND
GENERAL OBLIGATION BONDS
SERIES 1995B

INTRODUCTORY STATEMENT

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the Declaration of Trust (defined below).

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of City of Oakland, Alameda County, California, General Obligation Bonds, Series 1995B in the principal amount of $15,000,000 (the "Bonds").

The Bonds are issued under the provisions of Chapter 4 (commencing with Section 43600) of Division 4 of Title 4 of the Government Code of the State of California and Article 3.7 (commencing with Section 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (collectively, the "Law") and the Charter of the City (the "City Charter") of the City of Oakland, California (the "City"). The City Council of the City of Oakland (the "City Council") authorized the issuance of the Bonds in Resolution No. 71639 C.M.S. adopted on January 31, 1995 (the "Resolution"). The City shall issue the Bonds pursuant to the terms and conditions of a Declaration of Trust, dated as of March 1, 1995 (the "Declaration of Trust") of the Treasurer of the City (the "Treasurer"). The Bonds represent the second series of Bonds within an authorization of $60 million approved by the voters in the City at the general election of November 6, 1990. Following the sale of the Bonds, the City will have $33,000,000 remaining in the authorization amount.

The Bonds are general obligations of the City. The City is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of the Bonds and the interest thereon upon all property within the City subject to taxation by the City without limitation as to rate or amount (except certain personal property which is taxable at limited rates).

The Bonds will be issued in fully registered form, without coupons, in denominations of $5,000 or integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co is the registered Owner of the Bonds, all payments due on the Bonds will be paid by First Interstate Bank of California, San Francisco, California, as fiscal agent (the "Fiscal Agent") directly to DTC, which in return will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

Beneficial ownership interests in the Bonds will be available in book-entry form only. Purchasers of beneficial ownership interests in the Bonds will not receive physical certificates representing their ownership interests in the Bonds and will not be "Owners" of such Bonds under the Declaration of Trust, but will receive a credit balance on the books of their respective participants. See "THE BONDS—Book-Entry Only System."

Bonds maturing on or after June 15, 2006 may be redeemed prior to maturity at the option of the City beginning on June 15, 2005. **See "THE BONDS—Redemption."**

THE BONDS

Authority For Issuance

The Bonds are issued under the provisions of the Law and the City Charter. The City received authorization to issue the Bonds at the general election of November 6, 1990, by a two-thirds vote of the electorate, to issue $60,000,000 of general obligation bonds. The County Elections Office has certified that 66.8% of the votes cast by the voters at said election were in favor of the bond authorization. The City shall issue the Bonds pursuant to the terms and conditions of the Declaration of Trust. Following the issuance of the Bonds, the City will have $33,000,000 remaining within its authorization amount.

Purpose of Issue

The Bonds are issued by the City for the purpose of financing the acquisition of land for use as open space and to finance the expansion, development, rehabilitation and enhancement of park and recreational facilities within the City. The City will use a portion of the proceeds of the Bonds to finance the acquisition of the remaining portion of property on Grizzly Peak and of the Vista Madera Stables, as well as other miscellaneous acquisitions for open space. The remaining portion of the proceeds of the Bonds will be used to finance development projects, including, but not limited to: construction at the West Oakland Senior Center, the Tassafaronga Gym and Woodminster Cascades; landscaping at the Oakland Museum; improvements to Raimondi Field; various other design projects related to the development of park and recreational facilities; as well as other projects identified and determined by the City to be related to the acquisition of open space and the expansion, development, rehabilitation and enhancement of park and recreational facilities. Additionally, an allocation in the amount of $2,000,000 will be made from the proceeds of the Bonds to the Oakland Zoo pursuant to the original authorization for the Bonds.

Description

The Bonds in the aggregate principal amount of $15,000,000 will be dated March 1, 1995 and will bear interest payable each December 15 and June 15, commencing December 15, 1995. The Bonds will mature in each of the years and in the principal amounts shown below.

Aggregate Annual Debt Service

Year Ending June 15	Principal Amount	Interest	Total
1996	$ 50,000.00	$ 1,181,518.00	$ 1,231,518.00
1997	290,000.00	912,570.00	1,202,570.00
1998	315,000.00	888,645.00	1,203,645.00
1999	340,000.00	862,657.50	1,202,657.50
2000	370,000.00	834,607.50	1,204,607.50
2001	400,000.00	804,082.50	1,204,082.50
2002	435,000.00	771,082.50	1,206,082.50
2003	470,000.00	735,195.00	1,205,195.00
2004	495,000.00	710,285.00	1,205,285.00
2005	520,000.00	683,802.50	1,203,802.50
2006	550,000.00	655,722.50	1,205,722.50
2007	580,000.00	625,472.50	1,205,472.50
2008	610,000.00	592,992.50	1,202,992.50
2009	645,000.00	558,527.50	1,203,527.50
2010	685,000.00	521,762.50	1,206,762.50
2011	720,000.00	482,717.50	1,202,717.50
2012	765,000.00	441,317.50	1,206,317.50
2013	810,000.00	396,947.50	1,206,947.50
2014	855,000.00	349,562.50	1,204,562.50
2015	905,000.00	299,331.26	1,204,331.26
2016	960,000.00	246,162.50	1,206,162.50
2017	1,015,000.00	189,762.50	1,204,762.50
2018	1,075,000.00	130,131.26	1,205,131.26
2019	1,140,000.00	66,975.00	1,206,975.00
Total	**$ 15,000,000.00**	**$ 13,941,830.52**	**$ 28,941,830.52**

Payment of Principal and Interest; Fiscal Agent

The Bonds shall bear interest at the rates set forth on the cover hereof. Principal of and interest on the Bonds is payable in lawful money of the United States of America. Principal (or redemption price) is payable upon surrender of the Bond at the principal corporate trust office of First Interstate Bank of California, San Francisco, California, Fiscal Agent, Registrar and Transfer Agent for the Bonds.

Interest is payable to the person whose name appears on the Bond registration books of the Paying Agent as the registered owner as of the close of business on the 1st day of the month of an interest payment date, such interest to be paid by check or draft mailed to the registered owner at his/her address as it appears on such registration books.

Each Bond shall bear interest from the interest payment date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 1st day of the month next preceding any interest payment date to the interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless it is authenticated on or before December 1, 1995, in which event it shall bear interest from March 1, 1995.

Redemption

Optional Redemption. Bonds maturing on or after June 15, 2006 are subject to redemption prior to their respective maturity dates on or after June 15, 2005, at the option of the City, from any source of available funds held therefor, as a whole on any date or in part on any interest payment date, at the following redemption prices (expressed as a percentage of the Bonds called for redemption), plus accrued but unpaid interest to the date fixed for redemption:

Redemption Date	Redemption Price
June 15, 2005 through June 14, 2006	102%
June 15, 2006 through June 14, 2007	101%
June 15, 2007 and thereafter	100%

Mandatory Sinking Account Payments. Bonds maturing on June 15, 2015 and June 15, 2019 (the "2015 Term Bonds" and "2019 Term Bonds," respectively) are further subject to redemption from Mandatory Sinking Account Payments on June 15 of each year commencing 2014 and 2016, respectively, at a redemption price equal to the principal amount to be redeemed, without premium, together with accrued interest to the date fixed for redemption as set forth below:

2015 Term Bonds

Redemption Date	Principal Amount
June 15, 2014	$ 855,000.00
June 15, 2015	905,000.00

2019 Term Bonds

Redemption Date	Principal Amount
June 15, 2016	$ 960,000.00
June 15, 2017	1,015,000.00
June 15, 2018	1,075,000.00
June 15, 2019	1,140,000.00

Notice of Redemption

Notice of redemption shall be mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered Owner of each Bond to be redeemed, in whole or in part, at the address shown on the registration books maintained by the Fiscal Agent.

Failure to give such notice to any Bondholder shall not affect the validity of any proceedings for the redemption of any Bond.

So long as DTC is acting as securities depository for the Bonds, the Fiscal Agent shall mail notice of redemption only to DTC, and not to the beneficial Owners of any Bonds designated for redemption. Any failure on the part of DTC, or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any Bond called for redemption shall not affect the validity of the redemption of such Bonds. See "Book-Entry Only System."

Book-Entry Only System

The following description of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owner is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the DTC Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be. The City and the Fiscal Agent take no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS, HOLDERS OR HOLDERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS" HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

THE CITY NOR THE FISCAL AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE INDENTURE; (III) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (IV) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (VI) ANY OTHER MATTER.

THE FISCAL AGENT, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct Participants acting on behalf of Beneficial Owners. BENEFICIAL OWNERS WILL NOT RECEIVE BOND CERTIFICATES REPRESENTING THEIR OWNERSHIP INTEREST IN THE BONDS, EXCEPT IN THE EVENT THAT USE OF THE BOOK-ENTRY SYSTEM FOR THE BONDS IS DISCONTINUED.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. Direct (and Indirect) Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The

Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of, premium, if any, and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the Payment Date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the Payment Date. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Bonds to DTC is the responsibility of the Fiscal Agent or the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City and the Fiscal Agent may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the City. The City is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the City subject to taxation by the City without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be segregated into the City of Oakland, Alameda County, California, General Obligation Bonds, Series 1995B Debt Service Account (the "Debt Service Account") which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

Outstanding Indebtedness

As of June 30, 1994, the City had outstanding a total of $60,522,500 aggregate principal amount of its general obligation bonds. Subsequent to the issuance of the Bonds, the ratio of net direct debt to the 1994-95 assessed valuation as reported by California Municipal Statistics, Inc. will be 2.71% and the ratio of total net direct and overlapping debt to such assessed valuation will be 3.51%. See "GENERAL CITY FINANCIAL INFORMATION—Statement of Direct and Overlapping Debt."

Property Tax and Spending Limitations

Article XIIIA of the Constitution of the State of California. Article XIIIA of the State Constitution, known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to 1% of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State of California (the "State") statutes. Section

1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, and (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition. Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 fiscal year tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation implementing Article XIIIA provides that, notwithstanding any other law, local agencies may not levy an *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIIIA, which is $1.00 per $100 of assessed market value.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when it is purchased, newly constructed or undergoes a change in ownership. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Article XIIIB of the State Constitution. In addition to the limits Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIIIB which effectively limits the amount of such revenues those entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds. Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

CAPITAL GUARANTY INSURANCE COMPANY AND THE FINANCIAL GUARANTY BOND

A Financial Guaranty Bond ("Guaranty") will be issued by Capital Guaranty Insurance Company ("Capital Guaranty") simultaneously with the issuance and delivery of the Bonds which provides for the prompt payment of principal of and interest on the Bonds when Due for Payment (as defined below and in the Guaranty) to the extent that the Fiscal Agent has not received sufficient funds from the issuer or other Obligor (other than Capital Guaranty) responsible for payment of the Bonds. "Due for Payment" means, when referring to principal of the Bonds, the stated maturity date thereof or the date on which the principal becomes due for mandatory sinking fund redemption and does not refer to any earlier date on which payment of principal is due by reason of any other call for redemption, acceleration or other advancement of maturity. The term "Due for Payment" means, when referring to interest, the stated date for payment of interest.

To the extent the maturity of the Bonds may be accelerated upon a default, such acceleration may not occur without the prior written consent of Capital Guaranty. Notwithstanding any such acceleration, Capital Guaranty may continue to pay principal and interest on scheduled payment dates (i.e., when "Due for Payment"). In the event that Capital Guaranty shall make any payment of principal of or interest on the Bonds pursuant to the terms of the Guaranty, and the maturity of the Bonds is thereafter accelerated, Capital Guaranty may (but is not obligated to), at any time and at its sole option, pay Owners of the Bonds all or a portion of amounts due on such Bonds prior to the stated maturity dates thereof.

For specific information on the coverage provided, reference should be made to the text of the Guaranty, which has been reproduced in specimen form in APPENDIX C of this document. The Guaranty does not insure any payment to any investor to compensate for any loss or limitation of any tax exemption, either past or future. The Guaranty does not insure against nonpayment of principal or interest caused by the insolvency or negligence of the Fiscal Agent.

Capital Guaranty Insurance Company is a monoline stock insurance company incorporated in the State of Maryland, and is a wholly owned subsidiary of Capital Guaranty Corporation, a Maryland insurance holding company. Capital Guaranty Corporation is a publicly owned company whose shares are traded on the New York Stock Exchange. Other than their investment in Capital Guaranty Corporation, the investors of Capital Guaranty Corporation are not obligated to pay the debts of, or the claims against, Capital Guaranty Insurance Company.

The financial statement of Capital Guaranty appearing in APPENDIX D to this document is incorporated herein by reference and reflects certain financial information prepared in accordance with statutory insurance accounting principles as was reported by Capital Guaranty to the Insurance Department of the State of Maryland.

In the event that Capital Guaranty Insurance Company were to become insolvent, any claims arising under the policy of financial guaranty insurance are excluded from coverage by the California

Insurance Guaranty Association, established pursuant to Article 14.2, (commencing with Section 1063) of Chapter 1 of Part 2 of Division I of the California Insurance Code.

Neither Capital Guaranty nor its affiliates make any representation as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility or performance of any project or compliance with any securities or tax laws and regulations.

Capital Guaranty's coverage is limited to providing the coverage set forth in the Guaranty.

CITY OF OAKLAND

Introduction

The City of Oakland is located in the County of Alameda (the "County") on the east side of San Francisco Bay, approximately seven miles from San Francisco via the San Francisco-Oakland Bay Bridge. Oakland ranges from industrial lands bordering the Bay in the west to suburban foothills in the east. Historically the industrial heart of the Bay Area, Oakland has developed into a financial, commercial and governmental center. The City is the hub of an extensive transportation network which includes a freeway system and the western terminals of the major railroads and trucking firms, as well as the fourth largest containership port in the United States. Oakland supports an expanding international airport and rapid-transit lines which connect it with most of the Bay Area. Oakland is the seat of government for Alameda County and is the eighth most populous city in the State.

City Government

The City was incorporated as a town in 1852, as a city in 1854 and became a charter city in 1889. Oakland is governed by a nine-member City Council, seven of whom are elected by district and two of whom, including the Mayor, are elected on a City-wide basis. The Mayor and Council members serve four-year terms. The City Council appoints a City Manager who is responsible for daily administration of City affairs and preparation and submission of the annual budget under the direction of the Mayor for the Mayor's submission to the City Council. The City Manager appoints a Director of Finance to supervise the City's financial affairs.

Subject to civil service regulations, the City Manager appoints all other City employees except the City Attorney, City Clerk and City Auditor. The City Council appoints the City Manager and the City Attorney, and the City Clerk is appointed by the City Manager subject to City Council confirmation. The City Auditor is elected at the same time as the Mayor.

GENERAL CITY FINANCIAL INFORMATION

Ad Valorem Property Taxation

City property taxes are assessed and collected by the County at the same time and on the same rolls as are the County, school and special district property taxes. Under California's 1994-95 adopted budget, the County was permitted to pass on costs for certain services provided to local government agencies including the collection of property taxes. The County has imposed a fee on the City of approximately 2% of taxes collected for tax collection services provided in fiscal year 1994-95.

The valuation of secured property is established as of May 1 and is subsequently equalized in August, and is payable in two installments of taxes due November 1 and February 1, respectively. Taxes become delinquent on December 10 and April 10 for each respective installment. Taxes on unsecured property (personal property and leasehold) are due on August 31 of each year based on the preceding fiscal year's secured tax rate.

State law exempts $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

Assessed Valuations

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability of revenue from growth in tax bases to such entities may be affected by the establishment of redevelopment agencies which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all property not attached to land such as personal property or business property. Boats and airplanes are examples of unsecured property. Unsecured property is assessed on the "unsecured roll."

The passage of Assembly Bill 454 in 1987 changed the manner in which unitary and operating nonunitary property is assessed by the State Board of Equalization. The legislation deleted the formula for the allocation of assessed value attributed to such property and imposed a state mandated local program by requiring the assignment of the assessment value of all unitary and operating nonunitary property in each county of each State assessee other than a regulated railway company. The legislation established formulas for the computation of applicable countywide tax rates for such property and for allocation of property tax revenues attributable to such property among taxing jurisdictions in the county beginning in fiscal year 1988-89. This legislation requires each county to issue each State assessee, other than a regulated railway company, a single tax bill for all unitary and operating nonunitary property.

The following table represents a five-year history of assessed valuations in the City:

CITY OF OAKLAND
ASSESSED VALUATIONS[1]

Fiscal Year	Local Secured	Utility	Unsecured	Total
1990-91	$ 12,211,539,476	$ 51,665,856 [2]	$ 1,557,854,483	$ 13,821,059,815
1991-92	13,045,374,649	56,688,159 [2]	1,732,449,694	14,834,512,502
1992-93	13,452,965,391	38,475,148	1,761,748,299	15,253,188,838
1993-94	14,022,252,181	58,911,147	1,925,986,794	16,007,150,122
1994-95	14,480,336,584	57,362,522	1,856,049,317	16,393,748,423

[1] Before redevelopment tax allocation increment.

[2] Reflects implementation of AB 454.

Source: Alameda County Auditor-Controller.

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding May 1. A supplemental roll is developed when property changes hands which produces additional revenue.

A ten percent penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll. An additional penalty of 1.5% per month begins to accrue beginning November 1st of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (i) a civil action against the taxpayer; (ii) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (iii) filing a certificate of delinquency in the County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (iv) seizure and sale of personal property, improvements or possessory interest belonging or assessed to the assessee.

Each county levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within that county's taxing boundaries. The secured tax charge and year-end delinquencies for the City for the five most recent fiscal years are shown in the table below:

CITY OF OAKLAND
SECURED TAX LEVY AND DELINQUENCIES
(in thousands)

Year	Secured Tax Levy [1]	Amount Delinquent as of June 30	Percent Delinquent as of June 30
1989-90	$ 61,567	$ 3,095	5.03%
1990-91	66,309	3,827	5.77
1991-92	72,187	4,379	6.06
1992-93	69,850 [2]	3,880	5.55
1993-94	70,813	3,831	5.41

(1) City's portion of the taxes collected by the County, excluding tax increments paid to the Redevelopement Agency of the City.

(2) The decrease in property tax and subsequent collection is primarily due to the reallocation of $4,656,744 from the City to the State.

Source: Alameda County Auditor-Controller.

Tax Rates

The City is divided into 33 tax rate areas ("Tax Rate Areas"). The largest Tax Rate Area within the City is Tax Rate Area 17-001 which has a current total assessed valuation of $11,870,399,547, or 72.4% of the City's current total assessed valuation. A five-year history of the tax components within this Tax Rate Area is shown below:

CITY OF OAKLAND
TAX RATE AREA 17-001
SUMMARY OF TAX RATES
(Percentage of Property Assessed Value)

Tax Agency	1990-91	1991-92	1992-93	1993-94	1994-95
Countywide Tax [1]	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Oakland Unified School District	0.0184	0.0166	0.0181	0.0157	0.0134
Peralta Community College District	0.0111	0.0109	0.0076	0.0038	0.0010
Oakland Unified School District [2]	0.0108	0.0109	0.0111	0.0103	0.0094
Bay Area Rapid Transit District	0.0250	0.0251	0.0258	0.0240	0.0235
East Bay Regional Park District	0.0032	0.0028	0.0074	0.0069	0.0066
City of Oakland[3]	0.1575	0.1713	0.1738	0.1862	0.1870
Combined Tax Rates	1.2260%	1.2376%	1.2438%	1.2469%	1.2409%

(1) Maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the State Constitution.

(2) Represents tax levied under Education Code Section 16090.

(3) 0.1575 represents tax levied to correct underfunded obligations in the Police and Fire Retirement System; this increase represents an amount levied for general obligation debt.

Source: Alameda County Auditor-Controller.

Principal Taxpayers

The following table lists the major taxpayers in the City in terms of their 1993-94 assessed valuation:

CITY OF OAKLAND
10 LARGEST LOCALLY SECURED TAXPAYERS FOR 1993-94

Property Owner	Assessed Valuation	Type of Business
1. Eleven Eleven Associates	$ 116,240,618	Commercial Property Rental
2. Kaiser Center, Inc.	114,394,608	Property Management
3. Kaiser Foundation Helath Plan, Inc.	112,308,888	Medical
4. Alameda County Public Facilites	110,716,900	Corporation
5. Clorox Company	100,136,245	Manufacturing
6. Lake Merritt Plaza	83,127,625	Property Management
7. Pacific Rennaisance Associates II	77,062,433	Property Management
8. Ahmanson Commercial Development Company	66,527,587	Real Estate Development
9. Webster Street Partners Ltd.	61,760,662	Professional
10. Ordway Associates	59,515,000	Property Management
Total - Top Ten	$ **901,790,566**	
Percent of Secured City-wide Assessment ($14,022,252,181):	6.43%	

Source: City of Oakland, Office of Budget and Finance.

Budget Process

The City's budget is developed on a cash basis.

The budget process begins in the fall of each year with staff developing broad guidelines for the subsequent year's budget preparation. These are presented to and discussed with the City Council, and finalized.

Internal budget hearings are held between the City Manager and heads of each department to discuss resources and funding for the following year; concurrently, City Council members meet with departments and review their requests. Formal public hearings are held for each departmental budget during May and June.

At least 30 days prior to the beginning of the fiscal year, the Mayor submits the proposed budget to the City Council and the time is then set by the City Council for public hearings. Upon conclusion of the public hearings, the City Council may make necessary revisions.

The operating budget is adopted by the City Council on or before June 30 of each year. It contains appropriations for all funds and all first year appropriations for capital improvements.

The City Manager employs an independent certified public accountant who examines books, records, inventories and reports of all officers and employees who receive, control, handle or disburse public funds, and those of any other officers, employees or departments as the City Manager directs. These duties are performed both annually and upon request.

Within a reasonable period following the fiscal year-end, the accountant submits the final audit to the City Council. The City then publishes the financial statements as of the close of the fiscal year.

On January 10, 1995, the Governor of the State presented his 1995-96 Fiscal Year Budget Proposal (the "Proposed Budget"). One of the principal features contained in the Proposed Budget which may effect the economy of the City is an expansion of the realignment program between the State and counties, so that counties will take on greater responsibility for welfare and social services, while the State will take on increased funding of trial costs. The proposal includes transfer of approximately $1 billion of State revenues from sales taxes and trial court funding to counties. The City can not predict what effect this proposal may have on its budget.

Financial and Accounting Information

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into eight generic fund types and three broad fund categories as described below:

Government Funds:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specified revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital facilities (other than those financed by proprietary funds, special assessment funds, and trust funds).

Special Assessment Funds - Special assessment funds are used to account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

Proprietary Funds:

Enterprise Funds - Enterprise funds are used to account for operations (i) that are financed and operated in a manner similar to private enterprises where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or (ii) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

Fiduciary Funds:

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

All government funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and other taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (i) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (ii) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are incurred.

Comparative Financial Statements

The following table reflects the City's general fund financial statements for the fiscal years 1990-91 through 1993-94 actual and 1994-95 adopted budget revenues, expenditures and operating surpluses.

CITY OF OAKLAND
GENERAL PURPOSE FUND
REVENUES, EXPENDITURES AND OPERATING SURPLUSES
Actual 1990-91 through 1993-94, Adopted Budget 1994-95
(in thousands)

	Actual 1990-91	Actual 1991-92	Actual 1992-93	Actual 1993-94	Adopted Budget 1994-95
REVENUES					
Taxes	$ 177,768	$ 182,637	$ 188,803	$ 196,136	$ 188,750
Permits and Licenses	6,160	5,300	5,456	4,756	5,710
Traffic fines and various penalties	7,420	6,158	6,565	7,480	7,050
Interest and rental income	12,015	8,205	8,269	11,188	1,930
Revenue form current services	22,105	22,162	23,733	22,792	25,280
Grant revenue	6,230	7,177	6,589	16,071	4,380
Other revenue	7,802	1,238	959	3,510	17,930
Total	**$ 239,500**	**$ 232,877**	**$ 240,374**	**$ 261,933**	**$ 251,030**
EXPENDITURES					
General government	$ 27,893	$ 32,442	$ 31,844	$ 30,573	$ 25,330
Public Safety	143,287	139,408	156,421	158,127	135,820
Offices of Public Works	27,026	25,269	33,518	39,281	21,460
Office of General Services	5,006	1,649	4,075	3,936	2,510
Parks, Recreation and Cultural	16,579	23,174	25,179	26,531	22,690
Economic, Community and Social Programs	6,579	6,295	3,526	454	410
Nondepartmental[1]	15,243	10,034	5,797	5,404	48,070
Transfers	9,581	(2,359)	(93)	(5,966)	(5,260)
Total	**$ 251,194**	**$ 235,912**	**$ 260,267**	**$ 258,340**	**$ 251,030**
Excess (deficiency) of Revenues Over Expenditures	**($11,694)**	**($3,035)**	**($19,893)**	**$3,593**	**$0**

[1] Does not include payments on lease obligations.

Source: City of Oakland 1994/95 Adopted Policy Budget; City of Oakland Financial Statements.

Investment Policy

The investment of funds of the City are made by the Director of Finance/Treasurer of the City in accordance with the City's Investment Policy, dated July 1994 (the "Investment Policy") and Section 53600 of the State Government Code. The Investment Policy is subject to revision by the City at any time and is reviewed periodically by the City's Auditor's Office. For additional information regarding the Investment Policy and the City's current investments, see pages A-33-A-36 of APPENDIX A - "ANNUAL FINANCIAL REPORT OF THE CITY OF OAKLAND FOR THE YEAR ENDED JUNE 30, 1994."

Financial Obligations

Short Term. The City of Oakland implemented a short-term financing program in 1981 to finance general fund cash flow deficits during the fiscal year (July 1 through June 30). Shown below are the short-term borrowing for each year since fiscal year 1984-85. The City has never defaulted on the payment of any of these notes.

CITY OF OAKLAND
SHORT-TERM BORROWING

Fiscal Year	Amount
1985	$ 35,700,000
1986	39,000,000
1987	26,000,000
1988	30,000,000
1989	22,500,000
1990	27,500,000
1991	35,000,000
1992	50,000,000
1993	80,000,000
1994	65,000,000

Source: Securities Data Company.

In 1982, the City entered into three separate sale-leaseback arrangements with the Oakland Museum, the Henry J. Kaiser Convention Center, and the George P. Scotlan Memorial Center. In 1985, the City completed a variable rate financing for various City properties (the "1985 Variable Rate COPs").

In 1992, the City refunded the Oakland Museum, the Henry J. Kaiser Convention Center and George P. Scotlan Memorial Center transactions in a financing with the California Statewide Communities Development Authority. The City repurchased the facilities from Oakter and Oakbay Associates.

The 1985 Variable Rate COPs remain outstanding.

In the fiscal years 1994-95 through 1998-99 the City of Oakland will be making combined lease payments as shown below:

CITY OF OAKLAND
LEASE OBLIGATIONS

Fiscal Year	Oakland Convention Centers	Civic Improvement Corporation	Oakland Museum	Total
1994/95	$8,554,384	$6,867,000	$3,192,828	$18,614,212
1995/96	9,837,201	6,735,000	3,192,240	19,764,441
1996/97	10,327,009	4,980,000	3,191,490	18,498,499
1997/98	10,804,588	2,200,000	3,700,650	16,705,238
1998/99	10,799,639	2,300,000	3,701,690	16,801,329
Principal Balance*	$148,085,000	$49,700,000	$38,503,025	$236,288,025

* Principal balance as of July 1, 1994.

Source: City of Oakland, Office of Budget and Finance.

Long-Term Borrowing. The City has never defaulted on the payment of principal or interest on any of its indebtedness. Prior to the issuance of the Bonds, the City will have $60,280,000 of general obligation bonds outstanding. The Series 1992 General Obligation Bonds of $50,000,000 were issued as the maximum authorized amount approved by 74% of the voters on June 2, 1992. The Series 1991A General Obligation Bonds of $12,000,000 were issued as part of the maximum authorized amount of $60,000,000 approved by 66.8% of the voters on November 6, 1990. The Bonds will be issued under this authorization as well, leaving $33,000,000 in authorized but unissued general obligation debt.

Statement of Direct and Overlapping Debt

Contained within the City are numerous overlapping local agencies providing public services. These local agencies have outstanding bonds issued in the form of general obligation, lease revenue and special assessment bonds. The direct and overlapping debt of the City is shown below. Self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations are excluded from the debt statement.

CITY OF OAKLAND
STATEMENT OF DIRECT AND OVERLAPPING DEBT

1994-1995 Assessed Valuation: $16,393,758,423 (before deduction of redevelopment increment valuation)

DIRECT AND OVERLAPPING BONDED DEBT:	% Applicable	Debt 2/1/95
San Francisco Bay Area Rapid Transit District	8.021 %	$ 16,573,391
Alameda-Contra Costa Transit District Certificates of Participation	22.531	6,040,561
Oakland-Alameda County Coliseum	60.184	6,927,121
Alameda County Board of Education Public Facilities Corporation	20.637	1,530,580
Alameda County Authority and Certificates of Participation	20.637	66,232,262
East Bay Municipal Utility District	21.136	4,403,686
East Bay Municipal Utility District, Special District #1	53.525	26,339,653
East Bay Regional Park District	11.334	13,227,911
Chabot-Los Positas Community College District Certificates of Participation	1.940	38,994
Peralta Community College District	55.933	4,936,087
Oakland Unified School District	99.996	10,844,566
Oakland Unified School District Certificates of Participation	99.996	9,169,633
San Leandro Unified School District Certificates of Participation	13.633	264,317
Other Unified School Districts and Certificates of Participation	Various	9,269
City of Oakland	100.000	60,280,000 (1)
City of Oakland Building Authorities	100.000	369,193,025
City of Oakland 1915 Act Bonds	100.000	2,020,000
City of Emeryville 1915 Act Bonds	0.095-8.165	560,444
Other Special Districts	Various	66
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		$ 598,591,566 (2)
Less: East Bay Municipal Utility District (100% self-supporting)		4,403,686
East Bay Municipal Utility District, Special District #1 (100% self-supporting)		26,339,653
Oakland-Alameda County Coliseum (100% self-supporting)		6,927,121
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		$ 560,921,106

(1) Excludes general obligation bonds to be sold.

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

Source: California Municipal Statistics, Inc.

Labor Relations

City employees are represented by five labor unions and associations, described in the table below, the largest one being Service Employees United Public Employees (Local 790) which represents approximately 41% of all City employees. Approximately 77% of all City employees are covered by negotiated agreements. The City has never experienced an employee work stoppage.

CITY OF OAKLAND
LABOR RELATIONS

Employee Organization	Number of Employees	Contract Expiration Date
Oakland Police Officers Association	668	June 30, 1995
United Public Employees (Local 790)	1,424	June 30, 1995
International Brotherhood of Electrical Workers	26	June 30, 1995
International Association of Firefighters (Local #557)	426	June 30, 1995
Western Council of Engineers	91	June 30, 1995

Source: City of Oakland, Office of Personnel Resources Management.

Retirement Programs

The Police and Fire Retirement System (PFRS) is a defined benefit plan administered by a Board of Trustees and covers uniformed employees hired prior to July 1, 1976. As of June 30, 1994, PFRS covered 376 current employees and 1,486 retired employees. Effective July 1, 1976, the City began providing for and funding an amount equal to the annual normal service cost of all PFRS participants and the amortization of unfunded benefits accumulated as of that date over a forty year period. On June 7, 1988, voters approved a City measure to extend the amortization period of the unfunded benefits to fifty years, ending in 2026. In accordance with these voter approved measures, the City annually levies an ad valorem tax on all property within the City subject to taxation by the City to help fund the accumulated unfunded benefits. For fiscal year 1993, the City levied a tax of 0.1575% for this purpose. The present value of vested benefits (benefits to which participants are entitled regardless of future service) was an amount that exceeded related plan assets at June 30, 1994 by approximately $675 million.

The City's annual contribution to PFRS is determined by calculating the total pension liability for public safety employees under both PFRS and the Public Employees Retirement System (PERS). The amount to be contributed to both plans is allocated between years such that a level percentage of payroll (58.69% in Fiscal Year 1994-95) will amortize the unfunded liabilities by 2026 and 2011 of PFRS and PERS, respectively. Contributions to PERS are deducted and the difference is contributed to PFRS.

For the fiscal year ended June 30, 1994, contributions to PFRS totaling $36.0 million ($33.5 million employer and $2.5 million employee) were made in accordance with actuarially determined contribution requirements. Employer and employee contributions amounted to 129% and 9%, respectively, of current year covered payroll for plan participants. The City's actuaries do not make an allocation of the contribution amount between normal cost and the unfunded actuarial liability because the plan is closed. The PFRS benefit plan is audited every two years with the most recent audit conducted in June 1994. The next actuarial evaluation will be made in the current fiscal year (fiscal year 1994-95).

Oakland Municipal Employees' Retirement System (OMERS) is administered by the City and covers three nonuniformed employees hired prior to September 1, 1970 who have not elected to transfer to the PERS as well as 256 retired employees. For the year ended June 30, 1994, the City, in accordance with actuarially determined contribution requirements, did not make contributions to OMERS as the plan is fully funded.

PERS is a defined benefit plan administered by the State of California and covers all nonuniformed employees except those who have not elected to transfer from OMERS and all uniformed employees hired after June 30, 1976. As of June 30, 1993, the unfunded pension benefit obligation under PERS was $15.8 million.

For accounting purposes, employees covered under PERS are classified as either miscellaneous employees or safety employees. City miscellaneous employees and City safety employees are required to contribute 7% and 9%, respectively, of their annual salary to PERS. The City's contribution rates for the fiscal year ended June 30, 1994 were 9.3% and 14.0% for each group, respectively. The City pays the entire amount of its employees' contribution rate for miscellaneous and safety employees, including the annual contribution of 7% and 9% to PERS.

PERS uses an actuarial method which takes into account those benefits that are expected to be earned in the future as well as those already accrued. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. The amortization period of the unfunded actuarial liability ends June 30, 2011.

STATE AND LOCAL ECONOMY

State Economic Recovery

The State Department of Finance Bulletin for February 1995 reports that the unemployment rate in the State rose slightly to 8.2% in January from 7.7% in December after dropping dramatically over the course of last year. Heavy rainfall and widespread flooding throughout the State in mid-January were at least partially responsible for the weakness in the January report. Despite this slight rise in January unemployment, the pattern of economic recovery in the State that has been evident over the last year appears to be continuing.

Retail sales continued to gain momentum throughout 1994. Sales in October and November were up 8.2% and 9.2%, respectively - outpacing national sales gains in both months. Total sales for 1994 appear destined to show the largest gain since the recession began in 1990. Motor vehicle registration data indicate that new car and light truck sales were an important component of the sales growth - up 6.7% in the fourth quarter of 1994. Annual auto sales growth of 3.7% exceeded any year since 1986.

New home construction continued to improve despite rising long-term mortgage rates. Residential building permits for November and December combined were up 13% from the prior-year level. Growth in resales of existing homes slowed from the strong pace early in the year; however, resales in October remained at a respectable 470,000 unit annual rate. Nonresidential construction has also begun to show signs of improvement. The value of nonresidential construction permits rose 3% during 1994 - the first annual increase since 1988.

Finally, the Mexican currency crisis is expected to have some mild dampening effect on the State's economy; however, it should not endanger the recovery. The peso's devaluation will make State exports much more expensive in Mexican markets. Although the economic impact of this is unknown, an export reduction of 20% would reduce trade by approximately $1.5 billion. This represents less than 2% of all exports through State ports. Although the long-run impacts of the devaluation are unclear, the fundamentals of the Mexican economy are much stronger than during the last crisis twelve years ago.

Local Economy

Introduction. The City is located in Alameda County in northern California. The County is one of nine counties comprising the San Francisco Bay region.

The City is the economic hub of the County and of the East Bay generally. As a result, the City has benefited from the rapid growth that has occurred most markedly in the suburban portion of the County over the past decade. In 1993, the Greater Oakland Metropolitan Statistical Area (defined to include Alameda and Contra Costa Counties) accounted for $41.1 billion in buying power and $20.9 billion in retail sales, making it one of the highest consumer spending markets in the nation.

Historically, the City's economic base has been largely industrial, and the City retains a strong manufacturing sector. Currently, over 700 manufacturing firms are located in the City. More recently, the commercial and service-oriented sectors have come to play a larger role. The City has attracted numerous relocating businesses in recent years. According to the Oakland Chamber of Commerce, there are approximately 12 million square feet of private office space within the City, more than half of which is Class A office buildings. An increasing number of major retailers have opened locations in Oakland and there are several thriving shopping districts emerging in the City.

A major factor in the economic strength of the City is an extensive transportation system. The Port of Oakland is one of the busiest container facilities in the world and the Oakland International Airport offers service to more than 170 cities world-wide. Locally, nine major U.S. and California highways converge in Oakland, providing convenient travel throughout the Bay Area and direct access to other regions of the Country. High speed rail transportation to San Francisco and throughout the East Bay is offered by the Bay Area Rapid Transit District ("BART") and local bus service is provided by AC Transit.

Services and other important resources are extensive and locally provided. Seven major hospitals with over 1,700 beds are located in the City and serve City residents. There are more than 170 public and private schools that provide educational opportunities to the City's young people on the elementary and secondary levels. Utility services are provided by East Bay Municipal Utility District, Pacific Gas and Electric Company, and Pacific Bell. In addition to other Bay Area media, the City has its own regional newspaper, radio stations, and a television station.

The quality of life in the City is enhanced by abundant opportunities for recreation, entertainment and culture. The City has a wonderful climate and has 106 parks within its borders including Lake Merritt which is located downtown. The Oakland-Alameda County Coliseum hosts concerts and other special events and is the home to Oakland A's baseball and Golden State Warriors basketball. A variety of museums, music, dance and theater groups, both amateur and professional, perform regularly in the City.

Population. The City is the eighth largest in the State of California in terms of population. It is estimated that population has grown by 7.4% in the past decade. The fastest growing cities are located in the southern and eastern portions of the County. The County is the second most populous in the Bay Area and the seventh most populous in the State.

CITY OF OAKLAND AND COUNTY OF ALAMEDA
POPULATION
(as of January 1)

Year	City of Oakland	County of Alameda
1970*	361,561	1,071,446
1980*	339,337	1,105,379
1990*	372,242	1,279,182
1991	376,200	1,290,800
1992	380,200	1,317,900
1993	382,000	1,334,000
1994	384,100	1,347,900

* Population as of April 1.

Source: California State Department of Finance (1991-1994); U.S. Census (1960, 1970, 1980, 1990).

Employment. Over the past several years, the County and the City have suffered as the California economy has contracted. The following tables represent the labor patterns in the City, the County and the State for 1989 through 1993:

CITY OF OAKLAND, COUNTY OF ALAMEDA, AND STATE OF CALIFORNIA
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
1989 through 1993
Annual Averages

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate*
1989				
Oakland	193,403	182,011	11,392	5.9%
Alameda	685,600	656,500	29,100	4.2%
California	14,517,400	13,780,000	737,400	5.1%
1990				
Oakland	176,590	165,065	11,525	6.5%
Alameda	673,700	645,900	27,800	4.1%
California	15,149,000	14,299,000	850,000	5.6%
1991				
Oakland	176,104	161,161	14,943	8.5%
Alameda	666,600	630,600	36,000	5.4%
California	15,131,000	13,989,000	1,142,000	7.5%
1992				
Oakland	178,218	159,991	18,227	10.2%
Alameda	670,100	626,100	44,000	6.6%
California	15,306,000	13,913,000	1,393,000	9.1%
1993				
Oakland	178,763	160,202	18,561	10.4%
Alameda	671,700	626,900	44,800	6.7%
California	15,260,000	13,853,000	1,407,000	9.2%

* Note: Figures may not calculate due to independent rounding.

Source: California Economic Development Department, 1989-1993 Report 400C.

COUNTY OF ALAMEDA
WAGE AND SALARY WORKERS BY INDUSTRY*
1989 through 1993
Annual Averages

	1989	1990	1991	1992	1993
Total All Industries	580,700	592,000	593,300	586,400	584,900
Total Agriculture	1,800	1,500	1,400	1,300	1,300
Total Non-Agriculture	578,900	590,500	591,900	585,100	583,600
Mining & Construction	27,700	26,500	25,700	24,500	23,300
Manufacturing	79,800	79,800	79,300	79,300	75,600
Transportation & Public Utilities	38,600	38,800	38,200	36,200	36,500
Wholesale Trade	40,300	41,300	43,300	41,700	40,500
Retail Trade	103,800	104,100	100,600	95,800	96,200
Finance, Insurance & Real Estate	28,500	29,400	28,600	30,400	30,700
Services	138,300	146,300	151,500	151,500	155,200
Government	121,900	124,300	124,700	125,700	125,600

* Figures may not add due to independent rounding.

Source: California Employment Development Department, "Annual Planning Information."

Largest Employers. The following tables represent the largest public and private employers in the City:

CITY OF OAKLAND
LARGEST PRIVATE EMPLOYERS
(As of February 15, 1995)

Company	Product/Service	Number of Employees
American President Companies, Inc.	Ocean Shipping	1,000
American Protective Services	Security	783
Children's Hospital	Hospital Service	1,484
Clorox Company	Household Products	1,500
Kaiser Foundation Health Plan	Hospital Services	6,086
Pacific Bell	Public Utility	600
Pacific Gas & Electric	Public Utility	3,000
Safeway Stores, Inc.	Grocery Services	1,100
Summit Medical Center	Hospital Services	1,600
World Savings and Loan	Banking	600

Source: San Francisco Business Times; City of Oakland, Office of Budget and Finance.

CITY OF OAKLAND
LARGEST PUBLIC EMPLOYERS
(As of February 15, 1995)

Company	Product/Service	Number of Employees
AC Transit District	Public Transportation	1,800
Alameda County	Governmental Operations	10,905
Bay Area Rapid Transit District	Public Transportation	2,700
City of Oakland	Governmental Operations	4,800
East Bay Municipal Utility District	Utility/Water	1,604
Oakland Public Schools	Education	6,000
Peralta Community College	Education	1,120
State of California	Governmental Operations	3,000
U.S. Federal Government	Governmental Operations	7,000
U.S. Post Office	Postal Services	2,361

Source: San Francisco Business Times; City of Oakland, Office of Budget and Finance.

Commercial Activity. A five-year history of retail sales for the City is shown in the following table:

CITY OF OAKLAND
TAXABLE TRANSACTIONS 1989-1993
(in thousands)

	1989	1990	1991	1992	1993
Retail Stores:					
Apparel stores	$ 73,471	$ 76,659	$ 72,923	$ 65,771	$ 61,585
General merchandise stores	96,545	65,967	77,459	72,789	58,922
Drug stores	69,080	71,140	75,520	76,730	71,175
Food stores	123,927	118,313	136,991	144,619	119,005
Packaged liquor stores	30,539	30,744	33,072	34,048	31,787
Eating and drinking places	255,667	260,405	267,624	259,315	252,939
Home furnish and appliances	70,004	68,403	64,096	60,755	54,131
Building materials and and farm implements	148,480	144,650	129,232	133,574	128,182
Auto dealers and supplies	351,618	336,275	317,106	320,129	328,548
Service stations	155,908	164,304	155,290	168,250	173,154
Other retail stores	294,163	307,690	292,400	294,481	246,941
Retail Stores Total	1,669,402	1,644,550	1,621,713	1,630,461	1,526,369
All Other Outlets	852,297	803,367	784,653	753,776	738,371
Total All Outlets	**$ 2,521,699**	**$ 2,447,917**	**$ 2,406,366**	**$ 2,384,237**	**$ 2,264,740**

Source: State of California Board of Equalization.

Construction Activity. A five-year history of building permits and valuation appears in the following table:

CITY OF OAKLAND
BUILDING PERMITS AND VALUATIONS
1989 through 1993

Year	Residential Permits	Residential Valuation (in thousands)	Non-Residential Valuation (in thousands)
1989	505	$ 73,941	$ 57,776
1990	336	71,399	49,284
1991	762	113,323	89,982
1992	905	141,716	57,756
1993	597	100,049	64,328

Source: Economic Sciences Corporation, "California Building Permit Activity," 1989-1993 Annual Summaries.

Median Household Income. Effective Buying Income ("EBI") is defined as personal income less personal income tax and non-tax payments, such as fines, fees or penalties. Median household EBI for the City, the County and the State are shown in the table below.

CITY OF OAKLAND, COUNTY OF ALAMEDA, AND STATE OF CALIFORNIA
MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME
1990 through 1994

Year*	City of Oakland	County of Alameda	State of California
1990	$ 34,914	$ 31,440	$ 30,713
1991	38,096	34,211	33,342
1992	42,048	39,329	36,943
1993	43,151	40,289	37,686
1994	45,121	42,284	39,330

* As of January 1.

Source: "Survey of Buying Power," Sales and Marketing Management Magazine.

TAX EXEMPTION

In the opinion Lofton, De Lancie & Nelson, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming continuing compliance by the City with certain covenants in the documents relating to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code") regarding the use, expenditure and investment of Bond proceeds and the timely payment of certain amounts to the United States Treasury, interest on the Bonds is excluded from the gross income of the owners of the Bonds for purposes of federal income taxation. Failure to comply with such covenants and requirements of the Code may cause interest on the Bonds to be included in federal gross income retroactively to the date of issue.

Interest on the Bonds will not be treated as an item of tax preference in calculating alternative minimum taxable income of individuals and corporations; however, interest on the Bonds will be included as an adjustment in the calculation of a corporation's alternative minimum taxable income and may therefore affect such corporation's alternative minimum tax and environmental tax liabilities. Except as stated herein, Bond Counsel expresses no opinion regarding any income tax consequences caused by or resulting from the ownership of, the receipt of interest on, or the disposition of, the Bonds.

Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign institutions doing business in the United States, certain S Corporations with excess net passive income, individual recipients of social security or railroad retirement benefits and taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel expresses no opinion regarding any collateral tax consequences and, accordingly, prospective purchasers of the Bonds should consult their tax advisors as to the applicability of collateral consequences.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from the State of California personal income taxes.

The form of the Opinion of Bond Counsel is attached hereto as APPENDIX B.

LEGAL OPINION

The legal opinion of Bond Counsel will be made available to the purchasers of the Bonds, at the time of the original delivery of the Bonds.

RATINGS

Standard & Poor's Ratings Group, A Division of McGraw-Hill, Inc., and Moody's Investors Service have assigned the ratings of "AAA" and "Aaa", respectively, to the Bonds, with the understanding that upon delivery of the Bonds, a financial guaranty bond insuring the payment when due of the principal of and interest on the Bonds will be issued by Capital Guaranty Insurance Company.

The ratings issued reflect only the views of the respective rating agencies, and any explanation of the significance of such ratings on the Bonds may be obtained from each of the rating agencies at the following addresses: Moody's Investors Service, 99 Church Street, New York, New York 10007; Standard & Poor's Ratings Group, A Division of McGraw-Hill, Inc., 25 Broadway, New York, New York 10004.

There are no assurances that either or both of the ratings assigned to the Bonds will be retained for any given period of time or that either or both will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. The issuer has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any downward revision or withdrawal of any ratings obtained, or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of either or both of the ratings obtained may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Pursuant to the terms of the public bid dated March 1, 1995, Merrill Lynch & Co., as Underwriter has contracted to purchase the Bond from the City at the purchase price of $15,000,305.95 plus accrued interest from March 1, 1995 to the date of delivery of the Bonds. The Underwriter will be obligated to take and pay for all of the Bonds if any Bond is purchased.

FINANCIAL ADVISOR

Rauscher Pierce Refsnes, Inc., San Francisco, California, has served as financial advisor (the "Financial Advisor") to the City in connection with the issuance of the Bonds. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein.

LIMITATION OF REMEDIES

In addition to the limitations on remedies contained in the Declaration of Trust, the rights and remedies of the Bondholders are limited by and are subject to the provisions of bankruptcy, reorganization, insolvency, or other laws affecting creditors rights generally and by the exercise of judicial discretion in accordance with general principles of equity law, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights if equitable remedies are sought.

NO LITIGATION

No litigation is pending or to the knowledge of the City, threatened concerning the validity of the Bonds, the corporate existence of the City, the title of the officers of the City who will execute the Bonds as to their respective offices, the ability of the City to receive *ad valorem* taxes or to collect other revenues or contesting the City's ability to issue and retire the Bonds. The City will furnish a Certificate to this effect to the purchaser at the time of the original delivery of the Bonds.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of, the Bonds. Quotations from and summaries and explanations of the Bonds, the Declaration of Trust or the Resolution, do not purport to be complete, and reference is made to said documents for full and complete statements of their provisions.

All data contained herein has been taken or constructed from City records. Appropriate City officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been reviewed and approved by the City Council.

CITY OF OAKLAND, CALIFORNIA

By: /s/ Craig G. Kocian
City Manager

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF OAKLAND

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of Oakland, California (the "City") as of June 30, 1994, and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of management of the City. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Oakland Convention Center Management, Inc., the Oakland Municipal Employees' Retirement System, the Oakland Redevelopment Agency and the Police and Fire Retirement System, whose statements reflect total assets and total revenues constituting 8% and 0% of the combined totals of the Special Revenue Funds; 16% and 13% of the combined totals of the Debt Service Funds; 51% and 63% of the combined totals of the Capital Projects Funds; 0% and 11% of the combined totals of the Enterprise Funds; 48% and 63% of the combined totals of the Fiduciary Fund Types; and 32% of the combined total liabilities of the General Long-Term Obligations Account Group. We also did not audit the financial statements of the Port of Oakland, a discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities in the Special Revenue, Debt Service, Capital Projects and Enterprise Funds, Fiduciary Fund Types, General Long-Term Obligations Account Group, and discretely presented component unit, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, such general purpose financial statements present fairly, in all material respects, the financial position of the City at June 30, 1994, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 20 to the general purpose financial statements, during the year ended June 30, 1994, the City changed its method of accounting for component units to conform with Statement No. 14 of the Governmental Accounting Standards Board and, accordingly, restated its July 1, 1993 fund equities.

As discussed in Note 21 to the general purpose financial statements, during the year ended June 30, 1994, the City changed its method of accounting for passenger facility charges.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents, which are also the responsibility of the management of the City, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements (other than the financial statements of the Oakland Convention Center Management, Inc., the Oakland Municipal Employees' Retirement System, the Oakland Redevelopment Agency, the Police and Fire Retirement System, and the Port of Oakland, which were audited by other auditors whose reports expressed unqualified opinions) and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

The statistical section listed in the foregoing table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements, and, accordingly, we do not express an opinion thereon.

Deloitte & Touche LLP

November 23, 1994

CITY OF OAKLAND

ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT

COMBINED BALANCE SHEET

June 30, 1994

(In Thousands)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS AND OTHER DEBITS						
Assets						
Cash and investments	$ —	$ 9,541	$ 5,552	$ 118,893	$ 13,101	$ 11,428
Receivables (net of allowance for uncollectibles):						
Accrued interest	1,138	1,164	214	5,467	—	—
Property taxes	350	—	—	—	—	—
Accounts receivable	15,285	1,092	987	918	1,488	115
Grants receivable	7,972	17,816	—	194	—	—
Special assessments	—	1,525	3,391	—	—	—
Receivable from Port of Oakland	18,006	—	—	—	—	—
Due from other funds	71,844	6,797	1,723	4,206	2,661	2,336
Advances to other funds	200	—	—	—	—	—
Notes and loans receivable (net of allowance for uncollectibles)	9,499	42,939	21,652	27,781	—	—
Restricted cash and investments	80,250	—	63,021	276,993	310	—
Inventories	—	—	—	—	—	908
Fixed assets (net, where applicable of accumulated depreciation)	—	—	—	—	46,507	14,321
Investment in joint venture	—	—	—	—	—	—
Land held for resale	—	—	—	24,910	—	—
Other	—	97	—	1	1,623	—
Other Debits						
Amount available in debt service funds	—	—	—	—	—	—
Amount to be provided for long-term obligations	—	—	—	—	—	—
TOTAL ASSETS AND OTHER DEBITS	$ 204,544	$ 80,971	$ 96,540	$ 459,363	$ 65,690	$ 29,108

Fiduciary Fund Types	Account Groups		Total (Memorandum Only)	Component Unit	Total (Memorandum Only
Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Port of Oakland	Reporting Entity
$ 300,928	$ —	$ —	$ 459,443	$ 56,944	$ 516,387
3,852	--	—	11,835	1,913	13,748
—	—	—	350	—	350
1	—	—	19,886	24,881	44,767
—	—	—	25,982	—	25,982
—	—	—	4,916	—	4,916
—	—	—	18,006	—	18,006
8,257	—	—	97,824	—	97,824
—	—	—	200	—	200
—	—	—	101,871	—	101,871
285,971	—	—	706,545	119,346	825,891
—	—	—	908	—	908
—	549,106	—	609,934	680,422	1,290,356
—	25,056	—	25,056	—	25,056
—	—	—	24,910	—	24,910
—	—	—	1,721	18,803	20,524
—	—	84,629	84,629	—	84,629
—	—	677,775	677,775	—	677,775
$ 599,009	$ 574,162	$ 762,404	$2,871,791	$ 902,309	$3,774,100

(continued)

ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
COMBINED BALANCE SHEET, continued
June 30, 1994
(In Thousands)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
LIABILITIES, EQUITY AND OTHER CREDITS						
Liabilities						
Accounts payable and accrued liabilities	$ 28,106	$ 8,977	$ —	$ 3,395	$ 911	$ 706
Due to other funds	41,523	14,328	21	17,411	581	3,692
Advances from other funds	—	—	—	—	—	200
Payable to primary government	—	—	—	—	—	—
Deferred revenue	9,651	57,553	3,391	23,456	63	—
Tax and revenue anticipation notes payable	80,000	—	—	—	—	—
Matured bonds and interest payable	2,473	—	8,154	—	—	—
Long-term obligations	—	—	—	—	7,797	—
Obligations under deferred compensation plans	—	—	—	—	—	—
Other	610	256	345	15,300	31	—
Total liabilities	162,363	81,114	11,911	59,562	9,383	4,598
Equity and Other Credits						
Investment in general fixed assets	—	—	—	—	—	—
Contributed capital	—	—	—	—	—	17,382
Retained earnings	—	—	—	—	56,307	7,128
Fund balances:						
Reserved	13,289	14,630	84,629	410,460	—	—
Unreserved:						
Designated	15,204	8,502	—	—	—	—
Undesignated	13,688	(23,275)	—	(10,659)	—	—
Total equity and other credits	42,181	(143)	84,629	399,801	56,307	24,510
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	$ 204,544	$ 80,971	$ 96,540	$ 459,363	$ 65,690	$ 29,108

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

Fiduciary Fund Types	Account Groups		Total (Memorandum Only)	Component Unit	Total (Memorandum Only)
Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Port of Oakland	Reporting Entity
$ 7,295	$ —	$ —	$ 49,390	$ 32,383	$ 81,773
20,268	—	—	97,824	—	97,824
—	—	—	200	—	200
—	—	—	—	18,006	18,006
—	—	—	94,114	3,540	97,654
—	—	—	80,000	—	80,000
—	—	—	10,627	11,349	21,976
1,800	—	762,404	772,001	507,383	1,279,384
57,598	—	—	57,598	14,788	72,386
19,736	—	—	36,278	13,670	49,948
106,697	—	762,404	1,198,032	601,119	1,799,151
—	574,162	—	574,162	—	574,162
—	—	—	17,382	95,894	113,276
—	—	—	63,435	205,296	268,731
506,007	—	—	1,029,015	—	1,029,015
82	—	—	23,788	—	23,788
(13,777)	—	—	(34,023)	—	(34,023)
492,312	574,162	—	1,673,759	301,190	1,974,949
$ 599,009	$574,162	$ 762,404	$2,871,791	$902,309	$3,774,100

(concluded)

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended June 30, 1994

(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Taxes:				
Property	$ 67,001	$ 15,248	$ 5,291	$ 27,329
State:				
Sales and Use	26,184	4,889	—	—
Motor Vehicle In-lieu	15,004	—	—	—
Gas	—	4,710	—	—
Local:				
Business License	25,583	—	—	—
Utility Consumption	33,133	—	—	—
Real Estate Transfer	13,491	—	—	—
Transient Occupancy	5,554	—	—	—
Parking	3,581	—	—	—
Franchise	6,605	—	—	—
Licenses and permits	4,756	1,308	—	—
Fines and penalties	7,480	1,009	6	—
Interest and rental	11,188	2,392	5,686	31,149
Charges for services	22,792	1,695	—	7
Federal and state grants and subventions	16,071	68,874	—	—
Pension annuity distribution	—	—	—	—
Other	3,510	4,651	—	2,752
TOTAL REVENUES	$261,933	$104,776	$10,983	$ 61,237

Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
$ —	$114,869
—	31,073
—	15,004
—	4,710
—	25,583
—	33,133
—	13,491
—	5,554
—	3,581
—	6,605
—	6,064
—	8,495
6,511	56,926
1	24,495
227	85,172
20,905	20,905
4,153	15,066
$ 31,797	$470,726

(continued)

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued
Year ended June 30, 1994
(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
EXPENDITURES				
Current:				
General government:				
Mayor	$ 1,037	$ 6,317	$ —	$ 24
Council	1,385	—	—	—
City Manager	2,431	8,032	—	99
City Attorney	4,696	292	—	204
City Auditor	711	5	—	—
City Clerk	928	37	—	—
Support services:				
Personnel Resource Management	4,837	1	—	—
Marketing and Public Information	1,208	—	—	—
Finance	6,085	637	6	116
Retirement and Risk Administration	511	—	—	—
Communication and Information Services	6,744	61	—	71
General Services	3,936	3,088	—	79
Public safety:				
Police	100,006	1,771	—	58
Fire	58,121	1,216	—	29
Cultural and community services:				
Parks and Recreation	9,771	13,332	—	403
Library	8,611	415	—	116
Museum	5,170	—	—	—
Aging	1,958	4,917	—	—
Health and Human Services	1,021	6,920	—	—
Community development:				
Planning and Building	12,536	110	—	45
Public Works	26,745	13,391	—	2,233
Housing and Neighborhood Development	173	14,713	—	134
Economic Development and Employment	281	4,002	—	39
Redevelopment agency	—	—	—	12,540
Other	1,561	3,190	636	1,743
Capital outlay	948	36,892	—	27,733
Debt service:				
Principal repayment	—	—	16,956	—
Interest charges	2,863	—	42,441	—
Net expenditure from joint venture	32	—	—	—
TOTAL EXPENDITURES	264,306	119,339	60,039	45,666
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (2,373)	$(14,563)	$(49,056)	$15,571

Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
$ 139	$ 7,517
452	1,837
154	10,716
78	5,270
59	775
850	1,815
—	4,838
—	1,208
177	7,021
—	511
6	6,882
—	7,103
1,475	103,310
—	59,366
122	23,628
308	9,450
61	5,231
—	6,875
179	8,120
2	12,693
656	43,025
1,499	16,519
2,056	6,378
—	12,540
10,008	17,138
4,589	70,162
—	16,956
—	45,304
—	32
22,870	512,220
$ 8,927	$(41,494)

(continued)

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued

Year Ended June 30, 1994

(In Thousands)

	Governmental Fund Types			
	General	**Special Revenue**	**Debt Service**	**Capital Projects**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES, BROUGHT FORWARD	$ (2,373)	$ (14,563)	$ (49,056)	$ 15,571
OTHER FINANCING SOURCES (USES)				
Bond proceeds	—	—	2,014	—
Property sale proceeds	195	11	—	—
Payment to refunded bond escrow agent	—	—	(2,014)	—
Bond issuance costs	—	—	(197)	—
Operating transfers in	24,624	2,254	53,238	1,213
Operating transfers out	(18,853)	(2,134)	(2,549)	(29,016)
TOTAL OTHER FINANCING SOURCES (USES)	5,966	131	50,492	(27,803)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,593	(14,432)	1,436	(12,232)
Fund balances at beginning of year	38,588	14,289	83,193	412,033
FUND BALANCES AT END OF YEAR	$ 42,181	$ (143)	$ 84,629	$399,801

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

Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
$ 8,927	$ (41,494)
—	2,014
—	206
—	(2,014)
—	(197)
12,882	94,211
(41,687)	(94,239)
(28,805)	(19)
(19,878)	(41,513)
221,768	769,871
$201,890	$728,358

(concluded)

GENERAL FUND AND ANNUALLY BUDGETED SPECIAL REVENUE AND DEBT SERVICE FUNDS

COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL ON A BUDGETARY BASIS

Year ended June 30, 1994

(In Thousands)

	General Fund		
	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES			
Taxes:			
Property	$ 66,879	$ 67,001	$ 122
State:			
Sales and Use	25,970	26,184	214
Motor Vehicle In-lieu	15,396	15,004	(392)
Cigarette	—	—	—
Gas	—	—	—
Local:			
Business License	25,601	25,583	(18)
Utility Consumption	32,117	33,133	1,016
Real Estate Transfer	11,666	13,491	1,825
Transient Occupancy	5,691	5,554	(137)
Parking	3,100	3,581	481
Franchise	7,102	6,605	(497)
Licenses and permits	7,340	4,756	(2,584)
Fines and penalties	8,794	7,480	(1,314)
Landscape and lighting assessments	—	—	—
Interest and rental	7,381	11,188	3,807
Charges for services	28,418	22,792	(5,626)
Federal and state grants and subventions	10,080	16,071	5,991
Other	26,278	38,188	11,910
TOTAL REVENUES	$281,813	$296,611	$14,798

Annually Budgeted Special Revenue Funds			Annually Budgeted Debt Service Funds		
Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
$ —	$ —	$ —	$ 3,910	$ 5,072	$ 1,162
5,318	4,889	(429)	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
6,567	4,710	(1,857)	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
420	430	10	—	6	6
15,469	15,248	(221)	—	—	—
—	45	45	1,426	1,621	195
—	—	—	—	—	—
—	3,582	3,582	—	—	—
264	47	(217)	22,223	32,069	9,846
$28,038	$28,951	$ 913	$27,559	$38,768	$11,209

(continued)

GENERAL FUND AND ANNUALLY BUDGETED SPECIAL REVENUE AND DEBT SERVICE FUNDS

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

Year ended June 30, 1994

(In Thousands)

	General Fund		
	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
EXPENDITURES AND ENCUMBRANCES			
Current:			
General government:			
Mayor	$ 1,077	$ 1,042	$ 35
Council	1,312	1,380	(68)
City Manager	2,662	2,425	237
City Attorney	4,421	4,681	(260)
City Auditor	719	711	8
City Clerk	1,108	921	187
Support services:			
Personnel Resource Management	5,000	4,822	178
Marketing and Public Information	1,567	1,214	353
Finance	6,219	6,019	200
Retirement and Risk Administration	453	493	(40)
Communication and Information Services	6,898	6,761	137
General Services	3,740	3,924	(184)
Public safety:			
Police	99,996	99,941	55
Fire	58,453	58,177	276
Cultural and community services:			
Parks and Recreation	10,001	9,732	269
Library	8,873	8,616	257
Museum	5,108	5,167	(59)
Aging	1,899	1,958	(59)
Health and Human Services	1,053	1,017	36
Community development:			
Planning and Building	13,242	12,481	761
Public Works	31,511	26,640	4,871
Housing and Neighborhood Development	944	140	804
Economic Development and Employment	359	266	93
Other	19,722	21,148	(1,426)
Capital outlay	9,027	5,553	3,474
Debt service:			
Principal repayment	—	—	—
Interest charges	—	2,863	(2,863)
TOTAL EXPENDITURES AND ENCUMBRANCES	295,364	288,092	7,272
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	$ (13,551)	$ 8,519	$ 22,070

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

Annually Budgeted Special Revenue Funds			Annually Budgeted Debt Service Funds		
Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
131	120	11	—	—	—
-	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
186	116	70	2	6	(4)
—	—	—	—	—	—
71	12	59	—	—	—
3,346	2,998	348	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
12,927	12,026	901	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
54	43	11	—	—	—
10,358	9,769	589	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	2,378	(2,378)
12,769	8,140	4,629	—	—	—
—	—	—	7,843	9,771	(1,928)
—	—	—	19,738	19,773	(35)
39,842	33,224	6,618	27,583	31,928	(4,345)
$ (11,804)	$ (4,273)	$ 7,531	$ (24)	$ 6,840	$ 6,864

(concluded)

ALL PROPRIETARY FUND TYPES, PENSION TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNIT

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES

Year Ended June 30, 1994

(In Thousands)

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Pension Trust
OPERATING REVENUES			
Rental	$ 1,003	$ —	$ —
Interest	—	—	18,383
Charges for services	14,778	31,102	—
Contributions	—	—	36,087
Other	574	620	—
TOTAL OPERATING REVENUES	16,355	31,722	54,470
OPERATING EXPENSES			
Personnel	8,826	11,383	—
Supplies	302	4,650	—
Depreciation and amortization	1,904	4,133	—
Contractual services and supplies	1,568	333	—
Repairs and maintenance	83	744	—
General and administrative	2,053	4,818	—
Rental	521	983	—
Benefit payments	—	—	51,008
Interest	—	—	110
Other	(1,117)	1,826	1,145
TOTAL OPERATING EXPENSES	14,140	28,870	52,263
OPERATING INCOME	2,215	2,852	2,207
NON-OPERATING REVENUES (EXPENSES)			
Federal and state grants	258	—	—
Interest, net	(269)	(1)	—
Other, net	(23)	264	—
TOTAL NON-OPERATING REVENUES (EXPENSES)	(34)	263	—
INCOME BEFORE OPERATING TRANSFERS	2,181	3,115	2,207
Operating transfers in	2,792	2	—
Operating transfers out	(766)	(2,000)	—
TOTAL OPERATING TRANSFERS	2,026	(1,998)	—
NET INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	4,207	1,117	2,207
Cumulative effect of change in accounting principle (Note 21)	—	—	—
Depreciation of fixed assets acquired with contributed capital	—	—	—
Retained earnings/fund balances at beginning of year	52,100	6,011	288,215
RETAINED EARNINGS/FUND BALANCES AT END OF YEAR	$ 56,307	$ 7,128	$290,422

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

Total (Memorandum Only) Primary Government	Component Unit Port of Oakland	Total (Memorandum Only) Reporting Entity
$ 1,003	$ 120,805	$ 121,808
18,383	—	18,383
45,880	—	45,880
36,087	—	36,087
1,194	—	1,194
102,547	120,805	223,352
20,209	30,957	51,166
4,952	933	5,885
6,037	23,892	29,929
1,901	13,963	15,864
827	5,833	6,660
6,871	15,819	22,690
1,504	188	1,692
51,008	—	51,008
110	—	110
1,854	—	1,854
95,273	91,585	186,858
7,274	29,220	36,494
258	—	258
(270)	(20,599)	(20,869)
241	4,682	4,923
229	(15,917)	(15,688)
7,503	13,303	20,806
2,794	—	2,794
(2,766)	—	(2,766)
28	—	28
7,531	13,303	20,834
—	(7,968)	(7,968)
—	2,408	2,408
346,326	197,553	543,879
$ 353,857	$ 205,296	$ 559,153

ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT

COMBINED STATEMENT OF CASH FLOWS

Year ended June 30, 1994

(In Thousands)

	Proprietary Fund Types		Total (Memorandum Only)	Component Unit	Total (Memorandum Only)
	Enterprise	Internal Service	Primary Government	Port of Oakland	Reporting Entity
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income	$2,215	$ 2,852	$ 5,067	$ 29,220	$34,287
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization	1,904	4,133	6,037	23,892	29,929
Changes in assets and liabilities:					
Accounts receivable	98	134	232	(9,843)	(9,611)
Inventories	—	(80)	(80)	—	(80)
Other assets	(103)	—	(103)	1	(102)
Accounts payable and accrued liabilities	(698)	(1,160)	(1,858)	6,074	4,216
Deferred revenue	(9)	—	(9)	3,981	3,972
Obligations under deferred compensation plans	—	—	—	2,202	2,202
Other	(15)	334	319	(2,781)	(2,462)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,392	6,213	9,605	52,746	62,351
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Inter-fund repayments	(2,730)	(2,607)	(5,337)	—	(5,337)
Inter-fund borrowings	23	401	424	—	424
Operating transfers to other funds	(766)	(1,954)	(2,720)	—	(2,720)
Operating transfers from other funds	2,792	—	2,792	—	2,792
Interest paid on debt	15	—	15	—	15
NET CASH USED FOR NON-CAPITAL FINANCING ACTIVITIES	$ (666)	$ (4,160)	$ (4,826)	$ —	$(4,826)

(continued)

ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT

COMBINED STATEMENT OF CASH FLOWS, continued

Year ended June 30, 1994

(In Thousands)

	Proprietary Fund Types		Total (Memorandum Only)	Component Unit	Total (Memorandum Only)
	Enterprise	Internal Service	Primary Government	Port of Oakland	Reporting Entity
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Long-term debt:					
New borrowings	$ —	$ —	$ —	$ 538	$ 538
Repayment of principal	(331)	—	(331)	(1,534)	(1,865)
Payment of interest	(284)	—	(284)	(26,544)	(26,828)
Proceeds from sale of fixed assets	—	10	10	8,875	8,885
Acquisition and construction of capital assets	(7,669)	(2,268)	(9,937)	(77,291)	(87,228)
Grants from governmental agencies	258	(70)	188	8,827	9,015
Passenger facility charges	—	—	—	10,749	10,749
Repayment of borrowings from primary government	—	—	—	(5,200)	(5,200)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(8,026)	(2,328)	(10,354)	(81,580)	(91,934)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Decrease in restricted cash	—	—	—	(8,732)	(8,732)
Purchase of investments	—	—	—	46,579	46,579
Interest on investments	—	—	—	3,741	3,741
NET CASH PROVIDED BY INVESTING ACTIVITIES	—	—	—	41,588	41,588
NET DECREASE IN CASH AND EQUIVALENTS	(5,300)	(275)	(5,575)	12,754	7,179
CASH AND EQUIVALENTS AT BEGINNING OF YEAR (including $300 in restricted cash in Enterprise Funds)	18,711	11,703	30,414	44,190	74,604
CASH AND EQUIVALENTS AT END OF YEAR (including $310 in restricted cash in Enterprise Funds)	$ 13,411	$ 11,428	$ 24,839	$ 56,944	$ 81,783

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

(concluded)

NOTES TO FINANCIAL STATEMENTS

June 30, 1994

(1) ORGANIZATION AND DEFINITION OF REPORTING ENTITY

The City of Oakland, California, (the City) was chartered on May 25, 1854, by the State of California and is organized and exists under and pursuant to the provisions of State law. The Charter established a Council-Manager form of government consisting of nine elected Councilmembers, including the Mayor, and a Council-appointed City Manager.

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

Effective July 1, 1993, the City implemented Governmental Accounting Standards Board Statement No. 14 (GASB 14),"The Financial Reporting Entity." GASB 14 requires that the component units be separated into blended or discretely presented units for reporting purposes. Although legally separate entities, blended component units are, in substance, part of the City's operations. Therefore, they are reported as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City.

Blended Component Units

The Oakland Municipal Employees' Retirement System (OMERS), now a closed plan, provides death, disability and service retirement benefits to City employees and their beneficiaries who are participants in the plan. Benefit provisions and all other requirements are established by the City Charter. OMERS is reported as a pension trust.

The Oakland Police and Fire Retirement System (PFRS), also a closed plan, provides death, disability and service retirement benefits to City uniformed employees and their beneficiaries. Benefit provisions and all other requirements are established by the City Charter. PFRS is reported as a pension trust.

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

Oakland Convention Center Management, Inc. (OCCM) was created to operate the City's two convention centers (Kaiser and George P. Scotlan Memorial). The fiscal year 1994-95 City budget reduced funding to OCCM, and transferred management of the Kaiser Convention Center to the Office of Parks and Recreation. It is expected that OCCM will not be funded in fiscal year 1995-96. OCCM is reported as an enterprise fund.

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

Discretely Presented Component Unit

The Port of Oakland (Port) is a public entity established in 1927 by the City. Operations include the Oakland International Airport; the Port of Oakland Marine Terminal Facilities; and commercial real estate which includes Oakland Portside Associates (OPA), a California limited partnership, and the Port of Oakland Public Benefit Corporation (Port-PBC), a nonprofit benefit corporation. The Port is under the control of a seven-member Board of Port Commissioners appointed by the Mayor of the City and is administered by an Executive Director. The Port prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations. Prior to implementation of GASB 14, the Port's financial position and results of operations were reported as an enterprise fund of the City. To account for the discrete presentation of the financial activity of the Port, the June 30, 1993, enterprise fund equity has been restated (see Note 20).

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

Office of Budget and Finance
City of Oakland
475 - 14th Street, 10th Floor
Oakland, CA 94612

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Fund Accounting

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Types

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

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

Fiduciary Fund Types

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

Account Groups

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

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

Basis of Accounting

Measurement Focus

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

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

Modified Accrual Basis of Accounting

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

Intergovernmental revenues which are primarily grants and subventions received as reimbursement for specific purposes or projects are recognized based upon the expenditures recorded. Intergovernmental revenues which are virtually unrestricted as to purpose of expenditure and revocable only for failure to meet prescribed compliance requirements are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

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

The County of Alameda is responsible for assessing, collecting and distributing property taxes in accordance with enabling state law, and for remitting such amounts to the City. Property taxes are assessed and levied as of March 1 on all taxable property located in the City, and result in a lien on real property. Property taxes are then due in two equal installments, the first on November 1 and the second on March 1 of the following calendar year, and are delinquent after December 10 and April 10, respectively. Since the passage of California's Proposition 13, beginning with fiscal year 1978-79, general property taxes are limited to a flat 1% rate applied to the 1975-76 full value of the property, or 1% of the sales price of the property or of the construction value added after the 1975-76 valuation. Assessed values on properties (exclusive of increases related to sales and construction) can rise a maximum of 2% per year. Taxes were levied at the maximum 1% rate during the fiscal year ended June 30, 1994.

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

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

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

Accrual Basis of Accounting

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

Deferred Revenue

Deferred revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records deferred revenue related to: uncollected property taxes; estimated special assessments not yet payable; intergovernmental revenues (primarily grants and subventions) received but not earned (qualifying expenditures not yet incurred); long-term contracts; and notes or loans receivable arising from loan subsidy programs which are charged to operations upon funding.

Budgetary Data

Original Budget

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.

Revised Budget

The revised budgetary data presented in the accompanying "General Fund and Annually Budgeted Special Revenue Funds and Debt Service Funds—Combined Statement of Revenues, Expenditures and Encumbrances—Budget and Actual on a Budgetary Basis," reflect the following changes to the original budget:

> Certain projects or programs are appropriated on a multi-year rather than annual basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations are carried forward to the following year with the approval of the City Manager. Annually appropriated funds (not related to multi-year projects or programs) lapse at the end of the fiscal year, unless such funds were encumbered or otherwise approved for carryforward by the City Manager. Appropriations carried forward from the prior year are included in the revised budgetary data. Historically, appropriations carried forward have ultimately resulted in expenditures.
>
> Transfers of appropriations between funds must be approved by the City Council. Required supplemental appropriations financed by unanticipated revenues or beginning available fund balances must also be approved by the City Council. As a result of the cancellation of several projects, the General Fund budget was reduced by approximately $9,203,000.

Transfers of appropriations between departments and projects within the same fund must be approved by the City Manager. Revised budget amounts reported in the accompanying General Purpose Financial Statements reflect both the appropriation changes approved by the City Council and the transfers approved by the City Manager.

Encumbrances

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

Budgetary Basis of Accounting

The City adopts budgets each fiscal year on a basis of accounting which is different from generally accepted accounting principles (GAAP). The major areas of difference are discussed in Note 16.

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

In fiscal year 1994-95, the City implemented several special assessments to modify or improve designated districts. Due to the late implementation of these assessments, no budget was set up for the special assessments.

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

Special Revenue Funds

Federal and State Grants
Other Special Assessments
Other Special Revenue
Oakland Redevelopment Agency

Debt Service Funds

Tax Allocation Bonds
Lease Financings
Special Revenue Bonds

Capital Projects Funds

Municipal Improvement
Oakland Redevelopment Agency

Cash and Investments

The City follows the practice of pooling cash of all funds for investment, except for the Oakland Redevelopment Agency funds, agency fund types, and restricted funds held by outside custodians. Investments are stated at cost or amortized cost, except for assets of deferred compensation plans which are reported at market value and primarily consist of investments with maturities greater than one year.

Income earned or losses arising from the investment of pooled cash are allocated on a monthly basis to the participating funds and component units except for Enterprise, Internal Service and certain Special Revenue funds, based on their proportionate share of the average daily cash balance.

For purposes of the statements of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash and investments generally have original maturities of greater than three months and are therefore not considered cash equivalents. The proprietary fund types' investments in the City cash and investment pool are, in substance, demand deposits and are therefore considered to be cash equivalents.

Interfund Receivables/Payables

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

Long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reservation which indicates that they do not constitute expendable available resources and, therefore, are not available for appropriation.

Restricted Cash and Investments

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

Other Assets

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

Inventories

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

General Fixed Assets

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

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

No depreciation is provided on general fixed assets.

Fixed Assets - Proprietary Fund Types and Discretely Presented Component Unit

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

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

Tenant improvements which revert to the Port at the end of the lease term are recorded in an appropriate asset account, with an offsetting credit to deferred revenue. The asset is depreciated over its useful life, not less than the term of the lease, and the deferred revenue is amortized over the term of the lease, including renewal options.

Land Held for Resale

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

Vacation and Sick Leave Pay

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

Vested vacation, sick leave and compensatory time are accrued, as appropriate, for all funds. With respect to obligations of the governmental fund types, amounts expected to be paid monetarily or by way of compensatory time off are accrued in the appropriate fund if current resources are expected to be used. The remainder is recorded in the General Long-Term Obligations Account Group.

Retirement Plans

The City has three defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS), and Public Employees' Retirement System (PERS). Refer to Note 15 for additional information.

Claims and Judgments

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

Interfund Transfers

Interfund transfers are generally recorded as operating transfers except for the following types of transactions:

Charges for services are recorded as revenues of the performing fund and expenditures/expenses of the requesting fund.

Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

Residual equity transfers, which represent nonrecurring or nonroutine transfers of equity between funds, are reported as decreases or increases in fund balance for governmental fund types.

Contributed Capital

Primary Government

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

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

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

Fixed assets contributed from the primary government or other funds or from the General Fixed Assets Account Group.

Depreciation of fixed assets acquired with contributed capital.

Discretely Presented Component Unit

Contributed capital in the Port includes grants from government agencies which are restricted for the acquisition or construction of capital assets, and passenger facility charges which are restricted in use for projects eligible under federal legislation and approved by the Federal Aviation Administration. Depreciation expense on assets acquired with contributed capital is charged to contributed capital.

Fund Equity

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

Portions of unreserved fund balances have been designated to indicate that portion of fund equity for which the City has tentative plans for financial resource utilization in a future period. These amounts may not result in actual expenditures.

Total Columns on Combined Financial Statements

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

(3) CASH AND INVESTMENTS AND RESTRICTED CASH AND INVESTMENTS

Primary Government

The City maintains a cash and investment pool consisting of City funds and cash held for OMERS, PFRS and the Port. The City's funds are invested by the Director of Budget and Finance according to the investment policy adopted by the City Council. The objectives of the policy are legality, safety, liquidity, diversity, and yield. The policy addresses soundness of financial institutions in which the City can deposit funds, types of investment instruments permitted by the California Government Code, duration of the investments, and the percentage of the portfolio which may be invested in certain instruments. Pooled investments permitted by the policy include United States Treasury bills and notes, federal agency issues, bankers' acceptances, commercial paper, corporate stocks and bonds with ratings of A1 or P1 by either Standard and Poor's Corporation or Moody's Investor Service Inc., negotiable certificates of deposit, Local Agency Investment Fund, 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 principal banking institution. Additionally, the City Council has adopted certain requirements prohibiting investments in companies doing business in or with South Africa, 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. The South Africa policy was rescinded on November 16, 1993. As of June 30, 1994, the City was in compliance with the above investing requirements.

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

Total City deposits and investments (in thousands):

Deposits	$ 94,965
Investments	1,071,023
TOTAL	$1,165,988

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

Cash and investments	$ 459,443
Restricted cash and investments	706,545
TOTAL	$1,165,988

Deposits

At June 30, 1994, the carrying amount of the City's deposits was $94,965,000 and the bank balance was $97,225,000. The difference between the carrying amount and the bank balance was primarily due to deposits in transit and outstanding checks. Deposits include checking accounts, interest earning savings accounts, money market funds, and nonnegotiable certificates of deposit. Of the bank balance, $4,470,000 was covered by federal depository insurance or by collateral held by the City's agent in the City's name and $92,755,000 was collateralized with securities held by the pledging financial institution in the City's name, in accordance with Section 53652 of the California Government Code.

The California Government Code requires governmental securities as collateral for demand deposits and certificates of deposit at 110 percent of all deposits not covered by federal deposit insurance. The collateral must be held at the pledging bank in the City's name.

Investments

The City's investments are categorized to give an indication of the level of custodial credit risk assumed by the City at year-end. Category 1 includes investments that are insured or registered, or securities held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments, with the securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments, with the securities held by the counterparty or by its trust department or agent but not in the City's name. The City had no Category 2 or 3 investments as of June 30, 1994.

Reverse Repurchase Agreement

State statutes authorize participation in reverse repurchase agreements. This transaction is within the City's capital improvement fund (as distinguished from its operating fund).

The market value of the securities underlying the reverse repurchase agreement normally exceeds the cash received. The difference between the market value of the underlying securities plus accrued interest on the underlying securities and the obligation (including interest) is the credit risk. The credit risk exposure for the City is $1,250,000 as of June 30, 1994.

At June 30, 1994, investments included the following (in thousands):

Type of Investments	Category 1	Carrying Amount	Market Value
U.S. Treasury securities	$197,502	$ 197,502	$ 214,462
Federal agency issues	142,313	142,313	137,682
Overnight repurchase agreements	11,435	11,435	11,440
Commercial paper	20,453	20,453	20,503
Bankers' acceptances	27,511	27,511	27,638
Corporate stocks and bonds	183,114	183,114	198,962
Negotiable certificates of deposit	9,185	9,185	9,189
Medium term corporate notes	46,596	46,596	46,212
Long term repurchase and investment agreements	74,764	74,764	74,750
	$712,873	712,873	740,838
Real estate deeds		7,702	6,579
Mutual funds		79,192	77,337
Life insurance annuity contracts		170,000	170,000
Local Agency Investment Fund		101,256	101,301
TOTAL INVESTMENTS		$1,071,023	$1,096,055

Discretely Presented Component Unit

The Port's cash and investments consist of the following at June 30, 1994 (in thousands):

Cash and investments:	
Cash and investments with the City	$ 55,814
Cash on hand	10
Cash in bank accounts	1,120
TOTAL CASH AND INVESTMENTS	56,944
Restricted cash and investments:	
Sinking fund and reserve deposits with fiscal agents	25,271
Unexpended bond proceeds restricted for construction	64,706
Deferred compensation plan assets	14,788
Cash and investments with City:	
Earthquake relief funds	1,752
Passenger facility charges	12,555
Deposits with fiscal agents for current debt service	261
Other	13
TOTAL RESTRICTED CASH AND INVESTMENTS	119,346
TOTAL	$176,290

Cash and Investments With the City of Oakland

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

Restricted Cash and Investments

Port bond resolutions authorize the investment of restricted cash, including deposits, with fiscal agents for debt service. Authorized investment securities are specified in the various bond indentures. All indentures permit investments in U.S. Treasury obligations and bank certificates of deposit. Certain indentures also permit investments in federal agency obligations, certain state and secured municipal obligations, long-term and medium-term guaranteed corporate debt securities in the two highest rating categories, commercial paper rated prime, repurchase agreements, certain money market mutual funds, and certain guaranteed investment contracts.

The carrying amount of Port investment funds is as follows at June 30, 1994 (cost approximates market) (in thousands):

Government securities money market mutual funds	$ 7,925
Guaranteed investment contracts	82,275
City cash and investment pool	70,172
Deferred compensation plan mutual funds	5,697
	$166,069

Deposits

The carrying amount of Port deposits with banks and fiscal agents was $10,221,000 at June 30, 1994. The related bank balances for the same period were $10,088,000. The bank balances are insured or collateralized with securities held by the pledging financial institution in the Port's name, in accordance with Section 53652 of the California Government Code.

(4) DUE TO/DUE FROM OTHER FUNDS

The following were the current interfund balances at June 30, 1994, (in thousands):

	Due from	Due to
General Fund	$71,844	$41,523
Special Revenue Funds		
Federal and State Grants	6,441	9,369
Traffic Safety and Control	53	1,996
State Gas Tax	44	154
Other Special Revenue	—	1,301
Landscape and Lighting Assessment District	165	1,484
Special Assessments	94	24
	6,797	14,328
Debt Service Funds		
Lease Financings	—	16
Special Assessment Bonds	3	—
Special Revenue Bonds	1,720	5
	1,723	21
Capital Projects Funds		
Parks and Recreation	—	155
Municipal Improvement Capital	1,868	8,190
Oakland Redevelopment Agency	2,336	6,775
Emergency Services	2	2,291
	4,206	17,411
Enterprise Funds		
Parks and Recreation	—	9
Sewer Service	2,548	305
Oakland Convention Center Management, Inc.	113	267
	2,661	581
Internal Service Funds		
Equipment	1,415	2,193
Radio	—	55
Facilities	585	1,109
Reproduction	157	9
Central Stores	179	326
	2,336	3,692
Trust and Agency Funds		
Pension Trust Funds:		
PFRS	1,206	—
Expendable Trust Funds:		
Oakland Redevelopment Agency Projects	6,888	7,112
Parks, Recreation and Cultural Trust	1	5
Pension Annuity	—	12,504
Other Expendable Trust	162	647
	8,257	20,268
TOTAL	$97,824	$97,824

(5) ADVANCES TO/FROM OTHER FUNDS

The balances of interfund advances at June 30, 1994, were as follows (in thousands):

	Advances to	Advances from
General Fund	$200	$ —
Internal Service Fund		
Central Stores	—	200
TOTAL	$200	$200

A repayment agreement has not been established on this advance.

(6) MEMORANDUMS OF UNDERSTANDING

The City and the Port have Memorandums of Understanding (MOUs) relating to general obligation bonds issued by the City for the benefit of the Port, various administrative, personnel, data processing, and financial services (Special Services), and police, fire, public street cleaning and maintenance, and similar services (General Services) provided by the City to the Port.

Pursuant to the Sixth Supplemental Agreement to the MOUs, the City and the Port agreed that the total remaining obligation of the Port to the City arising out of or related to any and all general obligation bonds issued by the City for the benefit of the Port was $31,749,000, of which $16,149,000 is remaining at June 30, 1994. This amount is a fixed sum on which no interest shall accrue. $5,200,000 was paid in fiscal year 1993-94 and $5,200,000 is to be paid in fiscal year 1994-95 from the fiscal year 1993-94 surplus declared by the Board of Port Commissioners. As of June 30, 1994, $16,149,000 has been recorded as receivable from Port of Oakland in the City's General Fund and payable to primary government in the Port's financial statements. Future annual payments are required, but are payable only to the extent the Port determines that surplus monies are available in the Port's Revenue Fund.

Payments for Special Services are treated as a cost of Port operations and have priority over certain other expenditures of Port revenues. Payments for Special Services to the City totaled $1,371,000 in fiscal year 1993-94.

The Port's legal counsel advised the Port that payments for General Services to the City are payable only to the extent the Port determines annually that surplus monies are available. Subject to final approvals by the Port and the City, and subject to availability of surplus monies, the Port will reimburse the City annually for General Services and Lake Merritt tideland trust properties. At June 30, 1994, $1,857,000 was accrued as a payable by the Port and as a receivable by the City's General Fund.

(7) NOTES AND LOANS RECEIVABLE

Notes and loans receivable at June 30, 1994, consisted of the following (in thousands):

Grant-in-aid loans at various interest rates and due dates (0% to 6% at June 30, 1994)	$ 20,894
City Center Garage West Associates, bearing variable rate interest (6.20% at June 30, 1994), principal and interest due May 8, 2016, or earlier under certain provisions of the note	21,652
Pacific Renaissance Associates II, bearing interest at 10%, principal and interest due July 30, 2015	7,000
Oakland Hotel Associates, Ltd., bearing interest at 7.67%, principal and interest due July 1, 2013, or earlier under certain provisions of the note	6,019
Mar Associates, bearing interest at 9%, principal and interest due September 23, 1995 (due date in process of being extended)	2,303
Preservation Venture, bearing interest at 3%, principal and interest due August 31, 1993 (the City is curently determining the appropriate action to be taken)	5,062
Oakland Hotel Associates, Ltd., bearing interest at Bank of America reference rate (6% at June 30, 1994), principal and interest payable in monthly payments until August 28, 1994	3,379
Preservation Venture, bearing interest at 3%, principal and interest due August 31, 1998	1,769
Foothill Plaza Partnership, bearing interest at 3%, principal and interest payable in equal monthly installments through July 20, 2018	1,433
Oaks Associates, bearing interest at 6%, principal and interest due May 2, 1992 (loan will be paid off in the near future with funds provided from CALDAP)	1,134
Cahon, Inc., bearing interest at 9%, principal and interest due December 31, 1994	1,100
Other pass-thru loans at various interest rates and maturities (0% to 10% at June 30, 1994)	14,189
Other notes and loans receivable at various interest rates and maturities	17,592
Allowance for uncollectibles	(1,655)
TOTAL	$101,871

(8) FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 1994, follows (in thousands):

	Balance July 1, 1993	Restatement	Additions	Deletions	Balance June 30, 1994
Land	$ 55,236	$ —	$ 9,308	$ —	$ 64,544
Facilities and improvements	402,571	—	17,390	—	419,961
Furniture, machinery and equipment	26,874	—	6,403	(1,754)	31,523
Investment in joint venture	—	25,118	656	(718)	25,056
Construction in progress	24,870	—	21,729	(13,521)	33,078
TOTAL	$509,551	$25,118	$55,486	$(15,993)	$574,162

Effective July 1, 1993, the City implemented Governmental Accounting Standards Board Statement 14 (GASB 14), "The Financial Reporting Entity." GASB 14 required the equity interest in the Oakland-Alameda County Coliseum, Inc. joint venture to be recorded in the General Fixed Assets Account Group. Accordingly, the June 30, 1993, General Fixed Assets Account Group balance has been restated to include a $25,118,000 investment in the joint venture.

A summary of property and equipment at June 30, 1994, for proprietary fund types and discretely presented component unit follows (in thousands):

	Enterprise Funds	Internal Service Funds	Component Unit - Port
Land	$ 210	$ 310	$ 78,310
Facilities and improvements	—	210	679,246
Container cranes	—	—	79,269
Furniture, machinery and equipment	52,291	37,398	23,733
Construction in progress	—	—	37,618
	52,501	37,918	898,176
Less accumulated depreciation and amortization	(5,994)	(23,597)	(217,754)
TOTAL	$46,507	$ 14,321	$680,422

(9) TAX AND REVENUE ANTICIPATION NOTES PAYABLE

During the fiscal year ended June 30, 1994, the City issued tax and revenue anticipation notes payable of $80,000,000. The notes were issued to satisfy General Fund obligations and carried an effective interest rate of approximately 3.50%. Principal and interest were due and repaid on August 15, 1994. As of June 30, 1994, cash was segregated in a restricted account for the repayment of the notes.

(10) LONG-TERM OBLIGATIONS

General Long-Term Obligations

The following is a summary of changes in general long-term obligations for the year ended June 30, 1994 (in thousands):

	Balance at July 1, 1993	Additional Obligations and Net Increases	Maturities and Retirements	Balance at June 30, 1994
General obligation bonds	$ 62,000	$ —	$ 1,480	$ 60,520
Tax allocation bonds	212,864	—	5,380	207,484
Lease financings	239,833	—	1,805	238,028
Special assessment debt with governmental commitment	3,790	2,020	3,790	2,020
Special revenue bonds	209,835	—	6,515	203,320
Accrued vacation and sick leave	18,020	—	993	17,027
Self-insurance liability for workers' compensation	24,387	1,313	—	25,700
Estimated claims payable	11,825	—	3,520	8,305
TOTAL	$782,554	$3,333	$23,483	$762,404

General long-term obligations at June 30, 1994, consisted of the following (in thousands):

	Maturity	Interest Rates	Balance at June 30, 1994
General Obligation Bonds			
General Obligation Bonds Series 1991A (a)	1994-2015	5.50%-8.50%	$ 11,775
General Obligation Bonds Series 1992 (b)			
Serial bonds	1994-2012	4.25%-11.00%	23,850
Term bonds	2017	6.00%	10,435
Term bonds	2022	6.00%	14,460
			60,520
Tax Allocation Bonds			
Acorn Refunding Series 1988 (c)			
Serial bonds	1995-2000	6.50%-7.00%	1,120
Term bonds	2007	7.40%	2,075
Central District Series 1989A (d)			
Serial bonds	1994-2000	6.1%-6.55%	20,430
Capital appreciation bonds	2001-2009	6.60%-6.65%	11,899
Central District Senior Tax Allocation Refunding Series 1992 (e)			
Serial bonds	1994-2008	4.2%-6.00%	57,650
Term bonds	2009-2014	5.50%-6.15%	35,910
Central District Subordinated Tax Allocation Refunding Series 1992A (f)	1995-2019	5.95%	53,400
Central District Series 1993A (g)			
Serial bonds	1995-2004	3.30%-4.90%	5,820
Term bonds	2005-2009	5.30%	4,075
Term bonds	2010-2013	5.00%	4,080
Term bonds	2014-2021	5.00%	11,025
			207,484
Lease Financings			
California Statewide Communities Development Authority Bonds (h)			
Serial bonds	1995-2007	4.75%-6.20%	65,295
Term bonds	2010	6.00%	31,900
Term bonds	2014	5.50%	52,630
Oakland Museum 1992 Series A (i)			
Serial bonds	1994-2003	4.40%-6.00%	15,380
Term bonds	2005	6.25%	5,020
Term bonds	2012	6.00%	15,900
Capital appreciation bonds	2006-2007	6.45%-6.55%	2,203
Civic Improvement Corporation (j)	1994-2016	Variable	49,700
			238,028
Special Assessment Debt with Governmental Commitment			
Medical Hill Parking District Refunding Improvement Bonds 1994 (k)	1995-2004	4.20%-6.00%	2,020
Special Revenue Bonds			
Special Revenue Refunding Bonds (l)			
Serial bonds	1994-2003	6.50%-7.35%	79,180
Term bonds	2004-2021	7.60%	124,140
			203,320
Other Long-Term Liabilities			
Accrued vacation and sick leave			17,027
Self-insurance liability for workers' compensation			25,700
Estimated claims payable			8,305
TOTAL GENERAL LONG-TERM OBLIGATIONS			$ 762,404

General Obligation Bonds

(a) **General Obligation Bonds Series 1991A**

The City received authorization to issue $60 million of general obligation bonds by a two-thirds vote of the electorate on the November 6, 1990, general election. On February 19, 1991, the City issued $12 million of General Obligation Bonds Series 1991A. The proceeds from the bonds were used for the purpose of financing the acquisition of land and to expand and develop park and recreation facilities. The Series 1991A issue represents the first of five issues. It is anticipated that all five series will be issued over a 15-year period. The City is obligated to levy ad valorem taxes upon all property subject to taxation within the City, without limitation of rate or amount, for the payment of the principal and interest on the bonds.

(b) **General Obligation Bonds Series 1992**

On July 15, 1992, the City issued $50 million of General Obligation Bonds Series 1992. The City received authorization to issue these bonds by two-thirds vote of the electorate on the June 2, 1992, primary election. Bond proceeds are to be used for enhancement of the City's emergency response capabilities and for seismic reinforcement of essential public facilities and infrastructure. The City is obligated to levy ad valorem taxes upon all property subject to taxation within the City, without limitation of rate or amount, for the payment of the principal and interest on the bonds.

Tax Allocation Bonds

(c) **Acorn Refunding Series 1988**

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

(d) **Central District Series 1989A**

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

As discussed under Central District Subordinated Tax Allocation Refunding Series 1992A, the Agency refunded all of the $51,600,000 term portion and $2,000,000 of the serial portion of the Series 1989 bonds.

(e) Central District Senior Tax Allocation Refunding Series 1992

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

(f) Central District Subordinated Tax Allocation Refunding Series 1992A

On July 9, 1992, the Agency issued $53,600,000 of Central District Subordinated Tax Allocation Refunding Bonds Series 1992A, at an interest rate of 5.95% to provide a bond equivalent yield of 6.02%. These bonds were used to current refund the $51,600,000 term bond portion and $2,000,000 of the serial bond portion of the Agency's Central District Series 1989A bonds. These bonds are on parity with the Central District Series 1993A and Central District 1989A bonds. These bonds are a limited obligation of the Agency and are payable from and secured by a pledge of a portion of tax revenues assessed on property within the Central District Redevelopment Project Area, allocable to the Agency pursuant to Redevelopment Law.

(g) Central District Series 1993A

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

Lease Financings

(h) California Statewide Communities Development Authority Bonds

On November 1, 1992, the California Statewide Communities Development Authority (CSCDA) issued $149,825,000 of 1992 Lease Revenue Bonds to purchase the Kaiser Convention Center (Kaiser) and the George P. Scotlan Memorial Convention Center (Scotlan). The City concurrently leased Kaiser and Scotlan from CSCDA.

Due to the substance of the financing transaction, the effect of the issuance of the Bonds has been recorded directly as an issuance of debt by the City to finance the reacquisition of the Kaiser and Scotlan Convention Centers. Accordingly, the Bonds are recorded in the General Long-Term Obligations Account Group. The City's capital lease obligation is not reflected in the City's General Purpose Financial Statements.

The serial bonds maturing on or after October 1, 2002, and the term bonds maturing on October 1, 2010, are subject to optional redemption, in such order of maturity as the City shall direct, commencing October 1, 2002. The term bonds maturing on October 1, 2014, are subject to optional redemption, in such order of maturity as the City shall direct, commencing October 1, 2002. The Bonds maturing on October 1, 2010, and October 1, 2014, will be subject to mandatory redemption, or in part by lot, on October 1 in each year, commencing on October 1, 2008, and October 1, 2011, respectively.

(i) Oakland Museum 1992 Series A

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

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

Due to the substance of the financing transaction, the effect of the issuance of the Certificates has been recorded directly as an issuance of debt to finance the reacquisition of the Museum. Accordingly, the Certificates are recorded in the General Long-Term Obligations Account Group. The Agency's direct financing lease receivable and City's capital lease obligation are not reflected in the City's General Purpose Financial Statements.

(j) Civic Improvement Corporation

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

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

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

Letter of Credit—The letter of credit (LC) is an irrevocable direct-pay obligation of National Westminster Bank PLC (Bank). The LC was due to expire on September 24, 1995, but has been automatically extended until the Bank gives two years' notice that it will not continue to extend the LC. In aggregate, the City has available under the LC $53,400,000 as of June 30, 1994, of which $50,600,000 may be drawn for the payment of the unpaid principal amount of the certificates, and $1,100,000 may be drawn for payment of interest accrued on the certificates. In order to obtain the LC, the City became obligated to pay commission fees of three-eighths of one percent per annum on the available amount outstanding on the LC. For the year ended June 30, 1994, the City paid a total letter of credit fee of approximately $194,500.

Special Assessment Debt with Governmental Commitment

(k) Medical Hill Parking District Refunding Improvement Bonds 1994

In April 1994, the City issued $2,020,000 of 1994 Refunding Improvement Bonds Medical Hill Parking Assessment District, Series 3 (Refunding Bonds) at an interest rate of 6.237%. With proceeds of $2,014,000 (net of original issue discount), together with $2,184,000 ($592,000 from the Reserve Fund and $1,592,000 from the Redemption Fund of the prior issue), which totals $4,198,000, an escrow in the amount of $3,760,256 was established to defease the City of Oakland Medical Hill Parking Assessment District Refunding Bonds dated March 2, 1989. $40,000 was used to pay capitalized interest costs and $202,000 was used to establish a reserve fund. Underwriting fees, insurance and other issuance costs totalled $197,000. This refunding resulted in an economic gain (difference between the present values of the debt service payments of the old and new debt) of approximately $977,000. The total debt service payments over the next 10 years were reduced by approximately $2.7 million. The Refunding Bonds are payable from assessments levied against property owners in the Medical Hill District. In the event of continuing delinquencies in the payment of the property owners' installments, the City, in the absence of any other bidder, is obligated to purchase the delinquent property owner's property at a delinquent assessment sale and pay delinquent and future installments of assessments and interest thereon until the land is resold or redeemed.

Special Revenue Bonds

(l) Special Revenue Refunding Bonds

The Special Revenue Refunding Bonds are payable solely from the proceeds of life insurance annuity contracts held in trust with PFRS in the Pension Annuity Expendable Trust Fund. The bonds maturing in 2021 are subject to mandatory redemption prior to their stated maturities in direct order of their maturities from sinking fund payments commencing on August 1, 2004.

Proprietary and Fiduciary Fund Types Long-Term Debt

Proprietary and fiduciary fund types long-term debt at June 30, 1994, was as follows (in thousands):

	Maturity	Interest Rates	Balance at June 30, 1994
Sewer Service Enterprise Fund Construction Loans	1992-2011	3.50%	$7,797
Pension Trust Fund Oakland Municipal Employees' Retirement System Revenue Bonds 1976	2002	6.50%	$1,800

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

During the fiscal year ended June 30, 1992, construction was completed on two sewer projects. Upon completion of these projects, the City became liable for the City's share of the completed project costs. The liability will be repaid to EBMUD in equal annual installments through 2011.

Discretely Presented Component Unit - Port of Oakland

The Port of Oakland debt at June 30, 1994, was as follows (in thousands):

	Maturity	Interest Rates	Balance at June 30, 1994
Parity Bonds (a)			
1989 Revenue Bonds Series A	2019	7.00%-7.70%	$ 71,765
1989 Revenue Bonds Series B	2019	6.75%-7.45%	83,055
1990 Revenue Bonds Series D	2003	6.125%-8.00%	29,775
1992 Revenue Bonds Series E	2022	5.00%-6.50%	150,975
1993 Revenue Bonds Series F	2009	2.75%-5.75%	75,342
Department of Boating and Waterways Loans (b)			
Small Craft Harbor Revenue Bonds Series A-D	2009	4.50%	2,608
Small Craft Harbor Revenue Bonds Series 1981	2010	4.50%	1,550
Small Craft Harbor Revenue Bonds Series 1992	2019	4.50%	1,086
Small Craft Harbor Revenue Bonds Series 1983	2020	4.50%	406
Mitsubishi Note	2000	9.00%	1,520
Construction Loan Oakland Portside Associates (c)	1998	Variable	36,211
Special Facilities Revenue Bonds 1992 Series A (d)	2019	5.00%-6.80%	53,000
1991 Marina Planning Loan	2002	4.70%	90
TOTAL PORT OF OAKLAND LONG-TERM DEBT			$507,383

(a) Parity Bonds

Pursuant to the 1989 Indenture, the Port issued the 1989 Revenue Bonds in three series, Series A, B, and C, primarily to redeem certain outstanding indebtedness. The Port subsequently issued the 1990 Series D Bonds, 1992 Series E Bonds, and 1993 Series F Bonds also pursuant to the 1989 Indenture. These bonds have been issued at parity with the 1989 Bonds. These bonds include Current Interest Serial Bonds, Current Interest Term Bonds, Capital Appreciation Serial Bonds, and Capital Appreciation Term Bonds. The Current Interest Serial and Term Bonds pay interest semiannually. Interest accrues on the Capital Appreciation Serial and Term Bonds and is compounded semiannually but is not paid until their maturity or earlier redemption. Maturity dates for Current Interest Term Bonds reflect mandatory sinking fund redemption. The bonds may be redeemed at the Port's option at specified premiums during the years 1997 through 2001 and at par value thereafter. Maturity dates for the 1990 Bonds, 1992 Bonds and 1993 Bonds reflect mandatory sinking fund redemptions and are not subject to optional redemption prior to their respective maturity dates. The 1989 Series C Bonds were advance refunded with the issuance of the 1993 Series F Refunding Revenue Bonds.

(b) Department of Boating and Waterways Loans

Department of Boating and Waterway ("DBW") Loans were issued pursuant to various resolutions of the Board of Port Commissioners and are subordinate to the parity bonds.

(c) Construction Loan - Oakland Portside Associates

In connection with the development of the Jack London Waterfront properties, Oakland Portside Associates (OPA), a wholly owned subsidiary of the Port of Oakland, secured a $40,000,000 construction loan with Bankers Trust Company to cover the estimated construction costs, less capital contributions, of five buildings. In August 1993, OPA renegotiated the loan with Bankers Trust. As a result, principal is due and payable on June 30, 1998. The loan bears interest at Bankers Trust Eurodollars rate plus 1.75%. The interest rate on the loan was 5.25% at June 30, 1994.

The loan is secured by a first deed of trust and assignment of rent and fixtures with respect to the OPA's ground leases with the Port and other guarantees from the Port.

Principal draws to fund tenant improvement costs are subject to a dollar limitation per rentable square foot as specified in an amendment to the loan agreement. The loan agreement contains certain restrictive provisions as to OPA and requires that OPA maintain certain financial ratios.

(d) Special Facilities Revenue Bonds 1992 Series A

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

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

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

The Special Facilities Bonds maturing on or before January 1, 2002, are not subject to optional redemption. The Special Facilities Bonds maturing on or after January 1, 2003, are subject to optional redemption. The Special Facilities Term Bonds maturing on January 1, 2007, 2012 and 2019, are subject to mandatory sinking fund redemption.

Priority of Payment and Security

The 1989 Series A and B, 1990 Series D, 1992 Series E and 1993 Series F parity bonds are payable solely from and secured "Pledged Revenues." The 1989 Indenture and the Seventh Supplemental Trust Indenture dated June 1, 1993, define Pledged Revenues as substantially all revenues and other cash receipts of the Port, including amounts held in the Port Revenue Fund, but excluding amounts from certain taxes, certain insurance proceeds, special facilities revenues, and all revenues of OPA. Passenger facility charges are not included in Pledged Revenues. In addition, payment of bond principal and interest on the parity bonds when due is guaranteed by municipal bond insurance policies.

The Port has covenanted to achieve Pledged Revenues sufficient to pay: (a) the sum of principal and interest on the outstanding parity bonds; (b) all other payments necessary to meet ongoing legal obligations of the Port payable from Pledged Revenues; and (c) all current operations and maintenance expenses (as defined).

The Port has covenanted in the 1989 Indenture to achieve in each fiscal year Net Revenues (as defined) of at least 125% of the actual debt service becoming due on the outstanding parity bonds less debt service paid in such year from the proceeds of other borrowings. For the year ended June 30, 1994, Net Revenues exceeded this requirement.

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

Repayment Schedule

Years Ending June 30,	
1995	$ 36,779
1996	36,740
1997	38,920
1998	75,610
1999	39,351
Thereafter	839,839
	1,067,239
Less amount representing interest and discounts	(559,856)
	$ 507,383

Bond Indentures

There are a number of limitations and restrictions contained in the various bond indentures. The City believes it is in compliance with all significant limitations and restrictions.

Defeased Bonds

The following is a schedule of outstanding bonds that are defeased. Cash and investments in U.S. government securities were placed in irrevocable trusts to provide for all future debt service on the old bonds. Accordingly, the assets and the corresponding liabilities are not reflected in the accompanying General Purpose Financial Statements.

Name of Issue	Outstanding at June 30, 1994 (in thousands)
Primary Government	
Certificates of Participation, Oakland Redevelopment Agency 1985 Issue	$177,465
Central District Redevelopment Tax Allocation Bonds, 1989 Series A and B	54,545
Certificates of Participation, Oakland Museum, 1987 Series A	34,120
Central District Redevelopment Tax Allocation Bonds Series 1986	80,750
Certificates of Participation, George P. Scotlan Convention Center 1984	38,000
Medical Hill Parking District Refunding Bonds 1989	3,760
TOTAL	$388,640
Discretely Presented Component Unit	
Port of Oakland 1989 Revenue Bonds Series C	$ 28,149

Repayment Schedule

The annual requirements to amortize all long-term debt as of June 30, 1994, are as follows (in thousands):

Years Ending June 30,	General Long-Term Debt: General Obligation Bonds	Tax Allocation Bonds	Lease Financings	Special Assessment Debt with Governmental Commitment
1995	$ 5,198	$ 16,685	$ 18,641	$ 93
1996	5,059	16,973	19,896	269
1997	5,001	17,187	20,253	266
1998	4,940	16,978	21,202	268
1999	4,875	17,204	21,147	269
Thereafter	94,868	303,714	366,479	1,588
	119,941	388,741	467,618	2,753
Less amounts representing interest and discounts	(59,421)	(181,257)	(229,590)	(733)
Principal debt at June 30, 1994	$60,520	$207,484	$238,028	$2,020

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

Special Revenue Bonds	Enterprise Fund Debt	Trust Fund Debt	Total
$ 21,198	$ 616	$ 159	$ 62,590
20,623	621	156	63,597
22,394	616	154	65,871
21,782	616	151	65,937
21,149	616	548	65,808
300,792	7,390	1,327	1,076,158
407,938	10,475	2,495	1,399,961
(204,618)	(2,678)	(695)	(678,992)
$203,320	$7,797	$1,800	$ 720,969

Other Liabilities

The following long-term debt has been issued by the City on behalf of named agents of the City. The bonds and note do not constitute an indebtedness of the City. The bonds are payable solely from revenue sources defined in the individual bond and note documents, and from other monies held for the benefit of the bond and note holders pursuant to the bond and note indentures. In the opinion of City officials, these bonds and note and 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 and note. Accordingly, no liability has been recorded in the General Long-Term Obligations Account Group. The debt issued and outstanding at June 30, 1994, follows (in thousands):

	Authorized and Issued	Maturity	Outstanding at June 30, 1994
Housing Mortgage Programs			
Housing Revenue Bonds Series D, 1991	$ 112,890	2010-2024	$ 28,270
Housing Revenue Bonds Series C, 1985	23,175	5/1/17	420
Skyline Variable Rate, 1985	23,000	1/1/09	21,000
City of Oakland Insured Refunding Revenue Bonds (Children's Hospital Medical Center of Northern California), 1994 Series A	19,490	5/1/09	19,490
City of Oakland Health Facility Revenue Note (The Blood Bank of the Alameda-Contra Costa Medical Association), Series 1979	2,500	11/1/99	750
City of Oakland Economic Development Revenue Bond (Cardio-Pulmonary Building), Series 1985	2,500	12/1/05	1,850
City of Oakland Industrial Development Revenue Bonds (Days Inn Hotel Project), Series 1982	5,200	12/1/02	3,750
County of Alameda/City of Oakland Variable Rate Demand Revenue Bonds (The Old Oakland Company Project), December 1984	9,900	12/7/99	9,900
City of Oakland Variable Rate Demand Revenue Bonds (The Delger Block/Ross House Company Project), December 1984	9,500	12/7/99	9,500
County of Alameda/City of Oakland Variable Rate Demand Revenue Bond (The Wilcox/Leimert Company Project), December 1984	9,500	12/7/99	9,500
City of Oakland Liquidity Facility Revenue Bonds (Association of Bay Area Governments), Series 1984	3,300	12/1/09	2,450
City of Oakland Health Facility Revenue Bonds (Children's Hospital Medical Center of Northern California), 1987 Series A	30,000	7/1/08	24,000
City of Oakland Insured Health Facility Revenue Bond (East Oakland Health Center Project), Series 1990	2,500	10/1/20	2,500
City of Oakland Refunding Revenue Bonds (Oakland YMCA Project), Series 1990	8,700	6/1/10	7,850
TOTAL			$ 141,230

(11) CONTRIBUTED CAPITAL

A summary of changes in contributed capital for the year ended June 30, 1994, follows (in thousands):

	Primary Government Internal Service Funds	Component Unit Port of Oakland
BALANCE AT JUNE 30, 1993	$ 17,382	$ 70,758
Cumulative effect of change in accounting principle (Note 21)	—	7,968
Grants from governmental agencies	—	8,827
Passenger facility charges	—	10,749
Depreciation of property and equipment acquired with contributed capital	—	(2,408)
BALANCE AT JUNE 30, 1994	$ 17,382	$ 95,894

(12) RESERVATIONS AND DESIGNATIONS OF FUND BALANCES

The components of the City's reserved and unreserved-designated fund balances at June 30, 1994, follow (in thousands):

	General Fund	Special Revenue Funds	Debt Service Funds
RESERVED			
Long-term receivables/advances	$ 11,149	$ —	$ —
Pension obligations	—	—	—
Capital projects	—	—	—
Employees' retirement system	—	—	—
Debt service	—	—	84,629
Land held for resale	—	—	—
Encumbrances	2,140	14,630	—
TOTAL RESERVED FUND BALANCES	$ 13,289	$ 14,630	$ 84,629
UNRESERVED-DESIGNATED			
Capital improvement projects	$ 8,692	$ 8,502	$ —
Emergency management program	186	—	—
Telecommunications franchise regulation	157	—	—
Recycling program	3,659	—	—
Self insurance reserve	2,510	—	—
TOTAL UNRESERVED-DESIGNATED FUND BALANCES	$ 15,204	$ 8,502	$ —

Capital Projects Funds	Trust Funds	Total
$ —	$ —	$ 11,149
—	213,689	213,689
381,400	—	381,400
—	290,422	290,422
—	—	84,629
24,910	—	24,910
4,150	1,896	22,816
$410,460	$506,007	$1,029,015
$ —	$ 82	$ 17,276
—	—	186
—	—	157
—	—	3,659
—	—	2,510
$ —	$ 82	$ 23,788

(13) SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City accounts for operations which provide facilities, harbor and airport services, housing programs, parks and recreation programs, sewage treatment, and convention management as enterprise funds. These operations are financed by user charges or interest income. Segment information as of and for the year ended June 30, 1994, follows (in thousands):

	Oakland Redevelopment Agency	Sewer Service	Parks and Recreation
For Year Ended June 30, 1994			
Operating revenues	$ 12	$14,065	$ 891
Operating income (loss)	10	4,240	6
Depreciation and amortization	—	1,517	150
Operating transfers in	—	—	—
Operating transfers out	—	—	—
Interest and other non-operating revenues (expenses), net	—	(26)	(14)
Net income (loss)	10	4,214	(8)
Property and equipment: Additions	—	7,718	147
As of June 30, 1994			
Net working capital	—	16,864	375
Total assets	310	61,910	913
Total equity	310	53,302	873
Long-term obligations and advances: Payable from operating revenues	—	7,797	—

Oakland Convention Center Management, Inc.	Total Enterprise Funds
$ 1,387	$ 16,355
(2,041)	2,215
237	1,904
2,792	2,792
(766)	(766)
15	(25)
—	4,216
161	8,026
1,566	18,805
2,557	65,690
1,822	56,307
—	7,797

Oakland Redevelopment Agency

The operations of the Acorn Mortgage Revenue Bond Program within the Agency are accounted for as an enterprise fund. The program provides loans to qualified individuals to finance the purchase and rehabilitation of housing within the Acorn Redevelopment Project Area. The bonds are payable from principal and interest on loans or from specified assets and revenues of the Mortgage Program.

Sewer Service

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

Parks and Recreation

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

Oakland Convention Center Management, Inc.

The Oakland Convention Center Management, Inc. Fund was established to account for the operations of the Kaiser and the George P. Scotlan Memorial Convention Centers.

(14) OAKLAND-ALAMEDA COUNTY COLISEUM

A joint venture is a legal entity that results from a contractual arrangement and that is owned, operated or governed by two or more participants. Oakland - Alameda County Coliseum, Inc. (Coliseum) is a not-for-profit corporation organized under the laws of the State of California to operate and manage the Coliseum Complex (Complex) under an agreement between the City and the County of Alameda (County) dated October 1963. The City and the County each have a 50% share in the agreements with the Coliseum. The Coliseum is governed by a ten-member Board of Directors. The Mayor of the City and the President of the Alameda County Board of Supervisors recommend one member each for the Coliseum Board. Vacancies on the Board of Directors are filled by the vote of a majority of the remaining directors.

Subsequent to this agreement, the Coliseum executed a ground lease whereby the City and County each lease the Coliseum for a term of forty years at $750,000. Rental payments are applied to the outstanding bonds issued to construct the Complex.

Under the agreements, the City and the County hold title to the Complex. The agreements specifically state that no indebtedness or liability on the part of the City or the County shall be created, except such indebtedness that may be repaid from the operating revenues of the Complex.

The Coliseum has authorized and issued 4-1/8% bonds for $25,500,000 of which $11,950,000 was outstanding as of June 30, 1994, and due April 1, 2004. The bond indenture provides for bond redemption through a sinking fund. Semiannual payments of principal and interest are made to the sinking fund on the first day of April and October annually. Principal payments scheduled for October 1, 1994 and April 1, 1995, are $440,000 each. Debt service payments are made from lease revenues received from the City and the County under the sublease agreement.

Additionally, the City and County each are entitled to receive 50% of the net operating income of the Complex when the Coliseum has accumulated adequate funds to meet one year's operating budget. The City received $718,000 in distributions from the Coliseum during the fiscal year ended June 30, 1994. Upon dissolution of the Coliseum, all assets are to be transferred to the City and the County.

The following is a financial summary (memorandum only-total column) of the Coliseum as of and for the fiscal year ended October 31, 1993, the date of the last audited financial statements (in thousands):

ASSETS	$ 65,266
Liabilities	$ 15,153
Equity	50,113
TOTAL LIABILITIES AND EQUITY	$ 65,266
Revenues	$101,144
Expenditures	102,206
DEFICIENCY OF REVENUES UNDER EXPENDITURES	$ (1,062)

The City's General Purpose Financial Statements include net investment in joint venture of $25,056,000 in the General Fixed Assets Account Group.

Complete financial statements of the Oakland-Alameda County Coliseum Complex can be obtained from:

Oakland-Alameda County Coliseum Complex
7000 Coliseum Way
Oakland, CA 94621-1918

(15) PENSION PLANS AND DEFERRED COMPENSATION PLANS

The City has three defined benefit retirement plans: Police and Fire Retirement System (PFRS), Oakland Municipal Employees' Retirement System (OMERS) and California Public Employees' Retirement System (PERS). PFRS and OMERS are closed plans which cover employees hired prior to July 1976 and September 1970, respectively. These two plans are considered part of the City's reporting entity and are included in the City's General Purpose Financial Statements as pension trust funds. City employees hired subsequent to the plans' closure dates are covered by PERS, which is administered by the State of California. The details of each plan are presented below. The total fiscal year 1993-94 payroll for the City was $202,522,673. The information for the City's three plans is presented below:

	PFRS	OMERS	PERS
Type of plan	Single employer	Single employer	Agent multi-employer
Reporting entity	City	City	State
Last complete actuarial study	June 30, 1992	June 30, 1992	June 30, 1993

Actuarial Present Value of Credited Projected Benefits (in millions) as of June 30:

	PFRS 1992	OMERS 1992	PERS 1993
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 718.5	$13.9	$ 193.9
Current employees:			
Accumulated employee contributions including allocated investment earnings	38.0	.1	129.1
Employer-financed:			
Vested	185.1	.4	164.4
Nonvested	—	—	11.2
Total pension benefit obligation (a)	941.6	14.4	498.6
Net assets available for benefits, at cost	(265.9)	(10.1)	(494.4)
UNFUNDED PENSION BENEFIT OBLIGATION	$ 675.7	$ 4.3	$ 4.2
Net assets available for benefits, at market	$ 287.2	$18.3	$ 573.0

(a) A pension benefit obligation (PBO) is presented to provide a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is independent of the actuarial funding method used to determine contributions to each pension plan. It will help users assess the funding status of each plan on a going-concern basis, assess progress made in collecting enough assets to pay benefits when due, and make comparisons among employers.

Contributions (dollars in millions):

	PFRS	OMERS	PERS	Total
Total 1994 City payroll covered by the plan	$28.5	$.1	$143.8	$172.4
1994 contributions:				
City's share	33.5	—	15.6	49.1
Employees' share:				
Paid by Employees	2.5	—	1.7	4.2
Paid by City	—	—	9.1	9.1
Actuarially determined contribution rates:				
Employee	7-11%	—	7-9%	N/A
Employer	58.7%	—	9.7-14.0%	N/A

Significant actuarial assumptions

Significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the standardized measure of the pension benefit obligation.

	PFRS	OMERS	PERS	Total
General wage increase:				
Inflation	6.5%	3.0%	4.5%	N/A
Merit or seniority	—	6.55%	0.75-2.0%	N/A
Investment return	8.5%	8.0%	8.8%	N/A

Employees covered as of June 30, 1994

	PFRS	OMERS	PERS
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not currently receiving them	1,486	256	1,742
Current employees—vested	376	3	379

Trend Information (dollars in millions)

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year historical trend information on revenues by source and expenses by type is available in the general purpose financial statements of PFRS, OMERS and PERS.

	PFRS	OMERS	PERS	Total
Net assets available at cost - June 30:				
1994	$283.2	$ 7.4	N/A	N/A
1993	279.5	8.7	$494.4	$782.6
1992	265.9	10.1	445.4	721.4
1991	254.8	11.9	396.2	662.9
1990	245.3	13.5	360.9	619.7
1989	233.2	14.9	321.0	569.1
1988	218.0	16.0	283.3	517.3
1987	199.0	17.4	251.4	467.8
PBO - June 30:				
1994	N/A	N/A	N/A	N/A
1993	N/A	N/A	$498.6	N/A
1992	$941.6	$14.4	464.4	$1,420.4
1991	947.6	15.5	399.2	1,362.3
1990	947.6	15.5	374.0	1,337.1
1989	876.0	18.5	331.2	1,225.7
1988	911.2	18.7	301.1	1,231.0
1987	855.4	20.1	276.4	1,151.9
Percentage of net assets available/PBO—June 30:				
1994	N/A	N/A	N/A	N/A
1993	N/A	N/A	99%	N/A
1992	28%	70%	96%	51%
1991	27%	76%	99%	49%
1990	26%	87%	96%	46%
1989	27%	81%	97%	46%
1988	24%	86%	94%	42%
1987	23%	87%	91%	41%
Unfunded PBO - June 30:				
1994	N/A	N/A	N/A	N/A
1993	N/A	N/A	$ 4.2	N/A
1992	$675.7	$4.3	19.0	$699.0
1991	702.3	2.0	3.0	707.3
1990	702.3	2.0	13.0	717.3
1989	642.8	3.6	10.2	656.6
1988	693.2	2.7	17.8	713.7
1987	656.4	2.7	24.9	684.0

	PFRS	OMERS	PERS	Total
Annual covered payroll - June 30:				
1994	$28.5	$.199	$143.8	$172.50
1993	24.0	.122	146.3	170.42
1992	23.3	.102	156.6	180.00
1991	24.1	.097	147.5	171.70
1990	24.6	.076	129.4	154.08
1989	26.2	.091	112.7	138.99
1988	25.7	.090	100.5	126.29
1987	N/A	.090	96.4	N/A
Percentage of unfunded PBO/annual covered payroll:				
1994	N/A	N/A	2%	N/A
1993	N/A	N/A	3%	N/A
1992	2900%	4216%	12%	388%
1991	2914%	2062%	2%	412%
1990	2855%	2632%	10%	466%
1989	2453%	3956%	9%	472%
1988	2697%	3000%	18%	565%
1987	N/A	3000%	26%	N/A
City's actuarially determined contributions (employer portion)/ annual covered payroll:				
1994	118%	—	11%	29%
1993	129%	—	9%	25%
1992	131%	—	19%	18%
1991	105%	—	10%	29%
1990	107%	—	9%	26%
1989	100%	—	10%	28%
1988	119%	—	14%	35%
1987	N/A	—	17%	N/A

Police and Fire Retirement System

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

In accordance with the Charter, active members of PFRS contribute a percentage of earned salaries based upon entry age as determined by the City's consulting actuary. By statute, employee contributions are limited to 13% of earned salaries. Employee contributions are refundable with interest at 4% per annum if an employee elects to withdraw from the Plan upon termination of employment with the City.

The City's annual contribution to PFRS is determined by calculating the total pension liability for public safety employees under both PFRS and PERS. The amount to be contributed to both plans is allocated between years such that a level percentage of payroll (58.69% in fiscal year 1993-94) will amortize the unfunded liabilities by 2026 and 2000 for PFRS and PERS, respectively. Contributions to PERS are deducted and the difference is contributed to PFRS.

For the year ended June 30, 1994, contributions to PFRS totaling $36,070,000 ($33,546,000 employer and $2,524,000 employee) were made in accordance with actuarially determined contribution requirements. Employer and employee contributions equaled 118% and 9%, respectively, of current year covered payroll for plan participants.

The City's actuaries do not make an allocation of the contribution amount between normal cost and the unfunded actuarial liability because the plan is closed.

Oakland Municipal Employees' Retirement System

OMERS provides death, disability and service retirement benefits to participants of the plan. Members who complete at least 20 years of service and have reached the age of 52, or who complete at least 10 years of service and reach the age of 60 or have reached the age of 70, are eligible for retirement benefits. The retirement allowance is calculated on a basis which takes into account the final three-years' average compensation, age and the number of years of service. Benefit provisions and all other requirements are established by the Charter.

Employee contributions to OMERS totaling $6,596 were made during 1994 in accordance with actuarially determined contribution requirements. Employee contributions are refundable with interest at 4% per annum if an employee elects to withdraw from the plan upon termination of employment with the City. For the year ended June 30, 1994, the City, in accordance with actuarially determined contribution requirements, was not required to make contributions to OMERS.

California Public Employees' Retirement System

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California.

All City employees who work on a half-time basis or more are eligible to participate in PERS. Benefits vest after five or ten years of service, depending on the plan. To be eligible for service retirement, the employee must be at least age 50 and have five years of PERS-credited service. City employees who retire receive monthly retirement allowances for life. The amount of the retirement allowance is dependent upon the number of years of PERS-credited service, the benefit factor (the percent of pay to which each employee is entitled for each year of service is determined by the employee's age at retirement) and final compensation (the employee's monthly pay rate for the highest 12 months). PERS also provides for a death benefit. These benefit provisions and all other requirements are established by State statute.

City miscellaneous employees and City safety employees are required to contribute 7% and 9%, respectively, of their annual salary to PERS. The City's contribution rates for the fiscal year ended June 30, 1994, were 9.7% and 14.0% for miscellaneous employees and safety employees, respectively. The City pays the entire amount of its employees' contribution rate for miscellaneous and safety employees, including the annual contribution of 7% and 9% to PERS.

PERS uses the Entry Age Normal Actuarial Cost Method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. The amortization period of the unfunded actuarial liability ends June 30, 2011.

The City's contributions for employees for the year ended June 30, 1994, consisted of the following amounts (dollars in millions):

	Miscellaneous	Percent of Current Covered Payroll	Safety	Percent of Current Covered Payroll	Total Combined Contribution
Components of contribution to PERS					
Normal cost	$ 14.6	14.0%	$ 9.0	23.0%	$ 23.6
Amortization of unfunded actuarial accrued liability	2.8	2.7	—	—	2.8
TOTAL	$ 17.4	16.7%	$ 9.0	23.0%	$ 26.4
Employer and employee portions of contribution to PERS					
Employer	$ 10.1	9.7%	$ 5.5	14.0%	$ 15.6
Employee					
Paid by City	7.3	7.0	1.8	4.6	9.1
Paid by employees	—	—	1.7	4.4	1.7
TOTAL	$ 17.4	16.7%	$ 9.0	23.0%	$ 26.4

Deferred Compensation Plans

The City and the Port offer their employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. Separate plans are maintained for City and Port of Oakland employees. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City and the Port (without being restricted to the provisions of benefits under the plan), subject only to the claims of general creditors. Participants' rights under the plan are equal to those of general creditors of the City and the Port in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City's legal counsel that the City and the Port have no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely it will use the assets to satisfy the claims of general creditors in the future.

Deferred compensation plan assets of the City of $57,598,000 as of June 30, 1994, are included at fair market value in the Deferred Employee Compensation Agency Fund. Deferred compensation plan assets of the Port are included at fair market value in the Port's financial statements and amounted to approximately $14,788,000 as of June 30, 1994.

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

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

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

	General Fund	Special Revenue Funds	Debt Service Funds
Excess (deficiency) of revenues over (under) expenditures and encumbrances - budgetary basis	$8,159	$ (4,273)	$ 6,840
Encumbrances, net	273	510	—
Reimbursements budgeted on a cash basis	(5,200)	—	—
Labor costs budgeted on a cash basis	361	—	—
Unbudgeted funds	—	(10,669)	(5,404)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES - GAAP BASIS	$3,593	$(14,432)	$ 1,436

For budgetary purposes, outstanding commitments related to construction contracts and other purchases of goods and services are recorded as expenditures at the time contracts or purchase agreements are entered into. Under GAAP, these obligations are recognized when goods are received or services are rendered.

Certain reimbursements from the Port and other governmental agencies are budgeted on a cash basis, whereas such items have been accrued as receivables or advances to other funds for GAAP purposes.

Expenditures related to retroactive salary increases are budgeted on a cash basis, whereas such items have been accrued as liabilities for GAAP purposes.

(17) POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

The City pays part of the health insurance premiums for all retirees from City employment receiving a pension annuity earned through City service and participating in a City-sponsored PERS health benefit plan. The City contribution constituted an average of approximately 5% of health insurance premium charges for retirees. Approximately $434,000 was paid on behalf of 2,114 retirees under this program in fiscal year 1993-94

A City Council Resolution, dated November 12, 1985, and a related City Administrative Instruction, dated May 1, 1991, established a quarterly payment of $225 to qualifying retirees from City employment who were active, full-time or permanent part-time, unrepresented City employees at the time of retirement on or after July 1, 1985. Such payments commenced the last quarter of fiscal year 1990-91 and constitute premium payment required for approximately 103 retirees. An expendable trust fund was set up to finance these benefits and the City has made contributions to this fund to finance future payments. In fiscal year 1993-94, $91,275 in benefit payments were made. The trust fund balance was $286,000 as of June 30, 1994.

A City Council Resolution, dated October 13, 1987, approved a Letter of Understanding with Local 790 of the United Public Employees that established a trust to contribute toward the cost of health insurance premiums to retirees from City employment who were active, full-time City employees in represented units upon retirement on or after July 1, 1987. The Letter of Understanding required the City to contribute $119,000 to the trust annually through July 1, 1993. Effective August 1, 1990, the City initiated payments of $225 per quarter to eligible employees. This amount constitutes premium payment required for approximately 137 retirees. In fiscal year 1993-94, $105,243 in benefit payments were made. The trust fund balance was $710,709 as of June 30, 1994.

(18) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 1994, the following funds reported excess expenditures over appropriations:

Debt Service Funds	
General Obligation Bonds	$ 156,000
Other Assessment Bonds	2,188,000
Special Revenue Refunding Bonds	2,001,000

The General Obligation Bond Fund excess expenditures will be reimbursed by the General Fund.

The Other Assessment Bonds Fund reflects a refunding of Medical Hill Parking District Refunding Bonds 1989 (Note 10). The payment to establish the escrow required for the defeasance was made from the 1994 Refunding Bonds and was accounted for as a debt service expenditure which was in excess of the original appropriation.

The Special Revenue Refunding Bonds Fund reflects the execution of a debt service fund agreement which provided an additional $2 million to the City. The expenditure required for the agreement was in excess of the original appropriation.

(19) COMMITMENTS AND CONTINGENT LIABILITIES

General Liability

Numerous lawsuits are pending or threatened against the City. The City Attorney estimates that as of June 30, 1994, the amount of liability determined to be probable of occurrence is approximately $12,710,000. Of this amount, claims and litigation approximating $4,405,000 are estimated to be payable with current expendable resources and are included as accrued liabilities of the General Fund. The remainder is included in the General Long-Term Obligations Account Group. The recorded liability is the City's best estimate based on available information and may be revised as further information is obtained and as pending cases are litigated.

The Agency is involved in various claims and litigation arising in the ordinary course of its activities. In the opinion of the Agency's in-house counsel, the City Attorney's Office for the City of Oakland, none of these claims are expected to have a significant impact on the financial condition of the Agency or its operations.

The City is self-insured for general liability. The City has not accumulated or segregated assets or reserved fund balance for the payment of estimated claims and judgments.

Workers' Compensation and Unemployment Compensation

The City is self-insured for workers' compensation and unemployment compensation. Payment of claims is provided through annual appropriations which are based on claim payment experience and supplemental appropriations. Workers' compensation and unemployment compensation approximating $7,400,000 are estimated to be payable with current expendable resources and are included as accrued liabilities of the General Fund. The remaining amount of $25,700,000 is included in the General Long-Term Obligations Account Group.

Grants and Subventions

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

Construction Commitments

Discretely Presented Component Unit

The Port is undertaking a number of capital improvement projects, the most significant of which include certain airport improvements, container terminal construction, new container cranes, and channel dredging to accommodate larger vessels. The Port has received approval to dredge the inner harbor to a depth of 42 feet. Dredging the inner harbor to a depth of 42 feet is estimated to cost approximately $44.5 million to be funded by internally generated operating funds, 1992 Series E Bonds and additional borrowings, if necessary. As of June 30, 1994, the Port had entered into commitments totaling approximately $26,562,000 for the acquisition and construction of such assets.

Individual Fund Deficits

As of June 30, 1994, the following funds reported deficits:

Special Revenue	
Federal and State Grants	$8,644,000
Traffic Safety and Control	712,000
Landscape and Lighting Assessment District	362,000
Internal Service	
Facilities	803,000

The Federal and State Grant's deficit pertains to retainage which is considered long-term receivable from the Federal Emergency Management Agency (FEMA). Projects related to the 1989 Loma Prieta Earthquake and the 1991 Oakland Hills Fire are still being completed. Upon completion, the City expects to have these deficits fully funded. If any deficit remains, it will be funded by the General Fund.

The Traffic Safety and Control Funds contain capital projects which are budgeted on a multi-year basis. In fiscal year 1993-94, several project schedules were advanced which caused expenditures to exceed current revenues and fund balances. In future years, revenues will exceed expenditures and the deficit will be eliminated.

The fiscal year 1993-94 budget for the Landscape and Lighting Assessment District Fund included appropriations to reduce the fund deficit. Net income and a reduced deficit of $170,000 was achieved. The deficit will be eliminated in future years.

The City's Facilities Fund deficit is expected to be funded through increased user charges for costs incurred on Facilities projects.

Other Contingencies

Primary Government

At June 30, 1994, the Agency was committed to fund $6,587,000 in loans and had issued $1,849,000 in repayment guarantees and letters of credit in connection with several low and moderate income housing projects. These commitments were made to facilitate the construction of low and moderate income housing within the City.

Discretely Presented Component Unit

In July 1987, the California Department of Health Services (Department) issued an order determining that the Port and a former tenant of the Port are responsible for the costs of cleaning up hazardous substances on a site leased by several former tenants. The Port received a Remedial Action Plan from the department which included an apportionment of liability for the costs of hazardous substance removal and remedial actions. The Port is in the process of reviewing the plan and determining its response. In October 1990, the Port and a former tenant agreed to share equally in the remediation costs. As of June 30, 1994, the Port had accrued a liability of $1,646,000, representing its expected 50% share of the total estimated investigation, monitoring and remediation costs related to this site. The ultimate remediation costs have not been determined.

The Port has certain legal obligations to modify or remove various underground storage tanks. A Tank Management Strategy Report on Port-owned underground tanks was prepared for the Port by an outside environmental consulting company. As of June 30, 1994, the Port recorded liability of $2,000,000 which represents the expected remaining costs to modify or remove designated Port-owned underground storage tanks. During 1993, the Port continued soil remediation and tank removal.

At June 30, 1994, the Port had accrued approximately $2,102,000 for various environmental remediation programs in addition to those noted above. The Port's management believes that it has identified all significant hazardous waste sites and has included the estimated probable costs in this environmental accrual.

(20) RESTATEMENT

	Enterprise Funds		Component Unit Port	
	Contributed Capital	Retained Earnings	Contributed Capital	Retained Earnings
BALANCE AT JUNE 30, 1993, AS ORIGINALLY REPORTED	$70,758	$249,653	$ —	$ —
Restatement - GASB 14	(70,758)	(197,553)	70,758	197,553
BALANCE AT JUNE 30, 1993, AS RESTATED	$ —	$ 52,100	$70,758	$197,553

Effective July 1, 1993, the City implemented Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity." Prior to implementation of GASB 14, the Port's financial position and results of operations were reported as an enterprise fund of the City. To account for the new presentation of the financial activity of the Port as a discretely presented component unit, the Port's June 30, 1993 contributed capital of $70,758 and retained earnings of $197,553 have been reclassified from the enterprise funds.

(21) PASSENGER FACILITY CHARGES

In fiscal year 1992-93, the Port began collecting Passenger Facility Charges (PFCs) and these charges were reported as revenue in the Port's Statement of Operations. During fiscal year 1993-94, the Port changed its method of accounting for PFC's to record the revenue as an addition to contributed capital. Accordingly, the cumulative amount of PFC revenue through June 30, 1993 has been recorded as an adjustment from retained earnings to contributed capital.

(22) SUBSEQUENT EVENT

On July 25, 1994, the City issued $65,000,000 of 1994 Tax and Revenue Anticipation Notes (TRAN) which will mature on July 28, 1995. The TRAN bear an effective interest rate of 4.05% with principal and interest payable on maturity. The TRAN were authorized pursuant to City ordinance and were issued in full conformity with the constitution and laws of the State of California. The TRAN are general obligations of the City, but are payable solely from taxes, income, revenue, cash receipts and other monies attributable to the fiscal year commencing on July 1, 1994. The proceeds from the sale of the TRAN are to be used for fiscal year 1994-95 General Fund operating and capital expenditures and the discharge of other indebtedness or obligations of the City.

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX B

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

City of Oakland
Oakland, California

Re: City of Oakland, Alameda County, California
General Obligation Bonds Series 1995B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Oakland (the "City") of $15,000,000 aggregate principal amount of City of Oakland, Alameda County, California General Obligation Bonds Series 1995B, dated as of March 1, 1995 (the "Series 1995B Bonds"). The Series 1995B Bonds are authorized and issued pursuant to Resolution No. 71639 C.M.S. of the City Council of the City adopted on January 31, 1995 (the "Resolution"), a Declaration of Trust of the City Treasurer dated as of March 1, 1995 (the "Declaration of Trust"), the Charter of the City and the provisions of Chapter 4 (commencing with Section 43600) of Division 4 of Title 4 of the Government Code of the State of California and Article 3.7 (commencing with Section 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (collectively, the "Law"). In connection therewith the we have examined such laws, certified proceedings and other documents as we have deemed necessary for the purposes of this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement relating to the Series 1995B Bonds (except to the extent, if any, stated in the Official Statement) and express no opinion relating thereto except only as to the matters set forth in and as our opinion in the Official Statement.

As to questions of material fact necessary to rendering this opinion, we have relied upon the certified proceedings and other certifications of City officials furnished to us without undertaking to verify the same by independent investigation and have assumed the genuineness of all signatures. In addition, the rights of the owners of the Series 1995B Bonds and the enforceability thereof are subject to the limitations imposed by applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' remedies; by the application of equitable principles where equitable remedies are sought; and by the exercise of judicial discretion.

Based on and subject to the foregoing, we are of the opinion that under existing law:

1. The City is duly created and validly existing as a municipal corporation and charter city with the power to adopt the Resolution, perform the agreements on its part contained in the Declaration of Trust and to issue the Bonds.

2. The Series 1995B Bonds are valid and binding general obligations of the City, the principal and interest on which are payable from the proceeds of an *ad valorem* tax on all property in the City subject thereto and unlimited as to rate or amount.

3. Interest on the Series 1995B Bonds is, based on an analysis of existing statues, regulations, rulings and court decisions, not includable in the gross income of the owners of the Series 1995B Bonds for federal income tax purposes and is not an item of tax preference for purposes of the federal individual and corporate alternative minimum tax and the federal environmental tax. It should be noted, however, that such interest is taken into account in determining a corporation's adjusted current earnings, and thus the receipt of such interest could affect a corporation's federal alternative minimum tax and environmental liabilities. For the purpose of rendering the opinion set forth in this paragraph, we have assumed compliance by the City with the requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied in order for interest on the Series 1995B Bonds to be not included in the gross income of the owners of the Series 1995B Bonds for federal income tax purposes. The City has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 1995B Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 1995B Bonds. Except as stated herein, we express no opinion regarding any other federal tax consequences resulting from the ownership or disposition of, or the receipt of interest on, the Series 1995B Bonds.

4. Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign institutions doing business in the United States, certain S Corporations with excess net passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. We express no opinion with respect to any collateral consequences and accordingly, prospective purchasers of the Series 1995B Bonds should consult their tax advisors as to the applicability of collateral consequences.

5. Interest on the Series 1995B Bonds is also exempt from State of California personal income taxes.

Very truly yours,

APPENDIX C

SPECIMEN FINANCIAL GUARANTY BOND

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CAPITAL GUARANTY INSURANCE COMPANY
FINANCIAL GUARANTY BOND

ISSUER: **BOND NUMBER:**

ISSUE: **PREMIUM:**

GUARANTIED MATURITIES:

DATED DATE:

Capital Guaranty Insurance Company, ("Capital"), a corporation organized under the laws of Maryland, in consideration of the premium paid or directed to be paid and subject to the terms of this Bond, hereby unconditionally and irrevocably agrees as surety, to pay the **OBLIGATION** to ______________________________ ("Paying Agent"), or its successor as Paying Agent for the **OWNERS.**

Capital will make such payment through one of its **DISBURSING AGENTS** on the date such principal or interest becomes Due for Payment, or on the Business Day next following the day on which **NOTICE OF NONPAYMENT** is received, whichever is later. **DISBURSING AGENT** will disburse to the Paying Agent the amount of the **OBLIGATION** which is then **DUE FOR PAYMENT** but is unpaid by reason of such **NONPAYMENT** but only upon receipt by **DISBURSING AGENT**, in a form reasonably satisfactory to it, of (i) evidence of the **OWNER'S** right to receive such payment, and (ii) evidence, including any appropriate instruments of assignment, that all of the **OWNER'S** rights to such payment shall thereupon vest in Capital.

Upon such disbursement, Capital shall become the **OWNER** of that portion of the **OBLIGATION** as paid, including any appurtenant coupon or right to payment of principal or interest on such **OBLIGATION** and shall be fully subrogated to the **OWNER'S** right to payment thereof. In addition, Capital has the rights of a surety as to reimbursement from the **ISSUER** (or other obligor responsible for payment of the **OBLIGATION**) as principal. By its acceptance of this Financial Guaranty Bond, the holder hereof agrees on behalf of the **OWNER** that upon payment by Capital of the **OBLIGATION**, Capital shall be fully subrogated to all of **OWNER'S** right, title and interest in the **OBLIGATION** including, but not limited to, the right to commence and pursue legal proceedings in respect of the **OBLIGATION** and to direct any Bond Trustee under an Indenture securing the **OBLIGATION** or similar agent notwithstanding that payments of the **OBLIGATION** may become due in the future or may be guarantied by others.

This Bond is not cancellable for any reason. The premium on this Bond is not refundable for any reason, including the payment of the **OBLIGATION** prior to its maturity. **This Bond does not insure (a) that any prepayment premium will be paid upon payment of the OBLIGATION prior to its maturity as a result of optional redemption or a tax call, or (b) that any amount received or to be received upon the OBLIGATION is or will remain exempt from State or Federal taxation, or (c) that any compensatory payment will be made to OWNER as a result of a determination of taxability.**

DEFINITIONS: As used herein, the term:

(i) **"BUSINESS DAY"** means any day on which Disbursing Agent is open for business.

(ii) **"DISBURSING AGENT"** means a bank or trust company selected by Capital, or a successor Disbursing Agent, designated to receive and remit funds on behalf of Capital.

(iii) **"DUE FOR PAYMENT"** means, when referring to the principal of the Obligation, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of any other call for redemption, acceleration by reason of default, or other advancement of maturity. When referring to interest on the Obligation, "Due for Payment" means the stated date for payment of interest. Principal and interest previously paid by the Paying Agent, but thereafter recovered from any Owner to whom such payment was made pursuant to a final judgment by any court of competent jurisdiction holding that such payment constituted a voidable preference within the meaning of any applicable bankruptcy law ("Preferential Payments"), shall be deemed Due for Payment hereunder upon receipt by Disbursing Agent of evidence of recovery of such funds from the Owner.

(iv) **"NONPAYMENT"** means the failure of the Issuer (or other obligor responsible for payment of the Obligations) to have provided to the Paying Agent funds sufficient to pay all principal and interest on the Obligation which is then Due for Payment. "Nonpayment" also includes Preferential Payments.

(v) **"NOTICE OF NONPAYMENT"** means telephonic or telegraphic notice to Capital, subsequently confirmed in writing, or written notice, in the form of Exhibit A attached hereto, to Capital by registered or certified mail, from an Owner or Paying Agent for the Obligation. Notice to Capital shall be given or addressed to the Claims Officer, Capital Guaranty Insurance Company, Steuart Tower, 22nd Floor, One Market Plaza, San Francisco, California 94105, telephone (415) 995-8000.

(vi) **"OBLIGATION"** means the payment of principal and interest scheduled to be paid on the Issue, but only with respect to the Guarantied Maturities thereof, together with any mandatory redemption premium then required to be paid which shall have become Due for Payment but shall be unpaid by reason of Nonpayment.

(vii) **"OWNER"** means, as to the Guarantied Maturities of the Issue, the person who, at the time of Nonpayment, is entitled to payment thereon, but does not include the Issuer or any person whose agreement to pay funds to or on behalf of the Issuer secures the Obligation.

In Witness Whereof, Capital Guaranty Insurance Company has caused this Financial Guaranty Bond to be signed by its duly authorized officers to become effective on the date set forth below.

CAPITAL GUARANTY INSURANCE COMPANY

By: ______________________
Title: ____________________

By: ______________________
Title: ____________________

Effective Date:

SPECIMEN

CA4102688DJS

FINANCIAL GUARANTY BOND ENDORSEMENT
BOND NUMBER:

CALIFORNIA

ATTACHED TO and forming part of this FINANCIAL GUARANTY BOND NUMBER NNNN issued by Capital Guaranty Insurance Company ("Capital Guaranty").

ADDITIONAL TERMS AND CONDITIONS

In the event Capital Guaranty were to become insolvent, any claims arising under this Financial Guaranty Bond are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division I of the California Insurance Code.

No acceleration of payment due under the OBLIGATION shall be due under this Financial Guaranty Bond unless such acceleration is at the sole option of Capital Guaranty; therefore, "DUE FOR PAYMENT" includes the date the OBLIGATION has been duly called for redemption or has been duly accelerated as a result of a call or direction for redemption or acceleration when such call or direction has been made or given by Capital Guaranty or required, and was effected only with, the express written consent of Capital Guaranty.

In Witness Whereof, Capital Guaranty Insurance Company has caused this Financial Guaranty Bond Endorsement to be signed by its duly authorized officers to become effective on the date set forth in the Financial Guaranty Bond.

CAPITAL GUARANTY INSURANCE COMPANY

By: ____________________________
Title:

By: ____________________________
Title:

Effective Date:

EXHIBIT A

[letterhead of Paying Agent]

NOTICE OF NONPAYMENT

[Date]

To: Capital Guaranty Insurance Company
Steuart Tower, 22nd Floor
One Market Plaza
San Francisco, California 94105
Attention: Claims Officer
Telephone: (415) 995-8000
Telecopy: (415) 995-8008

Re: Financial Guaranty Bond Number ____________________

Issuer:
Series:
Guarantied Maturities:

Issue:
Dated Date:

Ladies and Gentlemen:

All capitalized terms used herein have the same meaning as is set forth in the Financial Guaranty Bond.

In accordance with the above-captioned Financial Guaranty Bond, you are hereby notified of a Nonpayment under the referenced Issue.

An amount is currently Due for Payment by Issuer but is unpaid, or is expected to be unpaid, by reason of the following Nonpayment:

/__/ The principal of the Obligation in the amount of $__________ is unpaid, or is expected to be unpaid, as of its stated maturity on _________, 19__;

/__/ The principal of the Obligation in the amount of $____________ is unpaid, or is expected to be unpaid, as of the date on which it has been duly called for a mandatory sinking fund redemption on __________, 19__;

/__/ Interest on the Obligation in the amount of $_____________ is unpaid, or is expected to be unpaid, as of the stated date for payment on __________, 19__; and/or

/__/ Principal in the amount of $________ and interest in the amount of $_____________ which were previously paid at stated maturity, on mandatory sinking fund redemption or at the stated date for payment, have since been recovered from an Owner to whom such payment was made pursuant to a final judgment by a court of competent jurisdiction holding that such payment constituted a voidable preference within the meaning of any applicable bankruptcy law.

All monies received from you shall be applied directly to the payment to the Owners of the captioned Obligations and for no other purpose.

I have attached hereto a certified copy of the resolution of the Board of Directors or the applicable provisions of the by-laws which authorize me to execute this notice.

Dated: ______________________________

By: ______________________________

Title: ______________________________

APPENDIX D

BALANCE SHEET OF CAPITAL GUARANTY INSURANCE COMPANY

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CAPITAL GUARANTY

CAPITAL GUARANTY INSURANCE COMPANY

BALANCE SHEET

(Statutory Basis)

December 31, 1994

ASSETS

Cash	$	232,206
Investments		296,334,766
Premiums Receivable		2,972,998
Accrued Interest		4,138,482
Other Assets		44,864
Total Assets	$	303,723,316

LIABILITIES AND POLICYHOLDERS' SURPLUS

Contingency Reserve	$	28,203,033
Unearned Premiums		104,725,425
Other Liabilities		2,469,088
Policyholders' Surplus		168,325,770
Total Liabilities and Policyholders' Surplus	$	303,723,316

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SEAL OF THE CITY OF OAKLAND
CALIFORNIA