NEW ISSUE—BOOK-ENTRY-ONLY

RATINGS:
Fitch: AAA
Moody's: Aaa
S&P: AAA
(See "RATINGS" herein)

In the opinion of Wendel, Rosen, Black, Dean & Levitan, Oakland, 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 California personal income taxes. See "TAX EXEMPTION" herein.

$50,000,000
CITY OF OAKLAND
ALAMEDA COUNTY, CALIFORNIA
GENERAL OBLIGATION BONDS
SERIES 1992

Dated: July 15, 1992 **Due: June 15, as shown below**

The $50,000,000 Aggregate Principal Amount General Obligation Bonds, Series 1992 (the "Bonds") were authorized by election more fully described herein under **"THE BONDS—Authority for Issuance."** Interest on the Bonds is payable on December 15, 1992 and semiannually thereafter on each June 15 and December 15. The Bonds will be issued in denominations of $5,000 or integral multiples thereof, provided that no Bond shall have principal maturing on more than one principal payment date. The Bonds will be issued in book-entry-only form through the book-entry-only system of the Depository Trust Company, New York, New York ("DTC"). The City has appointed Ameritrust Texas N.A., a national banking association, at its Principal Office in Houston, Texas as Paying Agent for the Bonds. The principal of and interest on the Bonds will be payable at the Corporate Trust Office of Ameritrust Texas N.A., by wire transfer to DTC which will in turn remit such principal and interest to its participants, who in turn will remit such principal and interest to the Beneficial Owners, as described herein.

The Bonds are general obligations of the City of Oakland (the "City"), and the City is obligated to levy ad valorem taxes upon all property subject to taxation by the City, without limitation or rate or amount (except certain personal property which is taxable at limited rates), for the payment of interest on, and principal of, the Bonds. 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. The Bonds will be used for emergency preparations as more fully described herein. In addition, a portion of the proceeds of the Bonds will be used to pay for certain costs related to the issuance of the Bonds.

Payment of the principal of and interest on the Bonds when due will be guaranteed by a municipal bond insurance policy to be issued simultaneously with the delivery of the Bonds by Financial Guaranty Insurance Company. See "MUNICIPAL BOND INSURANCE" herein.

FGIC. Financial Guaranty Insurance Company

Service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. government agency.

BONDS MATURING ON OR AFTER JUNE 15, 2003
ARE SUBJECT TO OPTIONAL REDEMPTION AS PROVIDED HEREIN.

$25,105,000 Serial Current Interest Bonds
(Accrued Interest from July 15, 1992 to be added)

Maturity (June 15)	Principal Amount	Interest Rate	Price/ Yield	Maturity (June 15)	Principal Amount	Interest Rate	Price/ Yield
1994	$1,255,000	11.00%	3.50%	2004	$1,255,000	5.50%	5.60%
1995	1,255,000	11.00	4.25	2005	1,255,000	5.60	5.70
1996	1,255,000	4.25	100.00	2006	1,255,000	5.70	5.75
1997	1,255,000	4.50	100.00	2007	1,255,000	5.75	5.80
1998	1,255,000	4.70	100.00	2008	1,320,000	5.80	5.85
1999	1,255,000	5.00	100.00	2009	1,405,000	5.80	5.90
2000	1,255,000	5.10	5.15	2010	1,500,000	5.80	5.90
2001	1,255,000	5.30	100.00	2011	1,600,000	6.00	100.412
2002	1,255,000	9.50	5.65	2012	1,710,000	6.00	100.412
2003	1,255,000	5.50	100.00				

$10,435,000 6.00% Term Bonds due June 15, 2017 @ 100%
$14,460,000 6.00% Term Bonds due June 15, 2022 @ 99.304%
(Accrued interest from July 15, 1992 to be added)

The bonds will be offered when, as and if issued and received by the purchasers, subject to the approval of legality by Wendel, Rosen, Black, Dean & Levitan, Oakland, California, Bond Counsel. The Bonds will be available for delivery at DTC in New York, New York on or about August 4, 1992.

Dated: July 29, 1992.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by 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 to 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, CALIFORNIA

CITY COUNCIL

ELIHU M. HARRIS, Mayor

LEO BAZILE, Vice Mayor

FRANK H. OGAWA

NATHAN MILEY

ALETA CANNON

MARY MOORE

MARGE GIBSON-HASKELL

WILSON C. RILES, JR.

RICHARD SPEES

CITY OFFICIALS

HENRY L. GARDNER, City Manager

ARRECE JAMESON, City Clerk

JAYNE WILLIAMS, City Attorney

GARY BREAUX, Director of Finance

SPECIAL SERVICES

BOND COUNSEL
Wendel, Rosen, Black, Dean & Levitan
Oakland, California

PAYING AGENT
Ameritrust Texas N.A.
Houston, Texas

FINANCIAL ADVISORS
Public Financial Management, Inc.
San Francisco, California

Henderson Capital Partners, Inc.
Oakland, California

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$50,000,000

CITY OF OAKLAND
ALAMEDA COUNTY, CALIFORNIA
GENERAL OBLIGATION BONDS
SERIES 1992

INTRODUCTORY STATEMENT

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 1992 in the principal amount of $50,000,000 (the "Bonds").

The Bonds are issued under the provisions of the Government Code of the State of California (the "Government Code") and pursuant to a resolution adopted by the City Council of the City of Oakland (the "City") on July 28, 1992 (the "Resolution"). The Bonds were approved by the voters in the City at the primary election of June 2, 1992.

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

The Bonds will be issued in book-entry-only form, without coupons, in denominations of $5,000 or integral multiples thereof. Bonds maturing on or after June 15, 2003 may be redeemed prior to maturity at the option of the City beginning on June 15, 2002.

The Bonds are issued by the City for the purpose of providing funds for the enhancement of emergency response capabilities and seismic reinforcement of essential public facilities and infrastructure.

This Introductory Statement is subject in all respects to the more complete information contained in this Official Statement.

For a description of the City's financial condition and amendments to the Constitution of the State of California that have affected the City's ability to raise revenues, see "APPENDIX A -- Description of the City of Oakland, California" and "APPENDIX B -- Audited Financial Statements of the City for the Fiscal Year ended June 30, 1991". For a form of legal opinion provided by Bond Counsel, see "APPENDIX C -- Form of Legal Opinion".

The payment of principal of and interest on the Bonds will be insured by Financial Guaranty Insurance Company (the "Insurer"). The City has made no investigation and makes no representations with respect to the Insurer and the insurance policy, and reference should be made to "MUNICIPAL BOND INSURANCE" and "APPENDIX D -- Form of Municipal Bond Insurance Policy" herein for a description of the Insurer and its specimen insurance policy, respectively. The material under said heading and in said Appendix has been furnished by the Insurer.

THE BONDS

Authority for Issuance

The Bonds are issued under the provisions of the Government Code and pursuant to the Resolution. The City received authorization at the primary election of June 2, 1992 by a two-thirds vote of the electorate, to issue general obligation bonds in an amount not to exceed $50 million. The Registrar of Voters for the County of Alameda has certified that 51,444 (or 74%) of the votes cast by the voters at said election were in favor of the bond authorization while 17,751 (or 26%) of the votes cast by the voters were against the bond authorization.

Purpose of Issue

The Bonds are issued by the City for the purpose of providing funds for the enhancement of emergency response capabilities and seismic reinforcement of essential public facilities and infrastructure financing.

Security

The Bonds are general obligations of the City. For the payment of the Bonds and the interest thereon, the City is obligated to levy ad valorem taxes upon all property within the City subject to taxation by the City (except certain personal property which is taxable at limited rates) without limitation of rate or amount. Such taxes, when collected, will be segregated into the City of Oakland, General Obligation Bonds, Series 1992 Debt Service Account (the "Debt Service Account") which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

Description

The Bonds in the aggregate principal amount of $50,000,000 will be dated July 15, 1992 and will bear interest payable each June 15 and December 15, commencing December 15, 1992. The Bonds will mature in each of the years and in the principal and interest amounts shown on the following page.

Principal and Interest Maturity Schedule

Year Ending June 15	Principal Amount	Interest	Total
1993		$2,792,872.50	$2,792,872.50
1994	$1,255,000.00	3,046,770.00	4,301,770.00
1995	1,255,000.00	2,908,720.00	4,163,720.00
1996	1,255,000.00	2,770,670.00	4,025,670.00
1997	1,255,000.00	2,717,332.50	3,972,332.50
1998	1,255,000.00	2,660,857.50	3,915,857.50
1999	1,255,000.00	2,601,872.50	3,856,872.50
2000	1,255,000.00	2,539,122.50	3,794,122.50
2001	1,255,000.00	2,475,117.50	3,730,117.50
2002	1,255,000.00	2,408,602.50	3,663,602.50
2003	1,255,000.00	2,289,377.50	3,544,377.50
2004	1,255,000.00	2,220,352.50	3,475,352.50
2005	1,255,000.00	2,151,327.50	3,406,327.50
2006	1,255,000.00	2,081,047.50	3,336,047.50
2007	1,255,000.00	2,009,512.50	3,264,512.50
2008	1,320,000.00	1,937,350.00	3,257,350.00
2009	1,405,000.00	1,860,790.00	3,265,790.00
2010	1,500,000.00	1,779,300.00	3,279,300.00
2011	1,600,000.00	1,692,300.00	3,292,300.00
2012	1,710,000.00	1,596,300.00	3,306,300.00
2013	1,825,000.00	1,493,700.00	3,318,700.00
2014	1,945,000.00	1,384,200.00	3,329,200.00
2015	2,075,000.00	1,267,500.00	3,342,500.00
2016	2,220,000.00	1,143,000.00	3,363,000.00
2017	2,370,000.00	1,009,800.00	3,379,800.00
2018	2,525,000.00	867,600.00	3,392,600.00
2019	2,700,000.00	716,100.00	3,416,100.00
2020	2,880,000.00	554,100.00	3,434,100.00
2021	3,075,000.00	381,300.00	3,456,300.00
2022	3,280,000.00	196,800.00	3,476,800.00
Total	$50,000,000.00	$55,553,695.00	$105,553,695.00

Book-Entry-Only System

Introduction

Unless otherwise noted, the information contained under the subcaption "General" has been provided by DTC. The City makes no representation as to the accuracy or the completeness of such information. The Beneficial Owners should confirm the following information with DTC or DTC Participants as defined hereafter.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (ii) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE RESOLUTIONS; (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 THE BONDS; OR (vi) ANY OTHER MATTER.

General

The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond Certificate will be issued for each maturity of the Bonds 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 ("DTC Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in 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 ("Direct Participants"), some of whom (and their representatives) own DTC. 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 its 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 of the Bonds ("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 interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by 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. The 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 and 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 and interest payments on the Bonds will be made by DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on the payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of 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. The City has appointed Ameritrust Texas N.A., a national banking association, at its Principal Office in Houston, Texas as Paying Agent for the Bonds.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City. 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 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.

Procedure in the Event of Revision of Book-Entry-Only Transfer System-Replacement Bonds

Bond certificates (the "Replacement Bonds") may be issued directly to owners of the Bonds other than DTC, or its nominee, but only in the event that (a) DTC determines not to continue to act as securities depository for the Bonds; or, (b) the City has advised DTC that it does not wish DTC to continue as securities depository; or, (c) the City has determined that interests of the Beneficial Owners might be adversely affected if the book-entry system of transfer is continued. Upon occurrence of any of the foregoing events the City shall attempt to locate another qualified securities depository. If the City fails to locate another qualified securities depository to replace DTC, the City shall have authenticated and delivered Replacement Bonds, in certificate form. Principal of and interest on the Replacement Bonds shall be payable by check or draft mailed to each owner of such Replacement bond at the address of such owner as it appears in the bond register maintained by or on behalf of the City. However, the registered owner of Replacement bonds of a single series in an aggregate principal amount of at least $1,000,000 may submit a written request to the Treasurer of the City for payment of interest on such Replacement Bonds by wire transfer. Replacement Bonds will be transferable only by presentation and surrender to the City or an agent of the City to be designated in the Replacement Bonds, together with an assignment duly executed by the owner of the Replacement Bonds or by its representative in form satisfactory to the City, or an agent of the City, and containing information required by the City in order to effect such transfer.

Redemption Provisions

Optional Redemption

The Bonds maturing on or before June 15, 2002 are not subject to redemption prior to maturity. Bonds maturing on or after June 15, 2003 are subject to redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds, in whole on any date, or in part on any interest payment date, on or after June 15, 2002 in order of maturities as determined by the City, and by lot within any one maturity if less than all of the Bonds of such maturity are redeemed, at the following redemption prices (expressed as a percentage of the Bonds called for redemption), together with interest accrued thereon to the date of redemption:

Redemption Date	Redemption Price
June 15, 2002 through June 14, 2003	102%
June 15, 2003 through June 14, 2004	101%
June 15, 2004 and thereafter	100%

The City shall, so long as DTC, or its nominee is the registered owner of the Bonds, mail notice of redemption to DTC not less than 30 days nor more than 45 days prior to any redemption date. Any failure by DTC to mail such notice to any participant, or any defect in such notice, will not affect the validity of the proceedings for redemption of the Bonds. At all times that the Bonds are registered in the names of DTC or any other securities depository, or their nominee, the City will not be responsible for mailing notices of redemption to anyone other than the securities depository or its nominee.

If for any reason DTC or any other securities depository shall not be engaged by the City with respect to the Bonds (as discussed in "Procedure in the Event of Revision of Book-Entry-Only Transfer System-Replacement Bonds" herein), the Finance Director, or any agent appointed by the City, shall give notice of any redemption of the Bonds by mail, postage prepaid, to the respective registered owners thereof at the addresses appearing on the bond registration books not less than 30 days nor more than 45 days prior to any redemption date. The actual receipt by the owner of any Bond of such notice of redemption, or failure to receive such notice, or any defect in such notice, shall not affect the validity of the proceedings for the redemption of such Bonds, or the cessation of the accrual of interest on the date fixed for redemption.

Mandatory Redemption

The Bonds maturing on June 15, 2017 and June 15, 2022, are subject to mandatory sinking fund redemption by the City, prior to maturity, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, in direct order of maturity and in part by lot within a maturity on June 15 (except on a stated maturity date) of each of the years and in the respective principal amounts set forth below:

$10,435,000 Term Bond maturing on June 15, 2017

Year	Principal Amount
2013	$1,825,000
2014	$1,945,000
2015	$2,075,000
2016	$2,220,000
2017	$2,370,000

$14,460,000 Term Bond maturing on June 15, 2022

Year	Principal Amount
2018	$2,525,000
2019	$2,700,000
2020	$2,880,000
2021	$3,075,000
2022	$3,280,000

MUNICIPAL BOND INSURANCE

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company, doing business in California as FGIC Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the City. Financial Guaranty will make such payments to Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic, or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the City. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the Bonds on their respective stated maturity dates, or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been accelerated, and covers the failure to pay an installment of interest on the stated date for its payment.

This Official Statement contains a section regarding the ratings assigned to the Bonds and references should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the City and the Bonds for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement and the circumstances, if any, under which the City is required to provide additional or substitute credit enhancement, and related matters.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a wholly-owned subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation or GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of March 31, 1992, the total capital and surplus of Financial Guaranty was approximately $565,000,000. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 175 Water Street, New York, New York 10038, Attention: Communications Department, telephone number: (212) 607-3000 or to the New York State Insurance Department at 160 West Broadway, 18th Floor, New York, New York 10013, Attention: Property Companies Bureau, telephone number: (212) 602-0389.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	
Bond Proceeds	$50,000,000.00
Premium	$21.95
Accrued Interest	$160,801.75
Total Sources	$50,160,823.70
Uses:	
Acquisition Fund	$49,868,821.95
Costs of Issuance	$131,200.00
Accrued Interest	$160,801.75
Total Uses	$50,160,823.70

CITY BUDGET AND FINANCES

On June 30, 1992, the City adopted a balanced budget for Fiscal Year 1992-93. The Adopted Budget was balanced by cutting expenditures and by raising taxes, primarily through the City's Real Estate Transfer Tax and Utility Consumption Tax. The Fiscal Year 1992-93 budget anticipates a $10 million cut in tax receipts from the State of California and assumes a second year of modest growth in City revenues. In light of these assumptions, the City believes that the Fiscal Year 1992-93 Adopted Budget is reasonable.

CONSTITUTIONAL AND STATUTORY LIMITS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Section 1(a) of Article XIII of the California Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIIIA), to be collected by the counties and apportioned according to law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, or (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 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the California Legislature to implement Article XIIIA provides that notwithstanding any other law, local agencies may not levy any 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 of $4.00 per $100 of assessed valuation (based on the traditional practice of using 25% of full cash value as the assessed value for tax purposes). Beginning with the 1981/82 Fiscal Year, assessors in California no longer record property values on the tax rolls at the assessed value of 25% of market value and now record them at full market value. Consequently, the tax of $4 per $100 of assessed value is now expressed as $1 per $100 of taxable value.

In the general elections of 1986, 1988 and 1990, the voters of the State approved various measures which further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal resident and the first $1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIIIA. This amendment will reduce the property tax revenues of the City. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers of assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within the county and the original property is located in another county within California. The City has not adopted the ordinance regarding residences replacing dwellings in other counties.

In the June 1990 election, the voters approved additional amendments to Article XIIIA permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIIIB of the California Constitution

Article XIIIB limits the annual appropriations of the State and any city, county, city and county, school district, authority or other political subdivision of the State to the level of appropriations for the prior year, as adjusted for changes in the cost of living, population and services for which the fiscal responsibility is shifted to or from the governmental entity. The "base year" for establishing such appropriation limit is the 1978/79 Fiscal Year and the limit is adjusted annually to reflect changes in population, consumer prices and certain increases or decreases in the cost of services provided by these public agencies.

Appropriations of an entity of local governmental subject to Article XIIIB include generally authorizations to expend during a Fiscal Year the proceeds of taxes levied by or for the entity and the proceeds of State subventions, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance and disability insurance funds. "Proceeds of taxes" includes, but is not limited to, all tax revenues, most State subventions and the proceeds to the local government entity from (i) regulatory licenses, user charges, and user fees to the extent that such proceeds exceed the costs reasonably borne by such entity and (ii) the investment of tax revenues. Articles XIIIB includes a requirement that if a local government entity's revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two years.

Article XIIIB does not limit the appropriation of moneys to pay debt service on indebtedness existing or authorized as of January 1, 1979, or for bonded indebtedness, approved thereafter by a vote of the electors of the issuing entity at an election held for that purpose.

In the June 1990 election, the voters approved Proposition 111 amending the method of calculation of State and local appropriations limit. Proposition 111 made several changes to Article XIIIB, three of which were reflected in the City's 1990/91 computation of its appropriations limit. First, the term "change in the cost of living" was redefined as the change in the California per capita personal income ("CPCPI") from the preceding year. Previously the lower of the CPCPI or the United States Consumer Price Index was used. Second, the appropriations limit for the Fiscal Year was recomputed by adjusting the 1986/87 by the CPCPI for the three subsequent years. That computation increased the City's 1989/90 appropriations base, from which the Fiscal Year 1990/91 limit was computed. Third and lastly, Proposition 111 excluded appropriations for "qualified capital outlay for fiscal 1990/91 as defined by the legislature" from proceeds of taxes. This resulted in a reduction from appropriations of proceeds of taxes subject to the limit.

Statutory Spending Limitations

A statutory initiative ("Proposition 62") was adopted by the voters voting in the State of California at the November 4, 1986 General Election which (i) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental entity's legislative body and by a majority vote of the electorate of the governmental entity, (ii) requires that any special taxes (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within the jurisdiction, (iii) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (iv) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIIIA, (v) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities and (vi) requires that any tax imposed by a local governmental entity on or after March 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988. In the opinion of the City Attorney, because Proposition 62 was a statutory, and not a constitutional initiative, the substantive provisions of Proposition 62 are not applicable to charter cities. The City does not anticipate any adverse financial impact as a result of the passage of this initiative. Furthermore, a decision of a State Court of Appeal in the case of City of Westminster v. County of Orange has declared that the provisions of Proposition 62 requiring majority vote approval of the electorate for general fund taxes, as referred to in section (vi), are unconstitutional. A petition for review of the decision was filed with the State Supreme Court on October 21, 1988. The petition was denied by the Court on December 15, 1988, making the Court of Appeal decision final.

Court Challenges to Proposition 13

The United States Supreme Court in 1989 struck down as a violation of equal protection certain property tax assessment practices in West Virginia, which had resulted in vastly different assessments of similar properties. Since Proposition 13 provides that property may only be reassessed up to 2% per year, except upon change of ownership or new construction, recent purchasers may pay substantially higher property taxes than long-time owners of comparable property in a community. The Supreme Court in the West Virginia case expressly declined to comment in any way on the constitutionality of Proposition 13.

Based on this United States Supreme Court decision, however, property owners in California brought three suits challenging the acquisition value assessment provisions of Proposition 13. After losing in the trial courts, property owners' appeals were heard before three state Courts of Appeal in late 1990. On December 3, 1990, the Court of Appeal for the Second District in the Case of Nordlinger v. Lynch, 225 Cal.App.3d 1259, upheld Proposition 13's assessment rules. On February 28, 1991, the State Supreme Court denied the property owners' request to review that decision. On December 19, 1990, the State Court of Appeal for the First District reached a similar conclusion in the case of R.H. Macy & Co. v. Contra Costa County, 226 Cal.App.3d 352, as did the State Court of Appeal for the Fourth District on April 10, 1991, in Northwest Financial, Inc. v. State Board of Equalization, et al.. The State Supreme Court also denied review in the R.H. Macy case on February 28, 1991; however, the United States Supreme Court on June 3, 1991, agreed to hear an appeal by R.H. Macy challenging Proposition 13 as a violation of the equal protection and commerce clause of the federal Constitution. R.H. Macy subsequently withdrew the case for business reasons, and the issue remains open. On March 20, 1991, the State Court of Appeal for the Fourth District in the case of City of Rancho Cucamonga v. Mackzum affirmed the judgment of the Superior court of Riverside County finding certain legislation implementing Article XIII A to be constitutional. Plaintiffs in Rancho Cucamonga alleged, among other things, that certain legislation implementing Article XIII A unconstitutionally prevented the city plaintiffs, which either did not impose any property tax or imposed a very low property tax before Proposition 13, from sharing proportionally in property taxes now collected by the counties. Review by the State Supreme Court and the United States Supreme Court is possible. On October 7, 1991, the United States Supreme court announced that it would hear the appeal of Nordlinger, a challenge relating to residential property. Nordlinger v. Hahn, (1991) 112 S.Ct. 49. On June 18, 1992, the Supreme Court upheld the rulings of the State court in Nordlinger v. Lynch. Nordlinger v. Hahn, --- S.Ct. ---, 1992 WL 132447, 92 Daily Journal D.A.R. 8196. Although it appears that constitutional challenges to Article XIIIA are exhausted, the City cannot predict what impact any future developments might have on the City's tax receipts.

RATINGS

Fitch Investors Service, Inc. ("Fitch"), Moody's Investors Service ("Moody's") and Standard and Poor's Corporation ("S&P") have assigned its municipal bond ratings of "AAA", "Aaa" and "AAA", respectively, to the Bonds, with the understanding that, upon delivery of the Bonds, the Financial Guaranty Policy will be issued by Financial Guaranty. The rating issued reflects only the views of such rating agency, and any explanation of the significance of such rating should be obtained from such rating agency. An explanation concerning the significance of the rating given by Fitch may be obtained from Fitch Investors Service, Inc., One State Street Plaza, New York, New York 10004. An explanation concerning the significance of the rating given by Moody's may be obtained from Moody's Investors Service, 99 Church Street, New York, New York 10007. An explanation concerning the significance of the rating given by S&P may be obtained from Standard and Poor's Corporation, 25 Broadway, New York, New York 10004. There is no assurance that such rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. The City undertakes no responsibility either to bring to the attention of the owners of the Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

TAX EXEMPTION

In the opinion of Wendel, Rosen, Black, Dean & Levitan, Oakland, California, Bond Counsel, subject, however, to the qualifications set forth below, 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 alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income talc purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

Prospective purchasers of the Bonds should be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of the Bond owner's interest expense allocated to interest payable with respect to the Bonds, (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest with respect to the Bonds, (iii) for taxable years beginning before January 1, 1992, interest with respect to the Bonds earned by some corporations could be subject to the environmental tax imposed by section 59A of the Code, (iv) interest with respect to the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (v) passive investment income, including interest with respect to the Bonds, may be subject to federal income taxation under section 1375 of the Code for subchapter S Corporations that have subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such subchapter S Corporation is passive investment income, and (vi) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Bonds.

In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. A form of legal opinion provided by Bond Counsel, see "APPENDIX C --- Form of Legal Opinion".

UNDERWRITING

Pursuant to the terms of the public bid dated July 22, 1992, a syndicate led by Bank of America, as Underwriter, has contracted to purchase the Bonds from the City at the purchase price of $50,000,021.95 plus accrued interest from July 15, 1992, to the date of delivery of the Bonds. The Underwriter is obligated to take and pay for all of the Bonds.

FINANCIAL ADVISORS

The City has retained Public Financial Management, Inc., San Francisco, California, and Henderson Capital Partners, Inc., Oakland, California, as financial advisors (the "Financial Advisors") in connection with the preparation of this Official Statement and with respect to the issuance of the Bonds. The Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. Public Financial Management, Inc. is a wholly-owned subsidiary of Marine Midland Bank, N.A., New York, New York. Henderson Capital Partners, Inc. is a municipal securities broker-dealer which provides financial advisory and underwriting services to state and local governmental entities.

AUDITED FINANCIAL STATEMENTS OF THE CITY

The audited financial statements of the City of Oakland, California for the fiscal year ended June 30, 1991, included in this Official Statement have been audited by Deloitte & Touche, independent public accountants, as stated in their report appearing in APPENDIX B.

LIMITATION OF REMEDIES

In addition to the limitations on remedies contained in the Resolution, 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 threatened concerning the validity of the Bonds, and a Certificate to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the City's ability to receive ad valorem taxes or to collect other revenues or contesting the City's ability to issue and retire the Bonds.

The City is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, the City Attorney believes that there are substantial defenses to such litigation and disputes and that, in any event, any ultimate liability in excess of applicable insurance coverage resulting therefrom will not materially affect the financial position or results of the operations of the City in an adverse manner.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of, the Bonds. Quotations from and explanations of the Bonds, the Resolution and applicable laws described herein, do not purport to be complete, and reference is made to said documents and statutes 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 of their 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\ Henry L. Gardner
Henry L. Gardner, City Manager

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APPENDIX A
Description of the City of Oakland, California

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GENERAL

Introduction

The City of Oakland (the "City") 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 industrialized 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 major railroads and trucking firms, as well as one of the largest container-ship ports 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 sixth 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 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 and City Council for the Mayor's submission to the City Council.

Subject to civil service regulations, the City Manager appoints City employees except the City Attorney, City Clerk, Director of Finance and City Auditor. The City Council appoints the City Manager and the City Attorney, and the City Clerk and the Director of Finance are appointed by the City Manager subject to City Council approval. The Director of Finance serves as the City's Treasurer. The City Auditor is elected at the same time as the Mayor.

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

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 County, school and special district property taxes. Under California's 1991/92 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 based on the County's cost for the previous year. This is a prorated charge to all jurisdictions based on each jurisdiction's share of property tax receipts.

The valuation of secured property is established as of March 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. See "Constitutional and Statutory Limits on Taxes and Appropriations" herein.

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 AB 454 in 1987 changed the manner in which unitary and operating non-unitary 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 non-unitary 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 the 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 non-unitary property.

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

CITY OF OAKLAND
ASSESSED VALUATIONS (1)

Fiscal Year	Local Secured	Utility	Unsecured	Total
1986/87	$ 8,861,815,756	$883,599,960	$1,410,875,331	$11,156,291,047
1987/88	9,574,894,509	953,123,290	1,487,663,988	12,015,681,787
1988/89	10,134,786,232	54,229,801 (2)	1,516,573,931	11,705,589,964
1989/90	11,153,589,360	56,118,185 (2)	1,582,277,848	12,791,985,393
1990/91	12,211,539,476	51,665,856 (2)	1,557,854,483	13,821,059,815
1991/92	13,045,041,452	56,668,159 (2)	1,193,649,163	14,295,378,774

(1) Before redevelopment tax allocation increment deduction.
(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 March 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, and 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: (1) a civil action against the taxpayer; (2) 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; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests 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 levy and year-end delinquencies for the City for the five most recent fiscal years are shown on the next page:

CITY OF OAKLAND
SECURED AND UNSECURED TAX LEVY AND DELINQUENCIES

Year	Secured and Unsecured Tax Levy[1]	Amount Delinquent as of June 30	% Del. June 30	Apportioned Secured Tax Collection[2]
1986/87	$119,856,503	$7,338,604	6.12%	$30,082,473
1987/88	127,733,624	7,118,021	5.57	31,701,308
1988/89	126,097,763	7,008,343	5.56	34,108,364
1989/90	135,197,368	8,462,045	6.26	36,996,220
1990/91	146,349,421	9,920,924	6.78	39,751,879
1991/92	143,248,355	N/A	N/A	40,803,034

(1) All taxes collected by the County within the City.
(2) Does not include tax increments paid to the Redevelopment Agency of the City of Oakland.

Source: City of Oakland, Office of Finance.

Tax Rates

The City is divided into 33 Tax Rate Areas. This figure includes one special Tax Rate Area comprised of aircraft taxable within the City. The largest Tax Rate Area within the City is Tax Rate Area 17-001 which has a total assessed valuation of $10,408,557,955 or 70.9% of the City's 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
(Percent of Property Assessed Value)

Tax Agency	1986/87	1987/88	1988/89	1989/90	1990/91
Countywide Tax (1)	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Oakland Unified School District	0.0317	0.0236	0.0216	0.0216	0.0184
Peralta Community College District	0.0157	0.0131	0.0126	0.0126	0.0111
Oakland Unified School District (2)	0.0145	0.0120	0.0114	0.0114	0.0108
Bay Area Rapid Transit District	0.0421	0.0372	0.0319	0.0319	0.0250
East Bay Regional Park District	0.0000	0.0000	0.0047	0.0047	0.0032
City of Oakland (3)	0.1575	0.1575	0.1575	0.1575	0.1575
Combined Tax Rates	1.2617%	1.2434%	1.2397%	1.2397%	1.2260%

(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) Represents tax levied to correct underfunded obligations in the Police and Fire Retirement System.

Source: Alameda County Auditor-Controller.

Principal Taxpayers

The following table lists the major taxpayers in the City in terms of their 1991/92 assessed valuation:

CITY OF OAKLAND
20 LARGEST LOCALLY SECURED TAXPAYERS FOR 1991/92

Property Owner	1991-92 Assessed Valuation
Eleven Eleven Associates	$ 127,949,526
State of California Public Employees Retirement System	101,225,400
Kaiser Foundation Health Plan, Inc.	95,527,525
Clorox Company	93,915,380
Samuel Merritt Hospital	87,460,445
Ordway Associates	85,527,148
Ahmanson Commercial Development Company	83,034,523
Lake Merritt Plaza	79,899,484
Bramelea Limited and City Square One	77,910,351
Kaiser Center, Incorporated	76,269,775
Owens Illinois Glass Container Incorporated	63,761,774
Webster Street Partners Limited	59,206,558
CF Oakland Associates Limited	43,026,154
Sparknight	33,498,132
FT International Incorporated and Toyomura Fumi	32,687,861
Safeway Stores, Incorporated	30,106,112
Feischmann's Yeast Incorporated	28,337,627
Springwood Investment	27,625,451
Argonaut Financial Services Incorporated	26,763,117
Silberblatt S.S. Incorporated and Oakland Associates	26,245,364
Total - Top Twenty	$ 1,279,977,687
Percent of Total City-wide Assessment	9.81%

Source: California Municipal Statistics, Inc.

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, upon request, but at least annually, examines books, records, inventories and reports of all offices and employees who receive, control, handle or disburse public funds, and those of any other officers, employees or departments as the City Manager directs.

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.

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 follows:

Government Funds:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, 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 for, and the payment of, the principal of and interest on general obligation long-term debt, and related costs.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction 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 (a) that are financed and operated in a manner similar to private enterprises where the intent of the governing body 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 though user charges; or (b) where the governing body has decided that periodic determination of revenues 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 are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, 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.

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: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) 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 audited financial statements for the fiscal years 1986/87 through 1990/91 actual revenues, expenditures and fund balances:

CITY OF OAKLAND
GENERAL FUND
REVENUES, EXPENDITURES AND OPERATING SURPLUSES
1986/87 THROUGH 1990/91
(000's)

Total Revenues and Expenditures	Actual 1986/87	Actual 1987/88	Actual 1988/89	Actual 1989/90	Actual 1990/91
REVENUES					
Taxes	$146,150	$155,403	$174,712	$170,084	$177,768
Permits and Licenses	9,484	4,775	4,946	5,518	6,160
Traffic fines and various penalties	4,623	4,787	6,423	7,117	7,420
Interest and rental income	8,920	10,017	16,582	12,852	12,015
Revenue from current services	7,038	15,105	16,987	17,619	22,105
Grant revenue	2,026	2,619	1,057	10,395	6,230
Other revenue	39	443	3,472	6,629	7,802
TOTAL	$178,277	$193,149	$224,179	$230,214	$239,500
EXPENDITURES					
General government	$ 19,993	$ 18,092	$ 21,696	$ 26,993	$ 27,893
Public safety	84,932	88,122	103,163	130,420	143,287
Office of public works	12,731	13,456	17,256	20,598	27,026
Office of general services	3,885	4,519	6,196	5,890	5,006
Parks, Recreation and Cultural	22,108	23,818	26,515	18,616	16,579
Economic, Community and Social Programs	4,829	3,514	3,858	6,485	6,579
Nondepartmental (1)	18,692	16,701	7,445	11,216	15,243
Debt Service	125	125	125	0	0
TOTAL	$167,295	$168,347	$186,254	$220,218	$241,613
Excess (deficiency) of Revenues over Expenditures	10,982	24,802	37,925	9,996	(2,113)
Operating Transfers	(15,321)	(16,839) (3)	12,440 (3)	24,857	(9,581)
Combined Adjustments (2)	(11,172)	13,461	365	24,810	(46,271)
Ending Balance	$ 38,933	$ 60,357	$ 60,205	$119,868	$ 61,903

(1) Includes rent payable on lease obligations.
(2) Includes audit reclassifications and net residual equity transfers.
(3) Operating transfers related to the refunding of City and Various Properties Certificates of Participation (1988/89) and the Certificates of Participation related to the Oakland Museum (1987/88). These financings liquidated and transferred various restricted investments from the General Fund Group to other Fund Groups.

Source: City of Oakland Audited Financial Statements.

The following table reflects the City's revenues, expenditures and operating surpluses for the general purpose fund for fiscal years 1987/88 through 1990/91:

CITY OF OAKLAND
GENERAL PURPOSE FUND
REVENUES, EXPENDITURES AND OPERATING SURPLUSES
1987/88 THROUGH 1990/91 ACTUAL
1991/92 ADOPTED BUDGET
(000)

Total Revenues and Expenditures	Actual 1987/88	Actual 1988/89	Actual 1989/90	Actual 1990/91	Adopted Budget 1991/92
REVENUES					
Taxes	$155,403	$174,712	$170,084	$177,768	$182,750
Permits and Licenses	4,775	4,946	5,518	6,160	7,100
Traffic fines and various penalties	4,787	6,423	7,117	7,420	6,610
Interest and rental income	10,017	16,582	12,852	12,015	7,070
Revenue from current services	15,105	16,987	17,619	22,105	16,480
Grant revenue	2,619	1,057	10,395 (1)	6,230	10,390
Other revenue	443	3,472	6,629	7,802 (3)	10,880
TOTAL	$193,149	$224,179	$230,214	$239,500	$241,280
EXPENDITURES					
General government	$ 18,092	$ 21,696	$ 26,993	$ 27,893	$ 30,130
Public safety	88,122	103,163	130,420	143,287	141,290
Office of public works	13,456	17,256	20,598	27,026	25,080
Office of general services	4,519	6,196	5,890	500 (3)	4,730
Parks, Recreation and Cultural	23,818	26,515	18,616	16,579	22,550
Economic, Community and Social Programs	3,514	3,858	6,485	6,579	5,860
Nondepartmental	16,826	7,510	9,510	11,172	18,710
Capital Improvement	0	0	1,706	4,071	0
Interdepartmental Transfers	16,839 (2)	50,517	(24,857)	9,581	(1,540)
TOTAL	$185,186	$236,771	$195,361	$251,194	$246,810
Excess (deficiency) of Revenues over Expenditures	$ 7,963	$(12,592)	$ 34,853	$(11,694)	$(5,530)

(1) Increase reflects anticipated reimbursement from the Federal Emergency Management Assistance program for earthquake related expenses.
(2) Operating transfers related to the refunding of City and Various Properties Certificates of Participation (1988/89) and the Certificates of Participation related to the Oakland Museum (1987/88).
(3) Includes amounts from LLAD.

Source: City of Oakland 1991/92 Adopted Policy Budget. City of Oakland Financial Statements.

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 borrowings for each year since. The City has never defaulted on the payment of any of these notes.

The 1991/92 notes were issued in the principal amount of $35,000,000 on November 26, 1991. The notes will become due November 25, 1992 and bear interest at a rate of 4.75% (priced to yield 4.15%). According to the terms of issuance, the City has pledged to set aside certain receipts from taxes, revenues and other moneys which are received by the City for the City's general fund sufficient to pay principal and interest on the notes. Such receipts are to be from moneys received during fiscal year 1991/92 and will be set aside on certain dates all prior to June 30, 1992.

CITY OF OAKLAND
SHORT-TERM BORROWING

Fiscal Year	Amount
1981/82	$16,000,000
1982/83	16,000,000
1983/84	26,000,000
1984/85	29,800,000
1985/86	35,700,000
1986/87	39,000,000
1987/88	26,000,000
1988/89	30,000,000
1989/90	22,500,000
1990/91	27,500,000
1991/92	35,000,000

Source: City of Oakland, Office of Finance.

Lease Obligations - Since 1982, the City has entered into four separate sale- leaseback arrangements involving City property. Certificates of participation were issued by the Civic Improvement Corporation to finance the acquisition and construction of capital improvements to twenty-three City properties, and by the Oakland Redevelopment Agency for the acquisition and improvements to the Henry J. Kaiser convention Center, the George F. Scotlan Memorial Convention Center, and the Oakland Museum. Because the certificates in each case are ultimately secured by lease payments from the City to various non-profit corporations, the certificates are recorded as direct obligations of the City.

Long-Term Borrowings - In 1988, the City issued revenue refunding bonds in the amount of $209,835,000 which mature from 1993 to 2021. Such bonds are payable solely from the proceeds of guaranteed annuity contracts held in trust with PFRS in the Pension Annuity Expendable Trust fund. Because of the nature of the financing structure, such bonds are recorded as direct obligations of the City.

In addition, the Oakland Redevelopment Agency has issued three series of Tax Allocation Bonds for two redevelopment project districts. In each case, the Tax Allocation Bonds are limited obligations of the Agency and are solely payable from and secured by a pledge of an incremental portion of tax revenues assessed on property within each respective project district. For fiscal year 1990/91, the redevelopment tax increment within the City is valued at $1,696,107,000.

Special Assessment Debt - In April 1989, the City issued $4,365,000 of Medical Hill Parking District Refunding Improvement Bonds. Such bonds are payable from additional property tax assessments levied against property owners in the Medical Hill Parking 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 at delinquent assessment sales and pay future delinquent installments of assessments and interest thereon until the land is resold or redeemed.

Internal Service Fund Long-Term Obligations - In 1980, the Oakland Redevelopment Agency purchased and leased back City Hall West to the City. In 1988, the Agency issued 1988 City Hall West Lease Revenue and Refunding Bonds. The bonds are payable from and secured by a pledge of annual lease rentals to be received from the City.

Enterprise Funds Long-Term Obligations - Numerous revenue bonds and certificates of indebtedness have been issued by the Port of Oakland and the Acorn Mortgage Program. In the case of the Port of Oakland, the outstanding balance for such obligations was determined to be $292,231,000 as of June 30, 1990. The Port operates on an enterprise basis in that debt service for Port bonds is not payable from general City revenues. In the case of the Acorn Mortgage Program, the outstanding balance for such obligations was determined to be $9,045,000 as of June 30, 1990. Such obligations are secured by a pledge of FHA insured mortgage loans issued from the related bond proceeds to developers in the Acorn Redevelopment Project Area.

Oakland-Alameda County Coliseum - Oakland-Alameda County Coliseum, Inc. is a non-profit corporation managed by a self-appointed Board of Directors. The Board manages the fiscal affairs and policies of the corporation at its own discretion. The corporation has issued bonds which are payable from the operating revenues of the Corporation. Currently, the City and County lease the Coliseum Complex from the Corporation. The lease obligates the City and the County to make annual rent payments of $750,000 each. The lease terminates in 2006.

In the fiscal years 1991/92 through 1995/96, the City of Oakland will be making combined lease payments from its general fund as shown below:

CITY OF OAKLAND
GENERAL FUND LEASE OBLIGATIONS

Fiscal Year	Henry J. Kaiser Convention Center	G.F. Scotlan Memorial Convention Center	Civic Improvement Corporation	Oakland Museum	Total
1992	$4,339,313	$3,895,000	$7,017,000		$15,251,313
1993	4,339,313	3,895,000	6,909,000	$1,902,713	17,046,026
1994	4,339,313	3,895,000	6,894,000	3,072,648	18,200,961
1995	4,704,312	4,200,000	6,867,000	3,192,828	18,964,140
1996	5,069,313	4,502,238	6,735,000	3,192,240	19,498,791
Balance Due (1)	$43,500,000	$38,000,000	$52,300,000	$39,408,025	$173,208,025

(1) Principal balance as of July 1, 1992.

Source: City of Oakland, Office of Finance.

The City has never defaulted on the payment of principal or interest on any of its indebtedness or lease obligations.

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
1990/91 Assessed Valuation:
$12,976,386,744 (after deducting $1,858,125,758 redevelopment incremental valuation)

Direct and Overlapping Bonded Debt	% Applicable	Debt 5/1/92
San Francisco Bay Area Rapid Transit District	7.864%	$ 24,803,056
Alameda-Contra Costa Transit District Cert. of Part.	22.467	6,284,020
Oakland-Alameda County Coliseum	60.188	8,191,587
Alameda County Board of Education Public Facilities Corp.	20.376	1,591,366
Alameda County Authority and Cert. of Part.	20.376	50,016,763
East Bay Municipal Utility District	21.290	9,511,308
East Bay Municipal Utility District, Special District #1	53.954	16,571,971
East Bay Regional Park District	11.722	6,821,032
Bay Area Pollution Control Authority	3.645	4,192
Peralta Community College District	56.194	1,933,074
Oakland Unified School District	99.996	16,109,356
Oakland Unified School District Cert. of Part.	99.996	49,468,021
San Leandro Unified School District Cert. of Part.	14.492	315,926
Castro Valley Unified School District and Cert. of Part.	0.008-0.120	192
City of Oakland	100	12,000,000
City of Oakland Building Authorities	100	381,185,000 (1)
City of Oakland 1915 Act Bonds	100	3,990,000
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		$588,796,864 (2)
Less: East Bay Municipal Utility District (100% self-supporting)		9,511,308
East Bay M.U.D., Special District #1 (100% self-supporting		16,571,971
Oakland-Alameda County Coliseum (100% self-supporting)		8,191,687
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		$554,521,998

(1) Excludes refunding Certificates of Participation 1992 Series A.

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

RATIOS TO ASSESSED VALUATION:		
Gross Direct Debt ($399,990,000)	3.08% (1)	
Net Direct Debt ($393, 185,000)	3.03%	
Total Gross Debt	4.54%	
Total Net Debt	4.27%	
(1) General Obligation Bonds		$ 12,000,000
Lease Revenue Bonds and Cert. of Part.		381,185,000
Share of Oakland Alameda County Coliseum Lease-Revenue Bonds		6,805,000
		$399,990,000
STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/91:	$10,722,154	

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 49 percent of all City employees. Approximately 72 percent of all City employees are covered by negotiated agreements.

CITY OF OAKLAND
LABOR RELATIONS

Employee Organization	Number of Employees	Contract Expiration Date
Oakland Public Officers Association	743	June 30, 1992
United Public Employees (Local 790)	2,690	June 30, 1994
International Brotherhood of Electrical Workers	26	June 30, 1994
International Association of Firefighters (Local #557)	432	Negotiations underway
Western Council of Engineers	95	June 30, 1994

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, 1991, PFRS covered 457 current employees and 1,525 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. 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 1991, the City levied a tax of .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, 1990 by approximately $702.6 million. Effective July 1, 1985, the City's contributions to PFRS have been at the rate of 76 percent of all uniformed employees' compensation subject to retirement contribution.

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 (61.04% in 1991) will amortize the unfunded liabilities by 2026 and 2000 of PFRS and PERS, respectively. Contributions to PERS are deducted and the difference is contributed to PFRS.

For the fiscal year ended June 30, 1991, contributions to PFRS totaling $31.4 million ($28.9 million employer and $2.5 million employee) were made in accordance with actuarially determined contribution requirements. Employer and employee contributions equaled 105% and 19%, 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) is administered by the City and covers three non-uniformed employees hired prior to September 1, 1970 who have not elected to transfer to the PERS as well as 416 retired employees. For the year ended June 30, 1991, 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 non-uniformed employees except those who have not elected to transfer from OMERS and all uniformed employees hired after June 30, 1976. As of June 30, 1991, the unfunded pension benefit obligation under PERS was $13.1 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, 1991, were 7.9% and 7.3% for each group, respectively. The City pays the entire amount of the miscellaneous employees' annual contribution (7%) to PERS. The remaining portion of the required employee contribution, if any, is paid by the City.

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 ended June 30, 1990.

Oakland Hills Fire

On October 20, 1991, a fire damaged the Oakland Hills. An estimated 1,990 acres of forest and residential property were damaged. 2,354 homes and 456 apartment units were destroyed in the fire, most of which were in Oakland. An additional 87 homes were damaged. Property destroyed in the fire has been subject to lower assessed valuations. After rebuilding substantially the same as the previous home, the value assigned to the new home will be the same as the Proposition 13 value of the home on the Assessor's file prior to the fire.

The City has spent $35 million responding to the fire. The State has approved assistance to the City and the City fully expects 100% of this cost to be reimbursed by the Federal Emergency Management Agency (FEMA). Additionally, the fire represents a $1.1 million loss from property taxes or approximately 1% of the City's total property tax. There is legislation pending to reimburse the City for lost property taxes as a result of the fire.

The City has completed its debris clean up and erosion control measures. 90% of the private lots have been cleared of debris. There have been no major slides in the burn area. The erosion control program has cost $5 million and will be reimbursed by FEMA. The debris cleanup program will be funded jointly by FEMA, the State and insurance companies at an estimated cost of $20 million.

Litigation

Although only one suit arising out of the Oakland Hills Fire has been filed to date against the City, over 500 individuals have filed prelitigation damage claims, many of which are part of a class action, against the City and other local governments seeking damages in excess of $2 billion. These claims include wrongful death, real property damage, personal property damage and personal injury claims. These claims are based on several legal theories including dangerous condition of public property, breach of mandatory duty, special relationship and negligence in fire fighting. The six-month period for filing damage claims against the City pursuant to the California Government code has expired, however, there is a possibility that subrogation claims by insurers may be made in the future without regard to the expired six-month limit. Claimants have six months to file suit from the date the City mails a rejection letter or, if the City does not formally reject the claims within forty-five (45) days of receipt thereof, the claimants have two years from the date the claim is filed to file suit. The City has not completed an evaluation of these claims, its defenses thereto and its potential liability therefor. The City is unable to determine at this time the extent to which the amounts claimed realistically represent the ultimate liability of the City to claimants should the claims be rejected and litigation ensue.

Loma Prieta Earthquake

The October, 1989 Loma Prieta earthquake damaged a number of old structures in the downtown district of Oakland. Of the 24 major commercial buildings that sustained damage, eight have been renovated and reopened. A number of the buildings which remain closed are single-room occupancy hotels which served low income residents. Due to the age and historical nature of some of these structures, and the effects of the current economic recession, the commercial owners have not secured the necessary loans to repair these buildings. The City has been working with these hotel owners to arrange financing from FEMA, the State and the Oakland Redevelopment Agency.

ECONOMIC PROFILE

Introduction

Founded in 1852, Oakland occupies 53.8 square miles, with 19 miles of coastline on the San Francisco Bay in northern California. It is the seat of government of Alameda County, one of nine counties comprising the San Francisco Bay region, and the center of commerce for the Bay Area. The Bay Area has a population of over 6,000,000 people. A large number of public entities are headquartered in Oakland, including the Bay Area Rapid Transit District (BART), East Bay Municipal Utility District, Association of Bay Area Governments (ABAG), Alameda County Transportation Authority, and the University of California Board of Regents. The California Department of Transportation (Caltrans) will be completing its headquarters building in 1992 and the U.S. General Services Administration will complete its twin towers in 1993.

Oakland's population exceeds 376,700, making it the sixth largest city in California and the third largest Bay Area city. The 1990 census figures demonstrate that Oakland is the most ethnically diverse city in the country, with 81 different languages and dialects spoken. The City's workforce is both sizable and multi-skilled. More than half of its residents are between the ages of 25 and 49, while almost 35 percent live in households with income levels of $35,000 or more.

The East Bay economy (Alameda and Contra Costa Counties), which accounted for 39 percent of all new job growth in the Bay Area in the 1980s and 30.2 percent in 1990, will continue to be the primary engine of growth for the Bay Area of the 1990s. Sales and Marketing Management Magazine estimates that the value of goods and services will increase by 66 percent by the year 2000. With $38.3 billion in buying power and nearly $16.2 billion in retail sales in 1990, the two-county area is one of the highest spending markets in the nation. Projections made by ABAG indicate that Oakland's employment growth between the years 1985 to 1995 will be 12.5 percent or over 23,000 jobs.

Historically, the City's economic base has been largely industrial, and the City retains a strong manufacturing sector. Over 700 manufacturing firms are located in the City with an increasing commercial and service sector presence. According to the Oakland Chamber of Commerce there is approximately 12 million square feet of office space within the City, and about 50% of that is in Class A office buildings. Oakland's vacancy rate for office space was 14.5% at the end of the first quarter of 1992, while its Class A office vacancy rate was 13.7%. Two major office buildings and one parking garage are under construction. An increasing number of major retailers have opened locations in Oakland and there are several commercial/shopping districts emerging in the City.

Much of the City's economic strength is attributable to its extensive transportation system. The Port of Oakland is one of the busiest container facilities in the nation and Oakland International Airport offers service to more than 150 cities. 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. Additionally, ferry service is available to San Francisco.

Services and other important resources are extensive and locally provided. Eight 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 which 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, and Pacific Bell. In addition to other Bay Area media, the City has its own regional newspaper, radio stations, and a television station.

Having begun its development as a commercial and transportation center with the Gold Rush in 1849, Oakland is today recognized as the center of commerce for the entire Bay Area. It is also one of the main sea terminals for cargo moving between the Western United States and the Pacific Rim, Latin America and Europe.

Since 1960, Oakland International Airport, operated by the Port of Oakland, has developed into a major regional center of air passenger and cargo jet operations. Last year it was one of the fastest- growing airports in the nation in number of passengers served. It currently provides 56 percent of the Bay Area's cargo flights. The City's foreign trade zone is the largest in the Bay Area with the number of goods flowing through the zone having doubled in 1990, and revenues in excess of $25 million.

Over the last 25 years, there have been significant gains in diversifying the City's economic base. While manufacturing jobs have decreased, the economy now offers a balanced mixture of trade, government, financial and service-oriented occupations, and has a growing skilled crafts sector. The City's abandoned warehouses, foundries, and long silent cigar, macaroni and tent factories are being rapidly converted into live/work studios for crafts people.

Less obvious to people passing through Oakland are the City's increasingly robust neighborhood retail areas such as Glenview, Lakeshore and Grand Avenue, Piedmont Avenue, Fruitvale, Montclair Village, Rockridge and Chinatown. In fact it was because of the activity in these commercial/shopping districts that the City did not suffer a significant decline in sales tax revenue despite temporary closure of several major retail stores after the 1989 Loma Prieta earthquake.

Development of Oakland's downtown has long been a primary thrust of city planning. Over the past two decades, the central business district (extending to Lake Merritt) has undergone a dramatic physical renaissance. New office and retail buildings, refurbished public facilities, renovated historical buildings, a new convention center, transportation improvements, parking facilities, luxury hotels, park enhancements and outdoor art have created a cosmopolitan environmental enhancing the City's status as the hub of the Bay Area.

The quality of life in the City is enhanced by abundant opportunities for recreation, entertainment and culture. The City has a moderate climate and has 64 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 sixth largest in the State of California. Between 1980 and 1991, the City's population increased by a total of 11% or 37,412. The County has experienced steady population growth since 1960, and it is estimated that population has grown by 187,621 or 17% since 1980. 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 sixth most populous in the State.

CITY OF OAKLAND AND ALAMEDA COUNTY POPULATION

Year	City of Oakland	Alameda County
1960	367,548	908,209
1970	358,486	1,064,049
1980	339,288	1,105,379
1990	372,242	1,279,182
1991	376,700	1,293,000

Source: Statistics for 1991 are State Department of Finance estimates as of January 1. The 1960, 1970, 1980 and 1990 totals are U.S. Census figures.

Employment

During the past seven years of economic expansion, Alameda County's labor force has grown steadily. It is expected that the County will continue to experience moderate job growth with approximately 82,000 more jobs in the County by 1996 than in 1989. This represents an increase of 13.8 percent or an average of 2.0 percent per year. Reflecting the national recession in 1990 and 1991, local job growth was slower at that time than during the preceding several years. As the overall economy recovers, job growth in the County will also accelerate. Federal government employment will increase in 1993 when the new Oakland federal building is completed. At this time, the various military bases in the County are not slated for closure.

The following table represents the labor patterns in the County for 1987 through 1990 and for February 1991 and February 1992 and civilian labor force figures for the City for the same period:

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES
(Amounts in Thousands)

ALAMEDA COUNTY

	1987	1988	1989	1990	February 1991 (1)	February 1992
Civilian Labor Force	639.9	667.6	685.6	675.7	675.5	688.3
Employment	607.3	636.9	656.5	647.6	639.0	646.2
Unemployment	32.6	30.7	29.1	28.1	36.5	42.1
Unemployment Rate	5.1%	4.6%	4.2%	4.2%	5.4%	6.1%
Wage and Salary Employment (3)						
Total All Industries	552.2	573.3	598.7	608.6	N/A	N/A
Agriculture	1.8	1.9	1.8	1.5	N/A	N/A
Non-agriculture	550.4	571.4	596.9	607.1	N/A	N/A
Mining & Construction	28.8	30.5	31.7	31.4	N/A	N/A
Manufacturing	74.7	80.4	83.3	81.9	N/A	N/A
Transportation & Public Utilities	35.7	36.5	38.8	40.5	N/A	N/A
Wholesale Trade	36.3	37.6	40.9	40.8	N/A	N/A
Retail Trade	100.1	102.9	106.1	108.3	N/A	N/A
Finance, Insurance & Real Estate	29.2	29.6	30.4	30.8	N/A	N/A
Services	127.4	134.1	143.3	149.6	N/A	N/A
Government	118.2	119.8	122.4	123.8	N/A	N/A

CITY OF OAKLAND

	1987	1988	1989	1990	February 1991 (1)	February 1992
Civilian Labor Force (2)	181.1	187.3	195.2	190.5	191.4	195.1
Employment	168.3	175.3	183.7	179.5	177.1	179.2
Unemployment	12.8	12.0	11.4	11.0	14.3	16.5
Unemployment Rate	7.0%	6.4%	5.9%	5.8%	7.5%	8.4%

(1) Monthly labor force figures are not directly comparable to annual averages. The annual average for 1991 will be available by June 1992. Wage and salary information is not available on a month to month basis for the County.
(2) Based on place of residence.
(3) Based on place of work.

Source: California Employment Development Department

Largest Employers

The following table represents the public and private largest employers in the City of Oakland:

CITY OF OAKLAND
LARGEST PUBLIC EMPLOYERS

Public Entity	Product/Service
AC Transit District	Public Transportation
Alameda County	Governmental Operations
Bay Area Rapid Transit District	Public Transportation
East Bay Municipal Utility District	Utility/Water
Highland Hospital Oakland	County Medical Center
City of Oakland	Governmental Operations
Naval Hospital Oakland	Hospital-Medical Center
Oakland Public Schools	Education
Oakland Army Base	Military Traffic Management/Cargo Control
Peralta Community College	Education
US Navy Supply Center	Government Installation
US Post Office	Postal Services

Source: Oakland Chamber of Commerce

CITY OF OAKLAND
LARGEST PRIVATE EMPLOYERS

Company	Product/Service
American President Companies, Inc.	Ocean Shipping
American Protective Services	Security
AT&T	Communications
Blue Cross	Health Care Insurer
Children's Hospital	Hospital Service
Citicorp Savings	Banking
Clorox Company	Household Products
Emporium	Department Store
Granny Goose	Food Products
ICF-Kaiser Engineers	Aluminum Products/Engineering
Kaiser Foundation Health Plan	Hospital Services
Kilpatricks Bakery	Bakery Products
Mother's Cake & Cookie Co.	Bakery Products
Oakland Scavenger	Garbage Collection
Owens-Illinois	Glass Container
Pacific Bell	Public Utility
Pacific Gas & Electric	Public Utility
Safeway Stores, Inc.	Grocery Stores
San Francisco French Bread Co.	Bakery Products
Scott Co.	Mechanical
Southern Pacific Transportation	Transportation
Summit Medical Center	Hospital Services
Sunshine Biscuits	Bakery Products
The Tribune	Newspaper
World Savings and Loan	Banking

Source: Oakland Chamber of Commerce.

Commercial Activity

A six-year history of retail sales for the City is shown in the following table:

CITY OF OAKLAND
TAXABLE TRANSACTIONS 1986 - 1991

Year	Retail Sales
1986	$2,366,556,000
1987	2,352,164,000
1988	2,472,515,000
1989	2,530,690,000
1990	2,447,917,000
1991 (9 months)	1,770,548,000

Source: State Board of Equalization, Department of Research and Statistics.

Construction Activity

A six-year history of building permits and valuation appears in the following table:

CITY OF OAKLAND
BUILDING PERMITS AND VALUATIONS 1986 - 1991

Year	Residential Permits	Residential Valuation (In Thousands)	Nonresidential Valuation (In Thousands)
1986	820	$144,902	$104,596
1987	650	101,383	82,709
1988	612	106,892	92,260
1989	505	73,941	57,776
1990	336	71,399	49,284
1991	762	113,323	89,982

Source: 1986: "California Construction Trends", Security Pacific Bank. 1987 through 1991: "California Building Permit Activity", Economic Sciences Corporation.

Median Household Income

Effective Buyer 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 is shown in the table below.

CITY OF OAKLAND AND ALAMEDA COUNTY
MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME
1985 - 1990 Median EBI

Year	City of Oakland	Alameda County	California	United States
1985	$20,712	$28,037	$26,557	$23,680
1986	21,960	29,756	28,227	24,632
1987	23,028	31,220	30,537	25,888
1988	22,927	30,984	30,088	24,488
1989	23,257	31,440	30,713	25,976
1990	25,306	34,211	33,342	27,912

Note: Beginning in 1988, methodology used to calculate Median EBI differs from that in previous years.
Source: "Survey of Buying Power", Sales and Marketing Management Magazine.

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF OAKLAND

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Deloitte &
Touche

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Oakland, California 94612-3027
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Facsimile: (510) 835-4888

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, 1991, and for the year then ended. These general purpose financial statements are the responsibility of the 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 23% and 2% of the combined totals of the Special Revenue Funds; 35% and 61% of the combined totals of the Debt Service Funds; 50% and 71% of the combined totals of the Capital Projects Funds; 2% and 5% of the combined totals of the Enterprise Funds; 53% and 76% of the combined totals of the Fiduciary Fund Types; and 50% of the combined total liabilities of the General Long-Term Obligations Account Group. 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, and the General Long-Term Obligations Account Group, 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, 1991, 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.

Deloitte & Touche

November 15, 1991

ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
June 30, 1991
(In Thousands)

	Governmental Fund Types			
ASSETS AND OTHER DEBITS	General	Special Revenue	Debt Service	Capital Projects
Assets				
Cash and investments	$ 53,646	$32,333	$ 2,846	$ 66,359
Receivables (net of allowance for uncollectibles):				
Accrued interest	1,412	887	827	4,838
Property taxes	2,394	197	—	—
Accounts	15,066	81	62	2,900
Grants	1,666	7,846	—	871
Due from other governments	—	—	—	293
Special assessments	—	—	3,949	—
Due from other funds	29,144	1,260	102	2,770
Advances to other funds	27,207	730	—	—
Notes and loans receivable (net of allowance for uncollectibles)	9,504	34,947	16,167	22,468
Restricted cash and investments with fiscal agents:				
Designated for deferred compensation plan	—	—	—	—
Other	—	2,491	81,660	228,339
Inventories	—	—	—	—
Property and equipment (net, where applicable of accumulated depreciation)	—	—	—	—
Land held for resale	—	—	—	9,251
Other	—	12	—	—
Other Debits				
Amount available in debt service funds	—	—	—	—
Amount to be provided for long-term obligations	—	—	—	—
TOTAL ASSETS AND OTHER DEBITS	$140,039	$80,784	$105,613	$338,089

Proprietary Fund Types: Enterprise	Proprietary Fund Types: Internal Service	Fiduciary Fund Types: Trust and Agency	Account Groups: General Fixed Assets	Account Groups: General Long-Term Obligations	Total (Memorandum Only)
$ 44,522	$14,456	$278,690	$ —	$ —	$ 492,852
303	—	4,732	—	—	12,999
—	—	—	—	—	2,591
15,326	101	89	—	—	33,625
—	1,628	—	—	—	12,011
—	—	—	—	—	293
—	—	—	—	—	3,949
140	1,018	3,171	—	—	37,605
—	—	—	—	—	27,937
8,463	—	—	—	—	91,549
9,743	—	33,631	—	—	43,374
29,034	9,233	217,791	—	—	568,548
—	668	—	—	—	668
595,075	13,018	—	460,910	—	1,069,003
—	—	—	—	—	9,251
28,741	—	—	—	—	28,753
—	—	—	—	89,570	89,570
—	—	—	—	522,898	522,898
$731,347	$40,122	$538,104	$460,910	$612,468	$3,047,476

(continued)

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET, continued

June 30, 1991

(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable and accrued liabilities	$ 34,334	$ 3,937	$ 6,428	$ 3,415
Due to other funds	6,067	3,164	1,042	20,415
Advances from other funds	—	—	—	458
Due to other governments	135	—	—	—
Deferred revenue	9,842	35,283	3,949	12,992
Tax and revenue anticipation notes payable	27,500	—	—	—
Tax exempt commercial paper	—	—	—	—
Matured bonds and interest payable	—	—	4,618	—
Long-term obligations	—	—	—	—
Obligations under deferred compensation plans	—	—	—	—
Other	258	54	6	488
Total liabilities	78,136	42,438	16,043	37,768
Equity and Other Credits				
Investment in general fixed assets	—	—	—	—
Contributed capital	—	—	—	—
Retained earnings	—	—	—	—
Fund balances:				
Reserved	29,448	25,054	89,570	300,321
Unreserved:				
Designated	19,689	9,250	—	—
Undesignated	12,766	4,042	—	—
Total equity and other credits	61,903	38,346	89,570	300,321
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	$140,039	$ 80,784	$105,613	$338,089

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Total (Memorandum Only)
$ 26,863	$ 2,392	$ 12,424	$ —	$ —	$ 89,793
5,795	13	1,109	—	—	37,605
26,549	200	730	—	—	27,937
—	—	—	—	—	135
18,754	129	—	—	—	80,949
—	—	—	—	—	27,500
29,300	—	—	—	—	29,300
9,905	—	—	—	—	14,523
327,613	3,960	3,950	—	612,468	947,991
9,743	—	33,631	—	—	43,374
12,268	—	1	—	—	13,075
466,790	6,694	51,845	—	612,468	1,312,182
—	—	—	460,910	—	460,910
50,185	17,382	—	—	—	67,567
214,372	16,046	—	—	—	230,418
—	—	482,792	—	—	927,185
—	—	1,538	—	—	30,477
—	—	1,929	—	—	18,737
264,557	33,428	486,259	460,910	—	1,735,294
$731,347	$40,122	$538,104	$460,910	$612,468	$3,047,476

(concluded)

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 1991
(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Taxes:				
Property	$ 70,345	$ 12,755	$ 1,173	$25,126
State	45,175	8,754	—	—
Local	62,248	—	—	—
Licenses and permits	6,160	1	—	—
Fines and penalties	7,420	2,434	—	—
Interest and rental	12,015	2,248	4,274	27,387
Charges for services	22,105	374	—	—
Federal and state grants and subventions	6,230	33,510	—	2,766
Pension annuity distributions	—	—	—	—
Other	7,802	6,111	—	1,934
TOTAL REVENUES	239,500	66,187	5,447	57,213
EXPENDITURES				
Current:				
General government	27,893	628	—	11,758
Public safety	143,287	920	—	1,793
Public works	27,026	14,172	—	1,210
General services	5,006	3,088	—	156
Parks, recreation and cultural development	16,579	10,083	—	210
Community and economic development	6,579	23,812	—	827
Other	11,172	1,019	31	2,523
Capital outlay	4,071	9,501	—	38,475
Debt service:				
Principal retirement	—	—	3,695	—
Interest charges	—	—	41,630	—
Bond issuance costs	—	—	116	—
TOTAL EXPENDITURES	241,613	63,223	45,472	56,952
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES, CARRIED FORWARD	$ (2,113)	$ 2,964	$ (40,025)	$ 261

Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
$ —	$109,399
—	53,929
—	62,248
—	6,161
—	9,854
2,245	48,169
30	22,509
1,785	44,291
11,898	11,898
10,120	25,967
26,078	394,425
3,321	43,600
1,332	147,332
114	42,522
1	8,251
350	27,222
2,896	34,114
1,904	16,649
—	52,047
—	3,695
—	41,630
—	116
9,918	417,178
$16,160	$(22,753)

(continued)

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, continued
Year Ended June 30, 1991
(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES, BROUGHT FORWARD	$ (2,113)	$ 2,964	$ (40,025)	$ 261
OTHER FINANCING SOURCES (USES)				
Property sale proceeds	56	17	—	1,468
Proceeds from issuance of bonds	—	—	77	12,000
Operating transfers in	1,204	1,268	49,681	12,479
Operating transfers out	(10,841)	(1,283)	(3,731)	(29,903)
TOTAL OTHER FINANCING SOURCES (USES)	(9,581)	2	46,027	(3,956)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(11,694)	2,966	6,002	(3,695)
Fund balances at beginning of year, as restated (Note 21)	119,868	36,778	40,619	298,957
Residual equity transfers in	339	—	42,949	5,059
Residual equity transfers out	(46,610)	(1,398)	—	—
FUND BALANCES AT END OF YEAR	$ 61,903	$ 38,346	$ 89,570	$300,321

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

Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
$ 16,160	$ (22,753)
—	1,541
—	12,077
127	64,759
(17,532)	(63,290)
(17,405)	15,087
(1,245)	(7,666)
221,187	717,409
—	48,347
(339)	(48,347)
$219,603	$709,743

(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, 1991

(In Thousands)

	General Fund		
	Revised Budget	Actual on a Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES			
Taxes:			
Property	$ 72,115	$ 70,345	$ (1,770)
State	43,990	45,175	1,185
Local	64,672	62,248	(2,424)
Licenses and permits	8,955	6,160	(2,795)
Fines and penalties	6,606	7,420	814
Interest and rental	7,374	10,146	2,772
Charges for services	25,554	22,105	(3,449)
Federal and state grants and subventions	13,209	12,083	(1,126)
Other	13,250	14,008	758
TOTAL REVENUES	255,725	249,690	(6,035)
EXPENDITURES AND ENCUMBRANCES			
Current:			
General government	37,129	27,780	9,349
Public safety	140,945	143,139	(2,194)
Public works	31,700	26,945	4,755
General services	5,513	4,983	530
Parks, recreation and cultural development	17,052	16,569	483
Community and economic development	7,633	6,602	1,031
Other	17,519	21,430	(3,911)
Capital outlay	19,226	3,217	16,009
Debt service	—	—	—
TOTAL EXPENDITURES AND ENCUMBRANCES	276,717	250,665	26,052
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	$ (20,992)	$ (975)	$ 20,017

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)
$ —	$ —	$ —	$ —	$ 501	$ 501
4,774	8,754	3,980	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	1,219	1,219	—	—	—
—	286	286	—	541	541
—	1	1	—	—	—
6,889	1,364	(5,525)	—	—	—
—	88	88	16,121	15,429	(692)
11,663	11,712	49	16,121	16,471	350
—	—	—	2	—	2
—	—	—	—	—	—
9,359	7,902	1,457	—	—	—
147	124	23	—	—	—
—	—	—	—	—	—
279	231	48	—	—	—
—	—	—	—	—	—
6,656	4,438	2,218	—	16	(16)
—	—	—	16,119	15,924	195
16,441	12,695	3,746	16,121	15,940	181
$ (4,778)	$ (983)	$ 3,795	$ —	$ 531	$ 531

ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
Year Ended June 30, 1991
(In Thousands)

	Proprietary Fund Types		Fiduciary Fund Types	
	Enterprise	Internal Service	Pension Trust	Total (Memorandum Only)
OPERATING REVENUES				
Interest and rental	$ 100,004	$ —	$ 24,716	$ 124,720
Charges for services	14,839	26,143	—	40,982
Contributions	—	—	28,929	28,929
Other	4,773	52	—	4,825
TOTAL OPERATING REVENUES	119,616	26,195	53,645	199,456
OPERATING EXPENSES				
Personnel	33,686	9,906	—	43,592
Supplies	2,502	5,654	—	8,156
Depreciation and amortization	21,979	3,180	—	25,159
Contractual services and supplies	16,422	146	—	16,568
Repairs and maintenance	4,512	923	—	5,435
General and administrative	15,242	4,211	—	19,453
Rental	633	682	—	1,315
Benefit payments	—	—	44,586	44,586
Interest on bonds	885	—	315	1,200
Write-off of other assets	10,427	—	—	10,427
Other	2,014	333	865	3,212
TOTAL OPERATING EXPENSES	108,302	25,035	45,766	179,103
OPERATING INCOME	11,314	1,160	7,879	20,353
NON-OPERATING REVENUES (EXPENSES)				
Federal and state grants	—	1,330	—	1,330
Interest, net	(18,954)	223	—	(18,731)
Other, net	(3,052)	128	—	(2,924)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(22,006)	1,681	—	(20,325)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(10,692)	2,841	7,879	28
Operating transfers out	(1,183)	(143)	—	(1,326)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	(11,875)	2,698	7,879	(1,298)
EXTRAORDINARY GAIN (LOSS) FROM EARTHQUAKE (NOTE 24)	(839)	3,300	—	2,461
NET INCOME (LOSS)	(12,714)	5,998	7,879	1,163
Depreciation of fixed assets acquired with contributed capital	1,931	—	—	1,931
Retained earnings/fund balances at beginning of year, as restated (Note 21)	225,155	10,048	258,777	493,980
RETAINED EARNINGS/FUND BALANCES AT END OF YEAR	$ 214,372	$ 16,046	$ 266,656	$ 497,074

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

ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS
Year ended June 30, 1991
(In Thousands)

	Enterprise	Internal Service	Total (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income	$ 11,314	$ 1,160	$ 12,474
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	21,979	3,180	25,159
Retirement of property and equipment	8,894	—	8,894
Writedown of other assets	10,427	—	10,427
Changes in assets and liabilities:			
Accounts receivable	1,451	(19)	1,432
Notes and loans receivable	134	—	134
Other assets	(984)	(19)	(1,003)
Accounts payable and accrued liabilities	(6,739)	1,360	(5,379)
Deferred revenue	2,621	—	2,621
Obligations under deferred compensation plans	5,744	—	5,744
Other	(141)	—	(141)
NET CASH PROVIDED BY OPERATING ACTIVITIES	54,700	5,662	60,362
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Inter-fund borrowings - net	(4,688)	(78)	(4,766)
Operating transfers to other funds	(1,326)	(143)	(1,469)
Repayment of long-term debt principal	(150)	—	(150)
NET CASH USED FOR NON-CAPITAL FINANCING ACTIVITIES	$ (6,164)	$ (221)	$ (6,385)

(continued)

ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS, continued
Year ended June 30, 1991
(In Thousands)

	Enterprise	Internal Service	Total (Memorandum Only)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Issuance of commercial paper - net	$ 25,000	$ —	$ 25,000
Long-term debt:			
New borrowings	14	—	14
Repayments	(6,148)	—	(6,148)
Proceeds from sale of fixed assets	—	128	128
Acquisition and construction of capital assets	(70,527)	(4,272)	(74,799)
Grants from governmental agencies	6,856	757	7,613
Repayment of long-term debt interest	(20,587)	(275)	(20,862)
Extraordinary gain (loss) on earthquake	(839)	3,300	2,461
Repayment of inter-fund borrowings	(4,946)	—	(4,946)
Other	(4,908)	—	(4,908)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(76,085)	(362)	(76,447)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:			
Decrease (increase) in restricted cash - net	28,434	(2,802)	25,632
Purchase of investments - net	(3,631)	(468)	(4,099)
Purchase of OPA partnership interest	(2,550)	—	(2,550)
Deferred charges and other assets	(4,312)	—	(4,312)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	17,941	(3,270)	14,671
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(9,608)	1,809	(7,799)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	54,130	12,647	66,777
CASH AND EQUIVALENTS AT END OF YEAR	$ 44,522	$ 14,456	$ 58,978

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

NOTES TO FINANCIAL STATEMENTS

June 30, 1991

(1) ORGANIZATION AND DEFINITION OF REPORTING ENTITY

The City of Oakland (the City) was chartered on May 4, 1852, 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 (GAAP), which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The basic criterion used by management for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to: (a) financial interdependency; (b) selection of governing authority; (c) designation of management; (d) ability to significantly influence operations; and (e) accountability for fiscal matters. The most significant manifestation of oversight is financial interdependency. Manifestations of financial interdependency include responsibility for financing deficits, entitlements to surpluses and guarantees of, or "moral responsibility" for, debt.

The General Purpose Financial Statements present information on the activities of the City for which the Mayor and City Council have oversight responsibility, and include the Oakland Municipal Employees' Retirement System (OMERS), the Oakland Police and Fire Retirement System (PFRS), the Redevelopment Agency of the City of Oakland (the Agency), the Port of Oakland (the Port), the Oakland Convention Management, Inc., and the Civic Improvement Corporation (the Corporation). The entities included in the General Purpose Financial Statements utilize principles of governmental accounting similar to the City.

The City's General Purpose Financial Statements do not reflect the operations of the Oakland Housing Authority (Housing Authority), the Oakland Unified School District, the Peralta Community College District and the Oakland-Alameda County Coliseum (a public benefit corporation jointly owned by the City and the County of Alameda). While the Housing Authority Board of Commissioners is approved by the City Council, the Housing Authority is not included as a component unit because it is not within the oversight responsibility of the City and is not subject to the financial controls of the City Manager or the budgetary controls of the Mayor and the City Council. The School and Community College Districts are not included because they have their own elected governing boards and are independent of the

City as to fiscal accountability and financial affairs. The Coliseum has a self-appointed Board of Directors and is not subject to the financial controls of the City Manager or the budgetary controls of the Mayor and the City Council. Therefore, it is excluded due to minimal financial interdependency and the City's lack of oversight responsibility.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds or 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, 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 the financing of goods and services provided by the Office of General Services to other City departments 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 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 fund 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 year-end are considered measurable and available and are recognized as revenues in the funds. All other property taxes receivable (net of a reserve for delinquencies of approximately 8%) for the governmental fund types are offset by deferred revenues and, accordingly, have not been recorded as revenue.

The County of Alameda is responsible for assessing, collecting and distributing property taxes in accordance with enabling state law, and for remitting such amounts to the City. Property taxes are assessed and levied as of March 1 on all taxable property located in the City, and result in a lien on real property. Property taxes are then due in two equal installments, the first on November 1 and the second on March 1 of the following calendar year, and are delinquent after December 10 and April 10, respectively. Since the passage of California's Proposition 13, beginning with fiscal year 1978-79, general property taxes are limited to a flat 1% rate applied to the 1975-76 full value of the property, or 1% of the sales price of the property or of the construction value added after the 1975-76 valuation. Assessed values on properties (exclusive of increases related to sales and construction) can rise at a maximum of 2% per year depending on increases in the consumer price index. Taxes were levied at the maximum 1% rate during the year ended June 30, 1991.

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

Other major revenues are susceptible to accrual 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 Revenues

Deferred revenues are those revenues for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records deferred revenues 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 resolution passed by the City Council adopts the budget 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. Approximately $3,385,000 was added to the General Fund budget for such appropriations during the fiscal year. Additional budget appropriations in the General Fund were $1,500,000 in construction loans to California Hotel, $594,000 for funding to various overspent grant programs, $500,000 for Lighting and Landscape Assessment District exemptions, and $791,000 for other minor projects and activities.

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 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 year. Encumbrances are combined with expenditures for budgetary comparison purposes.

Budget—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 as follows:

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 the GAAP basis, these obligations are only recognized when goods are actually received or services are actually 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.

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, the following funds are excluded from budgetary reporting:

Special Revenue Funds

Federal and State Grants
Other Special Revenue
Oakland Redevelopment Agency

Debt Service Funds

Oakland Redevelopment Agency
Parks and Recreation

Capital Projects Funds

Convention Center Financing
Oakland Redevelopment Agency

The City-Agency Sale-Leaseback Financings and Civic Improvement Corporation Debt Service Funds are not budgeted by the City because the funds are reported for financial statement purposes only, and are the result of the collapse of certain sale and leaseback financings between the City and the Agency and between the City and the Civic Improvement Corporation. 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.

The Parks and Recreation Debt Service Fund was not budgeted because the fund was created subsequent to the adoption of the 1990-91 Budget and activity in that fund has been restricted by bond indenture.

Certain transactions, such as lease payments, debt service transfers, and certain other activity between funds, are recorded as revenues and expenditures under the budgetary basis. Under the GAAP basis, these items are reclassified and recognized as other financing sources, other financing uses, residual equity transfers, and reductions of long-term advances.

Cash and Investments

The City follows the practice of pooling cash of all funds for investment, except for 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 based on their proportionate share of the average daily cash balance.

For purposes of the statement of cash flows, the City considers all highly liquid investments (excluding restricted assets) with a maturity of three months or less when purchased 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."

Advances

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 with Fiscal Agent

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

Bond Discounts and Issuance Costs

Bond discounts and issuance costs for proprietary fund type debt are generally 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 expenditures 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 funds 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

Fixed assets in the proprietary fund types 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 and improvements	5-50 years
Container cranes	25 years
Furniture, machinery and other equipment	5-10 years

Interest costs applicable to qualifying assets are capitalized as part of the cost of the assets. Interest earned on temporary investments of the proceeds from qualifying tax-exempt debt is offset against the capitalized interest costs.

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 due currently. 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 18 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 of the requesting fund.
>
> Reimbursements for services performed are recorded as a reduction of an expenditure in the performing fund and as an expenditure of the requesting fund.
>
> Residual equity transfers, which represent nonrecurring or non-routine transfers of equity between funds, are reported as decreases or increases in fund balance for governmental fund types.

Contributed Capital

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 as contributions in the proprietary fund types:

Cash and other asset transfers of equity from other funds.

Receipts of federal and state grants and subventions externally restricted for acquisition of fixed assets.

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

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.

Reclassifications

Certain 1990 amounts have been reclassified to conform to the financial statement presentation for 1991.

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 WITH FISCAL AGENTS

The City maintains a cash and investment pool consisting of City funds and cash received and held for OMERS, PFRS and the Port. The City's funds are invested by the Director of 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 are United States Treasury bills and notes, federal agency issues, bankers' acceptances, commercial paper with ratings of A1 or P1 by either Standard and Poor's Corporation or Moody's Investor Service Inc., negotiable certificates of deposit, time certificates of deposit, repurchase agreements, and reverse repurchase agreements. The City's investment policy stipulates that the collateral to back up the repurchase agreement 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, and restricting investments in U.S. Treasury bills and notes due to their use in funding nuclear weapons research and production. As of June 30, 1991, the City was in compliance with the above investing requirements.

Other deposits and investments are invested pursuant to the governing bond covenants 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 are (in thousands):

Deposits	$ 2,826
Investments	1,101,948
TOTAL	$1,104,774

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

Cash and investments	$ 492,852
Restricted cash and investments with fiscal agents	611,922
TOTAL	$1,104,774

Deposits

At June 30, 1991, the carrying amount of the City's deposits was $2,826,000 and the bank balance was $12,805,000. Deposits include substantially all checking accounts, interest earning savings accounts, money market funds, and non-negotiable certificates of deposit. Of the bank balance, $1,734,000 was covered by federal depository insurance or by collateral held by the City's agent in the City's name and $11,071,000 was collateralized with securities held by the pledging financial institution's trust department or agent 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's trust department or another bank, acting as the pledging bank's agent, in the City's name.

Investments

The City's investments are categorized to give an indication of the level of 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.

At June 30, 1991, investments included the following (in thousands):

Type of Investments	Category 1	Category 2	Category 3	Carrying Amount	Market Value
U.S. Treasury securities	$ 53,773	$ 152,280	$ —	$ 206,053	$ 220,915
Federal agency issues	—	182,500	—	182,500	185,488
Repurchase agreements	—	14,750	—	14,750	14,750
Commercial paper	—	63,524	—	63,524	63,726
Bankers' acceptances	—	78,801	—	78,801	78,554
Corporate stocks and bonds	49,496	122,567	—	172,063	193,314
Real estate deeds	—	14,493	—	14,493	15,316
Investment agreements	—	13,059	—	13,059	13,059
	$ 103,269	$ 641,974	$ —		
Mutual funds				159,684	159,685
Life insurance annuity contracts				187,021	187,021
Local Agency Investment Fund				10,000	10,000
TOTAL INVESTMENTS				$1,101,948	$1,141,828

(4) INTERFUND RECEIVABLES AND PAYABLES

The following are the current interfund balances at June 30, 1991 (in thousands):

	Due from	Due to
General Fund	$29,144	$ 6,067
Special Revenue Funds		
Federal and State Grants	791	—
Traffic Safety and Control	—	104
State Gas Tax	—	99
Other Special Revenue	349	2,231
Oakland Redevelopment Agency	120	730
	1,260	3,164
Debt Service Funds		
Medical Hill Parking District	72	—
Civic Improvement Corporation	30	1,041
Pension Annuity	—	1
	102	1,042
Capital Projects Funds		
Municipal Improvement Capital	1,984	18,583
Oakland Redevelopment Agency	786	1,832
	2,770	20,415
Enterprise Funds		
Parks and Recreation	—	94
Sewer Service	—	150
Port of Oakland	—	5,200
Oakland Convention Management, Inc.	140	351
	140	5,795
Internal Service Funds		
Equipment	822	—
Radio	—	13
Facilities	71	—
Reproduction	11	—
Central Stores	114	—
	1,018	13
Fiduciary Fund Types		
Pension Trust - PFRS	1,966	—
Expendable Trust:		
Oakland Redevelopment Agency Projects	1,205	1,047
Parks, Recreation and Cultural Trust	—	60
Other Expendable Trust	—	2
	3,171	1,109
TOTAL	$37,605	$37,605

(5) ADVANCES

The balances of interfund advances at June 30, 1991, are as follows (in thousands):

	Advances to	Advances from
General Fund	$27,207	$ —
Special Revenue Fund		
Oakland Redevelopment Agency	730	—
Capital Projects Fund		
Oakland Redevelopment Agency	—	458
Enterprise Fund		
Port of Oakland	—	26,549
Internal Service Fund		
Central Stores	—	200
Expendable Trust Fund		
Oakland Redevelopment Agency	—	730
TOTAL	$27,937	$27,937

(6) MEMORANDUMS OF UNDERSTANDING

The City and the Port have Memorandums of Understanding (MOUs) relating to 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.

Commencing in fiscal year 1986-87, the Port agreed to reimburse the City for amounts representing an interest factor claimed by the City to be due as a result of debt service payments made by the City on 1909, 1925 and 1955 series general obligation bonds which benefited the Port. Payments of $4,946,000 were made by the Port to the City in fiscal year 1990-91.

Pursuant to the Sixth Supplemental Agreement to the MOUs, effective June 4, 1991, 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. This amount is a fixed sum on which no interest shall accrue. Payments of $5,200,000 are to be paid in fiscal year 1991-92 from fiscal year 1990-91 surplus declared by the Board of the Port Commissioners. As of June 30, 1991, $26,549,000 has been recorded as advances to other funds in the City's General Fund and advances from other funds in the Port of Oakland Enterprise Fund; the remaining balance of $5,200,000, representing the current portion of the advance, has been recorded as due to/from other funds. 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 $956,000 in fiscal year 1990-91.

The City has requested payments for General Services of $1,194,000 from the Port for fiscal year 1990-91. 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. While payments for General Services were made in the amount of $989,000 in fiscal year 1989-90, the Port did not declare that surplus monies were available and therefore no payments have been made for General Services for fiscal year 1990-91. The City maintains that a surplus does exist and the payment is due to the City. City and Port officials and legal counsel are currently meeting to resolve this issue. The revenue has not been reflected in the General Purpose Financial Statements.

(7) NOTES AND LOANS RECEIVABLE

Notes and loans receivable at June 30, 1991, consist of the following (in thousands):

Oakland Athletics, bearing interest at 7.5%, principal and interest paid September 30, 1991	$ 15,000
Grant-in-aid loans at various interest rates and due dates	30,780
Acorn Project Mortgage Loan, bearing interest of 10.125%, monthly installments of $83,256, balance due October 1, 2010	8,463
Cahon, Inc., bearing interest at 9%, principal and interest due December 1, 1991, or earlier under certain provisions of the note	1,100
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
Oakland Hotel Associates, Ltd., bearing interest at Bank of America reference rate, principal and interest payable in monthly payments until August 28, 1994	2,879
Preservation Venture, bearing interest at 3%, principal and interest due August 31, 1993	3,854

Preservation Venture, bearing interest at 3%, principal and interest due August 31, 1998	1,582
Foothill Plaza Partnership, bearing interest at 3%, principal and interest payable in equal monthly installments through July 20, 2018.	1,433
City Center Garage West Associates, bearing variable rate interest, principal and interest due May 8, 2016, or earlier under certain provisions of the note	1,167
Preservation Venture, bearing interest at 1/2% over the Bank of America reference rate, principal and interest due August 31, 1993	4,578
Mar Associates, bearing interest at 9%, principal and interest due January 10, 1991 (due date in process of being extended)	5,071
Touraine Partners, bearing interest at 6%, principal and interest due September 22, 1991	1,334
Pacific Renaissance Associates II, bearing interest at 10%, principal and interest due July 30, 2015	7,000
Other notes and loans receivable	4,195
Allowance for uncollectibles	(2,906)
TOTAL	$91,549

(8) PORT OF OAKLAND

Oakland Portside Associates

In prior years, the Port authorized a public/private expansion project on property owned by the Port in the Jack London Waterfront area. Construction of various office and retail facilities and public areas was completed in fiscal year 1989-90. A major portion of this project was developed by Oakland Portside Associates (OPA), in which the Port had a 75% general and limited partnership interest. The remaining 25% general and limited partnership interest was owned by Portside Properties. The Waterfront Association, effectively owned 50% by the Port and 50% by OPA, maintains the common area of the Jack London Waterfront properties.

On August 17, 1990, the Port purchased the 24% general partnership interest in OPA from Portside Properties for $2,550,000. Additionally, the 1% limited partnership interest in OPA was transferred from Portside Properties to Port of Oakland Public Benefit Corporation (Port-PBC), a nonprofit benefit corporation. These transactions increased the Port's effective ownership in OPA to 100%.

Accordingly, effective fiscal year 1990-91, the Port changed its consolidation policy to include OPA, Port-PBC and the Waterfront Association on a 100% consolidated basis. Prior to such acquisition, the Port's 75% investment in OPA was accounted for on the equity method. The change in consolidation policy had no effect on net income (loss) for the years ended June 30, 1991, or 1990.

Writedown of OPA Assets

Based on current and projected operating revenues and expenses, the Port determined that it would not recover its full investment in the Jack London Waterfront properties. In fiscal year 1990-91, the Port recognized a writedown on the OPA real estate project of $6,844,000, reducing its carrying value to $28,000,000. Additionally, $1,256,000 in previously capitalized costs related to lease options and buyouts were expensed in fiscal year 1990-91.

Construction Loan

In connection with the development of the Jack London Waterfront properties, OPA secured a $40,000,000 construction loan with Bankers Trust Company in 1988 to cover the estimated construction costs, less capital contributions, of the project's five buildings. Principal and interest are due and payable on June 30, 1993, although the maturity date can be extended for a period of two years if certain conditions specified in the loan agreement are met. The loan bears interest at Bankers Trust Eurodollars plus 1.75% or prime plus .5%. The interest rate on the loan was 8.5% at June 30, 1991. The loan is secured by a first deed of trust and assignment of rent and fixtures on OPA's property and by a $5,000,000 guarantee from the Port.

Provisions of the loan allow OPA to fund interest payments through additional principal draws on the loan. The loan agreement contains certain restrictive provisions as to OPA and requires that OPA maintain certain financial ratios. Due to the change in partnership structure in August 1990, Bankers Trust notified OPA that it was in default of the loan agreement and would not allow OPA any principal draws on the loan.

On December 20, 1990, OPA signed a letter of understanding with Bankers Trust Company regarding the proposed modification of the construction loan and have negotiated additional loan modification terms. The Port anticipates signing modified loan documents by December 31, 1991.

In the opinion of management of the Port, this matter will be resolved in a manner which does not have a material adverse effect on the financial position of the Port. In the event that the default is not cured, Bankers Trust has the option to seek remedies against OPA. This is limited to acceleration of principal repayments, foreclosure and payment from the Port.

Write-off of Sierra Tunnels

The Port entered into agreements with Union Pacific Railroad and American President Lines ("APL") in the mid-1980s to modify railway passages through the Sierra Nevada mountains to accommodate double-stacked high cube containers. The Port's $5,000,000 share of the project was capitalized and included in Deferred Charges and Other Assets. Such capitalization was based upon the expected recovery of the $5,000,000 by the Port from a surcharge on certain container/rail shipments (other than from APL) originating at the Port and using the Sierra Tunnels.

During fiscal year 1990-91, the Port determined that it was unlikely that it would recover any of its costs by such surcharges. No incremental revenue had been received and none was forecast for the foreseeable future. As a result, the Port wrote off its remaining $3,583,000 of Sierra Tunnels' costs.

(9) FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 1991, is as follows (in thousands):

Changes in General Fixed Assets	Balance July 1, 1990	Additions	Deletions	Balance June 30, 1991
Land	$ 46,729	$ 3,842	$—	$ 50,571
Facilities and improvements	370,396	4,100	—	374,496
Furniture, machinery and equipment	17,185	4,340	45	21,480
Construction in progress	4,450	9,913	—	14,363
TOTAL	$438,760	$ 22,195	$45	$460,910

A summary of property and equipment at June 30, 1991, is as follows (in thousands):

Proprietary Fund Types	Enterprise Funds	Internal Service Funds
Land	$ 64,070	$ 310
Facilities and improvements	627,556	7
Furniture, machinery and equipment	21,274	28,968
Construction in progress	44,402	—
	757,302	29,285
Less accumulated depreciation and amortization	(162,227)	(16,267)
TOTAL	$595,075	$ 13,018

Facilities and improvements in the Enterprise Funds consist primarily of the Port of Oakland's buildings and structures.

(10) TAX AND REVENUE ANTICIPATION NOTES PAYABLE

During the fiscal year ended June 30, 1991, the City issued tax and revenue anticipation notes payable of $27,500,000. The notes were issued to satisfy current General Fund obligations and are to be repaid from current tax revenues. The notes bear an effective interest rate of approximately 5.35%. Principal and interest payable were due and paid November 14, 1991. Funds have been segregated in a restricted account for the repayment of the notes.

(11) TAX-EXEMPT COMMERCIAL PAPER

During September 1989, pursuant to a Trust Indenture dated April 1, 1989, and the Third supplemental Trust Indenture dated September 1, 1989, the Port authorized the issuance of up to $75,000,000 of Commercial Paper Notes, Series A and B ("Notes"), of which $29,300,000 of Series A was outstanding as of June 30, 1991.

Proceeds of the Notes are used to provide monies for certain costs of acquisition, construction, reconstruction, improvement or expansion of Port facilities, and to pay issuance costs and principal of maturing Notes. The Notes, the 1989 Revenue Bonds and the 1990 Revenue Bonds were all issued pursuant to the 1989 Indenture.

(12) LEASES

A major portion of the Port's property and equipment is held for lease. Leased assets include marine terminal facilities, airport facilities, a golf course, office and commercial space, and land. All leases have been classified as operating leases.

Certain maritime facilities are leased under agreements which provide the tenants with preferential, but nonexclusive, use of the facilities. Certain leases provide for rentals based on gross revenues of the leased premises or, in the case of marine terminal facilities, on annual usage of the facilities. Such leases generally provide for minimum rentals, and certain preferential assignments provide for both minimum and maximum rentals. A summary of revenues from long-term leases for the fiscal year ended June 30, 1991, is as follows (in thousands):

	1991
Minimum noncancelable rentals, including preferential assignments	$ 32,150
Contingent rentals in excess of minimums	7,138
Secondary use of facilities leased under preferential assignments	4,683
Total revenues from long-term leases	$ 43,971

As of June 30, 1991, minimum future rental revenues for fiscal years ending June 30 under noncancelable operating leases having an initial term in excess of one year are as follows (in thousands):

1992	$ 29,475
1993	26,515
1994	25,897
1995	24,894
1996	21,569
Thereafter	177,013
Total minimum future rental revenues	$305,363

(13) 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, 1991 (in thousands):

	Balance at July 1, 1990	Additional Obligations and Net Increases	Maturities, Retirements and Net Decreases	Balance at June 30, 1991
Bonds payable	$393,059	$ 12,000	$ 3,515	$401,544
Certificates of participation	169,110	—	—	169,110
Special assessment debt with governmental commitment	4,365	—	180	4,185
Accrued vacation and sick leave	13,370	499	—	13,869
Self-insurance liability for workers' compensation	12,734	3,173	—	15,907
Estimated claims payable	14,243	—	6,390	7,853
TOTAL	$606,881	$ 15,672	$ 10,085	$612,468

General long-term obligations at June 30, 1991 consisted of the following (in thousands):

	Maturity	Interest Rates	Balance at June 30, 1991
Bonds Payable			
General Obligation Bonds, Series 1991A (a)	1993-2015	5.5%-8.5%	$ 12,000
Special Revenue Refunding Bonds (b)	1993-2021	6.5%-7.6%	209,835
Oakland Redevelopment Agency			
Tax Allocation Bonds (c)			
Central District, Series 1989A			
Serial bonds	1993-2000	5.75%-6.55%	26,900
Capital appreciation bonds	2001-2009	6.6%-6.65%	11,899
Term bonds	2010-2019	7.125%	51,600
Tax Allocation Refunding Bonds (d)			
Central District, Series 1986			
Serial bonds	1991-2000	5.25%-7.5%	19,560
Term bonds	2001-2014	7.5%	66,375
Acorn Redevelopment Project, 1988			
Serial bonds	1993-2000	6.30%-7.00%	1,300
Term bonds	2007	7.40%	2,075
			401,544
Certificates of Participation			
Civic Improvement Corporation (e)	1992-2016	Variable	52,300
Oakland Redevelopment Agency			
H.J. Kaiser Convention Center (f)	2002	9.875%	8,550
H.J. Kaiser Convention Center (f)	2014	10.00%	34,950
Scotlan Memorial Convention Center (g)	2014	10.25%	38,000
Oakland Museum 1987 Series A (h)	1992-2002	6.20%-7.85%	9,850
Oakland Museum 1987 Series A (h)	2007	8.10%	10,115
Oakland Museum 1987 Series A (h)	2012	8.125%	15,345
			169,110
Special Assessment Debt with Governmental Commitment			
Medical Hill Parking District Bonds 1989 (i)	2004	6.70%-7.50%	4,185
Other Long-Term Liabilities			
Accrued vacation and sick leave			13,869
Self-insurance liability for workers' compensation			15,907
Estimated claims payable			7,853
			37,629
TOTAL GENERAL LONG-TERM OBLIGATIONS			$ 612,468

Bonds Payable

(a) General Obligation Bonds, Series 1991A

On February 19, 1991, the City issued $12 million of Series 1991A General Obligation Bonds. 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. The proceeds from the bonds are to be 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. Additional series are to be issued in 1994, 1997, 2000 and 2003. The City is obligated to levy ad valorem taxes upon all property subject to taxation by the City without limitation of rate or amount, for the payment of the principal and interest on the bonds.

(b) Special Revenue Refunding Bonds

The 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 Revenue Refunding 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.

(c) Tax Allocation Bonds

On August 1, 1989, the Central District Redevelopment Project Tax Allocation Bonds, Series 1989A ("Tax Allocation Bonds"), were issued by the Agency. The net proceeds of the Tax Allocation Bonds are used by the Agency to finance projects and related improvements in the Central District Redevelopment Project Area. The 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.

The lien created by the pledge of the tax revenues is subordinate to a lien on tax revenues in favor of the Agency's Central District Redevelopment Project Tax Allocation Refunding Bonds, Series 1986. The Agency may only incur additional indebtedness payable from subordinated tax revenues on a parity with the Tax Allocation Bond when set subordinated tax revenues received by the Agency in the prior year equals or exceeds 120% of maximum annual debt service, excluding debt service on Series 1986 bonds.

The term bonds are subject to optional redemption in whole or in part on any interest payment date, in such amounts as directed by the Agency. The Term Bonds are, also, subject to mandatory sinking fund redemption in whole, or in part by lot, on September 1 in each year commencing September 1, 2010.

(d) Tax Allocation Refunding Bonds

In fiscal year 1986-87, the Central District Redevelopment Project Tax Allocation Refunding Bonds, Series 1986, were used to defease the Central District Redevelopment Project Tax Allocation Bonds, Series A and B.

The outstanding balance at June 30, 1991, of the defeased bonds was $63,915,000. The Central District Redevelopment Project Tax Allocation Refunding Bonds are payable from and secured by a pledge of incremental property taxes resulting from the increase in assessed valuations within the Central District Redevelopment Project subsequent to the adoption of the related redevelopment plan. The Agency must set aside from incremental tax revenue received from the Central District an amount equal to 125% of the annual debt service requirement for the ensuing fiscal year. These funds are held by the fiscal agent.

The term bonds are subject to mandatory redemption requirements beginning February 1, 2001.

The Acorn Redevelopment Project 1988 Tax Allocation Refunding Bonds were used to advance refund $2,895,000 of outstanding Acorn Redevelopment Project Tax Allocation Refunding Bonds (prior bonds) with an average coupon rate of 11.84%. As a result, the prior bonds are considered to be defeased and the liability of the prior bonds has been removed from the General Long-Term Obligations Account Group.

The Acorn Redevelopment Project 1988 Tax Allocation Refunding Bonds are payable from and secured by a pledge of incremental property taxes allocated to the Agency resulting from the increase in assessed valuation of properties within the Acorn Redevelopment Project.

Bonds maturing in 2007 are subject to mandatory sinking fund requirements commencing May 1, 2001, and are subject to prior redemption.

Certificates of Participation

The Certificates of Participation have been recorded in the City's General Long-Term Obligations Account Group because in substance, the Certificates were issued on the faith and security of the City, and ultimately the City's lease payments to the Corporation will repay principal and interest on the Certificates.

(e) 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 (the Corporation), a non-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 are paid for by the Corporation from the proceeds of the Certificates that are 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 will be equal to the related principal and interest payments on the Certificates of Participation.

Letter of Credit – The Letter of Credit (Letter) is an irrevocable direct-pay obligation of National Westminster Bank PLC (the Bank). This letter is due to expire on September 24, 1995, but will automatically extend unless the Bank gives notice two years prior to the termination date that it will not extend the Letter. In aggregate, the City has available $53,400,499 as of June 30, 1991, of which $52,300,000 may be drawn for the payment of the unpaid principal amount of the Certificates. The balance of $1,100,499 may be drawn for payment of interest accrued on the Certificates. In order to obtain the Letter, the City is obligated to pay commission fees of three-eighths of one percent per annum on the available amount outstanding on the Letter. For the year ended June 30, 1991, the City paid a total letter of credit fee of approximately $204,000.

(f) Henry J. Kaiser Convention Center

In 1982 the Agency issued Certificates of Participation in the amount of $43,500,000 to finance the acquisition and renovation of the Henry J. Kaiser Convention Center. The Certificates of Participation which are subject to prior redemption have mandatory sinking fund requirements commencing April 1, 1995.

Concurrently, the Agency sold the property to Oakter Associates Limited Partnership (Oakter), an unrelated third party, for cash and a note receivable due in sixty semi-annual principal and interest installments ranging from $2,170,000 to $2,535,000. The interest installments commenced April 1, 1985. Interest not covered by the semi-annual payment has been deferred and added to the Agency's outstanding note receivable balance. Principal reductions are scheduled to begin on April 1, 1995. The note receivable has an effective interest rate of 9.97% per annum and is secured by a deed of trust and Oakter's rights in its lease agreement with the City.

Oakter subsequently leased the building and improvements to the City in a sale and leaseback transaction. The lease provides the City with the option to purchase the buildings and improvements at the end of the lease term.

Due to the substance of the financing transaction, the effect of the sale and leaseback transaction has been recorded directly as an issuance of debt to finance the improvement of the related City structures. Accordingly, the Certificates of Participation are recorded in the General Long-Term Obligations Account Group. The note receivable referred to above and capital lease obligation owed to Oakter are not reflected in the City's General Purpose Financial Statements.

(g) George F. Scotlan Memorial Convention Center

In 1983 the Agency issued Certificates of Participation in the amount of $38,000,000 to finance the acquisition of the George F. Scotlan Memorial Convention Center (the Convention Center). The Certificates of Participation have mandatory sinking fund requirements commencing April 1, 1995, and are subject to prior redemption.

The Agency simultaneously sold the property to OCCEN Corporation Limited Partnership (OCCEN), an unrelated third party for cash and a note receivable payable in sixty-one semi-annual installments ranging from $1,948,000 to $2,253,000. The interest installments commenced September 1, 1984. Principal reductions are scheduled to begin on March 1, 1995. The note receivable has an effective interest rate of 10.25% per annum and is secured by a deed of trust and OCCEN's rights in its lease agreement with the City.

Subsequently, OCCEN sold the buildings and improvements to Oakmar Leasing Corporation (Oakmar) which leased the buildings and improvements back to the City in a sale and leaseback transaction. The City has the option of purchasing the buildings and improvements at the end of the lease term.

Due to the substance of the financing transaction, the effect of the sale and leaseback transaction has been recorded directly as an issuance of debt to finance the improvement of the related City structures. Accordingly, the Certificates of Participation are recorded in the General Long-Term Obligations Account Group. The note receivable referred to above and the capital lease obligation owed to Oakmar are not reflected in the City's General Purpose Financial Statements.

(h) Oakland Museum 1987 Series A

In October 1987, the Agency purchased the Oakland Museum (the Museum) from Oakart Associates Limited Partnership (Oakart), to whom the City had sold the Museum in 1982. The Museum was purchased for $6,700,000 and assumption of a purchase money note from Oakart payable to the City in the amount of $23,000,000. The Agency also assumed all rights of Oakart in the master lease agreement between Oakart and the City.

Concurrent with the purchase, the Agency issued Certificates of Participation in the amount of $35,310,000. The proceeds of the Certificates of Participation were used to buy back the Museum and to advance refund the 1982 Municipal Improvement Revenue Bonds, Series A. The Certificates of Participation are special limited obligations of the Agency payable solely from payments made to the Agency by the City under the terms of the master lease agreement between the Agency and the City. The term Certificates of Participation mature in 2007 and 2012. These Certificates, which are subject to prior redemption, have mandatory sinking fund requirements commencing April 1, 2003.

Due to the substance of the financing transaction, the effect of the issuance of the Certificates of Participation has been recorded directly as an issuance of debt to finance the reacquisition of the Museum, and to advance refund the 1982 Municipal Improvement Revenue Bonds, Series A. Accordingly, the Certificates of Participation 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.

Special Assessment Debt with Governmental Commitment

(i) Medical Hill Parking District Bonds

In April 1989, the City issued $4,365,000 of Medical Hill District Refunding Improvement Bonds 1989 (Refunding Bonds) with an average coupon rate of 7.15%. The net proceeds of $4,136,000 plus an additional prior bond reserve were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. The Refunding Bonds are payable from additional property tax 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.

Internal Service Fund Long-Term Debt

The internal service fund debt at June 30, 1991, was as follows:

	Maturity	Interest rates	Balance at June 30, 1991
City Hall West Lease Revenue Refunding Bonds	1991-2010	5.20%-7.375%	$3,960,000

In 1980 the Agency purchased and leased back City Hall West to the City. In 1988 the Agency issued 1988 City Hall West Lease Revenue and Refunding Bonds. The bonds are payable from and secured by a pledge of annual lease rentals to be received from the City under the City Hall West Lease Agreement.

Due to the substance of the financing transaction, the effect of the sale and leaseback transaction has been recorded directly as an issuance of debt (and subsequent refunding) to finance the improvements of the City Hall West. Accordingly, the City Hall West building and the debt outstanding are recorded in the City's Facilities Internal Service Fund; the Agency's direct financing lease receivable and the City's capital lease obligation are not reflected in the City's General Purpose Financial Statements.

Enterprise Funds Long-Term Debt

The enterprise fund debt at June 30, 1991, was as follows (in thousands):

	Maturity	Interest Rates	Balance at June 30, 1991
Port of Oakland			
Revenue Bonds:			
1957 Series (a)	1991-1999	3.75%-7.00%	$ 49,925
1966 Airport Development	2004-2006	4.125%-9.56%	3,813
1966 Harbor Development	2006	3.75%	2,530
1977 Small Craft Harbor	2009	4.50%	2,998
1981 Small Craft Harbor	2010	6.00%	1,697
1982 Small Craft Harbor	2019	6.00%	1,055
1983 Small Craft Harbor	2020	6.10%	367
1989 Revenue Bonds (b):			
Series A	1992-2019	7.00%-7.70%	72,745
Series B	1992-2019	6.75%-7.45%	84,420
Series C	2003-2019	7.10%-7.25%	23,310
1990 Revenue Bonds Series D (c)	1992-2003	6.125%-8.00%	30,360
			273,220
Certificates of Indebtedness:			
1971, Seatrain facility (d)	2001	6.00%-8.00%	10,890
Mitsubishi Note	2000	9.00%	2,013
Liability to U.S. Government	1992	4.00%	58
Construction Loan, Oakland Portside Associates (See Note 8)	1993	8.50%	32,537
Oakland Redevelopment Agency			
Acorn Mortgage Program			
Revenue Bonds:			
1980	2011	8.875%	6,220
1981	2001	11.80%	2,675
TOTAL ENTERPRISE FUNDS LONG-TERM DEBT			$ 327,613

Port of Oakland

Priority of Payment and Security

The 1957 Revenue Bonds (1957 Bonds) are secured by a pledge of gross revenues of all "Project Facilities" (consisting of certain revenue producing facilities in the Port area including the entire Oakland International Airport) and of the gross revenues of all "Existing Facilities" (which include all facilities of the Port existing on January 21, 1957, and all later extensions or improvements to these facilities). All income and revenues of Port operations pledged to the 1957 Bonds are deposited in the City treasury in the Port Revenue Fund.

Revenues remaining in the Port Revenue Fund after required debt service payments on the 1957 Bonds are termed "Surplus Revenues." The 1966 Airport and Harbor Development Revenue Bonds (1966 Bonds) are secured by liens on Surplus Revenues. The Small Craft Harbor Revenue Bonds are payable from general revenues of the Port. The 1957 Bonds, 1966 Bonds, and Small Craft Harbor Revenue Bonds are considered "Senior Lien Bonds."

The 1971 Certificates of Indebtedness (1971 Certificates) are secured by rental payments from the lease of the facilities financed by the 1971 Certificates and are also secured by a second lien on Surplus Revenues (to a maximum of $918,000 per year) on a parity with the 1966 Bonds.

The 1989 Revenue Bonds, the 1990 Revenue Bonds, and the tax exempt commercial paper notes are payable solely from and secured by a pledge of "Pledged Revenues." The 1989 Indenture and the Fifth Supplemental Trust Indenture, dated April 15, 1990, (Fifth Supplemental Trust Indenture) 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 required for debt service and reserve fund deposits for the Senior Lien Bonds and 1971 Certificates, and certain other excluded amounts. In addition, payment of bond principal and interest when due is guaranteed by municipal bond insurance policies issued by Bond Investors Guaranty Insurance Company for the 1989 Bonds and by Municipal Bond Investors Assurance Corporation for the 1990 Bonds.

(a) Revenue Bonds, 1957 Series

Under the terms of the 1957 bond indentures, the Port is required to maintain revenues, as defined, of at least 150% of the sum of the required bond interest and principal maturities for the ensuing year. For the year ended June 30, 1991, such revenues were 498% of debt service.

(b) 1989 Revenue Bonds, Series A, B and C

Pursuant to the 1989 Indenture, the Port issued the 1989 Revenue Bonds in three series during April and May 1989. Proceeds of the 1989 Revenue Bonds were used to redeem certain outstanding indebtedness. 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.

(c) 1990 Revenue Bonds, Series D

The Port issued the 1990 Revenue Bonds during May 1990 pursuant to the 1989 Indenture and the Fifth Supplemental Trust Indenture. The 1990 Bonds were issued to advance refund $32,900,000 of 1957 Series Q Revenue Bonds.

The Current Interest Serial and Term Bonds pay interest semiannually. Maturity dates for Current Interest Term Bonds shown in the table reflect mandatory sinking fund redemptions. The 1990 Bonds are not subject to optional redemption prior to their respective maturity dates.

In the 1989 Indenture, the Port covenanted to achieve in each fiscal year:

(1) Pledged Revenues, as defined, sufficient to pay the sum of the following: principal of and interest on the outstanding 1989 Revenue Bonds, 1990 Revenue Bonds and Senior Lien Bonds due in each year; amounts required to be paid with respect to the 1971 Certificates of Indebtedness; all other payments required under the 1989 Indenture including reserve fund deposits; all other payments necessary to meet ongoing legal obligations of the Port payable from Pledged Revenues; and all current Operation and Maintenance Expenses (as defined); and

(2) Net Revenues, as defined, of at least 125% of the actual debt service becoming due in such year on the outstanding 1989 Revenue Bonds, 1990 Revenue Bonds and Senior Lien Bonds less debt service paid in such year, from the proceeds of other borrowings. For the year ended June 30, 1991, Net Revenues were 157% of debt service.

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 Revenue Bonds or any additional Bonds, as defined, issued under the 1989 Indenture. The 1990 Series D Bonds and the Tax-Exempt Commercial Paper have been issued at parity with the 1989 Revenue Bonds. Additional Bonds may be issued on a parity with the 1989 Series D Bonds, subject to certain debt service coverage ratios and other requirements.

(d) 1971 Certificates of Indebtedness

The proceeds from the sale of the 1971 Certificates were used to acquire and improve the Middle Harbor Terminal, then occupied by Seatrain Lines, Inc. In September 1982, Seatrain's interest in the terminal was terminated, and the lease and preferential assignment agreement were assumed in full by American President Lines. The annual rentals are equal to the annual debt service requirements (interest expense and principal payments).

Acorn Mortgage Program Revenue Bonds

The Acorn Mortgage Revenue Bonds are payable from and secured by a pledge of FHA insured mortgage loans issued from the related bond proceeds to owners in the Acorn Redevelopment Project Area.

Trust and Agency Funds Long-Term Debt

Trust and agency funds debt at June 30, 1991, was as follows (in thousands):

	Maturity	Interest Rates	Balance at June 30, 1991
Oakland Municipal Employees' Retirement System Revenue Bonds			
1974	1992	5.75%	$ 2,000
1976	2002	6.50%	1,950
TOTAL TRUST AND AGENCY FUNDS DEBT			$ 3,950

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 trust to provide for all future debt service on the old bonds. Accordingly, these assets and the corresponding liabilities are not reflected in the accompanying General Purpose Financial Statements.

Name of Issue	Outstanding at June 30, 1991 (in thousands)
Certificates of Participation, Oakland Redevelopment Agency 1985 Issue	$193,490
Central District Redevelopment Tax Allocation Bonds, Series A and B	63,915
1982 Municipal Improvement Revenue Bonds, Series A	22,240
Port of Oakland 1957 Series Q Revenue Bonds	32,600
1982 Acorn Redevelopment Project Tax Allocation Refunding Bonds	2,745
Medical Hill Special Assessment Bonds	4,385
TOTAL	$319,375

Repayment Schedule

The annual requirements to amortize all long-term debt as of June 30, 1991, are as follows (in thousands):

	General Long-Term Debt		
Years Ending June 30,	Bonds Payable	Certificates of Participation	Special Assessment Debt with Govt'l Commitment
1992	$ 30,976	$ 18,215	$ 499
1993	32,327	18,480	491
1994	38,465	18,371	492
1995	37,929	19,024	492
1996	37,369	19,666	491
Thereafter	705,816	353,143	4,355
	882,882	446,899	6,820
Less amounts representing interest and discounts	(481,338)	(277,789)	(2,635)
Principal debt at June 30, 1991	$401,544	$169,110	$ 4,185

Interest rates related to the Civic Improvement Corporation Certificates of Participation (the Certificates) are adjustable. Estimates of future debt service payments included in the schedule above were determined by utilizing the maximum rate of twelve percent which is allowable in accordance with the terms of the Certificates.

Interest rates related to the Port of Oakland bonds, except for the 1966 Harbor Development Revenue Bonds and the 1977-1983 Small Craft Harbor Revenue Bonds (the Variable Bonds), are variable. This debt is recorded in the Enterprise Fund. Estimates of future debt service payments for the Variable Bonds were determined by utilizing the maximum rate allowable in accordance with the terms of the Variable Bond agreements.

Enterprise Fund Debt	Internal Service Funds Debt	Trust and Agency Funds Debt	Total
$ 27,363	$ 319	$ 2,285	$ 79,657
60,669	380	162	112,509
25,628	379	159	83,494
25,612	377	156	83,590
25,613	380	154	83,673
572,755	5,639	2,076	1,643,784
737,640	7,474	4,992	2,086,707
(410,027)	(3,514)	(1,042)	(1,176,345)
$327,613	$ 3,960	$ 3,950	$ 910,362

Other Liabilities

The following long-term debt has been issued by the City on behalf of named agents of the City. The bonds do not constitute an indebtedness of the City. The bonds are payable solely from revenue sources defined in the individual bond documents, and from other monies held for the benefit of the bondholders pursuant to the bond indentures. In the opinion of City officials, these bonds are not payable from any revenues or assets of the City, and neither the full faith and credit nor the taxing authority of the City, State or any political subdivision thereof is obligated for the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the General Long-Term Obligations Account Group. The debt issued and outstanding at June 30, 1991, was as follows (in thousands):

	Authorized and Issued	Maturity	Outstanding at June 30, 1991
Housing Mortgage Programs			
Housing Revenue Bonds, Series A, 1979	$ 112,890	1/1/11	$ 52,155
Housing Revenue Bonds, Series B, 1982	67,600	12/15/13	10,565
Housing Revenue Bonds, Series C, 1985	23,175	5/1/17	3,660
Loan to Lender, 1980	8,130	12/1/96	1,710
Skyline Variable Rate, 1985	23,000	1/1/09	23,000
City of Oakland Insured Hospital Revenue Bonds (Children's Hospital Medical Center of Northern California), 1979 Series A	23,000	5/1/09	19,875
City of Oakland Health Facility Revenue Note (The Blood Bank of the Alameda-Contra Costa Medical Association), Series 1979	2,500	11/1/99	1,125
City of Oakland Economic Development Certificates of Deposit Revenue Bonds (Leamington Hotel Project), 1982 Series A	9,000	11/1/97	8,755
City of Oakland Industrial Development Revenue Bonds (Days Inn Hotel Project), Series 1982	5,200	12/1/02	4,335
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 Economic Development Revenue Bonds (East Bay Outpatient Surgery Center Project), Series 1984	3,000	12/1/04	3,000

	Authorized and Issued	Maturity	Outstanding at June 30, 1991
City of Oakland Liquidity Facility Revenue Bonds (Association of Bay Area Governments), Series 1984	$ 3,300	12/1/09	$ 2,675
City of Oakland Health Facility Revenue Bonds (Children's Hospital Medical Center of Northern California), 1987 Series A	30,000	7/1/08	27,100
City of Oakland Refunding Revenue Bonds (Oakland YMCA Project), Series 1990	8,700	6/1/10	8,600
TOTAL			$ 195,455

(14) RESIDUAL EQUITY TRANSFERS

Residual equity transfers during the fiscal year ended June 30, 1991, were as follows (in thousands):

	Transfers Out	Transfers In
General Fund	$46,610	$ 339
Other Special Revenue Fund	1,398	—
Municipal Improvement Capital Fund	—	5,059
Civic Improvement Corporation Debt Service Fund	—	42,949
Other Expendable Trusts Fund	339	—
TOTAL	$48,347	$48,347

The amounts above are detailed as follows:

During fiscal year 1990-91, the City transferred $27,949,000 of restricted cash and investments from the General Fund to the Civic Improvement Corporation Debt Service Fund. The cash and investments were related to the $52,300,000 Certificates of Participation (COPs) issued on December 1, 1985, and were required as collateral for a letter of credit issued by Mitsubishi Bank, Ltd. They became unrestricted subsequent to the City attaining a new letter of credit from the National Westminster Bank PLC. The City amended the related bond indentures and approved the transfer which will allow the cash and investments to be used for purposes stated in the amended bond indentures.

During fiscal year 1990-91, the City transferred the Oakland Athletics Notes Receivable of $15,000,000, due October 1, 1991, from the General Fund to the Civic Improvement Corporation Debt Service Fund. The City passed a resolution authorizing the use of the loan proceeds for debt service on the Civic Improvement Corporation COPs and for loans to the City Center Garage II Joint Venture.

During fiscal year 1990-91, the City transferred $3,587,000 of cash and investments from the General Fund to the Municipal Improvement Capital Fund. The cash and investments are related to the Local Government Finance Authority 1989 Refunding Revenue Bonds. Although the cash and investments were received by the City in the form of a General Fund revenue fee collected from the Agency, the City determined that activities related to the cash and investments would be more appropriately accounted for in the Municipal Improvement Capital Fund, since the assets are yield and use restricted by the bond indenture.

During fiscal year 1990-91, the City transferred $74,000 from the General Fund to the Municipal Improvement Capital Fund. The amount transferred consisted of contributions from the City for public arts capital improvement projects.

During fiscal year 1990-91, the City closed certain activity within the Other Special Revenue Fund and approved the transfer of $1,398,000 to the Municipal Improvement Capital Fund.

During fiscal year 1990-91, the City transferred $339,000 from the Other Expendable Trusts Fund to the General Fund. The funds are related to the Drug Forfeiture Program and were awarded to the City based upon final determination by the courts.

(15) CONTRIBUTED CAPITAL

A summary of changes in contributed capital for the year ended June 30, 1991, is as follows (in thousands):

	Enterprise Funds	Internal Service Funds	Total
BALANCE AT JUNE 30, 1990	$46,122	$17,382	$63,504
Grants from governmental agencies	5,994	—	5,994
Depreciation of property and equipment acquired with contributed capital	(1,931)	—	(1,931)
BALANCE AT JUNE 30, 1991	$50,185	$17,382	$67,567

CITY OF OAKLAND

(16) RESERVATIONS AND DESIGNATIONS OF FUND BALANCES

Following are the components of the City's reserved and unreserved-designated fund balances at June 30, 1991 (in thousands).

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
RESERVED				
Assets not available for appropriation:				
Long-term receivables/ advances	$28,249	$ 730	$ —	$ —
Restricted cash and investments	—	—	—	—
Capital projects	—	16,868	—	280,980
Employees' retirement system	—	—	—	—
Debt service	—	—	89,570	—
Land held for resale	—	—	—	9,251
Encumbrances	1,199	7,456	—	10,090
TOTAL RESERVED FUND BALANCES	$29,448	$25,054	$89,570	$300,321
UNRESERVED-DESIGNATED				
Capital improvement projects	$12,585	$ 9,250	$ —	$ —
Emergency management program	110	—	—	—
Multi-purpose reserve	2,214	—	—	—
Employee benefits	2,215	—	—	—
Mandatory garbage collection	1,914	—	—	—
Telecommunications franchise regulation	649	—	—	—
Street lighting underground district connection	2	—	—	—
TOTAL UNRESERVED-DESIGNATED FUND BALANCES	$19,689	$ 9,250	$ —	$ —

Pension Trust Funds	Total
$ —	$ 28,979
215,885	215,885
—	297,848
266,656	266,656
—	89,570
—	9,251
251	18,996
$482,792	$927,185
$ 1,538	$ 23,373
—	110
—	2,214
—	2,215
—	1,914
—	649
—	2
$ 1,538	$ 30,477

(17) 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 for the year ended June 30, 1991, follows (in thousands):

	Sewer Service	Port of Oakland	Oakland Redevelopment Agency
Operating revenues	$ 14,365	$98,038	$ 897
Operating income	5,655	4,367	3
Operating grants, entitlements and shared revenues	(369)	—	—
Depreciation and amortization	555	21,172	—
Current operating transfers out	—	—	—
Interest and other non-operating revenues (expenses)	—	(21,701)	—
Extraordinary loss	—	(839)	—
Net income (loss)	5,286	(18,173)	3
Current capital contributions	—	4,063	—
Property and equipment:			
Additions	3,887	66,309	—
Deletions	555	35,142	—
Net working capital	19,965	(27,289)	—
Total assets	42,148	676,273	9,348
Contributed capital	—	50,185	—
Total equity	41,833	219,797	308
Long-term obligations and advances:			
Payable from operating revenues	—	345,267	8,895
Payable from other sources	—	9,743	—

Other Enterprise Funds	Total Enterprise Funds
$ 6,316	$119,616
1,289	11,314
—	(369)
252	21,979
1,183	1,183
64	(21,637)
—	(839)
170	(12,714)
—	4,063
331	70,527
1,088	36,785
1,076	(6,248)
3,578	731,347
—	50,185
2,619	264,557
—	354,162
—	9,743

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.

Port of Oakland

The Port of Oakland is a public enterprise fund established by the City of Oakland and is a component unit of the City. Operations include the Oakland International Airport, the Port of Oakland marine terminal facilities, and commercial real estate, which includes Oakland Portside Associates, Port of Oakland Public Benefit Corporation, and the Waterfront Association. The Port is under the control of a seven-member appointed Board of Port Commissioners and is administered by an Executive Director.

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 area. The bonds are payable from principal and interest on loans or from specified assets and revenues of the Mortgage Program.

Other

The Oakland Convention Management, Inc. Fund and the Parks and Recreation Funds represent the other enterprise funds.

(18) 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 City's total payroll for fiscal year 1990-91 was $157,900,000. The information for the City's three plans is presented below (in millions):

	Police and Fire Retirement System (PFRS)	Oakland Municipal Employees' Retirement System (OMERS)	California Public Employees' Retirement System (PERS)
Type of plan	Single employer	Single employer	Agent multi-employer
Reporting entity	City	City	State
Last complete actuarial study	June 30, 1990	June 30, 1990	June 30, 1990

Actuarial Present Value of Credited Projected Benefits

	PFRS	OMERS	PERS	Total
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 658.3	$14.9	$ 158.9	$ 832.1
Current employees:				
Accumulated employee contributions including allocated investment earnings	36.9	0.1	90.6	127.6
Employer-financed				
Vested	252.4	0.5	117.8	370.7
Nonvested	—	—	6.7	6.7
Total pension benefit obligation (PBO)(a)	947.6	15.5	374.0	1,337.1
Net assets available for benefits, at cost	(245.0)	(13.5)	(360.9)	(619.4)
UNFUNDED PENSION BENEFIT OBLIGATION	$ 702.6	$ 2.0	$ 13.1	$ 717.7
Net assets available for benefits, at market	$ 255.0	$12.6	$ 409.2	$ 676.8

(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

	PFRS	OMERS	PERS	Total
Total City payroll covered by the system	$ 27.4	—	$ 108.7	$ 136.1
1991 contributions:				
City's share	28.9	—	11.1	40.0
Employees share:				
Paid by Employee	2.5	—	—	2.5
Paid by City	—	—	9.8	9.8
Actuarially determined contribution rates:				
Employee	7-11%	—	7-9%	N/A
Employer	—	—	7.9-15.1%	N/A

Significant actuarial assumptions (b)

	PFRS	OMERS	PERS	Total
General wage increase				
Inflation	6.5%	3.0%	5.0%	N/A
Merit or seniority	—	6.5%	2.0%	N/A
Investment return	8.5%	8.0%	8.5%	N/A

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

Employees covered as of June 30, 1990

	PFRS	OMERS	PERS	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not currently receiving them	1,525	366	N/A	N/A
Current employees—vested	457	2	N/A	N/A

Trend Information

Trend information gives an indication of the progress made in accumulating assets to pay benefits when due. Ten-year historical trend information on revenues by source and expenses by type is not available.

	PFRS	OMERS	PERS	Total
Net assets available at cost - June 30:				
1991	$ 257.4	$11.9	$ N/A	$ N/A
1990	245.0	13.5	360.9	619.4
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:				
1991	$ N/A	$ N/A	$ N/A	$ N/A
1990	947.6	15.5	374.0	1,337.1
1989	876.0	16.2	331.2	1,223.4
1988	874.4	18.5	301.1	1,194.0
1987	N/A	20.1	276.4	N/A
Percentage of net assets available/PBO - June 30:				
1991	N/A	N/A	N/A	N/A
1990	26%	87%	96%	46%
1989	27%	92%	97%	47%
1988	25%	87%	94%	43%
1987	N/A	87%	91%	N/A
Unfunded PBO - June 30:				
1991	$ N/A	$ N/A	$ N/A	$ N/A
1990	702.6	2.0	13.1	717.7
1989	642.8	1.3	10.2	654.3
1988	678.0	2.5	17.8	698.3
1987	656.4	2.7	25.0	684.1
Annual covered payroll - June 30:				
1991	$ 24.1	—	108.7	132.8
1990	24.6	—	114.4	139.0
1989	26.2	—	101.7	127.9
1988	25.7	—	100.5	126.2
1987	N/A	—	96.4	N/A
Percentage of unfunded PBO/annual covered payroll:				
1991	N/A	—	—	N/A
1990	2856%	—	11%	516%
1989	2453%	—	10%	512%
1988	2638%	—	18%	553%
1987	N/A	—	26%	N/A

	PFRS	OMERS	PERS	Total
City's actuarially determined contributions (employer portion)/ annual covered payroll:				
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 (the 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 (61.04% in 1991) will amortize the unfunded liabilities by 2026 and 2000 of PFRS and PERS, respectively. Contributions to PERS are deducted and the difference is contributed to PFRS.

For the year ended June 30, 1991, contributions to PFRS totaling $31,406,000 ($28,921,000 employer and $2,485,000 employee) were made in accordance with actuarially determined contribution requirements. Employer and employee contributions equaled 105% 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 5 years of service and reach the age of 60, are eligible for retirement benefits. The retirement allowance is calculated on a basis which takes into account final 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 $5,513 were made in accordance with actuarially determined contribution requirements. Employee contributions are refundable with interest at 4-1/2% per annum if an employee elects to withdraw from the plan upon termination of employment with the City. For the year ended June 30, 1991, 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 full-time City employees who have served for six months or more are eligible to participate in PERS. Benefits vest after five years of service. 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 last consecutive 36 months). The System 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, 1991, were 7.9% and 7.3% 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% 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, 2000.

The City's contributions for employees for the year ended June 30, 1991, 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	$ 14.4	13.5%	$ 6.6	24.1%	$ 21.0
Amortization of unfunded actuarial accrued liability	1.4	1.4	(1.5)	(7.8)	(.1)
TOTAL	$ 15.8	14.9%	$ 5.1	16.3%	$ 20.9
Employer and employee portions of contribution to PERS					
Employer	$ 8.5	7.9%	$ 2.6	7.3%	$ 11.1
Employee					
Paid by City	7.3	7.0	2.5	9.0	9.8
Paid by employees	—	—	—	—	—
TOTAL	$ 15.8	14.9%	$ 5.1	16.3%	$ 20.9

The credit for amortization of unfunded actuarial accrued liability for safety employees arose because the City had surplus assets as a result of actuarial gains in excess of actuarial estimates for safety employees.

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.

Deferred compensation plan assets of the City of $33,631,000 as of June 30, 1991, 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 of Oakland Enterprise Fund and amounted to approximately $9,743,000 as of June 30, 1991.

(19) OAKLAND–ALAMEDA COUNTY COLISEUM

Oakland - Alameda County Coliseum, Inc. (the Coliseum) is a non-profit corporation organized under the laws of the State of California to operate and manage the Coliseum Complex (the Complex) under an agreement between the City and the County of Alameda (the 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. A vacancy or vacancies on the Board of Directors is filled by the vote of a majority of the remaining directors.

In October 1963, the Coliseum executed a ground lease with the City and the County for a term of forty years, subject to an agreement to construct the Complex. Concurrently therewith, the Coliseum sublet to the City and the County the complete facilities for a term to expire ten days prior to expiration of the term of the ground lease. Rental provisions of the sublease require the City and the County to pay annual rent of $750,000 each, payable in monthly installments.

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 $14,765,000 was outstanding as of October 31, 1990, and due April 1, 2004. These bonds are subject to an indenture placing properties and bond proceeds in trust for the benefit of the bondholders. Semi-annual payments of principal and interest are made to the sinking fund on the first day of April and October annually. Principal payments for April 1, 1991, and October 1, 1991, were $375,000 and $390,000, respectively. Debt Service payments are made from lease revenues received from the City of Oakland and the County of Alameda 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 no distributions from the Coliseum during the fiscal year ended June 30, 1991. 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, 1990, the date of the last audited financial statements (in thousands):

ASSETS	$63,723
Liabilities	$19,687
Equity	44,036
TOTAL LIABILITIES AND EQUITY	$63,723
Revenues	$12,483
Expenditures	(13,948)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	$ (1,465)

(20) 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	Annually Budgeted Special Revenue Funds	Annually Budgeted Debt Service Funds
Excess (deficiency) of revenues over expenditures and encumbrances - budgetary basis	$ (975)	$ (983)	$ 531
Net changes in encumbrances	(411)	(20)	—
FEMA and Port bond reimbursements budgeted on a cash basis	(11,292)	—	—
Net transactions budgeted on a multi-year project or program basis	984	3,969	5,471
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES - GAAP BASIS	$(11,694)	$ 2,966	$ 6,002

(21) FUND EQUITY RESTATEMENT

The beginning fund balance of the OMERS Pension Trust Fund has been reduced by $11,227,000 to reflect the liability associated with OMERS participants who were transferred to PERS in 1973, 1976 and 1981. Employee contributions related to each transferred employee were sent to PERS, as required by law; however, no assets related to employer contributions were transferred in 1976 or 1981 because of concerns about losses that would have been incurred upon the sale of assets.

A liability to PERS for the non-transferred assets of $4,352,000 and the related accrued interest ($7,637,000 as of June 30, 1991), was determined based on actuarial calculations. Interest has been accumulated each year at the same rate as the investment yield of the Plan's assets.

The liability to PERS will be paid in conjunction with the City of Oakland's actuarially determined contributions to PERS over the next several years.

(22) FUND EXPENDITURES EXCEEDING BUDGETARY APPROPRIATIONS

The expenditures of the Pension Annuity Debt Service Fund exceeded budgetary appropriations by $16,000. City management did not consider it necessary to pass a legal appropriation for such expenditures since amounts required to be expended are set forth in bond indentures.

(23) 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 $274,000 was paid to 1,500 retirees under this program in fiscal year 1990-91.

A City Council Resolution, dated November 12, 1985, and a related City Administrative Instruction, dated May 1, 1991, established a quarterly payment of $150 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 constituted approximately 20% of the premium payment required for retirees. Fifty-one employees received this benefit in the fiscal year 1990-91. 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 1990-91, $7,550 in benefit payments were made. The trust fund balance was $368,367 as of June 30, 1991.

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 an annual amount of $119,333 to the trust beginning on July 1, 1987, and continuing through July 1, 1992. Effective August 1, 1990, the City initiated payments of $150 per quarter to eligible employees. This amount constituted approximately 20% of the premium payment required for retirees. In fiscal year 1990-91, $34,600 in benefit payments were made. The trust fund balance was $658,626 as of June 30, 1991. Sixty-five employees received benefit payments in the last quarter of fiscal year 1990-91.

The Port contributes monthly to a benefit account for certain qualifying retirees participating in the PERS medical program. This program provides similar benefits as those offered to retirees from City employment. Qualifying retirees are paid the quarterly sums accrued in the benefit account. At June 30, 1991, the Port's liability was $140,000. The Port contributed $45,000 in fiscal year 1990-91 and in fiscal year 1989-90.

(24) EARTHQUAKE DAMAGE

The City suffered significant damage from the October 17, 1989, Loma Prieta earthquake. Consequently, the earthquake was declared a disaster by both the federal and state governments. Damaged property and infrastructure have been identified and estimates of replacement and repair expenditures have been made. Additionally, the City incurred substantial non-recurring operational expenditures for police, fire, inspection, debris removal and similar services.

The Federal Emergency Management Agency (FEMA) has been delegated the responsibility for providing federal disaster assistance, under a Presidentially declared major disaster or emergency (disaster). It provides federal disaster assistance for individuals and their families, for state and local governments, as well as for certain private, non-profit organizations.

Damage Survey Reports (DSRs) are the basis for reimbursement. Damage surveys are usually conducted by a federal-state inspection team. An authorized local representative accompanies the federal-state inspection team and is responsible for representing the applicant and ensuring that all damage and requirements for assistance are inspected. The inspectors record pertinent information on a DSR, including a description of the damage, proposed repairs or replacement, and the inspectors' best estimate of the cost of the recommended work.

A summary of the earthquake related transactions through June 30, 1991, is as follows (in thousands):

	City		Port	
	1991	1990	1991	1990
Expenditures/Expenses	$ 6,482	$15,556	$ 2,563	$ 4,691
Recoveries	15,525	1,806	1,724	3,190

All essential repairs for general government service delivery have been completed. Estimates have been made for the remaining property damage. Assuming all property damage will be repaired, the City believes that approximately $150 million ($103 million for the City and $47 million for the Port), including office building leases for housing displaced employees and the repairs to City Hall and City Hall West discussed below, will be the ultimate cost.

It is expected that most of the earthquake costs will be borne by the Federal Emergency Management Agency, Federal Aviation Administration, private insurance and the State of California's Office of Emergency Services. City management believes that the ultimate resolution of the earthquake costs will not have a material adverse effect on the City's financial position or the Port's financial position or results of operations.

City Hall

City Hall suffered extensive damage rendering it unusable. As a result, the City wrote off the total carrying cost of $43,572,000 from the General Fixed Assets Account Group during fiscal year 1989-90.

The City was self-insured for the total loss on the building, and is currently proceeding with the repair and renovation of this building. The estimate to do this work is approximately $53,000,000. FEMA has approved a $45,799,000 DSR to rehabilitate the building. The State advanced the City $18,118,000, which includes the State's share of the DSR plus an additional $7,000,000 (the difference between the DSR amount and the total amount estimated to complete the building).

City Hall West

The City Hall West building also suffered extensive damage rendering it unusable. As a result, the City reported an extraordinary loss in fiscal year 1989-90 of $2,558,000, representing the net carrying value of the building in the City's Facilities Internal Service Fund.

As required by the Agency, the City had combined insurance policies covering losses on the building, its contents, and loss of rents. The City has settled with its insurance carriers and has received $10,500,000 in insurance proceeds ($5.0 million in fiscal year 1989-90, $3.3 million in fiscal year 1990-91, and $2.2 million in fiscal year 1991-92).

Since the 1988 Refunding Bonds on City Hall West continue to remain outstanding, the Agency meets its debt service requirements with lease revenues received from the City. With regards to the insurance proceeds, the Agency may either: (a) repair, replace, or reconstruct City Hall West, or (b) redeem all outstanding bonds at a redemption price of 100% of the principal amount, plus accrued interest.

The Agency will not select either of the above stated options until a decision is made as to whether the City Hall West site is the preferred location for a new City office building. In the interim, the City has agreed to make lease payments on City Hall West so that the Agency can continue to meet the debt service requirements on the outstanding bonds.

(25) COMMITMENTS AND CONTINGENT LIABILITIES

General Liability

Numerous lawsuits are pending or threatened against the City. The City Attorney estimates that as of June 30, 1991, the amount of liability determined to be probable of occurrence is approximately $12,300,000. Claims and litigation approximating $4,447,000 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 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 $15,907,000 is included in the General Long-Term Obligations Account Group.

Grants and Subventions

Receipts from federal 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

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. As of June 30, 1991, the Port had entered into commitments totaling approximately $21,886,000 for the acquisition and construction of such assets.

Individual Fund Deficits

As of June 30, 1991, the Oakland Redevelopment Agency Projects Expendable Trust Fund had a deficit of $671,000. This deficit is expected to be funded through increased overhead and user charges for costs incurred on Agency projects.

The Central Stores Internal Service Fund had a deficit of $100,000 at June 30, 1991. Billing rates to user departments will be adjusted in fiscal year 1991-92 to recover this shortfall.

Other Contingencies

Port of Oakland

In July 1987, the California Department of Health Services (the Department) issued a Remedial Action 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. If a Remedial Investigation Report submitted by the Port in May 1989 is approved, the Department will issue a Final Remedial Action Plan which will include an apportionment of liability for the costs of hazardous substance removal and remedial actions.

During 1991, the Port submitted a feasibility study to the Department and anticipates receiving a Remedial Action Plan during fiscal year 1991-92. During fiscal year 1989-90, the Port recorded a liability of $900,000 for its expected 50% share of the total estimated investigation and monitoring costs related to this site. In October 1990, the Port and the former tenant agreed to share equally in the remediation costs. 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. The Port recorded a liability of $1,232,000 in fiscal year 1989-90 for the expected costs to modify or remove designated Port-owned underground storage tanks. During fiscal year 1990-91, the Port began soil remediation and tank removal. It is the opinion of the Port's counsel that the Port has no liability to tenant-owned tanks.

As of June 30, 1991, the Port accrued approximately $3,000,000 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 the estimated probable costs are included in this environmental accrual.

In prior years the Port provided $1,600,000 to restore the presidential yacht "Potomac" to its original condition. This was done pursuant to an agreement with the Association for the Preservation of the Presidential Yacht Potomac ("Potomac Association"). This amount was capitalized in Construction in Progress. During fiscal year 1990-91, the Potomac Association initiated transferral of the vessel to the U.S. Department of the Interior at the request of the Port. The Port and the Potomac Association are in the process of transferring the Port's interest in the vessel to the Potomac Association. As of June 30, 1991, the Port's $1,600,000 in costs were written off and recorded in other expenses.

Oakland Redevelopment Agency

In connection with the sale of land for a Central District project, the Agency entered into an agreement to place $1,000,000 of the sales proceeds in escrow pending removal of hazardous substances and contamination. The developer has filed claims amounting to approximately $2,700,000 which were rejected by the Agency. In accordance with the agreement, the Agency filed for arbitration with the American Arbitration Association, and as a result has paid $184,439 in fiscal year 1990-91. On October 1, 1991, the Agency agreed to pay an additional $1,300,000 in settlement of these claims.

As of June 30, 1991, the Agency was committed to fund $6,096,000 in loans and had issued $6,442,000 in repayment guarantees and letters of credit in connection with several low and moderate income housing projects. The repayment guarantees and letters of credit were issued to facilitate the construction of low and moderate income housing within the City of Oakland.

(26) SUBSEQUENT EVENTS

Oakland Hills Fire

On October 20, 1991, the City of Oakland suffered one of the worst disasters in the City's history as fire raged through the Oakland Hills destroying approximately 2,600 homes and 450 apartment units, and killing 25 people. The fire was declared an emergency and eligible for disaster assistance by both the federal and state governments.

Various City revenues are dependent upon income from the residential properties located in the fire area, including property taxes, utility consumption taxes, sewer charges, business license taxes, landscaping and lighting assessment district fees as well as interest earnings on those revenues. The loss of City revenues in fiscal year 1991-92 is estimated at $2,350,000.

In addition, the City's budget will be impacted by the costs related to fire suppression and recovery. For the first seven days following the disaster, it is estimated that the City spent approximately $7,850,000 (excluding general administrative costs) for personnel and equipment in the departments of Police, Fire, Public Works, Parks and Recreation, and the Office of General Services. Damage to public facilities is estimated at $2,600,000 and erosion control costs are expected to be $5,000,000. The total expenditure impact for fiscal year 1991-92 is estimated at $17,600,000.

It is expected that most of the costs for fighting the Oakland Hills Fire and the subsequent cleanup and rebuilding will be borne by FEMA, the State of California's Office of Emergency Services and private insurance companies. City management believes that the ultimate resolution of the fire's costs will not have a material adverse effect on the financial position of the City. As a result of the fire, lawsuits have been, and are expected to be, filed. The effect of the lawsuits on the financial position of the City cannot be estimated at this time.

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APPENDIX C

FORM OF LEGAL OPINION

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WENDEL
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Oakland, California 94604-2047
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Fax: (510) 834-1928

July 9, 1992

City Council
City of Oakland
City Hall
505 14th Street, 12th Floor
Oakland, CA 94612

OPINION: $50,000,000 City of Oakland
<u>General Obligation Bonds Series 1992</u>

We have acted as bond counsel in connection with the issuance by the City of Oakland (the "City") of $50,000,000 City of Oakland General Obligation Bonds Series 1992, dated _______ __, 1992 (the "Bonds"), pursuant to Chapter 4 of Division 4 of Title 4 of the California Government Code, Article 3.7 of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law") and Resolution No. _______ C.M.S. of the City, adopted ________ __, 1992 (the "Resolution"). We have examined the Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

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 therein and issue the Bonds.

2. The Bonds are valid and binding general obligations of the City.

3. The City has the power, is obligated and in the Resolution has covenanted, to levy ad valorem taxes upon all property within the City subject to taxation by the City, without

limitation of rate or amount, for the payment of the Bonds and the interest thereon.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

WENDEL, ROSEN, BLACK, DEAN & LEVITAN

APPENDIX D

FORM OF MUNICIPAL BOND INSURANCE POLICY

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Financial Guaranty Insurance
Company
175 Water Street
New York, NY 10038-4972
212 607-3000
800 352-0001

A GE Capital Company

FGIC℠

Municipal Bond
New Issue Insurance Policy

Issuer:	**Policy Number:**
	Control Number:
Bonds:	**Premium:**

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to Citibank, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, 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 call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a

Financial Guaranty Insurance
Company
175 Water Street
New York, NY 10038-4972
212 607-3000
800 352-0001

FGIC℠

A GE Capital Company

Municipal Bond
New Issue Insurance Policy

Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

SPECIMEN

President **Managing Director**

Effective Date: **Authorized Representative**

Citibank, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer

Financial Guaranty Insurance
Company
175 Water Street
New York, NY 10038-4972
(212) 607-3000
(800) 352-0001

A GE Capital Company

FGIC

Endorsement
To Financial Guaranty Insurance Company Insurance Policy

Policy Number: **Control Number:**

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Christopher H Richmond

President **Managing Director**

Effective Date: **Authorized Representative**

Acknowledged as of the Effective Date written above:

Authorized Officer
Citibank, N.A., as Fiscal Agent

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SEAL OF THE CITY OF OAKLAND
CALIFORNIA