Comprehensive Annual Financial Report

PORT OF OAKLAND
Oakland, California
(A Component Unit of the City of Oakland)

For the Years Ended June 30, 2011 and 2010




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Oakland, California
(A Component Unit of the City of Oakland)

Comprehensive Annual Financial Report
For the Years Ended June 30, 2011 and 2010

Prepared by the Financial Services Division

Oliviér Flewellen
Director of Finance/Controller

PORT OF OAKLAND
(A Component Unit of the City of Oakland)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended June 30, 2011 and 2010

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INTRODUCTORY SECTION

- Letter of Transmittal
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- Organization Chart
- Appointed Officials, Senior Staff and Project Team

PORT OF OAKLAND

November 30, 2011

Board of Port Commissioners of the City of Oakland
Oakland, California

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Port of Oakland (Port), a Component Unit of the City of Oakland (City), for the fiscal years ended June 30, 2011 and 2010. The CAFR is organized into the following sections:

- Independent auditors' report;
- Management's discussion and analysis (MD&A), which provides a narrative overview and analysis of the basic financial statements and should be read in conjunction with this letter of transmittal;
- Basic financial statements;
- Required supplementary information; and
- A statistical section, which presents various financial and operating data.

Responsibility for the accuracy of the data, and the completeness and reliability of the information contained in the report rests with management of the Port. The framework of internal controls provides reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe, therefore, the data as presented is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and changes in financial position of the Port.

Certain statements in this Letter of Transmittal reflect not historical facts but forecasts, projections, estimates and other "forward-looking statements." The achievement of results, or other expectations, involves known and unknown risks, uncertainties and other factors that may cause actual results to be materially different than forecasted results. The Port is not obligated to issue updates or revisions to this discussion if and when the expectations, events, conditions or circumstances on which these statements are based, occur or fail to occur, as the case may be.

Profile of the Port of Oakland

The Port is an independent department of the City. The City has operated a public harbor to serve waterborne commerce since its incorporation in 1852. The City has operated an airport since 1927. Exclusive control and management of the Port area, which includes the harbor, airport, and other commercial real estate were delegated to a seven-member Board of Port Commissioners (Board) in 1927 by an amendment to the City Charter.

The Board has exclusive control of all of the Port's facilities and property, real and personal, all income and revenues of the Port, and proceeds of all bond sales initiated by it for harbor or airport improvements, or for any other purpose. The Board has the power under the Charter to fix, alter, change or modify the rates, tolls, fees, rentals and other charges for the use of the Port's facilities and any services provided in connection with the Port's facilities. A substantial portion of the Port's revenues are governed by lease, use, license and other agreements with the tenants and customers of the Port's three business lines: Aviation, Maritime and Commercial Real Estate.

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The Aviation Division operates Oakland International Airport (the Airport or OAK), a passenger, cargo and general aviation airport located on approximately 2,600 acres of land. The Airport, currently ranks 33rd in the United States in terms of total passengers and 12th in terms of air cargo tonnage, is one of three major commercial airports serving the nine-county San Francisco/Oakland/San Jose metropolitan area (San Francisco Bay Area) and is the largest cargo hub in Northern California. In fiscal year 2011, the Airport served approximately 9.4 million passengers and 1.1 billion pounds of air cargo. As of June 2011, the Airport offered approximately 142 daily commercial departures to 31 cities and over 50 daily cargo flight departures.

The Maritime Division manages the Oakland seaport (the Seaport), which serves as the principal ocean gateway for international containerized cargo shipments in Northern California and is one of five major gateways for such shipments on the West Coast of North America. The Seaport is the 5th busiest cargo container port in North America and 3rd busiest on the United States West Coast, based on the number of twenty-foot equivalent units (TEUs) handled annually. In fiscal year 2011, approximately 2.4 million TEUs moved through the Seaport. The Seaport comprises approximately 1,300 acres, including eight developed container terminal areas; a rail intermodal terminal facility; areas for truck staging and other support services; and a portion of the former Oakland Army Base, which the Port plans to develop into a trade and logistics center including additional warehouses and expanded rail facilities in the future. These facilities are backed by a network of roads and a deep water navigation channel currently at a depth of -50 feet. All major ocean carriers serve the Port, connecting the Bay Area with the major trading centers of global commerce around the world.

The Commercial Real Estate Division oversees approximately 874 acres of land along the Oakland Estuary that is not used for maritime or aviation purposes. The Commercial Real Estate properties serve a number of uses including warehouses, parking lots, hotels, offices, shops and restaurants.

Most of the Airport, Seaport, and Commercial Real Estate properties are located on land that is owned by the City and, under the City Charter, are controlled and managed by the Port, subject to a trust imposed pursuant to numerous tideland grants from the State of California, which date back as far as 1852. Certain requirements and restrictions are imposed by the tideland grants. Generally, the use of lands subject to the trust is limited to maritime commerce and airport uses, as well as other uses of statewide interest such as fishing, public recreation, and enjoyment of the waterfront. The trust also places certain limitations on the use of funds generated from trust lands and other assets.

Operating and Capital Budget

The Port's operating budget is an essential component of the financial and operational planning and management of the Port. The operating budget is a plan for each Port division's operating revenue and expenses, and for Port-wide non-operating income and expenses. A three-year operating budget is prepared and presented annually to the Board. The first year operating budget is presented to the Board for adoption, while the additional two years are presented in concept only.

In addition to preparing the operating budget, Port staff annually prepares a five-year capital needs assessment (CNA) and a one-year capital budget. The capital budget is presented to the Board for adoption, while the remainder of the CNA is presented as informational and conceptual only.

The approved fiscal year 2011-2012 operating and capital budgets, and five-year CNA, are available on the Port's website at http://www.portofoakland.com/portnyou/investors.asp.

Economic Outlook

The Port of Oakland is located in the San Francisco Bay Area, a sizeable and generally affluent metropolitan area. Still, the Bay Area has not been immune to the effects of the recent economic downturns, including rising unemployment, low job growth, a weakened housing market, and fragile consumer confidence. All three of the Port's business lines, especially Aviation and Commercial Real Estate, are affected by local and regional economic conditions. In addition, because many of the Port's tenants and customers operate nationally and globally, world-wide economic trends and conditions also affect the Port's three business lines.

Following major national and unprecedented global economic downturn in fiscal years 2009 and 2010, fiscal year 2011 brought modest economic recovery and improved financial performance of the Port's business lines. However, the Port continued to face pressure from tenants and customers who remain concerned about decreased consumer demand, oil price increases, European debt concerns, and Middle East turmoil. These pressures are expected to continue into fiscal year 2012 given renewed indication of generally weak economic conditions nationally and globally. As a result, the Port projects flat to modest growth in activity and revenues in the near future. In addition to the challenges that directly affect the Port's customers and tenants, the Port expects to manage continued high debt service payments as well as rising personnel and regulatory costs of its operations.

Financial Planning

Given the economic outlook, the Port has been aggressively targeting reductions in operating expenses and prioritizing key strategic initiatives aimed to drive business activity in the near and long term. Port staff has also been focused on improving the Port's overall financial position, including improving its cash position, limiting additional debt issuance, and increasing debt service coverage. These goals are central to the development of the Port's operating and capital budgets, as well as its five-year CNA. As always, the Port's senior management and staff will continue to assess projected business activity levels and financial and operational measures, including additional revenue enhancement and cost-savings initiatives, which may be available going forward. For fiscal year 2012, the Port has budgeted total operating revenues of approximately $297 million and operating expenses (excluding depreciation) of approximately $155 million.

<u>Aviation</u>

The Aviation Division continues to be negatively impacted by on-going weak economic conditions, and the lingering effects of prior-year airline bankruptcies, airline capacity reductions, and the shift of low-cost carrier service to nearby San Francisco International Airport. While the Airport remains competitive and poised to continue benefiting from a sizeable and affluent air trade area, as well as a strong origin/destination passenger base; excellent capacity and operational strengths; a competitive cost per enplanement; and stable airline contracts, challenges are expected to persist into fiscal year 2012. Both air cargo activity and passenger traffic are projected to grow slightly in fiscal year 2012.

<u>Maritime</u>

The Maritime Division saw global trade pick up over the course of fiscal year 2011, primarily due to robust export activity and general replenishment of inventories after a major slowdown in import activity in fiscal years 2009 and 2010. However, ocean carriers are moving forward cautiously, carefully managing capacity and operations to achieve profitability. In fiscal year 2012, the Port expects to continue benefitting from a balanced mix of import and export cargo, which helps provide revenue stability; a stable base of tenants and customers; and long-term contracts with major Seaport tenants. However, competition in the maritime industry and among North American West Coast ports is expected to remain strong. Such competition may cause shifts in activity among the Seaport terminals, which could affect Maritime revenues even if total activity does not change. Generally weak economic conditions are expected to also challenge the Port's ability to capture additional discretionary cargo originating from and destined for interior locations in the United States. In fiscal year 2012, cargo activity is expected to grow slightly.

Commercial Real Estate

The Commercial Real Estate (CRE) Division has also been impacted by the general economic downturn, which has resulted in lower demand for parking and lower percentage rent payments by Port tenants. CRE activity and revenues in fiscal year 2012 are projected to be flat in comparison with fiscal year 2011.

Major Initiatives

On October 5, 2010, the Board approved the Port of Oakland Strategic Plan Fiscal Years 2011-2015. The Port's Strategic Plan is envisioned as both an on-going planning process and a documented plan. The Strategic Plan serves as a general statement of the Port's vision, mission, goals, objectives, and guiding principles to shape organizational performance and decision-making over the next five years. Consistent with the Strategic Plan, each year, staff and the Board identify major initiatives to maintain and enhance Port operations. Below is a summary of major accomplishments in fiscal year 2011 and highlights of major initiatives to be undertaken in fiscal year 2012. It should be noted that many of these initiatives span multiple years.

Accomplishments in Fiscal Year 2011

The Port's accomplishments in fiscal year 2011 were significant, and include:

- Successful implementation of the Secure Truck Enrollment Program elements within the Port's Comprehensive Truck Management Program;
- Completion of a major marine terminal redevelopment project to enhance maritime activity;
- Approval and commencement of construction for the Port's Shore Power Program, which is intended to reduce emissions from vessels docked at the Seaport in compliance with State law;
- Commencement of several maritime security projects designed to enhance and integrate security systems at the Seaport;
- Substantial completion of the Airport East Apron 3 Replacement Project, and commencement of design, planning, and engineering for various other critical Airport infrastructure projects;
- Two additional food/beverage locations at the Airport; and
- Implementation of a new Port-wide enterprise resource planning system.

Additionally, the Port welcomed new tenants at the Jack London Square (JLS) area through the partnership between the Port and its developer partner, Jack London Square Ventures LLC. The Airport welcomed an expansion of air service to several domestic locations, and was one of only 12 airports in the United States authorized to offer nonstop charter passenger service to Cuba (flights are anticipated to begin in fiscal year 2012).

Plans for Fiscal Year 2012

While we expect that fiscal year 2012 will present challenges for the Port, as well as its tenants and customers, the Port is poised to both continue progress and commence work on various major projects that will support the long-term sustainability of the Port.

Aviation

Terminal 1 Improvements. Planned improvements at Terminal 1 focus on replacement of aging infrastructure, bringing building systems up to code, and improving life cycle costs. The Terminal 1 improvement project also includes a new mechanical building and upgraded Central Utility Plant (CUP). Construction of the CUP and major Terminal 1 improvements are scheduled to begin in calendar year 2012.

Perimeter Dike and Runway Safety Area Improvements. The perimeter dike separates the South Field airfield from San Francisco Bay waters and has been identified as needing flood hazard and seismic improvements. Similarly, the runway safety areas (RSAs) are in need of upgrade to current standards. The Port is working with the Federal Emergency Management Agency to undertake the necessary improvements to the perimeter dike to minimize restrictions on Airport development in the future. In fiscal year 2011, the Port initiated environmental review and permitting, and design of the dike improvements. This work will continue into fiscal year 2012. The Port has also completed planning studies to upgrade its RSAs, and the FAA approved the Port's proposed improvements. Environmental review for these improvements is currently underway. Construction of both dike and RSA improvements is expected to begin in calendar year 2013.

BART – Oakland Airport Connector. In fiscal year 2011, the San Francisco Bay Area Rapid Transit District (BART) broke ground on the Oakland Airport Connector project, which will improve access between the Airport and the regional rail transit system using an automated people mover. The Port has entered into an agreement with BART for a maximum Port contribution to the project of $45.4 million. In fiscal year 2012, the Port will continue to work closely with BART and is expected to commence funding its contribution to the project from passenger facility charges.

Maritime
Oakland Army Base Redevelopment. The Port continues to work toward the redevelopment of approximately 168 acres of the former Oakland Army Base (OAB) into a trade and logistics center comprised of improved rail infrastructure and warehouses. This redevelopment would facilitate the clean and efficient movement of cargo in and out of the Port's marine terminals, improve intermodal service, and position the Port to secure additional maritime and maritime-related business. The Port is currently working with the City of Oakland to prepare the site for redevelopment through activities such as environmental remediation, grading, preliminary engineering and design, and limited infrastructure improvements.

Shore Power. The Port's Shore Power Program involves the construction of electrical land-side connections into which ships will plug while docked, thereby reducing vessel emissions in compliance with State law. In fiscal year 2012, one-third of the Program is scheduled for completion and construction of the remainder of the Program is expected to start. The Program is expected to result in the electrification of almost all the Seaport vessel berths by January 1, 2014.

Dredging and Security. The Port will be working closely with the federal government and its business partners to ensure the navigation channel serving the Seaport is maintained at a depth of -50 feet, and will evaluate opportunities to deepen the few berths that are not yet at this depth, among other dredging-related activities. Additionally, the Port will continue to work on several projects designed to enhance and integrate security systems across key Seaport facilities.

Commercial Real Estate
Oak-to-Ninth Development. The Port is currently working with a private developer to redevelop the Oak-to-Ninth waterfront district, to create a new waterfront neighborhood with many acres of new public access and open space.

Cross Divisional
Customer Incentive and Related Programs. Both the Aviation and Maritime Divisions are working to implement incentive programs intended to increase activity and associated revenues. At the Airport, the focus is on new domestic passenger service, while Maritime efforts are focused on attracting new ocean and rail services. Additionally, the Maritime Division is working on an export promotion program aimed at increasing revenue and advancing the National Export Initiative, which seeks to double United States exports by 2015.

Awards

The Port received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the Port's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation to the Financial Services Division for their professionalism, dedication, and efficiency in the preparation of this report. We also extend our appreciation to the other Port divisions who contributed to this report and to Macias Gini & O'Connell LLP and Kevin W. Harper CPA & Associates for their assistance and guidance. Finally, we thank the Board of Port Commissioners for their interest and continuing support in planning and managing the Port's financial operations in a responsible and progressive manner.

Respectfully submitted,

Sara Lee
Chief Financial Officer

Oliviér Flewellen
Director of Finance/Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Oakland California

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

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

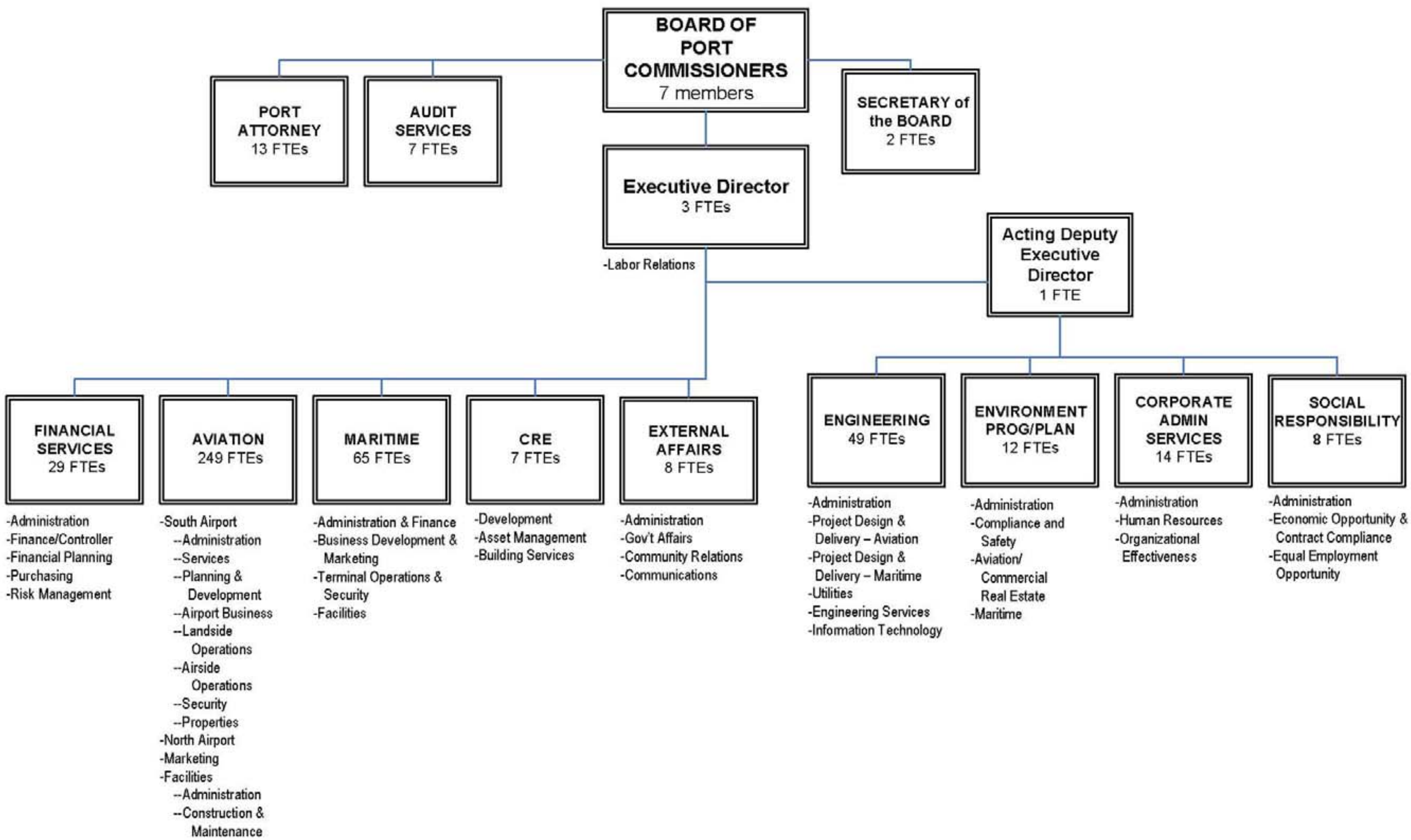
President

Executive Director

Port of Oakland Organization Chart

Fiscal Year 2010-11

467 FTEs (Full-Time Equivalents)



PORT OF OAKLAND

APPOINTED OFFICIALS, SENIOR STAFF AND PROJECT TEAM

For the Year Ended
June 30, 2011

Board of Port Commissioners of the City of Oakland
James W. Head, President
Pamela Calloway, First Vice - President
Gilda Gonzales, Second Vice - President
Margaret Gordon, Commissioner
Michael Lighty, Commissioner
Victor Uno, Commissioner
Alan S. Yee, Commissioner

Senior Staff
Omar R. Benjamin, Executive Director
Joyce Washington, Acting Deputy Executive Director
David L. Alexander, Port Attorney
John T. Betterton, Secretary of the Board
Arnel Atienza, Chief Audit Officer
James J. Kwon, Director of Maritime
Deborah Ale-Flint, Director of Aviation
Pamela Kershaw, Acting Director of Commercial Real Estate
Sara Lee, Chief Financial Officer
Oliviér Flewellen, Director of Finance/Controller
Chris Chan, Acting Director of Engineering
Diann Castleberry, Director of Social Responsibility
Richard Sinkoff, Director of Environmental Programs and Planning
Denyce Holsey, Director of Administration
Isaac Kos-Read, Director of External Affairs
Marsha Peterson, Port Labor Advisor

CAFR Project Team
Oliviér Flewellen, Director of Finance/Controller
Cecilia Ravare
Betsy Kwok
Katri Jones
Stanley Tanaka
Leandro Denoga
Alice Fan
Delphine Prévost
Sandra Yee
Saw May Khoo
Andrea Zamora

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PORT OF OAKLAND

FINANCIAL SECTION

- Independent Auditors' Report
- Management's Discussion and Analysis (unaudited)
- Basic Financial Statements
- Required Supplementary Information (unaudited)

Board of Port Commissioners of the City of Oakland
Oakland, California

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Port of Oakland (Port), a component unit of the of the City of Oakland, California, as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Port's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's financial statements taken as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & O'Connell LLP   Kevin W. Harper CPA & Associates

Oakland, California
November 30, 2011

(dollar amounts in thousands)

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is intended to provide information concerning known facts and conditions affecting the Port of Oakland's (the Port) operations. The following discussion and analysis of the financial performance and activities of the Port provides an introduction and understanding of the financial statements of the Port for the fiscal years ended June 30, 2011 and 2010. This MD&A has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes, which follow this section.

Financial Statement Overview

The Port's financial report includes MD&A, the basic financial statements, and the notes to the basic financial statements. The report includes the following three basic financial statements: the Statements of Net Assets; the Statements of Revenues, Expenses and Changes in Net Assets; and the Statements of Cash Flows. This report also includes required and other supplementary information in addition to the basic financial statements.

The Port, an enterprise fund, prepares the basic financial statements on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recognized when earned, not when received, and expenses are recognized when incurred, not when paid. Capital assets are capitalized and, with the exception of land and noise easements, depreciated over their useful lives.

Summary of Net Assets

The Statements of Net Assets present the financial position for the Port at the end of the fiscal year. The statements include all assets and liabilities of the Port. Net assets, the difference between assets and liabilities, are an indicator of the current fiscal health of the Port and can provide an indication of improvement of its financial position over time. A summarized comparison of the Port's assets, liabilities, and net assets at June 30 follows:

	2011	% Change	2010	% Change	2009
Current and other assets	$ 346,323	12%	$ 310,052	4%	$ 298,279
Capital assets, net	2,216,800	-2%	2,261,163	-2%	2,304,075
Total assets	2,563,123	0%	2,571,215	-1%	2,602,354
Long-term debt outstanding	1,402,856	-3%	1,442,870	-5%	1,521,850
Other liabilities	234,267	-1%	237,359	24%	191,298
Total liabilities	1,637,123	-3%	1,680,229	-2%	1,713,148
Invested in capital assets, net of related debt	865,602	-2%	879,258	3%	853,011
Restricted for construction	17,187	47%	11,677	-45%	21,357
Unrestricted	43,211	846%	51	-100%	14,838
Total net assets	$ 926,000	4%	$ 890,986	0%	$ 889,206

(dollar amounts in thousands)

Summary of Net Assets (continued)

Total net assets at June 30, 2011, increased by approximately $35 million or 4% from June 30, 2010. Net assets invested in capital assets, net of related debt decreased by approximately $14 million. The decrease is primarily attributable to net capital reductions of approximately $44 million, offset by a decrease in outstanding debt of $40 million and a decrease in bond reserves of $10 million. Restricted net assets increased $6 million as a result of passenger facility charges (PFC) received exceeding the reimbursement needed for construction projects. Unrestricted net assets increased approximately $43 million primarily as a result of an increase in cash equivalents and other assets.

Total net assets at June 30, 2010, increased by approximately $2 million or 0.2% from June 30, 2009. Net assets invested in capital assets, net of related debt increased by approximately $26 million. The increase was primarily the result of net capital asset reductions of approximately $43 million, offset by a decrease in outstanding debt of $79 million, and a decrease in bond reserves of $10 million. Restricted net assets decreased $10 million as a result of an increase in spending of PFC proceeds on construction projects. Unrestricted net assets decreased approximately $15 million primarily as a result of an increase in deferred revenue offset by an increase in cash equivalents and other assets.

Summary of Revenues, Expenses and Changes in Net Assets

The Statements of Revenues, Expenses and Changes in Net Assets reflect how the Port's net assets changed during the most recent fiscal year compared to the prior year. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The following is a summary of the Statements of Revenues, Expenses and Changes in Net Assets:

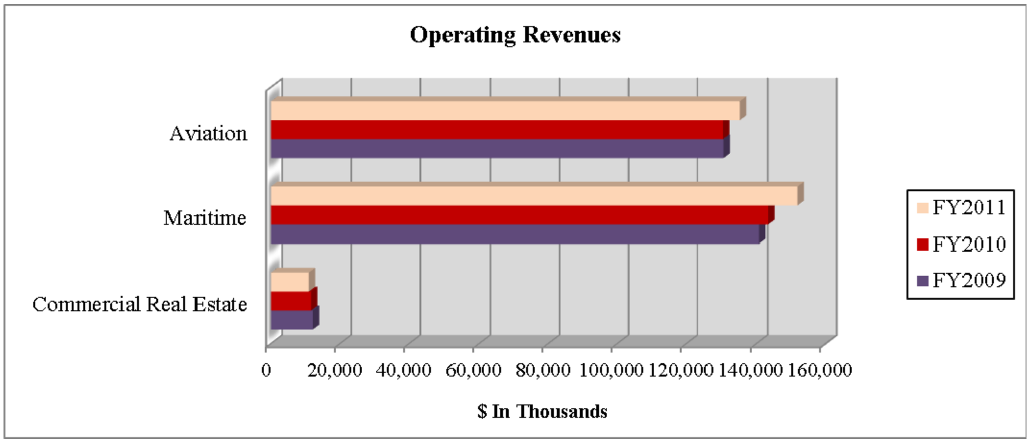
	Twelve Months Ended				
	June 30, 2011	% Change	June 30, 2010	% Change	June 30, 2009
Operating revenues	$ 297,983	4%	$ 285,225	1%	$ 283,290
Passenger facility charge revenue	19,106	-3%	19,702	2%	19,391
Customer facility charge revenue	4,764	5%	4,530	-13%	5,235
Interest income	2,876	-39%	4,741	-19%	5,828
Other income	1,438	392%	292	100%	-
Total revenues	326,167	4%	314,490	0%	313,744
Operating expenses before depreciation	148,002	-1%	149,899	-10%	167,307
Depreciation	98,816	0%	98,810	2%	96,938
Interest expense	71,678	-4%	74,624	0%	74,588
Loss on debt defeasance	-	-100%	4,158	100%	-
Other expense	-	0%	-	-100%	5,072
Loss on disposal of capital assets	-	-100%	6,562	1409%	435
Total expenses	318,496	-5%	334,053	-3%	344,340
Change in net assets before capital contributions	7,671	-139%	(19,563)	-36%	(30,596)
Capital contributions:					
Grants from government agencies	27,343	28%	21,343	79%	11,896
Increase (decrease) in net assets	35,014	1867%	1,780	110%	(18,700)
Net assets, beginning of the year	890,986	0%	889,206	-3%	914,586
Prior period adjustment	-		-	-100%	(6,680)
Net assets, end of the year	$ 926,000	4%	$ 890,986	0%	$ 889,206

(dollar amounts in thousands)

Operating Revenues by Division

A condensed summary of operating revenues follows:

Division	2011	2010	2009
Aviation	$ 135,173	$ 130,284	$ 130,443
Maritime	151,854	143,344	140,739
Commercial Real Estate	10,956	11,597	12,108
Total	$ 297,983	$ 285,225	$ 283,290



2011

The Port's operating revenues increased approximately 4% from $285 million in fiscal year 2010 to $298 million in fiscal year 2011.

The Aviation Division generated approximately 45% of the Port's total operating revenues. The division's operating revenues increased 4% from $130.3 million in fiscal year 2010 to $135.2 million in fiscal year 2011. Effective average terminal rates per square foot increased from $136.48 in fiscal year 2010 to $146.36 in fiscal year 2011 resulting in additional terminal revenue of $1.8 million. Concession and Other Terminal rentals increased $538 thousand from fiscal year 2010. The division's introduction of the premier lot resulted in an increase of $1.3 million in parking revenue. Other parking lots and ground transportation fees decreased by $441 thousand from fiscal year 2010. In addition, landing fees which increased from $3.06 per 1,000 pounds of aircraft landed weight in fiscal year 2010 to $3.30 per 1,000 pounds of aircraft landed weight in fiscal year 2011 generated additional revenue of $1.4 million.

Operating Revenues by Division (continued)

The Maritime Division generated 51% of the Port's total operating revenues in fiscal year 2011. The division's operating revenues increased approximately $9 million in fiscal year 2011. Operating revenues increased 6% from $143.3 million in fiscal year 2010 to $151.9 million in fiscal year 2011. The increase is primarily attributed to a full year of a new agreement with a terminal operator ($2.2 million) and activity above the Minimum Annual Guarantee (MAG) at various terminals ($5.6 million). Cargo activity, as measured by total (full and empty) TEUs, increased approximately 10% in fiscal year 2011. There were no significant changes to the Maritime Division's tenant and customer base and the Port continued to benefit from long-term contracts with its major tenants.

The Commercial Real Estate Division generated 4% of the Port's total operating revenues in fiscal year 2011. General economic downturn has resulted in lower demand for parking and lower percentage rent payments by Port tenants. The division's operating revenues decreased approximately $0.6 million in fiscal year 2011.

2010

The Port's operating revenues increased 0.7% from approximately $283 million in fiscal year 2009 to $285 million in fiscal year 2010.

The Aviation Division generated approximately 46% of the Port's total operating revenues in fiscal year 2010. The division's operating revenues of $130.3 million were essentially unchanged from $130.4 million in fiscal year 2009.

The Maritime Division generated 50% of the Port's total operating revenues in fiscal year 2010. The division's operating revenues increased approximately $3 million in fiscal year 2010. The increase was primarily attributed to a rise in the Minimum Annual Guarantees per agreement with various terminals. Higher volume in space assignment and truck parking activities also contributed to the increase.

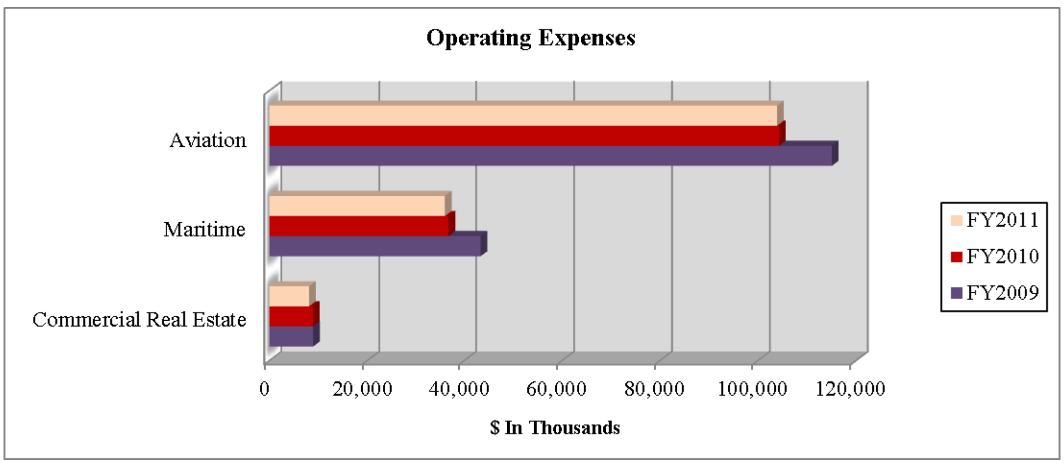
The Commercial Real Estate Division generated approximately 4% of the Port's total operating revenues in fiscal year 2010. The division's operating revenues decreased approximately $0.5 million in fiscal year 2010 as a result of decreased percentage rents and parking revenues.

(dollar amounts in thousands)

Operating Expenses by Division

A condensed summary of operating expenses (excluding depreciation) follows:

Division	2011	2010	2009
Aviation	$ 103,887	$ 104,265	$ 115,067
Maritime	36,034	36,775	43,330
Commercial Real Estate	8,081	8,859	8,910
Total	$ 148,002	$ 149,899	$ 167,307



2011

The Port's operating expenses, excluding depreciation, decreased approximately $2 million or 1% from approximately $150 million in fiscal year 2010 to $148 million in fiscal year 2011.

During fiscal year 2011, the Port continued its Portwide expense reduction plan. The plan included ten furlough days for most employees, a reduction of 5% to 15% in contractual services, and a reduction in travel and other discretionary expenses.

The Aviation Division represented approximately 70% of the Port's total operating expenses in fiscal year 2011. The division's operating expenses of $103.9 million in fiscal year 2011 were essentially unchanged from $104.3 million in fiscal year 2010.

Operating Expenses by Division (continued)

The Maritime Division represented 24% of the Port's total operating expenses in fiscal year 2011. The division's operating expenses decreased 2% or approximately $1 million in fiscal year 2011. The decrease was primarily attributed to performing some repairs and maintenance with in-house labor instead of contractors.

The Commercial Real Estate Division represented approximately 6% of the Port's total operating expenses in fiscal year 2011. The division's operating expenses decreased 9% or approximately $778 thousand in fiscal year 2011. The decrease resulted primarily from the cancelation of an annual event and maintenance projects that were postponed.

2010

The Port's operating expenses, excluding depreciation, decreased approximately $17 million or 10% from approximately $167 million in fiscal year 2009 to $150 million in fiscal year 2010.

During fiscal year 2010, a Portwide expense reduction plan was implemented. The plan included eleven furlough days for most employees, a reduction of 5% to 15% in contractual services, and a reduction in travel and other discretionary expenses.

The Aviation Division represented approximately 70% of the Port's total operating expenses in fiscal year 2010. The division's operating expenses decreased 9% or approximately $11 million in fiscal year 2010. The major components of this decrease included approximately $7 million in direct general operating expenses included the following:

- A $2.1 million savings resulted from the reconfiguration of security service deployments by ABC Security Service, Inc. and the Alameda County Sheriff.
- A $1.1 million decrease in personnel costs was realized from unfilled positions after the retirement of personnel electing the early retirement program.
- A decrease of $1.1 million resulted from reduced parking lot and shuttle bus operations due to lower parking demand and decreased passenger traffic at the Airport.
- Rental car shuttle operational costs decreased by $840 thousand after reducing the frequency of shuttle bus operations traveling from the terminal to the car rental facilities.
- Costs for Aircraft Rescue and Fire Fighting services rendered by the City of Oakland were reduced by $536 thousand.
- General and administrative costs were reduced by $467 thousand while purchases of supplies were decreased by $251 thousand.
- Facility maintenance expense reductions of $1.3 million were realized from the deferral of maintenance on Aviation facilities.

(dollar amounts in thousands)

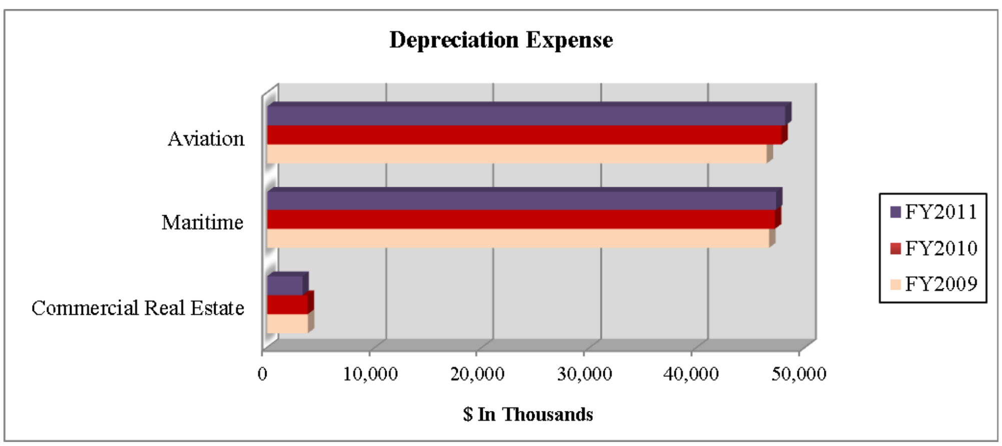
Operating Expenses by Division (continued)

The Maritime Division represented 24% of the Port's total operating expenses in fiscal year 2010. The division's operating expenses decreased 15% or approximately $7 million in fiscal year 2010. The decrease was primarily attributed to expenses related to air quality mitigation efforts, such as the truck retrofit program, in fiscal year 2009.

The Commercial Real Estate Division represented approximately 6% of the Port's total operating expenses in fiscal year 2010.

Depreciation Expense by Division

Division	2011	2010	2009
Aviation	$ 48,199	$ 47,834	$ 46,475
Maritime	47,349	47,229	46,699
Commercial Real Estate	3,268	3,747	3,764
Total	$ 98,816	$ 98,810	$ 96,938



In fiscal year 2011, depreciation expenses remained relatively flat.

In fiscal year 2010, depreciation expense increased 2% or approximately $2 million. The depreciation expense in the Aviation and Maritime Divisions increased $1.4 million and $0.5 million, respectively. Approximately $49 million was transferred from construction in progress to depreciable capital assets.

(dollar amounts in thousands)

Depreciation Expense by Division (continued)

Projects completed during the fiscal year totaled approximately $31 million for Aviation Division, $4 million for Maritime Division and $14 million for Commercial Real Estate Division.

Grants are primarily restricted for the acquisition and construction of capital assets. The depreciation expense attributable to grant funded assets and to assets funded from other sources follows:

	2011	2010	2009
Non-grant funded assets	$ 71,476	$ 71,099	$ 70,454
Grant funded assets (including those funded by PFCs)	27,340	27,711	26,484
Total depreciation expense	$ 98,816	$ 98,810	$ 96,938

Interest Expense

Interest expense decrease by $3 million in fiscal year 2011 in comparison to fiscal year 2010. The decrease was a result of lower debt interest expense of $5 million due to the reduction of $40 million in outstanding debt, offset by higher commercial paper letter of credit fees of $2 million. Interest expense for fiscal year 2010 was consistent with fiscal year 2009.

Loss on Debt Defeasance

The loss on defeasance in fiscal year 2010 was the result of the Port defeasing principal and interest for two bond series in January 2010. Additional information on the defeasance of the bonds can be found in Note 5 Debt in the accompanying notes to the financial statements.

Loss on Disposal of Capital Assets

Loss on disposal and abandoned capital assets in fiscal year 2010 was approximately $6.6 million. The Port disposed of certain assets resulting in a net loss of approximately $6.3 million in Maritime assets and $297 thousand in Aviation assets. Additional information on the loss on disposal of assets can be found in Note 4 Changes in Capital Assets in the accompanying notes to the financial statements.

Capital Contributions

Grants are, for the most part, restricted for the acquisition or construction of capital assets.

In fiscal year 2011, grants from government agencies increased 28% or approximately $6 million. This was attributed to an increase in grant funding for capital projects in the Maritime Division (electrical infrastructure for Shore Power and security) and in the Aviation Division (runways and aprons). Approximately $3 million was earned under the American Reinvestment Recovery Act of 2009 (ARRA) to fund the East Apron project.

(dollar amounts in thousands)

Capital Contributions (continued)

In fiscal year 2010, grants from government agencies increased 79% or approximately $9 million. This was attributed to an increase in grant funding for capital projects for Maritime security and Airport runways and aprons. Approximately $6 million was received under the American Reinvestment Recovery Act of 2009 (ARRA) to fund the East Apron project.

Restatement of Net Assets

Net assets as of the beginning of fiscal year 2009 was restated by $6,680. The restatement was due to the adoption of a new accounting pronouncement to account for existing pollution remediation liabilities.

Capital Assets (net of depreciation) and Capital Needs Assessment

	June 30, 2011	% Change	June 30, 2010	% Change	June 30, 2009
Capital assets:					
Land	$ 520,130	0%	$ 520,182	4%	$ 499,284
Intangibles - nondepreciable	12,642	1%	12,555	65%	7,628
Construction in progress	122,528	7%	114,847	-10%	127,714
Buildings and improvements	409,994	-6%	438,421	0%	436,779
Container cranes	75,380	-7%	80,808	-13%	93,413
Infrastructure	1,036,244	-2%	1,059,608	-4%	1,102,284
Intangibles - depreciable	10,516	100%	-	0%	-
Other equipment	29,366	-15%	34,742	-6%	36,973
Total	$ 2,216,800	-2%	$ 2,261,163	-2%	$ 2,304,075

Net capital assets decreased approximately $44 million or 2% in fiscal year 2011. Accumulated depreciation increased $98 million offset by an increase in capital assets of $54 million. Major additions to capital assets in fiscal year 2011 included site preparation of the Oakland Army Base; redevelopment of the Trapac Terminal-Berths 30/32; electrical infrastructure for the Shore Power Program; BART - Oakland Airport Connector; -50-foot harbor and channel deepening; Airport Terminal 1 renovation; and overlay of various taxiways.

Net capital assets decreased approximately $43 million or 2% in fiscal year 2010. Accumulated depreciation increased $80 million offset by an increase in capital assets of $37 million. Major additions to capital assets in fiscal year 2010 included site preparation of the Oakland Army Base; -50-foot harbor and channel deepening; Airport Terminal 1 renovation; and overlay of various taxiways.

Additional information on the Port's capital assets can be found in Note 4 Changes in Capital Assets in the accompanying notes to the financial statements.

(dollar amounts in thousands)

Capital Assets (net of depreciation) and Capital Needs Assessment (continued)

On June 30, 2011, a Five-Year Capital Needs Assessment (fiscal year 2012 – 2016) in the amount of $594.5 million was presented to the Board for informational purposes. For fiscal year 2012, the Board adopted a capital budget of $85.6 million. The most significant Aviation projects are the Terminal 1 renovation and retrofit; BART - Oakland Airport Connector; perimeter dike improvements; pavement rehabilitation; and the runway safety area. The most significant Maritime projects are the Shore Power Program; security initiatives; preliminary engineering for the Berths 60-63 wharf replacement; site preparation and pre-development activities at the Oakland Army Base; and dredging related activities. The most significant projects in the Commercial Real Estate and Support Divisions include Jack London Square improvements and capital equipment purchases.

Debt Administration

The total debt of the Port decreased $40 million in fiscal year 2011. The decrease results from revenue bond debt payments of $38 million and commercial paper payments of $2 million.

The total debt of the Port decreased $79 million in fiscal year 2010. The decrease is primarily due to debt payments of $39 million and $48 million for defeasance of revenue bonds; offset by the net issuance of commercial paper of $8 million.

The following table summarizes the Port's outstanding debt as of June 30:

	2011	2010	2009
Bond Indebtedness	$ 1,309,826	$ 1,347,478	$ 1,434,277
DBW Loan	5,762	5,952	6,133
Commercial Paper	87,268	89,440	81,440
Total debt	$ 1,402,856	$ 1,442,870	$ 1,521,850

The debt coverage ratios for the fiscal years ending June 30 were as follows:

	2011	2010	2009
Senior Lien (Minimum 1.25)	2.33	1.76	2.02
Intermediate Lien (Minimum 1.10)	1.47	1.42	1.38
Intermediate Lien with Rolling (Minimum 1.10)	1.90	1.86	-
Combined	1.47	1.42	1.37

In May 2009, the Board amended the Port's Intermediate Lien Indenture to allow, until June 30, 2012, for the inclusion of specified amounts from the Port Bond Reserve Fund and/or the Capital Reserve Fund, in addition to Net Pledge Revenues, for the purpose of calculating the Debt Coverage Ratio under the Intermediate Lien Indenture (Intermediate Lien with Rolling).

Debt Administration (continued)

The calculation to determine Combined Debt Coverage Ratio includes Senior Lien debt service, California Department of Boating and Waterways debt service, Intermediate Lien debt service and Commercial Paper interest. There is no amortization of principal associated with Commercial Paper. This calculation is not defined and is not a requirement in any Indenture.

On January 21, 2010, the 2002 Series L and N bonds were defeased due to execution of the Lease and Concession Agreement with Ports America Outer Harbor Terminal LLC.

Credit Ratings

On July 21, 2009, Standard & Poor's lowered its underlying rating on the Port's Senior Lien Bonds to "A" from "A+" and on the Intermediate Lien Bonds to "A-" from "A".

On December 16, 2009, Moody's Investors Service, Inc. lowered its underlying rating on the Port's Senior Lien Bonds to "A2" from "A1" and on the Intermediate Lien Bonds to "A3" from "A2".

On March 18, 2011, Fitch Ratings affirmed its rating on the Port's Senior Lien Bonds of "A+" and downgraded the Port's Intermediate Lien Bonds to "A-" from "A".

Additional information on the Port's debt activity can be found in Note 5 Debt in the accompanying notes to the financial statements.

Notes to the Basic Financial Statements

The notes to the Port's basic financial statements can be found on pages 22-56 of this report. These notes provide additional information that is essential to a full understanding of the basic financial statements.

Facts and Conditions Affecting the Port's Operation

The Aviation Division, which operates OAK, continues to be impacted by the on-going weak economy and the lingering effects of prior-year airline bankruptcies, airline capacity reductions, and the shift of low cost carriers to neighboring San Francisco International Airport. Still, OAK remains competitive and benefits from a sizable and affluent trade area, a strong origin/destination passenger base, and other factors. OAK is one of the three international airports serving the San Francisco Bay Area. In fiscal year 2011:

- OAK remained as the second busiest airport in the Bay Area, with an approximate 17% market share of the total number of Bay Area passengers served.
- OAK welcomed new service to one international destination and one domestic destination. Additionally, some of the airlines that served OAK in fiscal year 2010 expanded service in fiscal year 2011, including additional flights to the Hawaiian islands.

Facts and Conditions Affecting the Port's Operation (continued)

The Maritime Division operates the fifth busiest cargo container seaport in the United States, as measured by twenty-foot equivalent unit (TEU) container volume. Although the recent recession has had a significant impact on U.S. container ports, the Seaport has maintained a strong regional cargo market for imports and exports. Approximately 88% of the Port's trade is with international partners/regions and 12% is domestic. Asia is the most significant trading partner of the Port. The Port has historically been a strong export seaport moving California agricultural products and other U.S. goods overseas to foreign markets. However, the growth of export volume at the Port in calendar year 2010 was hindered by a lack of container equipment as many of the major global container manufacturers shuttered production during the great economic downturn at the end of 2009 and they did not get production back online until late 2010. Exacerbating this problem, was the rapid recovery in import trade from Asia to the U.S. which compelled ocean carriers to reposition empty containers back to Asia to meet the strong demand for containers at the Asian load ports.

The Commercial Real Estate Division (CRE) manages approximately 874 acres of land along the Oakland Estuary that is not used for maritime or aviation purposes. CRE, also impacted by the downturn in the economy, reported a 5.5% decrease in revenues in fiscal year 2011 compared to fiscal year 2010. There was a decrease in demand for parking and reduction in percentage rent due to a decrease in spending at Port tenant properties.

Contacting the Port's Financial Management

Requests for additional information about this report, should be addressed to the Financial Services Division, Port of Oakland, 530 Water Street, Oakland, California 94607 or visit the website at www.portofoakland.com.

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Port of Oakland
(A Component Unit of the City of Oakland)
Statements of Net Assets
June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Assets		
Current assets:		
Unrestricted:		
Cash equivalents	$ 174,591	$ 139,085
Accounts receivable (less allowance for doubtful accounts of $3,640 in 2011 and $3,220 in 2010)	26,308	27,689
Accrued interest receivable	10	153
Prepaid expenses and other assets	3,116	3,620
Total unrestricted current assets	204,025	170,547
Restricted:		
Cash equivalents	25,396	11,508
Investments	621	1,946
Deposits in escrow	2,283	1,411
Receivables - passenger facility charges and customer facility charges	2,332	2,478
Accrued interest receivable	-	79
Total restricted current assets	30,632	17,422
Total current assets	234,657	187,969
Non-current assets:		
Capital assets:		
Land	520,130	520,182
Intangibles - nondepreciable	12,642	12,555
Construction in progress	122,528	114,847
Buildings and improvements	851,384	845,335
Container cranes	153,775	153,775
Infrastructure	1,574,958	1,545,442
Intangibles - depreciable	11,069	-
Other equipment	74,742	75,660
Total capital assets, at cost	3,321,228	3,267,796
Less accumulated depreciation	(1,104,428)	(1,006,633)
Capital assets, net	2,216,800	2,261,163
Unrestricted deferred charges and other assets	50,390	52,530
Restricted investments	61,276	69,553
Total non-current assets	2,328,466	2,383,246
Total assets	$ 2,563,123	$ 2,571,215

(Continued)

The accompanying notes are an integral part of these financial statements.

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Net Assets (continued)
June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 33,487	$ 38,649
Retentions on construction contracts	3,969	1,763
Environmental and other	9,188	10,077
Accrued interest	11,651	12,259
Long-term debt, net	47,524	37,839
Liability to City of Oakland	17,093	15,766
Deferred revenue	11,529	9,679
Total current liabilities	134,441	126,032
Non-current liabilities:		
Retentions on construction contracts	1,663	2,341
Environmental and other	23,885	20,753
Long-term debt, net	1,355,332	1,405,031
Deposits	6,583	6,213
Other post employment benefits	10,461	10,389
Deferred revenue	104,758	109,470
Total non-current liabilities	1,502,682	1,554,197
Total liabilities	1,637,123	1,680,229
Net assets:		
Invested in capital assets, net of related debt	865,602	879,258
Restricted for construction	17,187	11,677
Unrestricted	43,211	51
Total net assets	$ 926,000	$ 890,986

(Concluded)

The accompanying notes are an integral part of these financial statements.

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Operating revenues:		
Aviation:		
Terminal rentals and concessions	$ 47,979	$ 45,629
Parking fees and ground access	28,813	28,002
Lease rentals	20,707	19,776
Landing fees	28,300	26,853
Utility sales	4,427	3,690
Fueling	3,561	3,590
Other	1,386	2,744
Total aviation operating revenues	135,173	130,284
Maritime:		
Dockage and wharfage fees	138,964	130,254
Space assignments and rentals	5,771	6,961
Utility sales	4,238	4,316
Other	2,881	1,813
Total maritime operating revenues	151,854	143,344
Commercial real estate:		
Lease rentals	8,399	8,005
Parking fees	2,080	2,303
Other	477	1,289
Total commercial real estate operating revenues	10,956	11,597
Total operating revenues	297,983	285,225
Operating expenses:		
Aviation:		
Materials, supplies, contract services and other	54,787	56,707
Security	12,446	11,775
Maintenance	20,280	21,018
Advertising and promotion	2,339	2,036
Administration	12,405	10,699
Cost of utility sales	1,630	2,030
Depreciation	48,199	47,834
Total aviation operating expenses	152,086	152,099
Maritime:		
Materials, supplies, contract services and other	15,344	15,497
Maintenance	9,086	9,456
Advertising and promotion	1,155	955
Administration	7,911	8,507
Cost of utility sales	2,538	2,360
Depreciation	47,349	47,229
Total maritime operating expenses	$ 83,383	$ 84,004

(Continued)

The accompanying notes are an integral part of these financial statements.

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Revenues, Expenses and Changes in Net Assets (continued)
For the years ended June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Operating expenses, continued		
Commercial real estate:		
Materials, supplies, contract services and other	$ 5,797	$ 5,954
Maintenance	544	1,067
Advertising and promotion	123	113
Administration	1,516	1,619
Cost of utility sales	101	106
Depreciation	3,268	3,747
Total commercial real estate operating expenses	11,349	12,606
Total operating expenses	246,818	248,709
Operating income	51,165	36,516
Non-operating revenues (expenses):		
Interest income	2,876	4,741
Interest expense	(71,678)	(74,624)
Loss on debt defeasance	-	(4,158)
Customer facility charges	4,764	4,530
Passenger facility charges	19,106	19,702
Other income	1,438	292
Loss on disposal of capital assets	-	(6,562)
Total net non-operating expenses	(43,494)	(56,079)
Increase (decrease) in net assets before capital contributions	7,671	(19,563)
Capital contributions:		
Grants from government agencies	27,343	21,343
Increase in net assets	35,014	1,780
Net assets, beginning of the year	890,986	889,206
Net assets, end of the year	$ 926,000	$ 890,986

(Concluded)

The accompanying notes are an integral part of these financial statements.

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Cash Flows
For the years ended June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Cash flows from operating activities:		
Receipts from customers and users	$ 298,802	$ 350,358
Payments to suppliers	(77,871)	(62,906)
Payments to employees	(68,712)	(70,805)
Other operating cash receipts	5,098	3,791
Net cash provided by operating activities	157,317	220,438
Cash flows from capital and related financing activities:		
Proceeds from new borrowings	63,398	22,959
Repayments/refunding of debt	(102,070)	(99,007)
Grants from government agencies	25,413	17,811
Interest paid on debt	(73,628)	(87,781)
Purchase of capital assets	(53,783)	(62,021)
Proceeds from sale of capital assets	627	64
Customer facility charge and passenger facility charge receipts	20,361	21,347
Net cash used in capital and related financing activities	(119,682)	(186,628)
Cash flows from investing activities:		
Interest received on investments	3,029	5,243
Purchase of restricted investments	(9,749)	(16,077)
Proceeds from maturity of restricted investments	18,479	25,717
Net cash provided by investing activities	11,759	14,883
Net increase in cash equivalents	49,394	48,693
Cash equivalents, beginning of year	150,593	101,900
Cash equivalents, end of year	$ 199,987	$ 150,593

(Continued)

The accompanying notes are an integral part of these financial statements.

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Cash Flows (continued)
For the years ended June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 51,165	$ 36,516
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	98,816	98,810
Other	5,098	3,791
Net effects of changes in:		
Accounts receivable	3,311	16,475
Prepaid expenses and other current assets	504	4,675
Other assets	2,140	8,075
Accounts payable and accrued liabilities	(4,795)	1,715
Liability to City of Oakland	1,327	2,416
Deferred revenue	(2,862)	49,005
Deposits	370	(347)
Environmental and other liabilities	2,243	(693)
Net cash provided by operating activities	$ 157,317	$ 220,438
Non-cash capital and related financing activities:		
Acquisition of capital assets in accounts payable and accrued liabilities	$ 10,239	$ 10,534
Loss on disposal of capital assets	-	6,562
Non-cash performance deposits received	442	15,168
Accounts receivable related to capital grants	6,374	4,444

(Concluded)

The accompanying notes are an integral part of these financial statements.

1. Organization

The Port of Oakland, California (Port) was established in 1927 by the City of Oakland (City) and is included as a component unit in the City's basic financial statements. The accompanying financial statements include the operations of the Oakland International Airport (Airport or OAK), the Port of Oakland maritime facilities, and commercial real estate operations.

The Port is governed by a seven-member Board of Port Commissioners (Board) whose members are appointed by the City Council, upon nomination by the Mayor. The Board appoints an Executive Director to administer operations. The Port prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations. The Port is required by the City Charter to deposit its revenues in the City Treasury. The City Treasurer is responsible for investing and managing such funds.

2. Significant Accounting Policies

Basis of Accounting

The Port's financial statements are presented on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Grants from Government Agencies

Grants are, for the most part, restricted for the acquisition or construction of capital assets. Such grants are recorded as revenue when entitlements to such funds are earned under the appropriate grant terms.

Passenger Facility Charges

The Port, as authorized by the Federal Aviation Administration (FAA) pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (the Act), as amended, currently imposes a Passenger Facility Charge (PFC) of $4.50 for each enplaning passenger at the Airport. Under the Act, air carriers are responsible for the collection of PFC charges and are required to remit PFC revenues to the Port in the following month after they are recorded by the air carrier. The Port's most recent application was approved by the FAA on December 14, 2009. The current authority to impose PFCs is estimated to end May 1, 2023.

PFC revenues, including any interest earned thereon, are restricted solely to finance allowable costs of new airport planning and development projects as defined and authorized by the FAA. PFC revenues may be used to pay debt service and related expenditures associated with FAA approved projects and the Port has received FAA approval to pay certain debt service if debt proceeds are used for qualifying projects. PFC revenues are recorded as non-operating revenue and any unspent PFC revenues are recorded as restricted cash.

Customer Facility Charges

Under Section 1936 of the California Civil Code, and pursuant to a Port ordinance effective January 2009, the rental car companies operating at the Airport are required to collect from the rental customers and remit to the Port a $10-per-transaction Customer Facility Charge (CFC). The revenue from CFCs collected by the Port is funding the shuttle bus operations between the terminal and rental car facility. CFC revenues are recorded as non-operating revenue and any unspent CFC revenues are recorded as restricted cash.

Proprietary Accounting and Financial Reporting

The Port applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The Port has elected to not apply FASB Statements and Interpretations issued after November 30, 1989, due to the governmental nature of the Port's operations.

Recent Accounting Pronouncement Adopted

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The Port adopted this statement during fiscal year 2011 and the adoption of this statement did not have a material impact to the Port’s financial statements.

Net Assets

Net assets represent the residual interest in the Port's assets after liabilities are deducted and consist of three sections: invested in capital assets, net of related debt; restricted and unrestricted. Net assets invested in capital assets, net of related debt include capital assets, net of accumulated depreciation, reduced by outstanding debt. Net assets are reported as restricted when constraints are imposed by third parties or enabling legislation. As of June 30, 2011 and 2010, the statement of net assets reported $17,187 and $11,677, respectively, as restricted by enabling legislation. All other net assets are unrestricted.

Cash Equivalents

The Port considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Port's cash and investments in the City Treasury are, in substance, demand deposits and are considered cash equivalents.

Investments

The Port reports its investments at fair value in the accompanying financial statements and the corresponding change in fair value of investments is reported in the year in which the change occurs. Fair value is based upon quoted market prices.

Restricted Assets

Assets whose use is restricted to specific purposes by bond indenture or otherwise are segregated on the statements of net assets. These assets are primarily restricted for construction.

Capital Assets

Capital assets are stated at cost and it is the policy of the Port to capitalize all expenditures related to capital assets greater than $5. Interest costs applicable to qualifying assets are capitalized as part of the cost of the assets. Interest earned on temporary investment of the proceeds from qualifying tax-exempt debt is offset against interest costs capitalized. Depreciation expense is calculated using the straight-line method over the following estimated useful lives of the assets:

Buildings and improvements	5 to 50 years
Container cranes	25 years
Infrastructure	10 to 50 years
Other equipment	5 to 10 years

Tenant improvements paid for and owned by the Port are recorded in an appropriate capital asset account, with an offsetting credit to deferred revenue. The asset is amortized over the shorter of the life of the lease or the economic value of the asset and the deferred revenue is amortized over the same terms.

Intangible assets which are identifiable are recorded as capital assets. The Port has identified noise easements, air rights and computer software development costs as intangible assets. Intangible assets not having indefinite useful lives are amortized over the estimated service capacity of the asset.

Other Assets

Other assets include bond issuance costs, future lease payments from a fifty-year finance lease agreement, other charges related to lease agreements and prepaid insurance. Bond issuance costs are deferred and amortized principally on the straight-line method, which approximates the effective interest method, over the life of the related bond issues and recorded as interest expense. Future lease payments, other charges related to lease agreements and prepaid insurance are amortized on a straight-line basis, over the life of the agreement and recorded within operating expenses.

Loss on Debt Refunding

The redemption loss at the time of a refunding is reported as deferred loss on refunding and is amortized as interest expense over the shorter of the remaining life of the refunded bonds or life of the new bonds. Loss on refunding is reported as a component of long-term debt in the financial statements.

Deferred Revenue

Unearned interest revenue, deferred rent and revenue related to tenant leases are deferred and amortized principally on the straight-line method over the life of the remaining lease term.

Compensated Absences

The Port accrues employee benefits, including accumulated vacation and sick leave, as liabilities in the period the benefits are earned.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Port. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the Port's policy to first utilize available restricted net assets and then to utilize unrestricted net assets.

Allocation of Expenses to the Port Businesses

The Port records to each of its revenue divisions (Aviation, Maritime, and Commercial Real Estate) expenses directly related to those operations. In addition, the Port annually allocates indirect costs to these divisions based on a cost allocation plan. Allocated costs include general operating expenses, maintenance, advertising and promotion, and administrative expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement Not Yet Adopted

The Port is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*. This statement addresses how to account for and report service concession agreements (SCAs). SCAs represent a type of public-private or public-public partnership that state and local governments enter into. As used in the statement, a SCA is an arrangement between a transferor (a government) and an operator (government or nongovernment) in which the following conditions are met:

- The transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and
- The operator collects and is compensated by fees from third parties.

This statement also provides authoritative guidance on whether the transferor or the operator should report the capital asset in its financial statements; when to recognize up-front payments from an operator as revenue; and how to record any obligations of the transferor to the operator. Application of this statement is effective for the Port's fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance found in the following pronouncements issued on or before November 30, 1989:

- Financial Accounting Standards Board (FASB) Statements and Interpretations,
- The Accounting Principals Board Opinions, and
- The Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure.

Application of this statement is effective for the Port's fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides a new report format that will require all deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. The residual measure in the statement of financial position will be referred to as net position rather than net assets. Application of this statement is effective for the Port's fiscal year ending June 30, 2013.

Reclassification

Certain 2010 amounts have been reclassified to conform to the 2011 presentation.

(dollar amounts in thousands)

3. Cash, Cash Equivalents, Investments and Deposits

The Port's cash, cash equivalents, investments and deposits in escrow consisted of the following at June 30:

	2011	2010
U.S. Treasury Obligations	$ 61,898	$ 71,499
Government Securities Money Market Mutual Funds	10,541	2,309
City Investment Pool	188,819	148,138
Deposits in Escrow	2,283	1,411
Bank Deposits and Cash on Hand	626	146
	$ 264,167	$ 223,503

Deposits in Escrow

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

Investments

Under the City of Oakland Charter, all cash receipts from the operations of the Port are deposited in the City Investment Pool. Unused senior bond proceeds are on deposit with the Senior Lien Bonds trustee for both reserves and construction funds. The investment of funds held by the Senior Lien Bonds trustee is governed by the Amended and Restated Master Trust Indenture, dated as of April 1, 2006 (Restated Trust Indenture). There were no investments pertaining to the Intermediate Lien Debt.

At June 30, 2011, the Port had the following investments:

			Maturity	
	Fair Value	Credit Rating	Less than 1 Year	1-5 Years
U.S. Treasury Notes	$ 61,898	AAA	$ 61,898	$ -
Government Securities Money Market Mutual Funds	10,541	AAA	10,541	-
City Investment Pool	188,819	AAA	149,746	39,073
Total Investments	$ 261,258		$ 222,185	$ 39,073

(dollar amounts in thousands)

Investments (continued)

At June 30, 2010, the Port had the following investments:

	Fair Value	Credit Rating	Maturity: Less than 1 Year	Maturity: 1-5 Years
U.S. Treasury Notes	$ 71,499	AAA	$ 71,499	$ -
Government Securities Money Market Mutual Funds	2,309	AAA	2,309	-
City Investment Pool	148,138	AAA	148,138	-
Total Investments	$ 221,946		$ 221,946	$ -

Investments Authorized by Debt Agreements

The following are the maximum maturities for each type of investment allowed under the Restated Trust Indenture and the applicable Supplemental Indenture:

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

Interest Rate Risk

This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. In order to manage interest rate risk, it is the Port's policy that most bond proceeds are invested in permitted investment provisions of the Port's Trust Indentures with a short term maturity.

Credit Risk

Provisions of the Port's Trust Indentures proscribe restrictions on the types of permitted investments of the monies held by the trustee in the funds and accounts created under the Trust Indentures, including agreements or financial institutions that must meet certain ratings.

Concentration of Credit Risk

The Trust Indentures place no limit on the amount the Port may invest in any one issuer. There were no investments that exceeded 5% of the total invested funds.

Port revenues are deposited in the City Treasury. These and all City funds are commingled and invested in the City of Oakland Investment Pool. The City of Oakland has adopted an investment policy that provides for the following:

- The City of Oakland investment portfolio average maturity may not exceed 540 days; the weighted average maturity of the City's investment pool as of June 30, 2011 and 2010 is 293 days and 145 days, respectively.
- The maximum maturity for any one investment may not exceed 5 years.
- Authorized investments include federal agency obligations, repurchase agreements, reverse repurchase agreements, secured obligations and agreements, state investment pool (Local Agency Investment Fund), State of California bonds, banker's acceptances, commercial paper, medium-term corporate bonds and notes, negotiable certificates of deposit, certificates of deposit, and money market mutual funds.
- All investments deposited in the Investment Pool are insured or registered, or held by the City or its agent in the City's name.
- The Investment Pool is rated annually.
- Additional information regarding deposit custodial credit, interest and credit risks, and securities lending transactions of the City Investment Pool is presented in the notes of the City's basic financial statements. Requests for financial information should be addressed to the Finance and Management Agency, Accounting Division, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, California 94612-2093.

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of a failure of a depository financial institution or counterparty to a transaction, recovery of the value of the investments or collateral securities in the possession of an outside party may be doubtful. For investments, custodial credit risks is the risk that, in the event of the failure of the counterparty to a transaction, the Port will not be able to recover the value of its investment or collateral securities that are in possession of another party. To protect against custodial credit risk, all securities owned by the Port are held in the name of the Port for safekeeping by a third party bank trust department, acting as an agent for the Port under the terms of the Restated Trust Indenture. The carrying amount of the Port's deposits in escrow was $2,283 at June 30, 2011, and $1,411 at June 30, 2010. Of this amount, bank balances and escrow deposits of $250 at June 30, 2011, and $250 at June 30, 2010, are insured or collateralized with securities held by the pledging financial institution's trust department in the Port's name and the remaining balance of $2,033 as of June 30, 2011, and $1,161 as of June 30, 2010, was exposed to custodial credit risk by not being insured or collateralized.

(dollar amounts in thousands)

4. Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2011, is as follows:

	Beginning Balance July 1, 2010	Additions	Adjustments and Retirements	Transfer of Completed Construction	Ending Balance June 30, 2011
Capital assets not being depreciated					
Land	$ 520,182	$ 336	$ (388)	$ -	$ 520,130
Intangibles (noise easements and air rights)	12,555	87	-	-	12,642
Construction in progress	114,847	49,464	16	(41,799)	122,528
Total capital assets not being depreciated	647,584	49,887	(372)	(41,799)	655,300
Capital assets being depreciated					
Buildings and improvements	845,335	4,372	-	1,677	851,384
Container cranes	153,775	-	-	-	153,775
Infrastructure	1,545,442	463	-	29,053	1,574,958
Intangibles (software)	-	-	-	11,069	11,069
Other equipment	75,660	296	(1,214)	-	74,742
Total capital assets being depreciated	2,620,212	5,131	(1,214)	41,799	2,665,928
Less accumulated depreciation for					
Buildings and improvements	(406,914)	(34,476)	-	-	(441,390)
Container cranes	(72,967)	(5,428)	-	-	(78,395)
Infrastructure	(485,834)	(52,880)	-	-	(538,714)
Intangibles	-	(553)	-	-	(553)
Other equipment	(40,918)	(5,479)	1,021	-	(45,376)
Total accumulated depreciation	(1,006,633)	(98,816)	1,021	-	(1,104,428)
Total being depreciated, net	1,613,579	(93,685)	(193)	41,799	1,561,500
Total capital assets, net	$ 2,261,163	$ (43,798)	$ (565)	$ -	$ 2,216,800

(dollar amounts in thousands)

Changes in Capital Assets (continued)

A summary of changes in capital assets for the year ended June 30, 2010, is as follows:

	Beginning Balance July 1, 2009	Additions	Adjustments and Retirements	Transfer of Completed Construction	Ending Balance June 30, 2010
Capital assets not being depreciated					
Land	$ 499,284	$ 20,898	$ -	$ -	$ 520,182
Intangibles (noise easements and air rights)	7,628	4,927	-	-	12,555
Construction in progress	127,714	35,769	-	(48,636)	114,847
Total capital assets not being depreciated	634,626	61,594	-	(48,636)	647,584
Capital assets being depreciated					
Buildings and improvements	809,563	-	(465)	36,237	845,335
Container cranes	177,980	-	(24,205)	-	153,775
Infrastructure	1,535,415	4	460	9,563	1,545,442
Other equipment	73,079	455	(710)	2,836	75,660
Total capital assets being depreciated	2,596,037	459	(24,920)	48,636	2,620,212
Less accumulated depreciation for					
Buildings and improvements	(372,784)	(34,130)	-	-	(406,914)
Container cranes	(84,567)	(6,401)	18,001	-	(72,967)
Infrastructure	(433,131)	(52,703)	-	-	(485,834)
Other equipment	(36,106)	(5,576)	764	-	(40,918)
Total accumulated depreciation	(926,588)	(98,810)	18,765	-	(1,006,633)
Total being depreciated, net	1,669,449	(98,351)	(6,155)	48,636	1,613,579
Total capital assets, net	$ 2,304,075	$ (36,757)	$ (6,155)	$ -	$ 2,261,163

During fiscal year 2010, the Port recognized a $6,562 loss on the disposal of capital assets. The Maritime Division’s disposal of three container cranes represented $6,204 of the loss.

(dollar amounts in thousands)

5. Debt

Long-term debt consists of the following at June 30, 2011 and 2010:

	Interest Rate	Fiscal Maturity Year	Original Amount	Beginning Balance July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011	Principal Due Within One Year
Senior Lien Bonds								
2000 Revenue Bonds Series K	5.10-5.875 %	2031	$ 400,000	$ 350,835	$ -	$ 2,555	$ 348,280	$ 8,660
2002 Revenue Bonds Series L	5.00-5.50	2033	401,530	357,025	-	-	357,025	-
2002 Revenue Bonds Series M	3.50-5.00	2021	218,470	56,195	-	13,975	42,220	14,560
2002 Revenue Bonds Series N	3.125-5.00	2023	121,150	91,945	-	5,240	86,705	7,570
Total Senior Lien Bonds			1,141,150	856,000	-	21,770	834,230	30,790
Dept. of Boating and Waterway (DBW) Loan								
Small Craft Harbor Revenue Bonds, Series 1993	4.50	2030	7,176	5,952	-	190	5,762	198
Intermediate Lien Bonds								
2007 Revenue Bonds Series A	4.00-5.00	2030	242,075	234,145	-	13,975	220,170	14,670
2007 Revenue Bonds Series B	4.00-5.00	2030	182,450	181,680	-	565	181,115	585
2007 Revenue Bonds Series C	5.00	2020	78,565	78,565	-	-	78,565	-
Total Intermediate Lien Bonds			503,090	494,390	-	14,540	479,850	15,255
Commercial Paper[1]								
2010 Series A, B, C Notes	0.29-0.30	2012	N/A	-	63,398	-	63,398	-
2010 Series D, E, F Notes	0.12-0.38	2012	N/A	89,440	-	65,570	23,870	13
Total Commercial Paper				89,440	63,398	65,570	87,268	13
Sub-Total				1,445,782	63,398	102,070	1,407,110	46,256
Unamortized bond premium				16,341	(11)	3,646	12,684	3,587
Deferred loss on refunding				(19,253)	-	(2,315)	(16,938)	(2,319)
Total Debt				1,442,870	63,387	103,401	1,402,856	$ 47,524
Current maturities of long-term debt				(37,839)	-	9,685	(47,524)	
Total Debt - long-term portion				$ 1,405,031	$ 63,387	$ 113,086	$ 1,355,332	

[1]As of June 30, 2011, the Port was authorized to issue an aggregate principal amount of commerical paper notes up to $300 million.

(dollar amounts in thousands)

Debt (continued)

Long-term debt consists of the following at June 30, 2010 and 2009:

	Interest Rate	Fiscal Maturity Year	Original Amount	Beginning Balance July 1, 2009	Additions	Reductions	Ending Balance June 30, 2010	Principal Due Within One Year
Senior Lien Bonds								
1993 Revenue Bonds Series F	5.75 %	2010	$ 75,342	3,927	-	$ 3,927	$ -	-
2000 Revenue Bonds Series K	5.00-5.875	2031	400,000	357,570	-	6,735	350,835	2,555
2002 Revenue Bonds Series L	5.00-5.50	2033	401,530	401,530	-	44,505	357,025	-
2002 Revenue Bonds Series M	3.50-5.25	2021	218,470	69,690	-	13,495	56,195	13,975
2002 Revenue Bonds Series N	3.00-5.00	2023	121,150	102,955	-	11,010	91,945	5,240
Total Senior Lien Bonds			1,216,492	935,672	-	79,672	856,000	21,770
Dept. of Boating and Waterway (DBW) Loan								
Small Craft Harbor Revenue Bonds, Series 1993	4.50	2030	7,176	6,133	-	181	5,952	190
Intermediate Lien Bonds								
2007 Revenue Bonds Series A	4.00-5.00	2030	242,075	237,800	-	3,655	234,145	13,975
2007 Revenue Bonds Series B	4.00-5.00	2030	182,450	182,220	-	540	181,680	565
2007 Revenue Bonds Series C	5.00	2020	78,565	78,565	-	-	78,565	-
Total Intermediate Lien Bonds			503,090	498,585	-	4,195	494,390	14,540
Commercial Paper, 1999 Series D, E, F Notes[1]	0.1-5.15	2011	N/A	81,440	22,959	14,959	89,440	6
Sub-Total				1,521,830	22,959	99,007	1,445,782	36,506
Unamortized bond premium				19,212	86	2,957	16,341	3,646
Deferred loss on refunding				(19,192)	-	61	(19,253)	(2,313)
Total Debt				1,521,850	23,045	102,025	1,442,870	$ 37,839
Current maturities of long-term debt				(36,168)	-	1,671	(37,839)	
Total Debt - long-term portion				$ 1,485,682	$ 23,045	$ 103,696	$ 1,405,031	

[1]As of June 30, 2010, the Port was authorized to issue an aggregate principal amount of commercial paper up to $300 million.

Debt Service

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

Pledged Revenues do not include cash received from PFCs or CFCs unless projects included in a financing are determined to be PFC or CFC eligible and bond proceeds are expended on such eligible projects and the Port elects to pledge PFCs or CFCs as supplemental security to such applicable bonds. Currently, the Port has no bonds for which PFCs or CFCs are pledged.

In January 2010, the Port defeased $44,505 of Series L Bonds with maturity dates from 2020 to 2032 and $3,950 of Series N Bonds with maturity dates of 2010 and 2022 with proceeds from monies received from the Concession and Lease Agreement with Ports America Outer Harbor Terminal LLC. Funds were deposited in an escrow with the trustee, US Bank, and invested in United States Treasury Securities - State and Local Government Series (SLGS) in amounts sufficient to pay the principal and interest until November 1, 2012 on which date the outstanding defeased Series L Bonds and Series N Bonds are to be called for redemption. As of June 30, 2011 and 2010, the trustee held $49,010 and $52,795, respectively, in the escrow (along with future interest earned in the escrow) to pay the remaining principal and interest on the defeased Series L Bonds and Series N Bonds until the call date of November 1, 2012. The Port incurred a defeasance loss of $4,158, of which $3,965 was for Series L and $193 was for Series N.

The Port did not capitalize any interest cost in fiscal year 2011. Net interest costs of $40 was capitalized in fiscal year 2010.

(dollar amounts in thousands)

Debt Service (continued)

The Port's required debt service payments on its Senior Lien Bonds and Intermediate Lien Bonds are due each May 1 and November 1 through November 1, 2032. The California Department of Boating and Waterways loan is due on August 1 through August 1, 2029. Commercial Paper has been classified as long-term debt because the Port has the intent and ability to continue to refinance this debt. The Port's required debt service payment for the outstanding long-term debt for years ending June 30 are as follows:

Year Ending	Principal	Interest	Total
2012	$ 46,243	$ 67,264	$ 113,507
2013	53,545	65,884	119,429
2014	70,640	65,326	135,966
2015	82,010	62,288	144,298
2016	75,333	58,261	133,594
2017 - 2021	308,154	241,414	549,568
2022 - 2026	333,604	161,730	495,334
2027 - 2031	363,816	65,517	429,333
2032 - 2033	73,765	3,734	77,499
Total	$ 1,407,110	$ 791,418	$ 2,198,528

Although the Port intends to refinance the Commercial Paper debt in the future, for purposes of this schedule, Commercial Paper debt is amortized over the time period 2013-2017 pursuant to the terms of the Commercial Paper Reimbursement Agreements.

Types of Debt and Priority of Payment

Senior Lien Bonds

The 1993 Series F Bonds, 2000 Series K Bonds; 2002 Series L Bonds, 2002 Series M Bonds and 2002 Series N Bonds (collectively, the Senior Lien Bonds) are issued under the Amended and Restated Master Trust Indenture and are paid from Pledged Revenues first. The final payment on the 1993 Series F Bonds was made in November 2009.

As long as any Senior Lien Bonds remain outstanding, the Port has covenanted to collect rates, tolls, fees, rentals and charges so that Pledged Revenues in each fiscal year will be sufficient to pay all of the following amounts: (i) the sum of principal and interest on the outstanding Senior Lien Bonds; (ii) all other payments required for compliance with terms of the Amended and Restated Master Trust Indenture and any Supplemental Indenture including, but not limited to, required deposits to any Reserve Fund; (iii) all other payments necessary to meet ongoing legal obligations to be paid from Pledged Revenues; and (iv) operation and maintenance expenses of the Port. In addition, payment of principal and interest on the Senior Lien Bonds when due is secured by a reserve fund held by the trustee and invested in Government Treasuries, as well as being insured by municipal bond insurance policies.

Senior Lien Bonds (continued)

The Port has also covenanted in the Amended and Restated Master Trust Indenture that Net Pledged Revenue (Revenues less the Operation and Maintenance Expenses) will be equal to at least 125% of actual debt service for the Senior Lien Bonds (Senior Lien Debt Coverage Ratio).

California Department of Boating and Waterways (DBW) Loan

The DBW Loan is subordinate to the Senior Lien Bonds but superior to the Intermediate Lien Bonds and the Port's Commercial Paper Notes with respect to the Pledged Revenues. The Port turned over the operation of its marina, financed, in part, with DBW Loans, to a private company through a fifty-year capital lease in May 2004. The only DBW Loan outstanding as of June 30, 2011, was Series 1993 with a balance of $5,762.

Intermediate Lien Bonds

The 2007 Series A, Series B and Series C Bonds (collectively, the Intermediate Lien Bonds) issued under the Intermediate Lien Master Trust Indenture are next in payment priority. The Intermediate Lien Bonds are paid from the Intermediate Lien Pledged Revenues. The Intermediate Lien Pledged Revenues are the Pledged Revenues after payment first, of all amounts payable for any Senior Lien Bonds and second, any debt service requirements payable on the DBW Loan. Payment of principal and interest on the Intermediate Lien Bonds when due is secured by a debt service reserve surety policy, as well as being insured by municipal bond insurance policies.

The Port covenanted in the Intermediate Lien Master Trust Indenture that Net Pledged Revenues will be equal to at least 110% of the actual debt service becoming due and payable on the combined Intermediate Lien Bonds, Senior Lien Bonds, and DBW Loan (Intermediate Lien Debt Coverage Ratio). In May 2009, the Port amended the Trust Indenture to allow for the inclusion of specific amounts from the Port Bond Reserve Fund and/or the Capital Reserve Fund, in addition to Net Pledged Revenues for the purpose of calculating the Debt Coverage Ratio under the Intermediates Lien Master Trust Indenture, until June 30, 2012. The Port informed the Trustee on July 1, 2010 and on October 20, 2009 that the Bond Reserve Fund ($30,000) and the Capital Reserve Fund ($15,000) will be included in the calculation of the Intermediate Lien Debt Coverage Ratio for fiscal year 2011 and fiscal year 2010, respectively.

Commercial Paper Notes

Commercial Paper Notes (CP Notes) have the lowest payment priority. The Board authorized a $150,000 Commercial Paper program in 1998 and a further $150,000 was authorized in 1999. The maximum maturity of the CP Notes is 270 days and the maximum interest rate is 12%. The Port has classified the CP Notes as long term debt as the Port intends and has the ability to reissue CP Notes until the expiration of the two irrevocable Letters of Credit (LOC), discussed below. Interest income paid to the holders of the CP Notes may fall under one of three tax treatments: tax-exempt Alternative Minimum Tax (AMT), tax-exempt non-AMT and taxable.

As of June 30, 2011, the CP Notes are backed by one of two separate irrevocable LOC which were issued on August 2, 2010, as follows:

- Wells Fargo Bank, National Association (Wells) with a maximum stated amount of $163,315 (principal of $150,000 and interest of $13,315) and a termination date of August 2, 2013. As of June 30, 2011, the outstanding balance on the CP Notes is $63,398.

- JPMorgan Chase Bank, National Association (JPMorgan) with a maximum stated amount of $54,438 (principal of $50,000 and interest of $4,438) and a termination date of August 2, 2012. As of June 30, 2011, the outstanding balance on the CP Notes is $23,870.

As of June 30, 2010, the CP Notes were backed by an irrevocable Letter of Credit (LOC) held jointly by BNP Paribas and Lloyds TSB Bank plc. The LOC with BNP Paribas and Lloyds TSB Bank plc terminated on August 3, 2010.

The Port covenants in the Letter of Credit and Reimbursement Agreements with Wells and JPMorgan that the Intermediate Lien Debt Coverage Ratio will be no less than 1.10 to 1.00.

Priority of Payment

For the purpose of this section, only existing debt agreements are listed. This section assumes that Commercial Paper debt is not converted under the terms of the Commercial Paper Reimbursement Agreement.

(dollar amounts in thousands)

Priority of Payment (continued)

	Maturity Date	Total Debt Service to Maturity	FY 2011 Debt Principal and Interest	FY 2011 Net Pledged Revenues**
Total Net Pledged Revenues				$ 155,502
Senior Lien Bonds:				
2000 Revenue Bonds Series K	11/1/2030	$ 587,183	$ 22,662	
2002 Revenue Bonds Series L	11/1/2032	656,824	18,299	
2002 Revenue Bonds Series M	11/1/2020	45,617	16,103	
2002 Revenue Bonds Series N	11/1/2022	111,759	9,577	
Subtotal Senior Lien Bonds		1,401,383	66,641	(66,641)
Net Pledged Revenues Remaining after Sr. Lien				88,861
Dept. of Boating and Waterways Loan	8/1/2029	8,694	457	(457)
Net Pledged Revenues Remaining after DBW				88,404
Intermediate Lien Bonds:				
2007 Series A	11/1/2029	333,453	25,297	
2007 Series B	11/1/2029	255,613	9,322	
2007 Series C	11/1/2019	104,443	3,928	
Subtotal Intermediate Lien Bonds		693,509	38,547	(38,547)
Net Pledged Revenues Remaining after Int. Lien				49,857
Commercial Paper Notes*		87,268	233	(233)
Net Pledged Revenues Remaining after CP Notes				$ 49,624
Total		$ 2,190,854	$ 105,878	

* Maturity date is excluded for Commercial Paper as there is no set schedule for repayment. Amounts for Commercial Paper under "Total Debt Service to Maturity" include principal only and under "FY 2011 Debt Principal and Interest" include interest only. If the Commercial Paper debt were converted under the terms of the Commercial Paper Reimbursement Agreements, the Port would incur additional interest cost of approximately $7.7 million based on the prime rate as of June 30, 2011, which is not reflected in this table. However, this additional interest cost is included in the table on page 35.

** Net Pledged Revenues is Revenues less Operation and Maintenance Expenses (not including operating expenses paid with CFC funds, $3,724) plus Interest Earned (not including interest earned on PFC and CFC funds, $58 and $10, respectively).

(dollar amounts in thousands)

Priority of Payment (continued)

	Maturity Date	Total Debt Service to Maturity	FY 2010 Debt Principal and Interest	FY 2010 Net Pledged Revenues**
Total Net Pledged Revenues				$ 147,860
Senior Lien Bonds:				
1993 Revenue Bonds Series F	11/1/2009	$ -	$ 9,915	
2000 Revenue Bonds Series K	11/1/2030	609,844	27,095	
2002 Revenue Bonds Series L	11/1/2032	675,141	19,440	
2002 Revenue Bonds Series M	11/1/2020	61,720	16,104	
2002 Revenue Bonds Series N	11/1/2022	121,337	11,664	
Subtotal Senior Lien Bonds		1,468,042	84,218	(84,218)
Net Pledged Revenues Remaining after Sr. Lien				63,642
Dept. of Boating and Waterways Loan	8/1/2029	9,151	457	(457)
Net Pledged Revenues Remaining after DBW				63,185
Intermediate Lien Bonds:				
2007 Series A	11/1/2029	358,750	15,381	
2007 Series B	11/1/2029	264,934	9,319	
2007 Series C	11/1/2019	108,371	3,928	
Subtotal Intermediate Lien Bonds		732,055	28,628	(28,628)
Net Pledged Revenues Remaining after Int. Lien				34,557
Commercial Paper Notes*		89,440	308	(308)
Net Pledged Revenues Remaining after CP Notes				$ 34,249
Total		$ 2,298,688	$ 113,611	

* Maturity date is excluded for Commercial Paper as there is no set schedule for repayment. Amounts for Commercial Paper under "Total Debt Service to Maturity" include principal only and under "FY 2010 Debt Principal and Interest" include interest only.

** Net Pledged Revenues is Revenues less Operation and Maintenance Expenses (not including operating expenses paid with CFC funds, $3,968) plus Interest Earned (not including interest earned on PFC and CFC funds, $63 and $6, respectively).

(dollar amounts in thousands)

Bond Premium (Discount) and Refunding Loss

The Port amortizes the original issue discount or premium over the life of each bond issue. Refunding loss is amortized over the shorter of the life of the refunded bonds or the life of the refunding bonds. The unamortized amount for each Port issue is as follows:

Bond Issue	2011 (Discount) Premium	2010 (Discount) Premium	2011 Refunding Loss	2010 Refunding Loss
Commercial Paper	$ (12)	$ -	$ -	$ -
2000 Series K	(1,761)	(1,668)	-	-
2002 Series L	(5,241)	(5,378)	-	-
2002 Series M	953	1,862	-	-
2002 Series N	2,024	2,403	(3,895)	(4,226)
2007 Series A	5,267	6,154	(6,200)	(7,054)
2007 Series B	7,247	8,173	(2,385)	(2,966)
2007 Series C	4,207	4,795	(4,458)	(5,007)
Total	$ 12,684	$ 16,341	$ (16,938)	$ (19,253)

6. Environmental and Other Liabilities

Environmental and other liabilities for the years ended June 30, 2011 and 2010 are as follows:

	Beginning Balance July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011	Amounts Due Within One Year
General liability	$ 3,079	$ 4,983	$ (4,144)	$ 3,918	$ -
Accrued vacation, sick leave and compensatory time	5,610	1,136	(151)	6,595	3,973
Pollution remediation liability	20,439	5,988	(5,717)	20,710	5,215
Other long-term liabilities	1,702	267	(119)	1,850	-
Total	$ 30,830	$ 12,374	$ (10,131)	$ 33,073	$ 9,188

	Beginning Balance July 1, 2009	Additions	Reductions	Ending Balance June 30, 2010	Amounts Due Within One Year
General liability	$ 2,571	$ 3,282	$ (2,774)	$ 3,079	$ -
Accrued vacation, sick leave and compensatory time	6,725	466	(1,581)	5,610	4,215
Pollution remediation liability	17,535	6,714	(3,810)	20,439	5,862
Other long-term liabilities	4,692	932	(3,922)	1,702	-
Total	$ 31,523	$ 11,394	$ (12,087)	$ 30,830	$ 10,077

(dollar amounts in thousands)

7. Leases

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

Certain maritime facilities are leased under agreements that provide the tenants with preferential, but nonexclusive, use of the facilities. These 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. The 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 years ended June 30 is as follows:

	2011	2010
Minimum non-cancelable rentals, including preferential assignments	$ 157,036	$ 159,646
Contingent rentals in excess of minimums	22,290	14,537
Secondary use of facilities leased under preferential assignments	295	317
	$ 179,621	$ 174,500

The Port and Ports America Outer Harbor Terminal, LLC, a private company, entered into a long-term concession and lease agreement on January 1, 2010, for the operation of Berths 20-24 for 50 years. A $60 million upfront fee was paid to the Port in fiscal year 2010. The unamortized net upfront fee of approximately $52 million at June 30, 2011, is classified as short-term and long-term deferred revenue of $1,074 and $51,003, respectively.

The Port's goals for the concession and lease agreement for Berths 20-24 was, among other things, to maintain the continuous use and occupancy of Berths 20-24 by a rent-paying tenant and maximize the annual revenue guarantee over the life of the concession, while also transferring the risk and responsibility for the berths to the concessionaire to the greatest extent commercially reasonable to do so. In furtherance of these goals, the concession and lease agreement provides that the concessionaire is responsible for any redevelopment of the berths. Except for certain emissions reductions measures which the concessionaire is obligated to implement, the improvements to be made by the concessionaire are at the discretion of the concessionaire, subject to market conditions and the concessionaire's ability to compete for and handle cargo under the then existing condition of the facilities at Berths 20-24.

(dollar amounts in thousands)

Leases (continued)

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

2012	$	169,100
2013		173,375
2014		162,044
2015		161,280
2016		159,797
2017-2021		394,797
2022-2026		294,262
2027-2031		274,973
2032-2036		235,581
2037-2041		243,774
2042-2046		263,975
Thereafter		869,097
	$	3,402,055

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

2012	$	367
2013		378
2014		390
2015		401
2016		413
2017-2021		2,260
2022-2026		2,620
2027-2031		3,037
2032-2036		3,521
2037-2041		4,082
2042-2046		4,732
Thereafter		8,971
	$	31,172

(dollar amounts in thousands)

Leases (continued)

The capital assets leased to others at June 30 consist of the following:

	2011	2010
Land	$ 441,073	$ 364,707
Container cranes	153,775	153,775
Buildings and other facilities	1,103,271	1,188,380
	1,698,119	1,706,862
Less accumulated depreciation	(488,438)	(478,275)
Capital assets, net, on lease	$ 1,209,681	$ 1,228,587

8. Retirement Plans

Public Employees' Retirement System Plan Description

All full-time and certain other qualifying employees of the Port are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System (CALPERS). Port employees are included on a cost-sharing basis with City employees in the City of Oakland miscellaneous unit of CALPERS. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by State statute and City ordinance. CALPERS issues a separate comprehensive annual financial report. Copies of the annual financial report may be obtained from the CALPERS Executive Office, 400 Q Street, Sacramento, California 95814 or at www.calpers.ca.gov. A separate report for the City's plan within CALPERS is not available.

Port employees have an obligation to contribute 8% of their annual CALPERS earnings to the Fund. Employees hired on or after October 1, 2009, with the exception of members of Service Employees International Union (Local 1021) and members of the International Brotherhood of Electrical Workers (Local 1245), contribute 8% of their annual CALPERS earnings to the Fund. For all other employees the Port has elected to pay such employees' member contributions to the Fund.

Public Employees' Retirement System Plan Description (continued)

The Port is required to contribute the remaining amounts necessary to fund retirement benefits for its employees, using the actuarial basis determined by CALPERS. The Port's employer contribution to the Fund was 19.885%, 19.558% and 19.553% of covered payroll in fiscal years 2011, 2010 and 2009, respectively. For the fiscal years ended June 30, 2011, 2010, and 2009, the Port's annual pension costs for the employer contribution to CALPERS was $8,964, $11,141, and $9,898, respectively. The Port contributed 100% of the actuarial required contribution for each of the three years. The employer contribution rate for the year ended June 30, 2011, was based upon an actuarial valuation study performed by CALPERS Actuarial & Employer Services Division as of June 30, 2008.

The Port's payroll reported to CALPERS, for employees participating in the Fund, was $45,079, $56,964, and $50,621 for the years ended June 30, 2011, 2010 and 2009, respectively. The Port's payroll for all employees was $41,683, $42,867, and $47,724 in fiscal years 2011, 2010 and 2009, respectively. The Port has exercised its option to include 8.0% employer paid member contributions paid by the Port as compensation for purposes of calculating the CALPERS contribution for the fiscal years 2011, 2010, and 2009. The payroll reported to CALPERS includes these amounts.

Agreement Between the City and the Port Regarding CALPERS Payments

During the period from July 1, 1976, through January 17, 1998, the Port appointed certain employees to positions in the classifications of Airport Servicemen and Airport Operations Supervisors. The Port was and has always been the employer that directly appointed, retained, employed and compensated the personnel in these positions.

As result of a decision by CALPERS' Board of Administration on April 15, 1998, employees appointed to positions in the classifications of Airport Servicemen and Airport Operations Supervisors were reclassified from miscellaneous member status in CALPERS to safety member status, effective retroactively to the later of either the date of their respective employment in such classifications or July 1, 1976.

The decision to reclassify employees to safety member status has resulted in a net cost to provide retirement benefits. CALPERS' actuary estimated that the present value of this net cost (including subsequent actual experience through June 30, 2000, and projected experience through June 30, 2002) was $5,915.

An agreement was entered into with the City of Oakland for the payment of this net cost by the Port directly to CALPERS. The agreement provides for the Port to make payments over 20 years in annual installments, adjusted for cost of living at a rate of 3.75%, until fully paid. No pre-payment penalty applies. Total payments to CALPERS through June 30, 2011 amount to $4,873. All contributions were paid from Airport revenues.

Other Postemployment Benefits (OPEB)

Plan Description

The Port contributes to the California Employer's Retiree Benefit Trust (CERBT), a cost-sharing agent multiple-employer defined benefit postemployment healthcare plan administered by CALPERS. The CERBT is an Internal Revenue Code Section 115 trust and an investment vehicle that can be used by all California public employers to prefund future retiree health and Other Postemployment Benefits (OPEB) costs.

The Port's Retiree Health plan allows eligible retirees and their dependents to receive employer paid medical insurance benefits through CALPERS. The employer paid medical insurance is not to exceed the Kaiser Bay Family rate. The Retiree Health Plan also includes dental, and vision benefits and reimbursement of Medicare Part B monthly insurance premium.

The financial statements for CERBT may be obtained by writing the California Public Employees' Retirement System, Constituent Relations Office, CERBT (OPEB), P.O. Box 242709, Sacramento, California 94229-2709 or by calling 888-225-7377.

Funding Policy

Benefit provisions are established and are amended through negotiations between the Port and the various bargaining units during each bargaining period. The Port pays a portion of retiree benefit expenses on a pay-as–you-go basis.

As of June 30, 2011, there were approximately 544 employees who had retired from the Port and were in the Port's retiree benefit plan. During the fiscal year ended June 30, 2011, the Port contributed $5,175 to the CERBT fund and made payments of $5,947 on behalf of OPEB eligible Retirees to third parties outside of the CERBT fund. For fiscal year 2011, the CERBT had net investment earnings of $2.8 million.

As of June 30, 2010, there were approximately 500 employees who had retired from the Port and were in the Port's retiree benefit plan. During the fiscal year ended June 30, 2010, the Port made payments of $5,073 on behalf of OPEB eligible retirees to third parties outside of the CERBT. For fiscal year 2010, the CERBT had net investment earning of $1.5 million.

Annual OPEB Cost and Net OPEB Obligation

The Port's annual OPEB cost is equal to (a) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, plus (b) one year's interest on the beginning balance of the net OPEB obligation, and minus (c) an adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over an open period of thirty years.

(dollar amounts in thousands)

Annual OPEB Cost and Net OPEB Obligation (continued)

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

	2011	2010
Annual required contribution	$ 10,994	$ 10,019
Interest on prior year net OPEB obligation	791	422
Adjustment to annual required contribution	(592)	(422)
Annual OPEB Cost	11,193	10,019
Contribution made	(11,121)	(5,073)
Increase in net OPEB obligation	72	4,946
Net OPEB obligation - beginning of year	10,389	5,443
Net OPEB obligation - end of year	$ 10,461	$ 10,389

The Port's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the current and prior two years are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	$ 10,019	123%	$ 5,443
6/30/2010	$ 10,019	51%	$ 10,389
6/30/2011	$ 11,193	99%	$ 10,461

Funding Status and Funding Progress

The unfunded actuarial accrued liability is being amortized as a level percentage of expected payroll over an open period of 30 years. The table below indicates the funded status of the Plan as of June 30, 2011, the most recent actuarial valuation date.

Actuarial Accrued Liability (AAL)	$ 128,906
Actuarial Value of Plan Assets	19,145
Unfunded Actuarial Accrued Liability (UAAL)	$ 109,761
Funded Ratio (actuarial value of plan assets/AAL)	15%
Annual Covered Payroll (active plan members)	$ 44,627
UAAL as a Percentage of Annual Covered Payroll	246%

Funding Status and Funding Progress (continued)

GASB Statement No. 45 requires that the interest rate used to discount future benefit payments back to the present be based on the expected rate of return on any investments set aside to pay for these benefits. As of the June 30, 2011 actuarial valuation, the Port intended to fund fully its OPEB liabilities by contributing the actuarially determined Annual Required Contribution amount to the CERBT trust. The Actuarial Required Contribution amount was calculated using a discount rate of 7.61% which was based upon CALPERS' expected rate of return on assets held in the OPEB trust.

For the year ended June 30, 2011, the Port funded its annual OPEB cost at 99.36%. In recognition that a lower discount rate should be considered, the Port's Actuarial Service provided a second alternative valuation as of June 30, 2011, which recommended a lower discount rate of 4.25% in the event that the Port chose not to make any future contributions to the OPEB Trust, but would instead adopt a pay-as-you-go funding policy, keeping all other assumptions constant. As a result, the Port's UAAL as of the June 30, 2011 actuarial valuation would increase by approximately $79.2 million and its Annual Required Contribution would increase by $4.4 million.

Eligible Retirees Defined

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

Actuarial Methods and Assumptions

The actuarial cost method used for determining the benefit obligations of the Port is the Entry Age Normal Cost Method and amortized over an open period of 30 years. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan in effect and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Methods and Assumptions (continued)

The actuarial assumptions used included a discount rate of 7.61%, inflation rate of 3.00%, and an annual health cost trend rate of 4.50% in health premiums. Annual salary increases were assumed at 3.25%. The demographic assumptions regarding turnover and retirement are based on statistics from reports for CALPERS under a "2.7% @ 55" benefit schedule.

The schedules presented as required supplementary information following the notes to the financial statements, present multiyear trend information. The Schedule of Funding Progress - Other Postemployment Benefits presents information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

9. Agreements with City of Oakland

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

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

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

Special Services and ARFF

Payments for Special Services and ARFF are treated as a cost of Port operations pursuant to City Charter Section 717(3) Clause Third and have priority over certain other expenditures of Port revenues. Special Services and ARFF from the City totaled $6,802 and $6,566 in 2011 and 2010, respectively, and are included in Operating Expenses. At June 30, 2011 and 2010, $8,501 and $9,284, respectively, were accrued as current liabilities for these payments.

General Services and Lake Merritt Trust Services

Payments for General Services provided by the City are payable only to the extent the Port determines annually that surplus monies are available under the Charter for such purposes. As of June 30, 2011 and 2010, the Port accrued approximately $4,792 and $3,617, respectively, of payments for General Services. Additionally, the Port accrued approximately $3,800 and $2,865 to reimburse the City for Lake Merritt tideland trust services in the 2011 and 2010 fiscal years, respectively. Subject to availability of surplus monies, the Port expects that it will continue to reimburse the City annually for General Services and Lake Merritt tideland trust services.

(dollar amounts in thousands)

Golf Course Lease

The Port has leased property to the City under a 66-year lease, which is expressed in terms of the Amended and Restated Lease between the Port and the City for the development and operation of a public golf course by the City. The lease commenced in 2003 when the Port delivered a completed 164.90 acre golf course to the City to replace the City's golf course that was destroyed when the Port used the site as a dredge disposal site. The golf course is leased to a third party and the minimum annual rental is $270 payable in twelve installments of $22 per month, which is then split 50/50 between the Port and the City.

Deferred Rent

In November 1994, the City Redevelopment Agency (Agency), a blended component unit of the City, entered into an agreement to assist in the development of a project related to a lease. The lease required $5,145 in tenant improvements partially financed by $2,000 in deferred rent from the Agency. The deferred rent is classified as deferred revenue. At June 30, 2011 and 2010, deferred rent approximated $1,012 and $1,082, respectively. The amount classified as short term deferred revenue at June 30, 2011 and 2010 was $70.

10. Commitments

Capital Program

The $594.5 million Five-Year Capital Needs Assessment includes projects in the Aviation, Maritime, Commercial Real Estate and Support Divisions. The most significant Aviation projects are the Terminal 1 renovation and retrofit; BART – Oakland Airport Connector; perimeter dike improvements; pavement rehabilitation; and the runway safety area. The most significant Maritime projects are the Shore Power Program; maritime security initiatives; preliminary engineering for the Berths 60-63 wharf replacement; site preparation and predevelopment activities at the Oakland Army Base; and dredging related activities. The most significant projects in the Commercial Real Estate and Support Divisions include Jack London Square improvements and capital equipment purchases.

As of June 30, 2011, the Port had construction commitments for the acquisition and construction of assets as follows:

Aviation	$	26,642
Maritime		23,233
Commercial Real Estate		14
Total	$	49,889

The most significant projects for which the Port has contractual commitments for construction are airport terminal renovation projects of $2,631, runways and east apron reconstruction of $8,279, modernization of maritime wharves and terminals projects of $6,879, yard and gate improvement projects of $2,340 and safety projects of $5,874.

Power Purchases

The Port purchases electrical power for resale and self-consumption at the Airport, and at Port Maritime facilities located at the former Navy Fleet and Industrial Supply Center Oakland and the former Oakland Army Base. After power requirements are determined, the Port commits and enters into purchase contracts, in advance, with power providers. The price is fixed at the time the Port enters into the contract. At June 30, 2011, the total purchase commitment is approximately $5,457 for 99,556 megawatt-hours.

Management Agreement

The Port entered into a cost reimbursable Management Agreement with the East Bay Regional Park District. Under the Management Agreement, the Port is responsible for the costs of management and operation of the Middle Harbor Shoreline Park, including the costs of supplies, services and administration, which are estimated to be approximately $1,200 to $1,750 for each year between 2005 and 2011. Payments totaling $364 and $1,092 were made in fiscal years 2011 and 2010, respectively. The Management Agreement terminated in January 2011.

11. Contingencies

Environmental

On April 20, 1999, the Board adopted Vision 2000 Air Quality Mitigation Program (“AQMP”) per Resolution No. 99154. The AQMP included a Port commitment to spend approximately $9,000 for various air quality mitigation measures. The AQMP was developed in consultation with representatives of West Oakland Neighbors (WON), per the terms of the WON Consent Decree that was approved by the Board on February 3, 1998 (Resolution No. 98065). To date approximately $6,182 has been spent. On March 29, 2011, per Resolution No. 11-35, the Board allocated the remaining AQMP Funds to the Port’s Shore Power Program (approximately $2,700) and an energy efficiency study (approximately $100).

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

The Port anticipates spending approximately $2,525 annually for all environmental compliance and remediation obligations. These obligations are additional to those reflected in the Environmental compliance and remediation liability accounts. Environmental monitoring costs relating to legal mandates such as regulatory agency orders, court orders or other affirmative legal obligations are included in the anticipated spending.

(dollar amounts in thousands)

Environmental (continued)

A summary of these accounts, net of the estimated recoveries also shown below, included within the "Environmental and other" section of the statements of net assets at June 30, 2011 and 2010, is as follows:

Obligating Event		June 30, 2011 Liability, net		Estimated Recovery
Pollution poses an imminent danger to the public or environment	$	218	$	-
Violated a pollution prevention-related permit or license		-		-
Identified as responsible to clean-up pollution		17,533		619
Named in a lawsuit to compel to cleanup		39		-
Begins or legally obligates to cleanup or post-cleanup activities		2,920		60
Total by Obligating Event	$	20,710	$	679

Obligating Event		June 30, 2010 Liability, net		Estimated Recovery
Pollution poses an imminent danger to the public or environment	$	-	$	-
Violated a pollution prevention-related permit or license		-		-
Identified as responsible to clean-up pollution		17,542		619
Named in a lawsuit to compel to cleanup		51		-
Begins or legally obligates to cleanup or post-cleanup activities		2,846		60
Total by Obligating Event	$	20,439	$	679

The environmental liability accounts in the summary tables are listed by the initial obligating event. Due to new information, the obligating event may change from the initial obligating event. Examples of obligating events include: 1) the Port is named, or evidence indicates that it will be named, by a regulator such as the Department of Toxic Substances Control or the Regional Water Quality Control Board, as a responsible party or potentially responsible party for remediation; or 2) the Port has commenced, or legally obligates itself to commerce, clean-up activities or monitoring or operation and maintenance of the remediation effort (e.g., by undertaking a soil and groundwater pre-development investigation).

Methods and Assumptions

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

Methods and Assumptions (continued)

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

- Receipt of an administrative order.
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation.
- Completion of a corrective measures feasibility study.
- Issuance of an authorization to proceed.
- Remediation design and implementation, through and including operation and maintenance and postremediation monitoring.
- Change in the remediation plan or operating conditions, including but not limited to type of equipment, facilities and services that will be used and price increases.
- Changes in technology.
- Changes in legal or regulatory requirements.

Recoveries

Estimated future recoveries that are listed on the prior page have been netted against the environmental, compliance and remediation liability accounts. In calculating the estimated future recoveries, Port staff and outside legal counsel reviewed and applied the requirements of GASB 49 for accounting for recoveries. For example, if a Port tenant has a contract obligation to reimburse the Port for certain pollution remediation costs, an estimate was made of the expected recovery. As another example, if an insurance carrier has paid money on a certain claim and the Port is pursuing additional costs from the insurance carrier associated with the claim, the recovery has been estimated. In those cases where an insurance carrier has not yet acknowledged coverage, then, a recovery has not been estimated.

(dollar amounts in thousands)

Litigation

As of June 30, 2011, the Port was a defendant in various lawsuits arising in the normal course of business, including constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known. The Port's insurance may cover a portion of any losses. A summary of the reported liability included within the "Environmental and other" section of the statements of net assets is as follows:

General liability at June 30, 2008	$	3,925
Current year claims and changes in estimates		1,131
Vendor payments		(2,485)
General liability at June 30, 2009		2,571
Current year claims and changes in estimates		3,282
Vendor payments		(2,774)
General liability at June 30, 2010		3,079
Current year claims and changes in estimates		4,983
Vendor payments		(4,144)
General liability at June 30, 2011	$	3,918

The Port is currently in litigation with one of its maritime tenants in connection with such tenant's complaint before the Federal Maritime Commission ("FMC") alleging the Port has violated the Federal Shipping Act of 1984 by entering into a long term concession and lease agreement with another maritime tenant, with allegedly more favorable lease terms. A separate, related declaratory relief action filed by the Port is pending in federal court, as are counterclaims filed by the maritime tenant. The FMC proceedings and federal court case are both still in early stages. Although the Port cannot predict the final outcome of either of these actions, the Port believes in the merits of the Port's position and is vigorously contesting the tenant's claims. A conclusion adverse to the Port could materially adversely affect the Port's revenues and financial condition.

Insurance

Liability Insurance

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

Workers' Compensation

The Port is exposed to risk of loss related to injuries to employees. The Port is self-insured and self-administered for workers' compensation up to a maximum of $750 per accident. The Port carries commercial insurance for claims in excess of $750 per accident. There were no workers' compensation claims paid in fiscal years 2011, 2010, and 2009 above the $750 per accident limit.

Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The claims payments and liability include an estimate of allocated loss adjustment expenses and claims that have been incurred but not yet reported. These losses are based on actuarial valuations performed as of June 30, 2009 and June 30, 2011 and include an estimate of claims that have been incurred but not reported. Estimated reserves can be defined as "actuarial central estimates" which represent the expected value of range of reasonably possible outcomes. The probability level refers to the probability that actual future payments will not exceed the indicated reserve amount.

The total reserve is equal to case reserves plus incurred but not reported (IBNR) reserves. Case reserves are established by individual claims adjusters. The IBNR reserves are estimated by the actuary and include reserves for late reported claims as well as development on known claims. The reserve amount is net of excess insurance on an expected value, undiscounted basis. The loss reserve amount represents an estimated reserve amount required to satisfy the Port's retained liability without a contingency provision for unanticipated development.

(dollar amounts in thousands)

Workers' Compensation (continued)

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

Workers' compensation liability at June 30, 2008	$	6,000
Current year claims and changes in estimates		962
Claim payments		(825)
Workers' compensation liability at June 30, 2009		6,137
Current year claims and changes in estimates		1,699
Claim payments		(936)
Workers' compensation liability at June 30, 2010		6,900
Current year claims and changes in estimates		863
Claim payments		(863)
Workers' compensation liability at June 30, 2011	$	6,900

Landscaping and Lighting Assessment District (LLAD)

LLAD assessments in the aggregate amount of $2,326 have been imposed on Airport property within the Port Area for the years ended June 30, 1997 through 2011. The Port has not received sufficient information from the City to conclude that payments for such assessments are permissible by the Port under the Federal Aviation Administration's *Policy and Procedures Concerning the Use of Airport Revenue*.

12. Public Transportation Modernization, Improvement, and Service Enhancement Account

On May 20, 2008, the California Emergency Management Agency (Cal EMA) awarded $3,800 to the Port under the California Port and Maritime Security Grant Program (CPMSGP) to fund the Wireless Truck Tracking and Reporting System project.

On April 15, 2009, the Cal EMA awarded the Port $2,431 under the CPMSGP to fund the 1) Comprehensive Geospatial Security Mapping project; 2) Perimeter Intrusion Detection and Reporting System Upgrade; and 3) Fiber Optic Telecommunications Linkage project.

The Port has recorded a receivable of $985 for the Wireless Truck Tracking and Reporting System during the year ended June 30, 2011.

13. Subsequent Event

On July 21, 2011, the Port adopted Resolutions 11-82 and 11-83 which elected to establish a Health Benefit Vesting Requirement for employees who are members of the Western Council of Engineers and the International Federation of Professional and Technical Engineers, Local 21 and Unrepresented Employees. Future employer contributions payable for post retirement health benefits for each retired employee hired on or after September 1, 2011 shall be based on the employee's completed years of credited service and will result in an estimated savings of approximately $7,400 over the next ten-year period. Under the new requirements, these retired employees must have at least ten years of credited service with a CALPERS agency, at least five of which are with the City and/or the Port.

On July 29, 2011, a notice of redemption was sent to the bondholders of 2000 Series K Senior Lien Bonds. On August 16, 2011, the Port issued $345.7 million of 2011 Series O Senior Lien Bonds to refund the 2000 Series K Senior Lien Bonds. The final maturity of the 2011 Series O Senior Lien Bonds is May 2031. The gross debt service savings through fiscal year 2033 is $28.0 million with a present value savings of $29.2 million.

In August 2011, Standard & Poor's lowered its long-term credit rating from AAA to AA+ on debt of the U.S. government, U.S government- sponsored enterprises, and public debt issues that have credit enhancement guarantees by U.S. government sponsored enterprises. These credit downgrades relate to the credit risk associated with the Port's investments in U.S. Treasury Notes and Government Securities Money Market Mutual Funds.

PORT OF OAKLAND

REQUIRED SUPPLEMENTARY INFORMATION

(dollar amounts in thousands)

1. Schedule of Funding Progress – Other Postemployment Benefits

The schedule of funding progress presented below provides a consolidated snapshot of the Port's ability to meet current and future liabilities with plan assets. The funded ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The next actuarial valuation will be performed as of June 30, 2013. Based on the valuation performed as of June 30, 2011, the Actuarial Accrued Liability decreased $2,421.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/2011	$ 19,145	$ 128,906	$ 109,761	15%	$ 44,627	246%
1/1/2011	$ 13,373	$ 131,327	$ 117,954	10%	$ 45,079	262%
1/1/2009	$ -	$ 100,412	$ 100,412	-	$ 48,400	207%

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PORT OF OAKLAND

Statistical Section (Unaudited)

PORT OF OAKLAND
(A Component Unit of the City of Oakland)

Statistical Section

This part of the comprehensive annual financial report for the Port of Oakland presents detailed information as a context for understanding the financial statements, note disclosures, and required supplementary information.

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Port of Oakland

(A Component Unit of the City of Oakland)
Schedule of Net Assets by Components
Last Ten Fiscal Years
(dollar amounts in thousands)

	2002	2003	2004	2005	2006	2007	2008 (1)	2009	2010	2011
Net assets:										
Invested in capital assets, net of related debt	$ 549,074	$ 533,365	$ 483,659	$ 592,698	$ 663,939	$ 875,547	$ 862,165	$ 853,011	$ 879,258	$ 865,602
Restricted	55,508	117,119	175,229	136,004	114,377	9,806	12,692	21,357	11,677	17,187
Unrestricted	72,284	68,566	49,925	34,414	49,266	11,896	39,729	14,838	51	43,211
Total net assets	$ 676,866	$ 719,050	$ 708,813	$ 763,116	$ 827,582	$ 897,249	$ 914,586	$ 889,206	$ 890,986	$ 926,000

Note: (1) The 2008 unrestricted net assets amount was reduced by $9,212 in 2009 for a prior period adjustment.

Source: Port of Oakland Statements of Net Assets

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Revenues, Expenses and Changes in Net Assets
Last Ten Fiscal Years
(dollar amounts in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating revenues:										
Aviation	$ 106,232	$ 112,960	$ 121,183	$ 126,988	$ 133,869	$ 139,491	$ 159,086	$ 130,443	$ 130,284	$ 135,173
Maritime	84,302	92,047	99,605	112,859	122,819	127,141	128,351	140,739	143,344	151,854
Commercial real estate	15,511	12,572	11,747	11,163	10,773	10,742	12,446	12,108	11,597	10,956
Total operating revenues	206,045	217,579	232,535	251,010	267,461	277,374	299,883	283,290	285,225	297,983
Operating expenses:										
Aviation	98,140	110,517	116,385	123,295	134,104	144,169	162,299	161,542	152,099	152,086
Maritime	49,443	60,491	64,271	67,609	72,451	75,570	82,264	90,029	84,004	83,383
Commercial real estate	23,156	20,559	17,333	15,154	13,553	14,140	13,711	12,674	12,606	11,349
Total operating expenses (1)	170,739	191,567	197,989	206,058	220,108	233,879	258,274	264,245	248,709	246,818
Operating income	35,306	26,012	34,546	44,952	47,353	43,495	41,609	19,045	36,516	51,165
Non-operating revenues (expenses):										
Interest income	5,587	6,939	3,653	8,935	11,146	10,457	13,145	9,655	4,741	2,876
Interest expense	(42,550)	(48,151)	(54,410)	(59,488)	(61,405)	(65,261)	(76,796)	(78,415)	(74,624)	(71,678)
Loss on debt defeasance	-	-	-	-	-	-	-	-	(4,158)	-
Customer facility charges (2)	-	-	5,936	5,375	7,742	7,430	6,999	5,235	4,530	4,764
Passenger facility charges (2)	-	7,600	-	-	29,671	30,221	27,033	19,391	19,702	19,106
Other income (expenses)	4,243	17,166	12,874	3,678	2,136	10,419	2,452	(5,072)	292	1,438
Loss on disposal of capital assets	-	(992)	(57,631)	(514)	(1,835)	(2,761)	(14,985)	(435)	(6,562)	-
Total net non-operating expenses	(32,720)	(17,438)	(89,578)	(42,014)	(12,545)	(9,495)	(42,152)	(49,641)	(56,079)	(43,494)
Change in net assets before capital contributions	2,586	8,574	(55,032)	2,938	34,808	34,000	(543)	(30,596)	(19,563)	7,671
Capital contributions:										
Grants from government agencies	45,550	12,877	10,339	19,180	29,658	14,094	27,092	11,896	21,343	27,343
Land conveyed to Port	-	-	3,173	-	-	-	-	-	-	-
Land conveyed from U.S. Army	-	-	-	-	-	21,573	-	-	-	-
Passenger facility charges (PFC) (2)	17,613	12,460	29,130	29,031	-	-	-	-	-	-
Customer facility charges (CFC) (2)	1,681	6,944	1,118	2,043	-	-	-	-	-	-
Interest income from PFC and CFC	-	1,329	1,035	1,111	-	-	-	-	-	-
Total capital contributions	64,844	33,610	44,795	51,365	29,658	35,667	27,092	11,896	21,343	27,343
Change in net assets	67,430	42,184	(10,237)	54,303	64,466	69,667	26,549	(18,700)	1,780	35,014
Net assets, beginning of the year, as restated	609,436	676,866	719,050	708,813	763,116	827,582	888,037 (3)	907,906 (4)	889,206	890,986
Net assets, end of the year	$ 676,866	$ 719,050	$ 708,813	$ 763,116	$ 827,582	$ 897,249	$ 914,586	$ 889,206	$ 890,986	$ 926,000

Note:

(1) Total operating expenses include depreciation and amortization.
(2) CFC and PFC were presented in various formats and in separate line items. Commencing in FY 2006, all CFC and PFC were categorized as "Non-operating revenues & expenses" in the Port's audited financial statements.
(3) The 2008 unrestricted net assets amount was reduced by $9,212 in 2009 for a prior period adjustment.
(4) The beginning balance decreased by $6,680 due to the adoption of GASB 49.

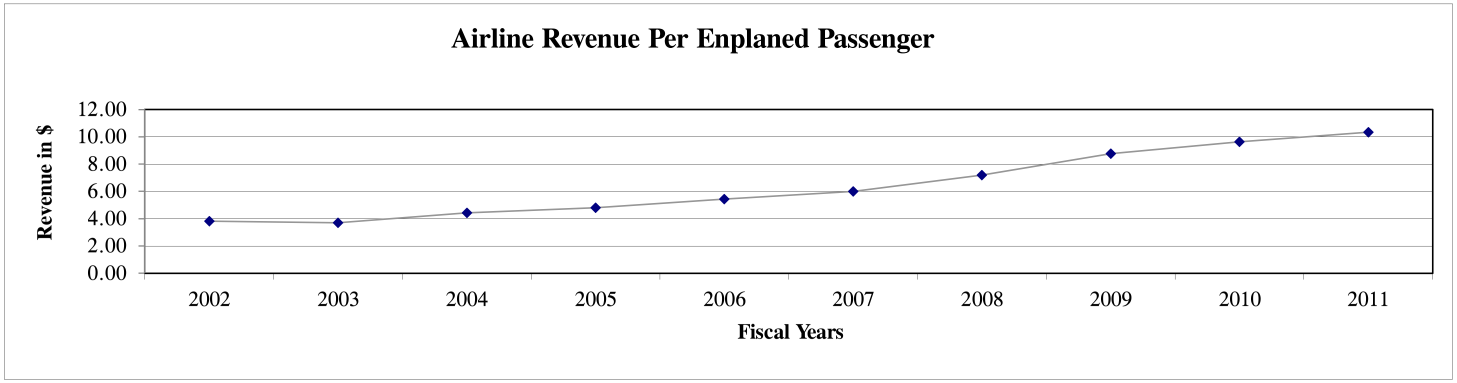
Source: Port of Oakland Statements of Revenues, Expenses and Changes in Net Assets

Port of Oakland

(A Component Unit of the City of Oakland)

Principal Revenue Sources and Airline Revenue per Enplaned Passenger

Last Ten Fiscal Years



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Aviation revenues:										
Terminal rental (1)	$ 13,408,112	$ 14,585,818	$ 20,215,042	$ 23,115,191	$ 26,496,828	$ 29,086,828	$ 32,153,229	$ 26,263,040 (3)	$ 25,497,463	$ 27,364,000
Landing fees (Excludes Cargo Airlines)	8,571,857	9,991,696	10,604,702	11,296,427	12,587,169	14,442,874	16,838,252	17,213,846	19,206,913	19,626,426
Total airline revenues	21,979,969	24,577,514	30,819,744	34,411,618	39,083,997	43,529,702	48,991,481	43,476,886	44,704,376	46,990,426
Concession	13,245,806	15,235,316	15,250,009	15,892,401	17,323,078	18,773,156	21,861,577	17,948,928 (3)	18,797,132	19,127,821
Parking & ground access	35,899,771	39,756,363	45,140,417	42,425,750	42,381,447	41,567,417	39,221,863	29,505,355 (3)	28,001,940	28,812,537
Lease rentals	16,975,576	17,109,045	15,149,828	16,522,758	16,173,463	18,054,979	20,551,862	21,004,740	19,776,344	20,707,048
Landing fees--Cargo Airlines	3,646,189	4,058,914	3,998,258	4,350,225	4,911,713	5,677,359	6,603,275	7,926,263	7,646,361	8,673,223
Aviation fueling	3,017,525	2,943,949	3,111,504	6,833,030	5,879,259	3,993,271	13,411,817	3,564,246	3,589,896	3,560,980
Utility sales	8,173,134	5,484,901	4,088,391	4,585,644	3,941,092	3,803,021	4,000,763	4,192,036	3,690,206	4,427,134
Other (2)	3,294,176	3,794,076	3,625,020	1,967,402	6,174,920	4,092,139	4,443,581	2,824,306	4,077,976	2,873,178
Total revenues	$ 106,232,146	$ 112,960,078	$ 121,183,171	$ 126,988,828	$ 135,868,969	$ 139,491,044	$ 159,086,219	$ 130,442,760	$ 130,284,231	$ 135,172,347
Enplaned passengers	5,743,634 (4)	6,643,967 (4)	6,957,782	7,171,141	7,187,587	7,267,170	6,802,486	4,955,743 (3)	4,777,514	4,687,878
Airline revenue per enplaned passenger	$ 3.83	$ 3.70	$ 4.43	$ 4.80	$ 5.44	$ 5.99	$ 7.20	$ 8.77	$ 9.36	$ 10.02

Note:

(1) Terminal rentals are for airlines only. Non-airline terminal rental revenues are classified under "Other".

(2) Includes non-airline terminal revenues, miscellaneous revenues and other field revenue.

(3) The drop in commercial activities was due to loss of 7 airlines, namely American Airlines, Aloha Airlines, Continental Airlines, Express Jet, Skybus, ATA Airlines and TACA International Airlines.

(4) Reflects difference from Continuing Disclosure Certificates-Table 5. Numbers herein reflect adjustment on United Airlines reported passengers which double counted Skywest passengers.

Source: Port of Oakland Aviation Monthly Activities Report

Port of Oakland

(A Component Unit of the City of Oakland)
Aviation Statistics - South Airport
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PASSENGERS										
Enplaned	5,743,634 (4)	6,643,967 (4)	6,957,782	7,171,141	7,187,587	7,267,170	6,802,486	4,955,743	4,777,514	4,687,878
Deplaned	5,744,352	6,619,648	6,939,143	7,135,168	7,180,976	7,266,655	6,824,544	4,968,042	4,780,661	4,679,699
Total	11,487,986	13,263,615	13,896,925	14,306,309	14,368,563	14,533,825	13,627,030	9,923,785 (1)	9,558,175 (1)	9,367,577
FREIGHT (in 000 lb)										
Inbound	694,314	675,629	674,783	713,544	703,118	693,291	694,513	568,696	516,536	536,601
Outbound	657,789	716,146	723,190	767,210	771,810	768,048	741,453	626,474	541,473	568,082
Total	1,352,103	1,391,775	1,397,973	1,480,754	1,474,928	1,461,339	1,435,966	1,195,170 (2)	1,058,009 (2)	1,104,683
TOTAL AIR CARGO (in 000 lb) (Freight & Mail)	1,369,024	1,401,226	1,408,452	1,493,531	1,485,973	1,471,796	1,452,437	1,212,414 (2)	1,079,243 (2)	1,124,605
LANDED WEIGHT (in 000 lb)										
Passenger Carriers	7,807,878 (5)	8,634,532	8,862,439 (5)	9,185,531 (5)	9,154,681 (5)	9,385,634	9,095,540	6,873,515 (1)	6,328,081 (1,5)	5,957,187
Cargo Carriers	3,298,570 (5)	3,495,898	3,336,954 (5)	3,525,403 (5)	3,570,049 (5)	3,678,155	3,560,162	3,158,521 (2)	2,494,619 (2,5)	2,624,269
Total	11,106,448	12,130,430	12,199,393	12,710,934	12,724,730	13,063,789	12,655,702	10,032,036	8,822,700	8,581,456
AIRCRAFT MOVEMENTS	171,262	179,641	182,079	187,858	186,321	189,712	181,690	122,028 (1)	114,327 (1)	106,260
PARKING										
Number of stalls	7,306	7,616	8,596	8,431	7,298	6,864	7,868	6,103 (3)	6,315 (3)	6,950
Average revenue per stall	$4,399	$4,633	$4,648	$4,391	$4,991	$5,112	$4,151	$3,991 (1)	$3,605 (1)	$3,412

Note:
Oakland Airport is comprised of the North and South Field. North Field handles general aviation and South Field handles commercial passengers and freight airlines.

(1) The drop in commercial activities was due to loss of 7 airlines, namly American Airlines, Aloha Airlines, Continental Airlines, Express Jet, Skybus, ATA Airlines and TACA International Airlines.
(2) Federal Express reduced the number of flights by 13% during FY 2008-09.
(3) 1,186 stalls in Daily Parking Lot were blocked due to the drop of volume, abbreviating the parking lot shuttle bus route.
(4) Reflects difference from Continuing Disclosure Certificates-Table 5. Numbers herein reflect adjustment on United Airlines reported passengers which double counted Skywest passengers.
(5) Previously reported amounts have been corrected due to a classification error.

Source: Port of Oakland Aviation Statistical Reports

Port of Oakland

(A Component unit of the City of Oakland)
Top Ten Individual Sources of Aviation Revenue
Fiscal Year 2011 and Fiscal Year 2002

Fiscal Year 2011	Revenue	Percentage of Revenue	Fiscal Year 2002	Revenue	Percentage of Revenue
Southwest Airlines	$ 32,634,840	32.4%	Southwest Airlines	$ 12,064,800	28.4%
Five Star Parking	28,240,276	28.0%	United Airlines	6,278,509	14.8%
Federal Express Corp.	12,401,707	12.3%	Federal Express Corp.	5,700,867	13.4%
Avis Rent-A-Car Systems, Inc.	5,558,343	5.5%	Air Terminal Service (CA1)	3,339,216	7.9%
Hertz Corporation	4,740,814	4.7%	Alaska Airlines	3,173,628	7.5%
HMS Host Corp.	4,641,064	4.6%	Hertz Corporation	3,108,420	7.3%
United Parcel Service	3,314,080	3.3%	Kaiserair Inc.	2,614,524	6.2%
Alaska Airlines	3,129,648	3.1%	United Parcel Service	2,428,799	5.7%
DTG Operations Inc.	3,096,723	3.1%	Avis Rent-A-Car Systems, Inc.	2,063,449	4.9%
Jet Blue Airways	3,065,958	3.0%	Oakland Fuel Facilities Corp.	1,654,498	3.9%

Source: Port of Oakland Aviation Division Fiscal Year Revenue Reports

Port of Oakland
(A Component Unit of the City of Oakland)
Schedule of Airline Rates and Charges
Last Ten Fiscal Years

						Budget		Budget	Budget	Budget	Budget
Costs from period:	FY00-01	FY01-02	FY02-03	FY03-04	FY04-05	FY06-07		FY07-08	FY08-09	FY09-10	FY10-11
Rates & Charges for period:	CY2002	CY2003	CY2004	CY2005	CY2006	CY2007	(2)	FY2008	FY2009	FY2010	FY2011
Landing Fees (per 1,000 lbs. MGLW) (1)											
Basic Landing Rate	$ 1.14	$ 1.18	$ 1.21	$ 1.29	$ 1.46	$ 1.62		$ 1.85	$ 2.50	$ 3.06	$ 3.30
Terminal Space Rental (per square foot per year)											
Type1 - Ticket Counter	$ 89.64	$ 96.84	$ 155.89	$ 165.67	$ 190.22	$ 181.34		$ 188.13	$ 164.81	$ 164.81	$ 176.81
Type2 - Office Space	80.67	87.15	140.30	149.10	171.20	163.21		169.32	148.33	148.33	159.13
Type3 - Baggage Space (3)	71.71	77.47	124.71	132.54	152.18	145.07		150.50	131.85	131.86	141.45
Type4 - Baggage Make-Up	62.75	67.79	109.12	115.97	133.16	126.94		131.69	115.37	115.37	123.77
Type5 - Ticket Counter (Others)	44.82	48.42	77.95	82.84	95.12	90.67		94.07	82.41	82.42	88.41
Type6 - Office Space (Others)	40.34	43.58	70.15	74.55	85.60	81.61		84.66	74.16	74.16	79.56
Type7 - Baggage Make-Up (Others)	31.38	33.90	54.56	57.98	66.57	63.47		65.85	57.68	57.68	61.88
Primary Holdroom, Loading Bridge Rental (per Holdroom per month)											
Holdroom, Loading Bridge	$ 17,448	$ 18,558	$ 28,649	$ 29,595	$ 34,250	$ 31,678		$ 34,576	$ 31,269	$ 32,801	$ 36,006

Note:
(1) MGLW - Maximum Gross Landing Weight
(2) In FY2007, the Port converted from using Actual previous year's expenses to Budgeted forecasted expenses for the forthcoming Fiscal Year as the basis for calculating Rates & Charges.
(3) The Baggage claim requirement is calculated by multiplying the Type 3 rate by the square footage of the Baggage Claim Areas. Up until FY2008, the requirement is calculated among the airlines using an 80/20 formula. 20% of the revenue requirement is divided equally among all airlines. The remaining 80% is distributed among all airlines based on the number of enplaned passengers. In FY2009, the requirement was distributed among all airlines based on the number of enplaned passengers.

Source: Port of Oakland Ordinances

Port of Oakland

(A Component Unit of the City of Oakland)
Principal Revenue Sources and Maritime Revenue per Container
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Maritime revenues:										
Dockage and wharfage fees	$ 72,327,000	$ 79,684,000	$ 89,178,000	$ 101,198,000	$ 109,001,000	$ 115,305,000	$ 117,795,000	$ 126,068,000	$ 130,254,000	$ 138,964,000
Space assignments and rentals	4,360,000	4,612,000	4,042,000	3,361,000	3,809,000	3,306,000	3,731,000	8,553,000	6,961,000	5,771,000
Crane rentals	5,109,000	2,192,000	4,000	-	-	-	-	-	-	-
Total	81,796,000	86,488,000	93,224,000	104,559,000	112,810,000	118,611,000	121,526,000	134,621,000	137,215,000	144,735,000
Non-terminal revenues	2,506,000	5,559,000	6,381,000	8,300,000	10,009,000	8,530,000	6,825,000	6,118,000	6,129,000	7,119,000
Total revenues	$ 84,302,000	$ 92,047,000	$ 99,605,000	$ 112,859,000	$ 122,819,000	$ 127,141,000	$ 128,351,000	$ 140,739,000	$ 143,344,000	$ 151,854,000
TEUs (Full only)	1,242,701	1,352,886	1,406,250	1,628,369	1,723,181	1,722,522	1,802,004	1,605,613	1,729,122	1,798,650
Terminal revenue per TEU	$ 65.82	$ 63.93	$ 66.29	$ 64.21	$ 65.47	$ 68.86	$ 67.44	$ 83.84	$ 79.36	$ 80.47

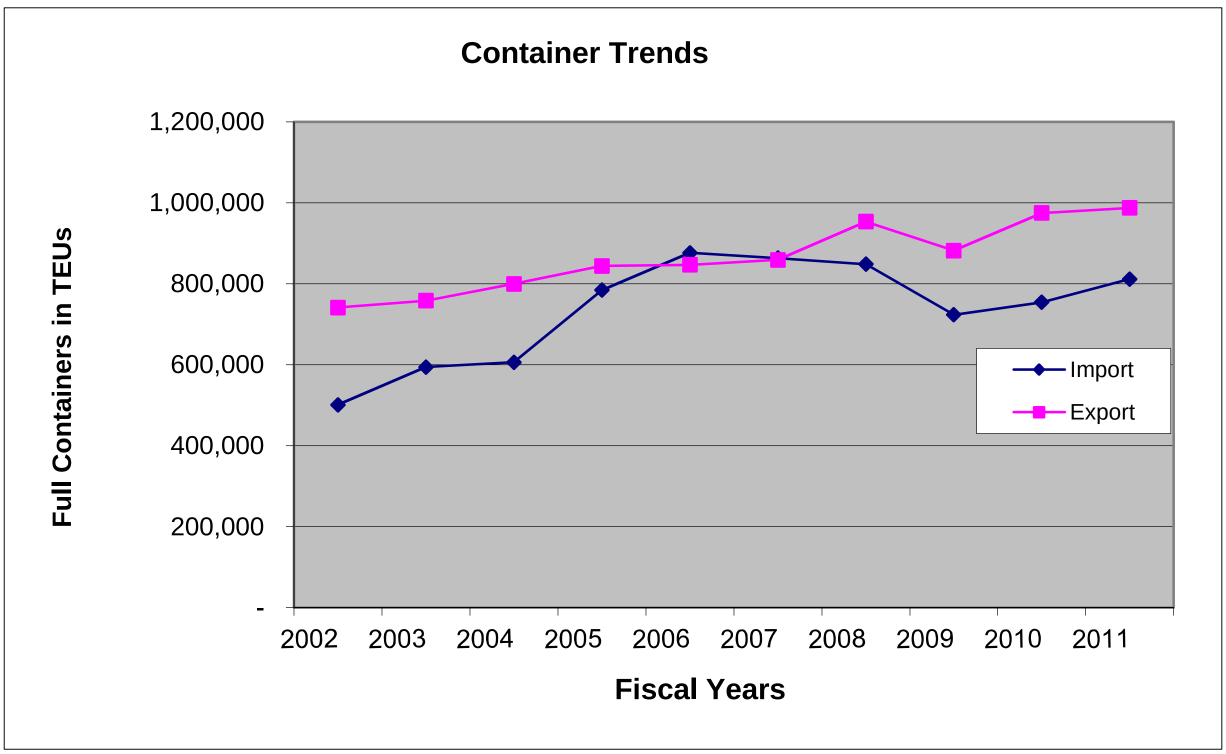
Note: Contracts with terminals operators were changed to new all-inclusive agreements in FY 2004. Hence, crane rentals were not individually billed.

Source: Port of Oakland Maritime Division

Port of Oakland

(A Component Unit of the City of Oakland)
Maritime Division - Container Trends
Last Ten Fiscal Years
(TEUs)

	Full Containers				
Fiscal Year	**Import**	**%**	**Export**	**%**	**Grand Total**
2002	501,125	40%	741,576	60%	1,242,701
2003	594,523	44%	758,363	56%	1,352,886
2004	606,202	43%	800,048	57%	1,406,250
2005	784,312	48%	844,057	52%	1,628,369
2006	876,462	51%	846,719	49%	1,723,181
2007	863,393	50%	859,129	50%	1,722,522
2008	848,383	47%	953,621	53%	1,802,004
2009	723,504	45%	882,109	55%	1,605,613
2010	754,257	44%	974,865	56%	1,729,122
2011	811,752	45%	987,741	55%	1,799,493



Source: Port of Oakland Maritime Statistics

Port of Oakland

(A Component unit of the City of Oakland)
Top Ten Individual Sources of Maritime Revenue by Alphabetical Order
Fiscal Year 2011 and Fiscal Year 2002

Fiscal Year 2011	**Fiscal Year 2002**
AMPCO-Truck Parking	American President Lines
Burlington Northern/Santa Fe (OIG)	China Ocean Shipping (Group) Company
Eagle Marine Services	Evergreen Marine Corp. (Taiwan) Ltd.
Evergreen Marine Corp. (Taiwan) Ltd.	International Transportation Sevice
International Transportation Service	Maersk-Sealand/CSX
Ports America Outer Harbor Terminal, LLC	Matson Navigation Company
Shippers Transport Express	Total Terminals International, LLC
SSA Terminals, LLC	Trans Pacific Container Service Corp.
Total Terminals International	Yang Ming Marine Transport Corporation
Trans Pacific Container Service Corp.	Yusen Terminal, Inc.

Note:

The Port of Oakland terminal tenants compete against each other for business and therefore, the Port feels disclosure of revenue by tenant would give advantages or disadvantages to certain tenants.

Source: Port of Oakland Maritime Fiscal Year Operating Reports

Port of Oakland

(A Component Unit of the City of Oakland)
Net Revenue Calculation For Debt Service Coverage
Last Ten Fiscal Years
($ 000's)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenue (Excluding OPA)	$ 198,398	$ 211,134	$ 224,372	$ 251,010	$ 267,461	$ 277,374	$ 299,883	$ 283,290	$ 285,225	$ 297,983
Operating Expenses before Depreciation (2)	(123,275)	(131,956)	(125,977)	(131,791)	(139,837)	(147,754)	(164,047)	(162,499)	(145,931)	(144,278)
Operating Income before Depreciation	75,123	79,178	98,395	119,219	127,624	129,620	135,836	120,791	139,294	153,705
Gross Interest Earned	7,005	11,099	8,183	7,417	8,942	8,838	9,095	9,382	8,566	1,797 (3)
Pledged OPA Revenue (1)	3,300	4,333	4,219	-	-	-	-	-	-	-
Net Revenue Available for Debt Service	$ 85,428	$ 94,610	$ 110,797	$ 126,636	$ 136,566	$ 138,458	$ 144,931	$ 130,173	$ 147,860	$ 155,502

Note:
(1) OPA - Oakland Portside Associates, a blended component unit in the Port's fiscal financial statements, was dissolved effective June 30, 2004 and its assets transferred to the Port.
(2) Operating Expenses before Depreciation does not include operating expenses reimbursed by customer facility charges (CFC).
(3) In fiscal year 2011, the amortization of bond premium has been accounted for as a component of interest expense.

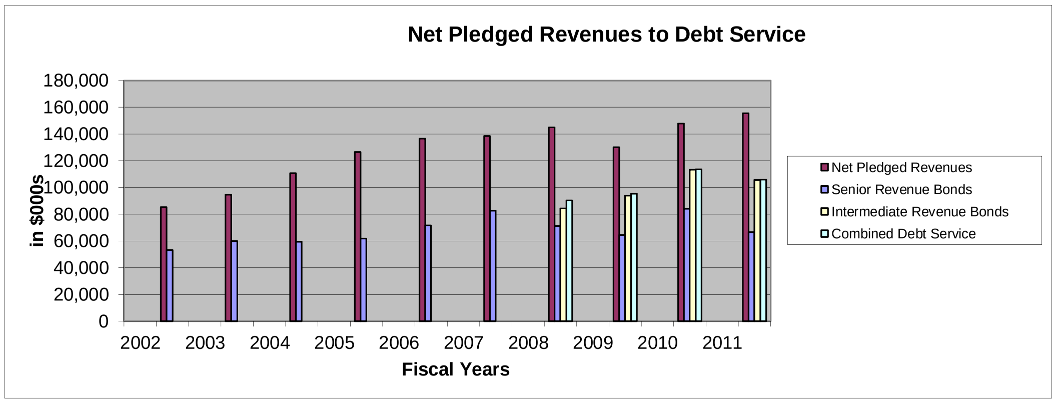
Source: Port of Oakland Financial Services Division

Schedule 11

Port of Oakland

(A Component Unit of the City of Oakland)
Debt Service Coverage
Last Ten Fiscal Years
($ 000's)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net Pledged Revenues Available for Debt Service	$ 85,428	$ 94,610	$ 110,797	$ 126,636	$ 136,566	$ 138,458	$ 144,931	$ 130,173	$ 147,860	$ 155,502
Debt Service										
Senior Debt Service (1)	$ 53,191	$ 59,961	$ 59,365	$ 61,788	$ 71,774	$ 82,649	$ 71,230	$ 64,465	$ 84,218	$ 66,641
Intermediate Debt Service (2)	N/A	N/A	N/A	N/A	N/A	N/A	84,458	94,044	113,303	105,645
Combined Debt Service (3)	N/A	N/A	N/A	N/A	N/A	N/A	90,274	95,301	113,611	105,878
Debt Service Coverage Ratio (4)										
Senior Lien (minimum 1.25)	1.61	1.66	1.87	2.05	1.90	1.68	2.03	2.02	1.76	2.33
Intermediate Lien (minimum 1.10) (5)	N/A	N/A	N/A	N/A	N/A	N/A	1.72	1.38	1.42	1.47
Combined (5)	N/A	N/A	N/A	N/A	N/A	N/A	1.61	1.37	1.42	1.47
Intermediate with Rolling Coverage (5) (6)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.86	1.90



Note:
(1) Senior Revenue Bond debt service is less capitalized interest.
(2) Intermediate debt service consists of Senior Lien, Department of Boating and Waterways Loans and Intermediate Lien debt.
(3) Combined debt service is all debt service including interest on Commercial Paper.
(4) Debt Service Ratio is calculated by dividing the Net Pledged Revenues Available for Debt Service by the corresponding Debt Service.
(5) In FY 2010, Intermediate, Intermediate with Rolling and Combined Debt Service Coverage Ratios reflect the reduction in debt service of $9.5 million due to the release of funds from the Series F, Series K, Series L and Series N bond reserve funds.
(6) Intermediate with Rolling Coverage includes $30 million from the Port Bond Reserve Fund and $15 million from the Capital Reserve Fund in addition to the stated Net Pledged Revenues.

Source: Port of Oakland Budget Summary

Port of Oakland

(A Component Unit of the City of Oakland)
Ratios of Debt Service
Last Ten Fiscal Years
($ 000's)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Service										
Senior Revenue Bonds (1)										
Aviation	$ 5,965	$ 6,463	$ 7,320	$ 7,818	$ 8,254	$ 9,845	$ 5,997	$ 5,437	$ 14,887	$ 12,551
Maritime	45,421	52,052	47,779	48,745	58,269	67,515	61,159	59,021	67,682	54,085
Commercial Real Estate	1,805	1,446	4,266	5,225	5,251	5,289	4,074	7	1,649	5
Total Senior Revenue Bonds Debt Service	$ 53,191	$ 59,961	$ 59,365	$ 61,788	$ 71,774	$ 82,649	$ 71,230	$ 64,465	$ 84,218	$ 66,641
Department of Boating & Waterways (2)										
Commercial Real Estate	$ -	$ -	$ -	$ -	$ -	$ -	$ 457	$ 457	$ 457	$ 457
Intermediate Revenue Bonds										
Aviation	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,618	$ 7,610	$ 7,617	$ 8,867
Maritime	-	-	-	-	-	-	8,886	20,985	20,486	29,128
Commercial Real Estate	-	-	-	-	-	-	267	527	525	552
Total Intermediate Revenue Bonds Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,771	$ 29,122	$ 28,628	$ 38,547
Commercial Paper (Interest only) (2)										
Aviation	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,793	$ 361	$ 90	$ 68
Maritime	-	-	-	-	-	-	4,023	896	218	165
Commercial Real Estate	-	-	-	-	-	-	-	-	-	-
Total Commercial Paper Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,816	$ 1,257	$ 308	$ 233
Debt Service by Division										
Aviation	$ 5,965	$ 6,463	$ 7,320	$ 7,818	$ 8,254	$ 9,845	$ 11,408	$ 13,408	$ 22,594	$ 21,486
Maritime	45,421	52,052	47,779	48,745	58,269	67,515	74,068	80,902	88,386	83,378
Commercial Real Estate	1,805	1,446	4,266	5,225	5,251	5,289	4,798	991	2,631	1,014
Total Debt Service (2) (3)	$ 53,191	$ 59,961	$ 59,365	$ 61,788	$ 71,774	$ 82,649	$ 90,274	$ 95,301	$ 113,611	$ 105,878
Ratio of Aviation Debt Service										
Enplaned passengers (in 000's)	5,744	6,644	6,958	7,171	7,188	7,267	6,802	4,956	4,778	4,688
Aviation Debt Service per Enplaned Passenger (not in 000's)	$ 1.04	$ 0.97	$ 1.05	$ 1.09	$ 1.15	$ 1.35	$ 1.68	$ 2.71	$ 4.73	$ 4.58

Note:
(1) Senior Revenue Bond debt service is less capitalized interest.
(2) Debt service for Department of Boating & Waterways and Commercial Paper as reflected in Schedule 11.
(3) In FY 2010, debt service payments include $9.5 million of funds released from the Series F, Series K, Series L and Series N bond reserve funds.

Source: Port of Oakland

Port of Oakland

(A Component Unit of the City of Oakland)
Demographic And Economic Statistics for the City of Oakland
Last Ten Calendar Years

Calendar Year	Population	Personal Income ($000s)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (%)
2002	408,800	$ 16,192,977	$ 39,611 (a)	33.3	53,108	6.7
2003	412,200	$ 17,979,340	$ 43,618 (a)	33.3	52,629	6.8
2004	411,600	$ 18,163,496	$ 44,129 (a)	33.3	49,334	6.1
2005	412,300	$ 9,044,213	$ 21,936	33.3	49,334	5.3
2006	411,755	$ 11,697,548	$ 28,409	33.3	41,467	7.1
2007	415,492	$ 9,114,233	$ 21,936	33.3	39,802	7.4
2008	420,183	$ 10,554,157	$ 25,118	36.1	39,705	9.6
2009	425,068	$ 11,182,689	$ 26,308	36.7	38,826	17.1
2010	390,757 (b)	$ 10,607,099 (b)	$ 27,145	37.1	38,450	17.2
2011	392,932	$ 11,124,298	$ 28,311	36.3	38,540	16.3

Note: (a) In CY 2002 - 2004 median family income was used as per capita personal income.
(b) CY2010 is updated with newly available data from the California Department of Finance.

Source: City of Oakland - Demographics And Economic Statistics

Port of Oakland

(A Component Unit of the City of Oakland)
Principal Employers - FY 2011 vs FY 2006

	FY 2011			FY 2006 (1)		
Employer	**Number of Employees**	**Rank**	**Percentage of Total Employment**	**Number of Employees**	**Rank**	**Percentage of Total Employment**
County of Alameda	9,611	1	5.42%	9,740	1	5.69%
Oakland Unified School District	5,570	2	3.14%	8,000	2	4.51%
World Savings & Loan Assn	4,389	3	2.48%	N/A		
Cost Plus Inc.	4,148	4	2.34%	N/A		
City of Oakland	4,073	5	2.30%	4,290	5	2.42%
Dreyer's Grand Ice Cream Inc.	3,700	6	2.09%	N/A		
Peralta Community College District	2,759	7	1.56%	N/A		
Internal Revenue Service	2,500	8	1.41%	N/A		
Children's Hospital & Research	2,070	9	1.17%	N/A		
Itron	2,000	10	1.13%	N/A		
Kaiser Permanente Medical Group	N/A			5,450	3	3.07%
Kaiser Foundation Hospitals	N/A			4,340	4	2.45%
Bay Area Rapid Transit	N/A			2,800	6	1.58%
Federal Express	N/A			2,790	7	1.57%
Alta-Bates Medical Center	N/A			2,620	8	1.48%
Kaiser Foundation Health Plan	N/A			2,590	9	1.46%
Summit Medical Center	N/A			2,230	10	1.26%
Total	40,820			44,850		

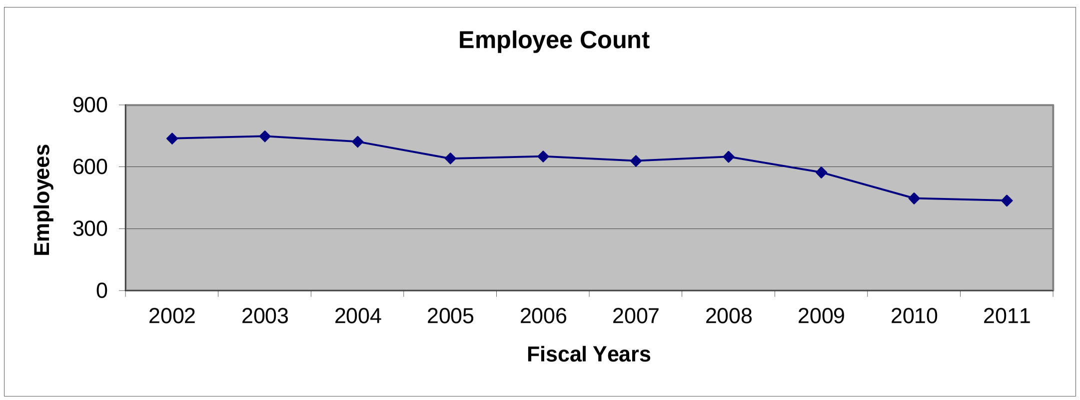
Note:
(1) Data pertaining to principal employers for past 10 years is not readily available. As such, 2006 data was used as the base year which is the earliest information available.

Sources: Fiscal Year 2006 - Economic Development Alliance for Business, Alameda County Largest Employers.
Fiscal Year 2011 - Economic Development Alliance for Business, Alameda County Largest Employers.
Total employement of 177,258 (2010 estimate) from DemographicsNow.com is used to calculate the percentage of employment.

Port of Oakland

(A Component Unit of the City of Oakland)
Employee Count by Division
Last Ten Fiscal Years

Revenue Divisions	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Aviation	305	312	316	290	310	289	315	307	238	228
Maritime	30	31	26	21	18	65 (1)	77	78	63	61
Commercial Real Estate	18	14	12	9	9	7	8	7	8	8
Subtotal	353	357	354	320	337	361	400	392	309	297
Support Divisions										
Corporate Administrative Services	32	34	32	31	26	29	26	35	17	17
Engineering	226	225	204	170	167	108 (1)	91	49	37	37
Financial Services	35	37	42	39	39	42	40	33	27	27
Others	92	96	91	81	82	89	92	64	58	59
Subtotal	385	392	369	321	314	268	249	181	139	140
Total	738	749	723	641	651	629	649	573	448	437



Note:
(1) Harbor Facilities was moved from Engineering Division to Maritime Division in FY 2007.

Source: Port of Oakland Human Resources System active employees head count report.

Port of Oakland

(A Component Unit of the City of Oakland)
Capital Assets Information
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Aviation facilities										
Paved airport runways	4	4	4	4	4	4	4	4	4	4
Total length of runways (in feet)	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038
Area of airport (in acres)	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Parking stalls	7,306	7,616	8,596	8,431	7,298	6,864	7,868	6,103 (1)	6,315	6,950
Harbor facilities										
Miles of waterfront	N/A	19	19	19	19	19	19	19	19	19
Berthing length at wharves (in feet)	N/A	23,031	23,031	23,031	23,063	23,063	23,063	23,233	23,233	23,233
Harbor area (in acres)	N/A	770	770	770	786	786	786	786	786	779
Commercial Real Estate										
Owned acreage	958	950	914	877	876	876	874	874	874	874
Parking stalls	2,114	2,114	2,114	2,114	2,114	2,004	1,479	1,429	1,429	1,429

Note:
N/A--Data pertaining to Harbor Facilities for Fiscal Year 2002 was not available.
(1) 1,186 stalls in Daily Parking Lot were blocked due to the drop of passenger volume.

Source: Port of Oakland Division Statistics

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