Comprehensive Annual Financial Report

For the Years Ended June 30, 2017 and 2016

PORT OF OAKLAND

Oakland, California

(A Component Unit of the City of Oakland)

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Prepared by the Financial Services Division

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended June 30, 2017 and 2016

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PORT OF OAKLAND

November 14, 2017

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), as of and for the fiscal years ended June 30, 2017 and 2016. All amounts are rounded to the nearest thousand dollars within this report for presentation purposes.

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. The data as presented is believed to be 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.

This letter of transmittal is designed to complement the management discussion and analysis (MD&A), which provides a narrative introduction, overview, and analysis to the financial statements, and should be read in conjunction with the MD&A.

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 was 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, airport, and other commercial real estate 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. The Port is required by the City Charter to deposit its revenues in the City Treasury.

The Oakland International Airport (Airport) is a passenger, cargo and general aviation airport located on approximately 2,600 acres of land. The Airport is one of three major commercial airports serving the San Francisco Bay Area and the largest cargo hub in Northern California. In 2016, the Airport ranked 36th in the United States in terms of total passengers and 13th in terms of air cargo tonnage. In fiscal year 2017, the Airport served approximately 12.6 million passengers and 1.2 billion pounds of air cargo. As of June 2017, the Airport averaged 147 passenger departures to 60 domestic and international destinations, as well as an average of 15-30 daily all-cargo flight departures to destinations around the globe.

The Oakland seaport (Seaport) serves as the principal ocean gateway for international containerized cargo shipments in Northern California and is one of several gateways for such shipments on the West Coast of North America. The Seaport is one of the top ten container ports in the United States, based on the number of twenty-foot equivalent units (TEUs) handled annually. In fiscal year 2017, approximately 2.4 million full and empty TEUs moved through the Seaport. The Seaport comprises approximately 1,300 acres, including marine (container) terminal areas; rail facilities for intermodal and bulk cargo handling; areas for truck staging and other support services; and a portion of the former Oakland Army Base, which the Port is developing into a trade and logistics center. These facilities are backed by a network of roads and a deep water navigation channel. All major ocean carriers serve the Seaport, which connect the Bay Area with the major trading centers of global commerce around the world.

In addition, the Port oversees approximately 837 acres of land along the Oakland Estuary that is not used for maritime or aviation purposes. The commercial real estate properties on this land serve a number of uses including warehouses, parking lots, hotels, offices, shops, restaurants, public parks and open space.

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, controlled and managed by the Port subject to a trust imposed pursuant to numerous tideland grants from the State of California dating 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 statewide public purposes, including commerce, navigation, fisheries, and other recognized uses. The trust also places certain limitations on the use of funds generated from trust lands and other assets.

Fiscal Year 2017 Financial Results

The Port's financial condition improved in fiscal year 2017. Activity at the Airport continues to grow rapidly; passenger traffic increased 8.4% and reached 12.6 million passengers in fiscal year 2017. At the Seaport, activity increased 2.5% and reached record highs of 2.4 million TEUs. Revenues in fiscal year 2017 of $358.7 million, increased $20.7 million or 6.1%, driven by increases in terminal rental and landing fee rates and increases in passenger traffic at the Airport, as well as faster than anticipated recovery of maritime revenues after the departure of a major Seaport tenant in the spring of 2016. In fiscal year 2017, operating expenses increased $9.8 million or 3.4% to $295.0 million, with personnel costs, security costs and major maintenance expenses continuing to drive this increase. Operating income of $63.7 million, increased $10.9 million or 20.6%. The fiscal year 2017 financial results are discussed in further detail in the MD&A.

Operating and Capital Budgets

The Port's operating budget is an essential component of the Port's financial and operational planning and management. The operating budget serves as a plan for each division's operating revenues and expenses and for Port-wide non-operating income and expenses. Operating budgets are prepared and presented annually to the Board. For fiscal year 2018, Port staff prepared a five-year operating forecast. The first year of the operating forecast is presented to the Board for adoption as the Port's operating budget, while the additional four years are presented in concept only.

In addition to preparing the operating budget, Port staff annually prepares a five-year capital improvement plan (CIP) and a one-year capital budget. The one-year capital budget is presented to the Board for adoption, while the five-year CIP is presented in concept only.

The approved fiscal year 2018 operating and capital budgets, and five-year operating forecast and CIP, are available on the Port's website at, www.portofoakland.com/about/investors.aspx and discussed at a high level under Economic Outlook and Financial Planning.

Economic Outlook and Financial Planning

The Port is located in the San Francisco Bay Area, a sizeable and generally affluent metropolitan area whose economy is intricately linked with global trade. Home to the world's technology leaders and a hub for higher education, the San Francisco Bay Area both shapes and is shaped by the global economy. The Port serves as a conduit for the area's global trade with an Airport closest to the majority of the San Francisco Bay Area population, and a Seaport that offers shorter transit times to Asia than other West Coast ports and serves as the primary gateway for California's premium agricultural goods. This favorable geographic position provides strong local markets that support both demand and resiliency for the use of Airport, Seaport and commercial real estate properties.

In fiscal year 2018, the Port budgeted total operating revenues of approximately $368.8 million, a 2.8% increase from $358.7 million in fiscal year 2017. Revenue projections reflect the recovery from the loss of a major terminal operator at the Seaport and continuing above-average growth at the Airport. Operating expenses before depreciation are budgeted at approximately $219.6 million for fiscal year 2018, a 16.3% increase from $188.8 million in fiscal year 2017. Personnel costs, which represent 51% of the operating expense budget, drive a significant portion of this increase and are reflective of expected increases in medical premiums, pension contributions, and wages. The development of the fiscal year 2018 budget took into consideration that the Port's finances have continued to strengthen and addressed rising personnel, security and infrastructure improvement and maintenance costs by maintaining flat staffing levels, while filling available vacancies. In addition, the fiscal year 2018 budget focuses on reducing discretionary spending, achieving better cost recovery through its tariffs, rates and fees, and balancing business priorities with available financial and human resources.

The Port projects operating revenues to increase to $411.9 million by the end of fiscal year 2022, for an anticipated compound annual growth rate of 2.8%. During this period, Airport revenues are projected to increase at a compound annual growth rate of 3.3%, based on anticipated increases in landing fees and terminal rent revenues due to forecasted increases in operating expenses, and passenger growth at 3.5% through fiscal year 2019, then moderating at 2.5% per year thereafter. Maritime revenues are projected to grow at a compound annual growth rate of 2.2% due to continued activity growth, scheduled rent increases, tariff increases and shifts in cargo between terminals. The Port is anticipating operating expenses (excluding depreciation) to increase to $252.1 million by fiscal year 2022, for a compound annual growth rate of 3.5%. Personnel costs are assumed to increase at a compound annual growth rate of 5.6%, assuming no increase in FTEs from current staffing levels, and is driven by assumed increases in medical premiums of 6% per annum and increases in pension funding rates.

The Port's pension contribution rates are projected to increase from 34.9% in fiscal year 2018 to 51.6% of covered payroll in fiscal year 2022 based on CalPERS' most recent actuarial study forecast. The significant increase in required pension funding has been included in the Port's operating forecast, but will not be reflected in future actual operating expenses due to the implementation of GASB issued Statement No. 68, *Accounting and Financial Report for Pensions* (GASB 68) during fiscal year 2015, which separates the contributions (cash flow) from the recognition of expense in the financial statements. Prior to GASB 68, expense recognition matched required plan contributions and did not represent the cost of benefits earned over the period. GASB 68 also requires the Port to recognize a net pension liability representing the total pension obligation less the value of assets held by the plan to fund future distributions.

On June 22, 2017 a five-year (fiscal year 2018-2022) CIP in the amount of $513 million was presented to the Board for informational purposes. The current five-year CIP does not include significant capacity expansion projects and thus will generally not generate significant new revenues. Criteria for inclusion in the five-year CIP is generally limited to regulatory and life safety requirements, revenue maintenance, contractual landlord obligations, and anticipated funding and staffing resources.

For fiscal year 2018, the Board authorized an initial budget of $105.8 million in capital expenditures. This amount is related to projects for which there is already a contractual obligation, as well as limited amounts for pre-development work to scope potential projects and miscellaneous facilities replacement projects. Contractual obligations are generally defined as expenditures for which there is an active contract in place or a lease agreement that requires the Port to take certain actions, where miscellaneous facilities replacement projects is generally defined as smaller scope projects or needs that may arise during the course of the fiscal year that are unforeseen or difficult to predict with certainty. Over the course of the fiscal year, an additional $90.5 million of pipeline projects is anticipated to be authorized by the Board, after the pre-development work is concluded. Approximately $62.6 million of the capital expenditures are expected to be funded with various Aviation and Maritime grants, $26.3 million is expected to be funded with Passenger Facility Charges (PFC) and Customer Facility Charges, and the remaining will be funded with available cash or financed with commercial paper debt, that is anticipated to be repaid with PFC revenues. A description of the major capital projects is provided under Major Initiatives.

The Port's senior management and staff will continue to assess financial and operational measures in the context of projected business activity levels, and will continue to pursue additional revenue enhancement and cost-savings initiatives that may be available going forward.

Major Initiatives

The Port continues to work on the major initiatives previously identified which are focused on upgrading the Port's facilities to sustain and accommodate changes in the industry, improve its overall competitiveness, maintain safety, and enhance security. Many of these initiatives span multiple years due to the scope and complexity of these initiatives. Provided below are the most significant projects underway or recently completed for each of the Port's business lines:

Aviation

Terminal 1 Retrofit and Renovation Program. The Port continues to work on the renovation and retrofit of OAK's Terminal 1 (T1 Program) in a phased approach. The T1 Program focuses on replacing aging infrastructure, bringing building systems up to code, and reducing life-cycle costs. During fiscal year 2017, interior renovations were completed and include upgraded restrooms, new elevators, a redesign of the second floor administrative offices and public meeting space, and signage enhancements. Construction was substantially completed in summer of 2017, and the Port administrative operations moved into the new space in September 2017.

International Arrivals Building (IAB) Upgrades. The project improves reliability and functionality of the dated facility to better serve the international passenger market, including a new baggage carousel, expanded passenger processing, updated restroom facilities, and seismic and other building system upgrades. The project will bring the IAB up to current standards, extend its useful life, and make it serviceable and functional to safely and efficiently accommodate passengers and air carrier operations up to about 600 passengers per hour. The project is anticipated to be completed in December 2017.

Runway 12/30 Rehabilitation. Runway 12/30 is the Airport's main commercial air carrier runway. In September 2017, the runway received a pavement overlay that extended the service life of the runway for an estimated 15 years. Planning and design of a pavement overlay project for the Runway 12/30 began in fiscal year 2016 and the majority of the construction was completed within a two-week time period in September 2017. The project required extensive coordination with stakeholders including the airlines, cargo carriers, FAA, Airport operations and the community.

Perimeter Dike. The perimeter dike separates the South Field airfield from San Francisco Bay waters. The Port completed a series of studies that assessed existing geotechnical conditions, vulnerability of the dike to storms, sea level rise, and potential future seismic events, and has identified improvements needed to address those vulnerabilities. Design and environmental review has been completed. The full project is estimated to cost $55 million.

Maritime
Seaport Logistics Complex. The Oakland Army Base (OAB) - a former military supply depot closed in the 1990s - was transferred to the City of Oakland and the Port between 2003 and 2007. The Port is working to develop its portion of the former OAB into a logistics center (the Seaport Logistics Complex, or Complex) that will include new import cross-dock and export transloading from railcar to container, a new intermodal rail terminal, and related facilities. The development will facilitate the 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. Development is being phased to match market demand and funding availability. The first phase of development - construction of new manifest and support rail yards - was completed in 2016. These improvements will provide additional railcar storage capacity for current and future customers at the Seaport Logistics Complex, particularly transload, bulk, and break bulk businesses. Additionally, in November 2017, the Board approved a ground lease with a private developer to develop and operate a transloading and distribution facility on approximately 27 acres of the Complex. The Port envisions that the remainder of the Complex will be developed primarily by private entities under lease with the Port.

Temperature-Controlled Facilities. In October 2015, the Board approved a 30-year lease, with options to extend up to 66 years, with Cool Port Oakland, LLC, for the development and operation of a new temperature controlled transload facility at the Seaport. The development includes a 283,000 square foot refrigerated cross-dock/storage facility on approximately 25 acres of land in the heart of the Seaport, a new at-grade rail crossing, and approximately 11,000 linear feet of track connecting the facility to the main rail line. The intent of the development is to increase the import and export of perishable food products through Northern California. Construction of the Cool Port Project started in May 2017, with operations anticipated to commence in summer 2018.

Congestion Relief and Operational Efficiency. The Port intermittently experiences long truck queues outside terminal gates. The Port is approaching the congestion challenge with several initiatives all under the umbrella of the Port Efficiency Task Force (PETF). Members of the PETF include all sectors of the supply chain. The PETF is working on several initiatives: extended gate operations (night gates have been in operations since early 2016 at some terminals); real time monitoring of truck wait and turn-times and other operations-related performance monitoring/metrics; deployment of a gray chassis pool (a more flexible system that allows sharing of chassis across customers/users); marine terminal appointment systems; and, development of a customer portal that would provide a non-stop source for information about Port operations.

Marine Terminal and Roadway Improvements. Over the next 5 years, the Port expects to make a number of improvements to marine terminals and the key access points to those terminals in order to address aging infrastructure, the needs of larger ships, and congestion on roadways inside and leading to the Seaport. Key projects include crane raising; wharf upgrades for vessels capable of carrying 18,000 TEUs or more; design and construction of a new grade-separated 7th Street; development of an intelligent transportation system; and improvements to Middle Harbor Road. The latter three projects are inter-related and are being directly managed by the Alameda County Transportation Commission, but heavily supported by the Port, using the Measure BB Tax Fund.

Commercial Real Estate
The Port welcomed new tenants, including restaurants and office space, to the Jack London Square area through the partnership between the Port and its developer partner. In March 2016 the Port approved the assignment of numerous long-term ground leases in Jack London Square from Jack London Square Ventures LLC to CIM Group. CIM Group is a nationally recognized, well-respected real estate investment company with substantial experience in developing and operating mixed use complexes in urban areas throughout the United States. The Port is currently working with CIM Group to attract tenants to the remaining available retail spaces and complete associated tenant improvements.

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, 2016. 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. The Port will be submitting the current Comprehensive Annual Financial Report 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 for their assistance and guidance. Finally, we thank the Board for their attention and continuing support to plan and manage the Port's financial operations in a responsible and progressive manner.

Respectfully submitted,

Sara Lee
Chief Financial Officer

Julie Lam
Port Controller

Government Finance Officers Association

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

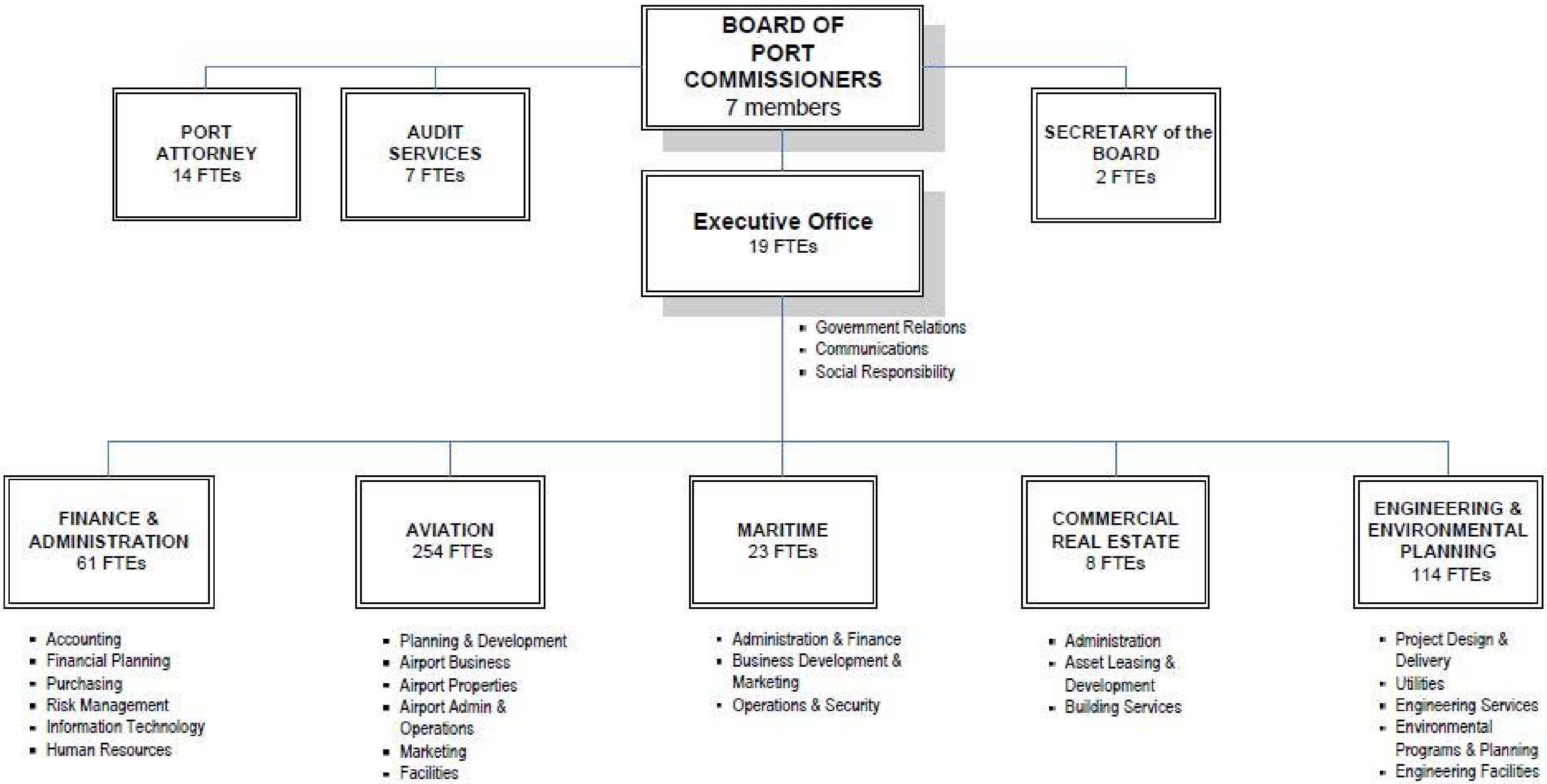
June 30, 2016

Executive Director/CEO

PORT OF OAKLAND
ORGANIZATION CHART

Fiscal Year 2016-17

502 Funded FTEs (Full-Time Equivalents)



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PORT OF OAKLAND

Appointed Officials, Executive Management
and Contributing Staff
For the Year Ended
June 30, 2017

Board of Port Commissioners of the City of Oakland
Michael Colbruno, President
Cestra Butner, First Vice-President
Joan H. Story, Second Vice-President
Andreas Cluver, Commissioner
Earl S. Hamlin, Commissioner
Arabella Martinez, Commissioner
Alan S. Yee, Commissioner

Executive Management
Chris Lytle, Executive Director
Bryant L. Francis, Director of Aviation
John C. Driscoll, Director of Maritime
Pamela Kershaw, Director of Commercial Real Estate
Chris Chan, Director of Engineering
Sara Lee, Chief Financial Officer
Danny Wan, Port Attorney

Contributing Staff
Julie Lam, Port Controller
Angelica Avalos, Port Senior Accountant
Leandro Denoga, Port Senior Accountant
Katri Jones, Administrative Specialist
Saw May Khoo, Port Staff Accountant II
Betsy Kwok, Port Staff Accountant II
Raymond Lei, Port Staff Accountant I
Alan Lum, Port Staff Accountant I
Cecilia Ravare, Port Accounting Supervisor
Stanley Tanaka, Port Senior Accountant
David Zolezzi, Port Senior Financial Analyst

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PORT OF OAKLAND

FINANCIAL SECTION

- Independent Auditor’s Report
- Management’s Discussion and Analysis (unaudited)
- Financial Statements
- Required Supplementary Information (unaudited)

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Port of Oakland (Port), a component unit of the City of Oakland, California as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's financial statements. 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 financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017, 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 solely 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 effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 14, 2017

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 (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, 2017 and 2016, with comparative information for June 30, 2015. 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 the MD&A, financial statements, notes to the financial statements, and required supplementary information. The financial statements include the Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows. In addition, the report includes a statistical section, which presents various financial and operating data.

The Port prepares the financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America 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, air rights and noise easements, depreciated over their estimated useful lives.

Summary of Net Position

The Statements of Net Position present the financial position of the Port at the end of the fiscal year. The statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Port. Net Position, the difference between assets, deferred outflows/inflows of resources, and liabilities, is an indicator of the current fiscal health of the Port and can provide an indication of improvement or deterioration of its financial position over time. A summarized comparison of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30 follows (in thousands):

	2017	$ Change	% Change	2016	$ Change	% Change	2015
Current and other assets	$ 487,523	$ 40,274	9.0%	$ 447,249	$ 27,276	6.5%	$ 419,973
Capital assets, net	2,174,842	(24,178)	-1.1%	2,199,020	(13,391)	-0.6%	2,212,411
Total assets	2,662,365	16,096	0.6%	2,646,269	13,885	0.5%	2,632,384
Deferred outflows of resources	50,731	24,059	90.2%	26,672	(150)	-0.6%	26,822
Debt outstanding	1,120,621	(41,565)	-3.6%	1,162,186	(42,591)	-3.5%	1,204,777
Other liabilities	384,499	27,853	7.8%	356,646	(28,888)	-7.5%	385,534
Total liabilities	1,505,120	(13,712)	-0.9%	1,518,832	(71,479)	-4.5%	1,590,311
Deferred inflows of resources	6,240	(5,323)	-46.0%	11,563	(17,574)	-60.3%	29,137
Net investment in capital assets	1,106,547	9,498	0.9%	1,097,049	43,167	4.1%	1,053,882
Restricted for construction	22,392	7,552	50.9%	14,840	2,774	23.0%	12,066
Unrestricted	72,797	42,140	137.5%	30,657	56,847	-217.1%	(26,190)
Total net position	$ 1,201,736	$ 59,190	5.2%	$ 1,142,546	$ 102,788	9.9%	$ 1,039,758

Summary of Net Position (continued)

2017

Total net position as of June 30, 2017, increased approximately $59,190 thousand or 5.2% from $1,142,546 thousand on June 30, 2016 to $1,201,736 thousand on June 30, 2017. The 2017 increase in net position was primarily driven by an increase in unrestricted assets of approximately $42,140 thousand and an increase in net investments in capital assets of approximately $9,498 thousand.

The $42,140 thousand increase in unrestricted assets was primarily due to a net increase in the Port's unrestricted cash equivalents balances of $33,001 thousand, whose increase was generated from operations, and a decrease in unearned revenue of $9,803 thousand, which resulted from scheduled amortization and the immediate recognition of previously unearned revenue of $5,526 thousand for the early termination of a long term lease agreement.

The $9,498 thousand increase in net investments in capital assets is primarily due to principal payments on outstanding debt of $53,232 thousand, the net amortization of bond premiums of $5,583 thousand, offset by issuance of new commercial paper of $17,250 thousand, a net decrease in capital assets of $24,178 thousand and an increase in accounts payable for construction contracts of $5,925 thousand and an increase in retention held on construction contracts of $1,068 thousand. The increase in accounts payable and retention on construction contracts is due to the timing of construction projects. For a detailed discussion on capital assets and long-term debt, refer to pages 12-13 for more details.

2016

Total net position as of June 30, 2016, increased approximately $102,788 thousand or 9.9% from $1,039,758 thousand on June 30, 2015 to $1,142,546 thousand on June 30, 2016. The 2016 increase in net position was primarily driven by an increase in net investments in capital assets of approximately $43,167 thousand and a net increase in unrestricted assets of approximately $56,847 thousand.

The $43,167 thousand increase in net investments in capital assets is primarily due to scheduled debt payments of $50,761 thousand, the net amortization of bond premiums of $6,023 thousand, offset by a decrease in capital assets of $13,391 thousand. The decrease in capital assets was due to an increase in accumulated depreciation of $103,396 thousand and asset retirements of $1,750 thousand offset by $92,295 thousand of construction and equipment purchases, primarily related to infrastructure development and improvements at the Airport and Seaport (refer to pages 12 for more details).

The increase in unrestricted assets was primarily due to a net increase in the Port's cash and accounts receivable balances of $25,738 thousand, which was driven by the collection of various federal and state grant reimbursements, and a net decrease in other liabilities driven by the termination of a long-term lease agreement which resulted in the immediate recognition of previously unearned revenue of $46,977 thousand, offset by the recognition of a loss contingency for deferred maintenance of leased property of $22,308 thousand. Additionally, the Port recognized $19,213 thousand of an increase in deferred outflows related to pensions, primarily consisting of differences between projected and actual earnings on investments held by the Port's CalPERS pension fund, which was offset by an increase in net pension liability of $12,286 thousand.

Summary of Revenues, Expenses, and Changes in Net Position

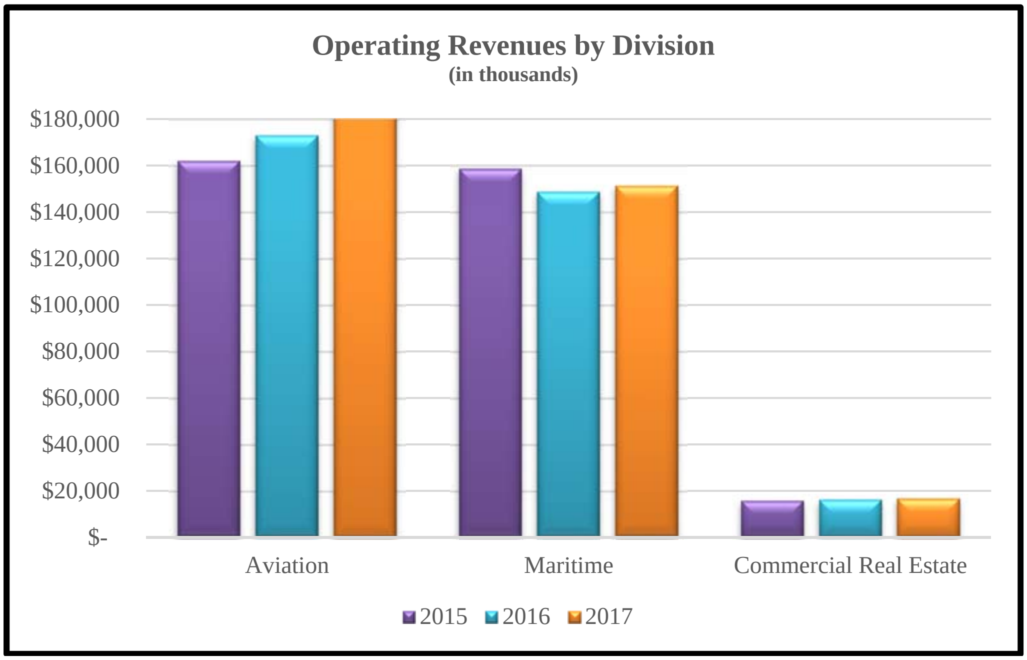
The Statements of Revenues, Expenses, and Changes in Net Position reflect how the Port's net position changed during the most recent fiscal year compared to the prior year. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. A summary of the Statements of Revenues, Expenses, and Changes in Net Position as of June 30 follows (in thousands):

	Twelve Months Ended						
	2017	$ Change	% Change	2016	$ Change	% Change	2015
Operating revenues	$ 358,707	$ 20,670	6.1%	$ 338,037	$ 1,450	0.4%	$ 336,587
Passenger facility charges revenue	24,520	1,591	6.9%	22,929	1,451	6.8%	21,478
Customer facility charges revenue	6,010	71	1.2%	5,939	(314)	-5.0%	6,253
Gain on lease termination	5,526	(29,674)	-84.3%	35,200	35,200	100.0%	-
Interest income	2,713	564	26.2%	2,149	366	20.5%	1,783
Grant revenue	1,001	(418)	-29.5%	1,419	(2,455)	-63.4%	3,874
Other income	997	(6,214)	-86.2%	7,211	770	12.0%	6,441
Total revenues	399,474	(13,410)	-3.2%	412,884	36,468	9.7%	376,416
Operating expenses before depreciation	188,786	7,629	4.2%	181,157	7,494	4.3%	173,663
Depreciation	106,255	2,178	2.1%	104,077	2,318	2.3%	101,759
Interest expense	47,695	(2,194)	-4.4%	49,889	(1,747)	-3.4%	51,636
Customer facility charges expense	4,531	224	5.2%	4,307	170	4.1%	4,137
Loss on disposal of capital assets	2,869	2,240	356.1%	629	629	100.0%	-
Other expense	2,841	(626)	-18.1%	3,467	286	9.0%	3,181
Grant expense	1,001	(418)	-29.5%	1,419	(2,455)	-63.4%	3,874
Total expenses	353,978	9,033	2.6%	344,945	6,695	2.0%	338,250
Change in net position before capital contributions	45,496	(22,443)	-33.0%	67,939	29,773	78.0%	38,166
Capital contributions -							
Grants from government agencies	13,694	(21,155)	-60.7%	34,849	(38,876)	-52.7%	73,725
Increase in net position	59,190	(43,598)	-42.4%	102,788	(9,103)	-8.1%	111,891
Net position, beginning of the year	1,142,546	102,788	9.9%	1,039,758	111,891	12.1%	927,867
Net position, end of the year	$ 1,201,736	$ 59,190	5.2%	$ 1,142,546	$ 102,788	9.9%	$ 1,039,758

Operating Revenues by Division

A condensed summary of operating revenues as of June 30 follows (in thousands):

Division	2017	2016	2015
Aviation	$ 190,657	$ 173,067	$ 162,135
Maritime	151,377	148,772	158,684
Commercial Real Estate	16,673	16,198	15,768
Total	$ 358,707	$ 338,037	$ 336,587



2017

The Port's total operating revenues increased approximately $20,670 thousand or 6.1% from $338,037 thousand in fiscal year 2016 to $358,707 thousand in fiscal year 2017.

The Aviation Division generated $190,657 thousand or 53.2% of the Port's total operating revenues in fiscal year 2017. Aviation's operating revenues increased approximately $17,590 thousand or 10.2% from $173,067 thousand in fiscal year 2016 to $190,657 thousand in fiscal year 2017. The increase in Aviation operating revenue was primarily due to increases in terminal rents $6,125 thousand, landing revenue $4,052 thousand, parking and ground access revenues of $4,041 thousand, and terminal concession revenues of $1,155 thousand. The increases in Aviation revenue was driven by increases in both the terminal rental and landing fee rates, and increases in passenger traffic. Effective average terminal rates increased from $227.75 per square foot in 2016 to $255.34 per square foot in 2017. The Signatory Landing Fee Rate increased from

Operating Revenues by Division (continued)

$2.94 per thousand pounds of landed weight in fiscal year 2016 to $3.13 per thousand pounds of landed weight in fiscal year 2017. Passenger traffic increased 8.4% from 11.61 million passengers in 2016 to 12.59 million passengers in 2017.

The Maritime Division generated $151,377 thousand or 42.2% of the Port's total operating revenues in fiscal year 2017. Maritime's operating revenues increased approximately $2,605 thousand or 1.8% from $148,772 thousand in fiscal year 2016 to $151,377 thousand in fiscal year 2017. The increase in Maritime operating revenue was primarily due to an increase in full TEU's from 1,784,387 in 2016 to 1,850,797 in 2017, and revenue from available space assignment property.

The Commercial Real Estate Division generated $16,673 thousand or 4.6% of the Port's total operating revenues in fiscal year 2017. Commercial Real Estate's operating revenues increased approximately $475 thousand or 2.9% from $16,198 thousand in fiscal year 2016 to $16,673 thousand in fiscal year 2017. The increase in Commercial Real Estate revenue was primarily due to increases in percentage rents, short-term rentals and parking revenue all driven by increased business activity throughout its portfolio.

2016

The Port's total operating revenues increased slightly by approximately $1,450 thousand or 0.4% from $336,587 thousand in fiscal year 2015 to $338,037 thousand in fiscal year 2016.

The Aviation Division generated $173,067 thousand or 51.2% of the Port's total operating revenues in fiscal year 2016. Aviation's operating revenues increased approximately $10,932 thousand or 6.7% from $162,135 thousand in fiscal year 2015 to $173,067 thousand in fiscal year 2016. The increase in Aviation operating revenue was primarily due to increases in terminal rents and other terminal revenues of $5,849 thousand, parking and ground access revenues of $3,478 thousand, and terminal concession revenues of $1,389 thousand. The increases in Aviation revenue was driven by increases in both the terminal rental rates and passenger traffic. Effective average terminal rates increased from $204.58 per square foot in 2015 to $227.75 per square foot in 2016 and passenger traffic increased 8.0% from 10.75 million passengers in 2015 to 11.61 million passengers in 2016.

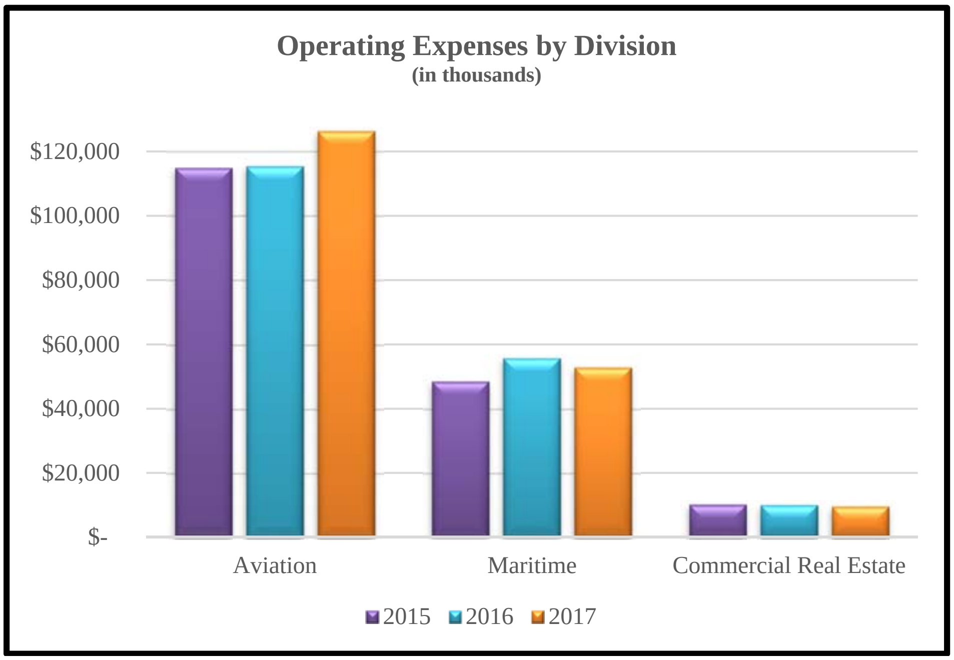
The Maritime Division generated $148,772 thousand or 44.0% of the Port's total operating revenues in fiscal year 2016. Maritime's operating revenues decreased approximately $9,912 thousand or 6.2% from $158,684 thousand in fiscal year 2015 to $148,772 thousand in fiscal year 2016. The decrease in Maritime operating revenue was primarily due to the termination of a long-term lease agreement with Outer Harbor Terminal (formerly Ports America Outer Harbor Terminal) during fiscal year 2016.

The Commercial Real Estate Division generated $16,198 thousand or 4.8% of the Port's total operating revenues in fiscal year 2016. Commercial Real Estate's operating revenues increased approximately $430 thousand or 2.7% from $15,768 thousand in fiscal year 2015 to $16,198 thousand in fiscal year 2016. The increase in Commercial Real Estate revenue was primarily due to increases in percentage rents, short-term rentals and parking revenue all driven by increased business activity in Jack London Square.

Operating Expenses by Division

A condensed summary of operating expenses (excluding depreciation) as of June 30 follows (in thousands):

Division	2017	2016	2015
Aviation	$ 126,298	$ 115,344	$ 114,902
Maritime	52,854	55,738	48,532
Commercial Real Estate	9,634	10,075	10,229
Total	$ 188,786	$ 181,157	$ 173,663



2017

The Port's operating expenses, excluding depreciation, increased approximately $7,629 thousand or 4.2% from $181,157 thousand in fiscal year 2016 to $188,786 thousand in fiscal year 2017.

The Aviation Division represented 66.9% of the Port's total operating expenses in fiscal year 2017. Aviation's operating expenses increased by $10,954 thousand or 9.5% from $115,344 thousand in fiscal year 2016 to $126,298 thousand in fiscal year 2017. This increase was primarily due to an increase in personnel costs of $4,728 thousand, driven by rising pension and medical costs, an increase in spending on cooperative and inbound marketing of $1,246 thousand, and increased spending for maintenance, repairs and security of the facilities of $2,761 thousand.

Operating Expenses by Division (continued)

The Maritime Division represented 28.0% of the Port's total operating expenses in fiscal year 2017. Maritime's operating expenses decreased $2,884 thousand or 5.2% from $55,738 thousand in fiscal year 2016 to $52,854 thousand in fiscal year 2017. This decrease was driven by a reduction in maintenance dredging expense of $1,785 thousand due to strategically increased dredging efforts in the prior year and a decrease of $1,585 thousand of one-time expenses for a temporary extended night gate assistance program that was implemented in 2016 by the Seaport to help ease congestion at the marine terminals.

The Commercial Real Estate Division represented 5.1% of the Port's total operating expenses in fiscal year 2017. Commercial Real Estate's operating expenses decreased by $441 thousand or 4.4% from $10,075 thousand in fiscal year 2016 to $9,634 thousand in fiscal year 2017.

2016

The Port's operating expenses, excluding depreciation, increased approximately $7,494 thousand or 4.3% from $173,663 thousand in fiscal year 2015 to $181,157 thousand in fiscal year 2016.

The Aviation Division represented 63.7% of the Port's total operating expenses in fiscal year 2016. Aviation's operating expenses increased slightly by $442 thousand or 0.4% from $114,902 thousand in fiscal year 2015 to $115,344 thousand in fiscal year 2016. This increase was primarily due to an increase in Airport security expenses of $2,081 thousand, driven by increased security coverage needs and increased security services cost due to rising healthcare and retirement expenses for security personnel, offset by a decrease in pollution remediation expenses of $1,798 thousand, due to higher costs in the prior year as a result of a new site identified during construction of the Runway Safety Area project.

The Maritime Division represented 30.8% of the Port's total operating expenses in fiscal year 2016. Maritime's operating expenses increased $7,206 thousand or 14.8% from $48,532 thousand in fiscal year 2015 to $55,738 thousand in fiscal year 2016. This increase was driven by an increase in pollution remediation expense of $3,009 thousand due to continued remediation on the former Oakland Army Base and planned development at the former Outer Harbor Terminal, an increase in maintenance dredging expense of $1,329 thousand due to strategically increased dredging efforts, and an increase of $1,585 thousand of expenses for an extended night gate assistance program that was implemented in 2016 by the Seaport to help ease congestion at the marine terminals.

The Commercial Real Estate Division represented 5.6% of the Port's total operating expenses in fiscal year 2016. Commercial Real Estate's operating expenses in fiscal year 2016 were essentially unchanged from fiscal year 2015.

Depreciation Expense by Division

A summary of depreciation expense as of June 30 follows (in thousands):

Division	2017	2016	2015
Aviation	$ 50,293	$ 50,000	$ 46,587
Maritime	53,448	51,397	52,077
Commercial Real Estate	2,514	2,680	3,095
Total	$ 106,255	$ 104,077	$ 101,759
Depreciation by funding source:			
Grant, PFC and CFC funded portion	$ 34,516	$ 32,166	$ 32,289
Internal and debt funded portion	71,739	71,911	69,470
Total	$ 106,255	$ 104,077	$ 101,759

In fiscal year 2017, depreciation expense increased $2,178 thousand or 2.1%. Maritime's depreciation increased approximately $2,051 thousand due to assets placed in service during the year. The most significant assets placed in service by Maritime division are the Outer Harbor Intermodal Terminal Railyard Phase 1 and Support Yard. Aviation depreciation expense increased $293 thousand due to assets placed into service during the year. Commercial Real Estate's depreciation decreased approximately $166 thousand due to several assets that fully depreciated during the year.

In fiscal year 2016, depreciation expense increased $2,318 thousand or 2.3%. Maritime's depreciation decreased approximately $680 thousand due to several assets that fully depreciated during the year. Aviation depreciation expense increased $3,413 thousand due to assets placed into service near the end of fiscal year 2015 and several additions placed in service during the first half of fiscal year 2016. The most significant assets placed in service by the Aviation division related to the Airport Runway Safety Area project. Commercial Real Estate's depreciation decreased approximately $415 thousand due to several assets that fully depreciated during the year.

Interest Expense

Interest expense decreased $2,194 thousand or 4.4% in fiscal year 2017, from $49,889 thousand in fiscal year 2016 to $47,695 thousand in fiscal year 2017. This was following a decrease in interest expense in fiscal year 2016 of $1,747 thousand or 3.4% from $51,636 in fiscal year 2015. In both cases, the decreases in interest expense were the result of scheduled principal payments reducing the overall amount of debt outstanding.

Gain on Lease Termination

In fiscal year 2017, the Port recognized a one-time gain on lease termination of $5,526 thousand for the immediate recognition of unamortized unearned revenue from a long-term rental contract that was terminated early.

In fiscal year 2016, the Port recognized a one-time gain on lease termination of $35,200 thousand for the net impact of the closure of Outer Harbor Terminal (formerly Ports America Outer Harbor Terminal). The gain was composed of the immediate recognition of unamortized unearned revenue from the rental contract of $46,977 thousand, the recognition of security deposits and settlement fees of $10,560 thousand, offset by the recognition of a loss contingency for deferred maintenance of the leased property of $22,337 thousand.

Capital Contributions

Capital contributions consist solely of grants received from other government agencies. Grants, for the most part, are restricted for the acquisition or construction of capital assets. A condensed summary of capital contributions by granting agency as of June 30 follows (in thousands):

	2017	2016	2015
U.S. Department of Transportation:			
Airport Improvement Program	$ 10,589	$ 16,575	$ 29,351
Transportation Investment Generating Economic Recovery	1,339	4,133	9,263
U.S. Department of Homeland Security:			
Port Security Grant Program	1,061	225	2,100
Trade Corridor Improvement Fund	-	13,980	32,612
Other grant programs	705	(64)	399
Total capital contributions	$ 13,694	$ 34,849	$ 73,725

In fiscal year 2017, grants from government agencies decreased approximately $21,155 thousand or 60.7% from $34,849 thousand in fiscal year 2016 to $13,694 thousand in fiscal year 2017. This follows a decrease in fiscal year 2016, of approximately $38,876 thousand from $73,725 thousand in fiscal year 2015. The two year decrease is due to the completion of two large grant funded projects during fiscal year 2016. The Outer Harbor Intermodal Terminal Railyard Phase 1 development, partially funded by the Trade Corridor Improvement Fund and the Transportation Investment Generating Economic Recovery grants, was substantially completed in 2016. The Runway Safety Area project, partially funded with Airport Improvement Program grants, was substantially completed in 2015. The majority of capital contributions recognized by the Port in fiscal year 2017 was from the Airport Improvement Program for planning and design work on the Runway 12/30 rehabilitation project.

Capital Assets (net of depreciation) and Capital Improvement Plan

A summary of capital assets, net of depreciation and amortization as of June 30 follows (in thousands):

	2017	2016	2015
Capital assets:			
Land	$ 523,382	$ 523,374	$ 523,339
Noise easements and air rights	25,852	25,852	25,852
Construction in progress	143,257	181,907	167,751
Buildings and improvements	259,030	280,675	304,280
Container cranes	45,058	49,877	54,700
Infrastructure	1,144,375	1,099,661	1,096,210
Software	5,604	6,901	8,206
Other equipment	28,284	30,773	32,073
Total	$ 2,174,842	$ 2,199,020	$ 2,212,411

Net capital assets decreased by approximately $24,178 thousand or 1.1% in fiscal year 2017, due to capital asset additions of $85,397 thousand, offset by retirements and abandoned construction in progress of $2,892 thousand, adjustments to construction in progress to reclassify prior year project costs to expense of $428 thousand and an increase in accumulated depreciation of $106,255 thousand. Major additions to capital assets in fiscal year 2017 were related to Airport Terminal 1 retrofit and renovation; International Arrival Building Upgrade; and Outer Harbor Intermodal Terminal Support Yard.

Net capital assets decreased by approximately $13,391 thousand or 0.6% in fiscal year 2016, due to capital asset additions of $92,295 thousand, offset by retirements and abandoned construction in progress of $290 thousand, adjustments to construction in progress to reclassify prior year project costs to expense of $1,319 thousand and an increase in accumulated depreciation of $104,077 thousand. Major additions to capital assets in fiscal year 2016 were related to Airport Terminal 1 retrofit and renovation; Airport Runway Safety Area project; and Outer Harbor Intermodal Terminal Railyard Phase 1.

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.

On June 22, 2017, a five-year (fiscal year 2018-2022) Capital Improvement Plan (CIP) in the amount of $513 million was presented to the Board for informational purposes. For fiscal year 2018, the Board adopted a capital budget of $105.8 million and an additional $90.5 million of additional capital budget is anticipated to be approved in fiscal year 2018. In addition to various Port-wide utility improvements, the most significant projects in the five-year CIP are:

Aviation: Runway 12/30 rehabilitation, airfield perimeter dike improvements, various Terminal 1 and 2 projects, and International Arrival Building upgrades.

Maritime: Seaport Logistics Center development, crane raising, and various marine terminal improvements.

Debt Administration

The following table summarizes the Port's outstanding debt as of June 30 (in thousands):

	2017	2016	2015
Bond Indebtedness	$ 979,565	$1,028,550	$1,075,075
Dept. of Boating and Waterway Loan	4,431	4,678	4,914
Commercial Paper	97,841	84,591	74,398
Subtotal debt	1,081,837	1,117,819	1,154,387
Net unamortized premium (discount)	38,784	44,367	50,390
Total debt	$1,120,621	$1,162,186	$1,204,777

In fiscal year 2017, the Port's total debt decreased approximately $41,565 thousand or 3.6% from $1,162,186 thousand in fiscal year 2016 to $1,120,621 thousand in fiscal year 2017. The decrease resulted from principal payments of $53,232 thousand on outstanding bonds, commercial paper, and a loan with the Department of Boating and Waterways and a decrease to unamortized bond premium totaling $5,583 thousand. It was partially offset by the issuance of $17,250 thousand of new commercial paper notes to reimburse the Port for capital project expenditures.

In fiscal year 2016, the Port's total debt decreased approximately $42,591 thousand or 3.5% from $1,204,777 thousand in fiscal year 2015 to $1,162,186 thousand in fiscal year 2016. The decrease resulted from principal payments of $50,761 thousand on outstanding bonds, commercial paper, and a loan with the Department of Boating and Waterways and a decrease to unamortized bond premium totaling $6,023 thousand. It was partially offset by the issuance of $14,193 thousand of new commercial paper notes to reimburse the Port for capital project expenditures.

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

	2017	2016	2015
Senior Lien	3.89	3.30	3.28
Intermediate Lien	1.73	1.61	1.68

The Senior Lien and Intermediate Lien debt service coverage ratios are calculated pursuant to the bond indentures.

Additional information on the Port's debt activity can be found in Note 5 Debt and Note 16 Subsequent Events in the accompanying notes to the financial statements.

Credit Ratings

The Port's credit ratings as of June 30, 2017 are as follows:

- Standard & Poor's Rating Service (S&P) underlying rating on the Port's Senior Lien Bonds is "A+", and the underlying rating on the Intermediate Lien Bonds is "A". The rating on the Port's Commercial Paper Notes for all series is "A-1".
- Moody's Investors Service, Inc. (Moody's) underlying rating on the Port's Senior Lien Bonds is "A1", and the underlying rating on the Intermediate Lien Bonds is "A2". The rating on the Port's Commercial Paper Notes for all series is "P1". In addition, Moody's has set a subordinate lien rating of "A3" on the bank note established for the Port's Commercial Paper Program.
- Fitch Ratings' (Fitch) underlying rating on the Port's Senior Lien Bonds is "A+", and the underlying rating on the Intermediate Lien Bonds is "A". The rating on the Port's Commercial Paper Notes for all series is "F1". In addition, Fitch has set a subordinate lien rating of "A" on the bank note established for the Port's Commercial Paper Program.

Notes to the Financial Statements

The notes to the Port's financial statements can be found on pages 23-64 of this report. These notes provide additional information that is essential to a full understanding of the financial statements.

Facts and Conditions Affecting the Port's Operation

Aviation

The Airport is one of three commercial airports serving the San Francisco Bay Area: the Airport, San Francisco International (SFO), and Norman Mineta San José International (SJC). The Bay Area airports, especially the Airport and SFO, serve overlapping markets and compete for passengers who frequently consider more than one Bay Area airport when purchasing air travel. Additionally, airlines may shift their operations among the Bay Area airports based upon local competition and each airline's market share goals. Air carriers also consider airport operating costs, the availability of airport facilities and, in some cases, the location of existing alliance partner flight activity as contributing factors in their flight schedule decision-making process. In addition to the aforementioned factors, the activity levels at the Airport are also sensitive to general economic conditions, acts of terrorism or disease epidemic/pandemic which could significantly impact demand for air travel. The Airport is unable to predict how market competition or future economic conditions will affect the Airport's operations.

In addition to facing competition from other Bay Area airports, the Airport could also face competition for passengers from passenger high-speed rail service or other newly-developed mass transit alternatives in the future. The California High Speed Rail Authority (CHSR Authority) is pursuing a statewide, high-speed rail system in California linking Los Angeles to the San Francisco Bay Area, with a proposed station to be located in the City. The CHSR Authority will pursue a phased implementation of service and the initial construction segment of the project (Merced to Bakersfield) began in 2015. The CHSR Authority has a schedule that would complete all necessary work to operate trains between the Central Valley and Silicon Valley by 2025. The CHSR Authority has stated that it plans to price its rail fares below air fares. The Port is unable to predict if or when a statewide, high speed rail system will become operational between the San

Francisco Bay Area and Los Angeles, or what effect such rail system would have, if any, on total passenger traffic and revenues of the Airport or whether that impact would be material.

The ability of the Port to generate revenues from its Airport operations depends upon demand for its Aviation facilities which, in part, depends upon the financial health of the aviation industry. The Aviation industry is economically volatile and in recent years has undergone significant changes, including mergers, acquisitions, bankruptcies and closures. In December 2016, Alaska Air Group, Inc., the parent company of Alaska Airlines and Horizon Air, and Virgin America, Inc., announced completion of the merger of the two airlines. Currently, Alaska Airlines and Virgin America are in the process of securing FAA certification to allow the two airlines to operate as a single carrier. While Virgin America does not have service at the Airport, Alaska Airlines and Horizon Air handled 6.1% of total enplaned passengers in fiscal year 2017, the second largest market share based on enplanements after Southwest Airlines. While the Port does not expect that the Alaska Air Group and Virgin America merger will have a significant impact on the passenger traffic at the Airport, future mergers or alliances among airlines operating at the Airport may result in fewer flights or decreases in space rented by one or more airlines. Such decreases may result in reduced operating and PFC revenues.

Maritime

The Seaport is the principal ocean gateway for international containerized cargo shipments in Northern California. Historically, the Seaport has managed a balance of import and export trade, leading with a strong export base of California's premium agricultural products and other U.S. goods bound for foreign markets, making the Port sensitive to fluctuations in the global economy. Approximately 85% of the total cargo handled at the Seaport serves a large local and regional population.

The Seaport competes with other ports primarily for discretionary intermodal rail cargo, approximately 15% of the total cargo handled at the Seaport, which is cargo that originates from or is bound for inland destinations and that, therefore, could be shipped through any one of several ports. Expansion of other ports or future infrastructure developments in the supply chain could result in greater diversion of this type of cargo from West Coast ports to East Coast and Gulf ports. As the Seaport continues to work towards expanding its market share of such cargo, these types of developments could hinder these efforts. The Port cannot predict the scope of potential impacts at this time.

The maritime industry has been facing significant economic pressure for some time, which has resulted in major financial losses, bankruptcy, marine terminal closure, and consolidation within segments of the supply chain. The following events illustrate how these supply chain pressures affected the Seaport over the last year and looking into the near future:

- On August 31, 2016, Hanjin Shipping Co., one of the ocean carriers calling on the Seaport, filed for bankruptcy protection. At the time of the Hanjin bankruptcy filing, the Port had no leasehold interest with Hanjin or with any of its subsidiaries. However, Hanjin-owned containers were handled by a Port terminal operator. In some cases, these containers were delayed in getting to market because Hanjin vessel calls were delayed or cancelled. Over time since the bankruptcy filing, Hanjin's customers have shifted their goods to other ocean carriers that call the Seaport. The bankruptcy has not had a material impact on Seaport operations, cargo throughput, or revenues.

- The Seaport lost a major marine terminal tenant in the spring of 2016, causing a reduction of revenue in fiscal year 2016. However, over 99% of the cargo handled by this terminal was nondiscretionary cargo destined for or originating from Northern California locations. As such, the cargo has continued to be discharged/loaded at the Seaport, but shifted to the other marine terminals. This unexpected terminal closure has improved capacity utilization at the remaining terminals, provided significant expansion opportunities for one terminal, and resulted in the operation of routine extended gates hours to mitigate congestion.

- The maritime industry is vulnerable to strikes and other union activities, particularly activities related to the union labor employed by the marine terminal operators, but also activities of "sympathetic" unions. The labor agreement between the International Longshore and Warehouse Union, the union representing most dockworkers at all United States West Coast ports, and the Pacific Maritime Association, which represents companies engaged in shipping to or through ports on the West Coast of the United States, expires on June 30, 2019. Historically, certain labor disruptions have affected the competitive position of all West Coast ports, including the Seaport, while others have had port-specific impacts that negatively affected one port while benefiting another port (for example, when cargo is diverted). The Seaport's marine terminal leases provide certain assurances for revenue collection in the event of a strike or lockout; however, these assurances are inherently limited and are not designed to mitigate the impact of long-term cargo shifts to other ports if a labor disruption resulted in major, sustained cargo diversion.

Commercial Real Estate

Over the last decade, the Commercial Real Estate Division has leased most of its properties to developers or tenants under long-term ground leases, under which the developer or tenant is responsible for the development, subleasing, operation and maintenance of the improvements on the properties. The Port continues to work with the developers to ensure the properties are developed and managed in ways that are compliant with California Tidelands Trust regulations, however most of the development cost and financial risk is held by the developers.

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 Port's website at www.portofoakland.com.

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Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Net Position
June 30, 2017 and 2016
(dollar amounts in thousands)

	2017	2016
Assets		
Current assets:		
Unrestricted:		
Cash equivalents	$ 329,455	$ 296,454
Accounts receivable (less allowance for doubtful accounts of $647 in 2017 and $1,088 in 2016)	27,939	30,199
Prepaid expenses and other assets	4,155	3,219
Total unrestricted current assets	361,549	329,872
Restricted:		
Cash equivalents	19,100	12,375
Investments	57,576	57,719
Deposits in escrow	3,680	2,685
Passenger facility charges and customer facility charges receivable	3,292	2,958
Accrued interest receivable	203	161
Total restricted current assets	83,851	75,898
Total current assets	445,400	405,770
Non-current assets:		
Capital assets:		
Land	523,382	523,374
Noise easements and air rights	25,852	25,852
Construction in progress	143,257	181,907
Buildings and improvements	852,273	852,054
Container cranes	148,697	148,697
Infrastructure	2,061,762	1,943,951
Software	13,842	13,738
Other equipment	99,980	97,895
Total capital assets, at cost	3,869,045	3,787,468
Less accumulated depreciation	(1,694,203)	(1,588,448)
Capital assets, net	2,174,842	2,199,020
Other receivables	28,619	29,271
Other assets	13,504	12,208
Total non-current assets	2,216,965	2,240,499
Total assets	2,662,365	2,646,269
Deferred Outflows of Resources		
Loss on refunding	8,989	10,286
Deferred outflows related to pensions	41,742	16,386
Total Deferred Outflows of Resources	$ 50,731	$ 26,672

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 Position (continued)
June 30, 2017 and 2016
(dollar amounts in thousands)

	2017	2016
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 35,442	$ 26,980
Retentions on construction contracts	5,878	3,478
Environmental and other	15,496	15,853
Accrued interest	8,319	8,696
Long-term debt, net	58,403	54,822
Liability to City of Oakland	10,197	9,068
Unearned revenue	5,403	10,128
Total current liabilities	139,138	129,025
Non-current liabilities:		
Retentions on construction contracts	159	1,491
Environmental and other	41,324	42,877
Long-term debt, net	1,062,218	1,107,364
Net pension liability	204,078	177,204
Deposits	20,883	18,331
Other post employment benefits	9,979	10,121
Unearned revenue	27,341	32,419
Total non-current liabilities	1,365,982	1,389,807
Total liabilities	1,505,120	1,518,832
Deferred Inflows of Resources		
Deferred inflows related to pensions	6,240	11,563
Net Position		
Net investment in capital assets	1,106,547	1,097,049
Restricted for construction	22,392	14,840
Unrestricted	72,797	30,657
Total net position	$ 1,201,736	$ 1,142,546

(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 Position
For the years ended June 30, 2017 and 2016
(dollar amounts in thousands)

	2017				2016
Operating revenues:	Aviation	Maritime	Commerical Real Estate	Total	Total
Lease rentals - terminal	$ 50,521	$ 108,710	$ -	$ 159,231	$ 158,260
Lease rentals - other	30,505	23,260	13,235	67,000	59,505
Parking fees and ground access	40,867	6,916	2,645	50,428	45,736
Landing fees	33,261	-	-	33,261	29,209
Terminal concessions	24,563	-	-	24,563	23,408
Utility sales	4,359	9,741	102	14,202	14,353
Fueling	2,422	-	-	2,422	2,336
Other	4,159	2,750	691	7,600	5,230
Total operating revenues	190,657	151,377	16,673	358,707	338,037
Operating expenses:					
Materials, contract services, supplies, and other	75,592	16,329	6,552	98,473	98,572
Maintenance	28,104	17,926	624	46,654	39,490
Advertising and promotion	4,530	1,899	380	6,809	5,514
Administration	16,160	12,518	1,976	30,654	30,468
Cost of utility sales	1,912	4,182	102	6,196	7,113
Depreciation	50,293	53,448	2,514	106,255	104,077
Total operating expenses	176,591	106,302	12,148	295,041	285,234
Operating income	14,066	45,075	4,525	63,666	52,803
Non-operating revenues (expenses):					
Interest income	518	1,557	638	2,713	2,149
Interest expense	(9,023)	(37,757)	(915)	(47,695)	(49,889)
Customer facility charges revenue	6,010	-	-	6,010	5,939
Customer facility charges expenses	(4,531)	-	-	(4,531)	(4,307)
Passenger facility charges	24,520	-	-	24,520	22,929
Other income (expense), net	(150)	(1,751)	57	(1,844)	3,744
Grant income	232	769	-	1,001	1,419
Grant expenses	(232)	(769)	-	(1,001)	(1,419)
Gain on long term lease termination	-	5,526	-	5,526	35,200
Loss on disposal of capital assets	(126)	(2,743)	-	(2,869)	(629)
Total non-operating revenue (expenses), net	17,218	(35,168)	(220)	(18,170)	15,136
Increase in net position before capital contributions	31,284	9,907	4,305	45,496	67,939
Capital contributions -					
Grants from government agencies	11,184	2,510	-	13,694	34,849
Increase in net position	$ 42,468	$ 12,417	$ 4,305	59,190	102,788
Net position, beginning of the year				1,142,546	1,039,758
Net position, end of the year				$ 1,201,736	$ 1,142,546

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, 2017 and 2016
(dollar amounts in thousands)

	2017	2016
Cash flows from operating activities:		
Receipts from tenants and customers	$ 357,046	$ 340,981
Payments to suppliers	(92,704)	(89,741)
Payments to employees	(79,844)	(78,088)
Payments to employee retirement plans	(19,364)	(16,386)
Proceeds from lease termination	-	10,560
Other non-operating payments	(3,393)	(2,488)
Other non-operating receipts	380	2,325
Net cash provided by operating activities	162,121	167,163
Cash flows from noncapital financing activities:		
Proceeds from government agencies for recovery of operating costs	1,001	1,419
Payments to grant subrecipient	(270)	-
Proceeds from insurance and other recoveries	865	4,886
Net cash provided by noncapital financing activities	1,596	6,305
Cash flows from capital and related financing activities:		
Proceeds from new borrowings	17,250	38,176
Repayments/refunding of debt	(53,232)	(74,744)
Grants from government agencies	15,246	99,220
Interest paid on debt	(52,358)	(54,828)
Purchase of capital assets	(78,404)	(108,891)
Proceeds from sale of capital assets	23	1
Customer facility charge and passenger facility charge receipts	25,747	24,564
Net cash used in capital and related financing activities	(125,728)	(76,502)
Cash flows from investing activities:		
Interest received on investments	2,589	2,111
Purchase of restricted investments	(58,571)	(56,485)
Proceeds from maturity of restricted investments	57,719	57,867
Net cash provided by investing activities	1,737	3,493
Net increase in cash equivalents	39,726	100,459
Cash equivalents, beginning of year	308,829	208,370
Cash equivalents, end of year	$ 348,555	$ 308,829

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, 2017 and 2016
(dollar amounts in thousands)

	2017	2016
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 63,666	$ 52,803
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	106,255	104,077
Proceeds from lease termination	-	10,560
Other	(3,013)	(163)
Net effects of changes in:		
Accounts receivable, net of capital grants	708	5,980
Prepaid expenses and other current assets	(2,232)	113
Other receivables and assets	652	(47)
Accounts payable and accrued liabilities	2,395	(525)
Liability to City of Oakland	1,129	152
Unearned revenue	(4,277)	(4,381)
Deposits	2,552	1,587
Environmental and other liabilities	(1,910)	3,604
Net pension liability and related deferred outflow/inflow of resources	(3,804)	(6,597)
Net cash provided by operating activities	$ 162,121	$ 167,163
Non-cash capital and related financing activities:		
Acquisition of capital assets in accounts payable and accrued liabilities	$ 12,085	$ 6,160
Net change in retention on capital construction contracts	1,068	(1,794)
Net change in grants receivable	1,552	(64,371)
Abandoned construction in progress and other capital assets	2,892	630
Prior construction in progress reclassified to expense	428	979
Long term lease termination:		
Loss contingency for deferred maintenance	-	22,337
Recognized unearned income	(5,526)	(46,977)

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 maritime facilities (Seaport) and commercial real estate holdings.

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 in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

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, deferred outflow/inflow of resources, and liabilities, the 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. Estimates and assumptions are used to record environmental remediation liabilities, accounts receivable and grant receivable accruals, allowance for doubtful accounts, depreciation expense, net pension liability, other postemployment benefits costs and various expense allocations. Actual results could differ from those estimates.

Net Position

Net position represents the residual interest in the Port's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position consists of three sections: net investment in capital assets, restricted for construction, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of debt that is attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources or deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. As of June 30, 2017 and 2016, the statements of net position reported $22,392,000 and $14,840,000, respectively, as restricted for construction.

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. The cash and investments held in the City Treasury and government securities money market mutual fund investments with a remaining maturity at the time of purchase of one year or less are valued at amortized costs.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded for invoices issued to customers and granting agencies in accordance with contractual arrangements. The allowance for doubtful accounts is based on a tiered percentage of significantly aged receivables. Accounts receivable are written-off against the allowance when deemed uncollectible. Recoveries of receivables previously written-off are recorded as revenue when received.

Restricted Assets

Assets whose use is restricted to specific purposes by bond indenture or regulation are segregated on the statements of net position.

Capital Assets

Capital assets are stated at cost and it is the policy of the Port to capitalize all expenses related to capital assets greater than $5,000. Interest costs applicable to constructed 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	3 to 40 years
Software	3 to 10 years

Tenant improvements paid for by the tenants and owned by the Port are recorded as capital assets with an offsetting credit to unearned revenue. The asset is amortized over the shorter of the life of the lease or the life of the asset and the unearned 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 useful life of the asset.

Other Receivables

Other receivables include future lease receipts from a fifty-year finance lease agreement associated with the sale and lease of the marina as discussed in Note 7.

Loss on Refunding

The loss on refunding at the time of a refunding is reported as deferred outflow of resources and is amortized as interest expense over the shorter of the remaining life of the refunded bonds or life of the new bonds.

Unearned Revenue

Unearned interest revenue and prepaid rent related to tenant leases are 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 assets available, it is the Port's policy to first utilize available restricted assets and then to utilize unrestricted 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 expenses to these divisions based on an expense allocation methodology. Allocated expenses include general operating expenses, maintenance, advertising and promotion, and administrative expenses.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Port's pension plan, and additions to/deductions from the Port's pension plan's fiduciary net position have been determined on the same basis as they are reported by the plan's administrator, State of California's Public Employees' Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms.

Grants from Government Agencies

Grants, for the most part, are restricted for the acquisition or construction of capital assets. Such grants are recorded as revenue when all eligibility requirements imposed by the provider have been met. Grants that reimburse for costs that would have otherwise been reported as operating expenses are reported as non-operating revenue and the corresponding expense reported as non-operating expense.

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 and are required to remit PFC revenues to the Port in the following month after they are recorded by the air carrier. The Port has three approved and two active applications with the FAA to collect and use PFC funds for specific purposes. The current authority to impose PFCs is estimated to end February 1, 2035.

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 equivalents.

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 Customer Facility Charge (CFC). The current CFC is $10 per contract for companies operating on airport property and $8.00 for companies operating off of airport property. The revenues from CFCs collected by the Port are funding the common use shuttle bus operations between the terminal and rental car facility and are eligible to fund common use rental car facility capital improvements. CFC revenues are recorded as non-operating revenue and expenses reimbursed with CFC funds are recorded as non-operating expense. Any unspent CFC revenues are recorded as restricted cash equivalents.

Effects of New Pronouncements

In March 2016, GASB issued Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No 68, and No. 73* (GASB 82). This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan members) contribution requirements. As of July 1, 2016, the Port adopted the provisions of GASB 82, which did not have a significant impact on its financial statements.

New Accounting Pronouncements Not Yet Adopted

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 is intended to make other postemployment benefits (OPEB) accounting and financial reporting consistent with the pension standards outlined in GASB issued Statement No. 68, *Accounting and Financial Report for Pensions*. This will include recognizing a net OPEB liability in accrual-basis financial statements. This statement is effective for fiscal years beginning after June 15, 2017. This statement applies to government employers who provide OPEB plans for their employees. Application of this statement is effective for the Port's fiscal year ending June 30, 2018.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017* (GASB 85). The objective of GASB 85 is to address practice issues that were identified during implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). This statement is effective for fiscal years beginning after June 15, 2017. Application of this statement is effective for the Port's fiscal year ending June 30, 2018.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86). The objective of GASB 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Application of this statement is effective for the Port's fiscal year ending June 30, 2018.

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Application of this statement is effective for the Port's fiscal year ending June 30, 2021.

Reclassification and Presentation

Certain reclassifications of prior year's balances have been made to confirm with the current year presentation. The reclassifications have no effect on the total net position, change in net position or net changes in cash equivalents.

3. Cash Equivalents, Investments, and Deposits

Cash Equivalents and Investments

Under the City Charter, all cash receipts from the operations of the Port are deposited in the City Investment Pool. These funds are managed and invested by the City, pursuant to the City's Investment Policy, that the City administers and reviews annually. For this reason, the Port does not maintain its own investment policy, and relies on the City Investment Policy to mitigate the risks described within this footnote.

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

On June 30, 2017, the Port had the following cash equivalents and investments (in thousands):

					Maturity	
	Unrestricted	Restricted	Total Fair Value	Credit Rating per Moody's	Less than 1 Year	1-5 Years
City Investment Pool	$ 329,455	$ 18,597	$ 348,052	n/a	$348,052	$ -
Government Securities Money Market Mutual Funds	-	503	503	n/a	503	-
Total Cash Equivalents	329,455	19,100	348,555		348,555	-
Federal Home Loan Mortgage Notes	-	57,576	57,576	Aaa	57,576	-
Total Investments	-	57,576	57,576		57,576	-
Total Cash Equivalents and Investments	$ 329,455	$ 76,676	$ 406,131		$406,131	$ -

On June 30, 2016, the Port had the following cash equivalents and investments (in thousands):

					Maturity	
	Unrestricted	Restricted	Total Fair Value	Credit Rating per Moody's	Less than 1 Year	1-5 Years
City Investment Pool	$ 296,454	$ 11,882	$ 308,336	n/a	$308,336	$ -
Government Securities Money Market Mutual Funds	-	493	493	n/a	493	-
Total Cash Equivalents	296,454	12,375	308,829		308,829	-
U.S. Treasury Notes	-	57,719	57,719	Aaa	57,719	-
Total Investments	-	57,719	57,719		57,719	-
Total Cash Equivalents and Investments	$ 296,454	$ 70,094	$ 366,548		$366,548	$ -

Fair Value Hierarchy

The Port categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. The inputs and techniques used for valuing securities are not necessarily an indication of risk associated with investing in those securities. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of investments held by the Port as of June 30, 2017 and 2016 (in thousands):

			Fair Value Measurements Using		
Investments by Fair Value Level	**2017**	**Investments Exempt from Fair Value Hierarchy**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Federal Home Loan Mortgage Notes	$ 57,576	$ -	$ -	$ 57,576	$ -
Government Securities Money Market Mutual Funds	503	503	-	-	-
City Investment Pool	348,052	348,052	-	-	-
Total Investments	$ 406,131	$ 348,555	$ -	$ 57,576	$ -

			Fair Value Measurements Using		
Investments by Fair Value Level	**2016**	**Investments Exempt from Fair Value Hierarchy**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
U.S. Treasury Notes	$ 57,719	$ -	$ 57,719	$ -	$ -
Government Securities Money Market Mutual Funds	493	493	-	-	-
City Investment Pool	308,336	308,336	-	-	-
Total Investments	$ 366,548	$ 308,829	$ 57,719	$ -	$ -

Investment securities classified in Level 1 of the fair value hierarchy consist of U.S. Treasury Notes and are valued using quoted prices in active markets. Investment securities classified in Level 2 of the fair value hierarchy consist of Federal Home Loan Mortgage Notes and are valued using various market and industry inputs. Investments exempt from fair value treatment consist of Government Securities Money Market Mutual Funds, which are valued at amortized cost, and the City Investment Pool, whose fair value disclosure is presented at the City-wide level in the City's basic financial statements.

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. As of June 30, 2017 and 2016 the Port had deposits in escrow of $3,680,000 and $2,685,000, respectively.

Investments Authorized by Debt Agreements

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

Interest Rate Risk

This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. Pursuant to the City Charter, all cash receipts from Port operations are deposited in the City Investment Pool. For this reason, the Port does not have a formal policy to manage interest rate risk.

In order to manage interest rate risk:

- Proceeds from bonds are invested in permitted investments, as stated in the Trust Indentures.
- The deposits held by the City Treasury are invested pursuant to the City's Investment Policy and Section 53601 of the State of California Government Code, which limits the maximum maturity of any investment to be no longer than 5 years. Also, Section 53601 limits the maximum maturity of any investment to be no longer than 5 years unless authority for such investment is expressly granted in advance by the City Council or authorized by bond covenants.

Credit Risk

This risk represents the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligation. Pursuant to the City Charter, all cash receipts from Port operations are deposited in the City Investment Pool. For this reason, the Port does not have a formal policy to manage credit risk.

In order to manage credit risk:

- Provisions of the Trust Indentures prescribe restrictions on the types of permitted investments of the monies held by the trustee in the funds and accounts created under the Trust Indentures, including agreements or financial institutions that must meet certain ratings, such as certain investments that must be rated in either of the two highest ratings by S&P and Moody's.
- The deposits with the City Treasury are invested in short-term debt that is rated at least A-1 by S&P, P-1 by Moody's or F-1 by Fitch Ratings. Long-term debt shall be rated at least A by S&P, A2 by Moody's, and A by Fitch Ratings.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or 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 under the terms of the Trust Indentures are held in the name of the Port for safekeeping by a third party bank trust department, acting as an agent for the Port. The Port had investments held by a third party bank trust department in the amount of $58,079,000 and $58,212,000 at June 30, 2017 and 2016, respectively.
- All securities the Port has invested with the City are held in the name of the City for safekeeping by a third party bank trust department, acting as an agent for the City under the terms of the custody agreements. The Port had $348,052,000 and $308,336,000 invested in the City Investment Pool on June 30, 2017 and 2016, respectively.

The carrying amount of the Port's deposits in escrow was held with two separate banks and totals $3,680,000 as of June 30, 2017 and $2,685,000 as of June 30, 2016. Of this amount, bank balances and escrow deposits of $250,000 at each bank on June 30, 2017 and on June 30, 2016, 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 $3,180,000 as of June 30, 2017 and $2,185,000 as of June 30, 2016, was exposed to custodial credit risk by not being insured or collateralized.

Concentration of Credit Risk

The Trust Indentures place no limit on the amount the Port may invest in any one issuer.

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

- The maximum maturity for any one investment may not exceed 5 years.
- No more than 5 percent of the total assets of the investments held by the City may be invested in the securities of any one issuer except:
    - obligations of the United States government;
    - United States government sponsored enterprises;
    - insured certificates of deposit;
    - local government investment pools; and
    - money market investment funds.
- Permitted investments include U.S. treasury securities, federal agency and instrumentalities, banker's acceptances, commercial paper, asset-backed commercial paper, local government investment pools, medium-term notes, negotiable certificates of deposit, repurchase agreements, reverse repurchase agreements, secured obligations and agreements, certificates of deposit, money market mutual funds, state investment pool (Local Agency Investment Fund), local City/agency bonds and State of California obligations, and other local agency bonds. At the end of fiscal year 2015 the City expanded its definition of permitted investments to include dollar-denominated obligations issued by supranational organizations.
- All investments are to be secured through third party custody and safekeeping procedures. All securities purchased from dealers and brokers are held in safekeeping by the City's custodial bank, which establishes ownership by the City.
- 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 5330, Oakland, California 94612-2093.

4. Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2017, is as follows (in thousands):

	Beginning Balance July 1, 2016	Additions	Adjustments and Retirements	Transfers	Ending Balance June 30, 2017
Capital assets not being depreciated					
Land	$ 523,374	$ -	$ -	$ 8	$ 523,382
Intangibles (noise easements and air rights)	25,852	-	-	-	25,852
Construction in progress	181,907	84,523	(3,166)	(120,007)	143,257
Total capital assets not being depreciated	731,133	84,523	(3,166)	(119,999)	692,491
Capital assets being depreciated					
Buildings and improvements	852,054	-	-	219	852,273
Container cranes	148,697	-	-	-	148,697
Infrastructure	1,943,951	-	(137)	117,948	2,061,762
Software	13,738	29	(1)	76	13,842
Other equipment	97,895	845	(516)	1,756	99,980
Total capital assets being depreciated	3,056,335	874	(654)	119,999	3,176,554
Less accumulated depreciation for					
Buildings and improvements	(571,379)	(21,864)	-	-	(593,243)
Container cranes	(98,820)	(4,817)	(2)	-	(103,639)
Infrastructure	(844,290)	(73,097)	-	-	(917,387)
Software	(6,837)	(1,401)	-	-	(8,238)
Other equipment	(67,122)	(5,076)	502	-	(71,696)
Total accumulated depreciation	(1,588,448)	(106,255)	500	-	(1,694,203)
Total being depreciated, net	1,467,887	(105,381)	(154)	119,999	1,482,351
Total capital assets, net	$ 2,199,020	$ (20,858)	$ (3,320)	$ -	$ 2,174,842

For the year ended June 30, 2017, the Port recognized a loss on the disposal of assets and abandoned projects of $2,869,000 consisting of $2,892,000 of construction in progress and depreciable capital asset costs and $23,000 of cash received for fully depreciated assets. Additionally, $428,000 of prior construction in progress was reclassified to expense.

Changes in Capital Assets (continued)

A summary of changes in capital assets for the year ended June 30, 2016, is as follows (in thousands):

	Beginning Balance July 1, 2015	Additions	Adjustments and Retirements	Transfers	Ending Balance June 30, 2016
Capital assets not being depreciated					
Land	$ 523,339	$ -	$ -	$ 35	$ 523,374
Intangibles (noise easements and air rights)	25,852	-	-	-	25,852
Construction in progress	167,751	90,264	(698)	(75,410)	181,907
Total capital assets not being depreciated	716,942	90,264	(698)	(75,375)	731,133
Capital assets being depreciated					
Buildings and improvements	852,565	-	(629)	118	852,054
Container cranes	148,697	-	-	-	148,697
Infrastructure	1,871,579	-	(44)	72,416	1,943,951
Software	13,676	-	-	62	13,738
Other equipment	93,464	2,031	(379)	2,779	97,895
Total capital assets being depreciated	2,979,981	2,031	(1,052)	75,375	3,056,335
Less accumulated depreciation for					
Buildings and improvements	(548,285)	(23,147)	53	-	(571,379)
Container cranes	(93,997)	(4,823)	-	-	(98,820)
Infrastructure	(775,369)	(68,868)	(53)	-	(844,290)
Software	(5,470)	(1,367)	-	-	(6,837)
Other equipment	(61,391)	(5,872)	141	-	(67,122)
Total accumulated depreciation	(1,484,512)	(104,077)	141	-	(1,588,448)
Total being depreciated, net	1,495,469	(102,046)	(911)	75,375	1,467,887
Total capital assets, net	$ 2,212,411	$ (11,782)	$ (1,609)	$ -	$ 2,199,020

Port of Oakland
(A Component Unit of the City of Oakland)
Notes to Financial Statements
For the years ended June 30, 2017 and 2016

5. Debt

Long-term debt consists of the following on June 30, 2017 (in thousands):

	Interest Rate	Fiscal Maturity Year	Original Amount	Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017	Principal Due Within One Year
Senior Lien Bonds								
2011 Revenue Bonds Series O	3.375-5.125%	2031	$ 345,730	$ 298,325	$ -	$ 11,360	$ 286,965	$ 12,935
2012 Revenue Bonds Series P	3.00-5.00	2033	380,315	368,995	-	-	368,995	-
Total Senior Lien Bonds			726,045	667,320	-	11,360	655,960	12,935
Dept. of Boating and Waterway (DBW) Loan								
Small Craft Harbor Revenue Bonds, Series 1993	4.50	2030	7,176	4,678	-	247	4,431	258
Intermediate Lien Bonds								
2007 Revenue Bonds Series A	4.00-5.00	2030	242,075	155,970	-	2,905	153,065	2,430
2007 Revenue Bonds Series B	4.00-5.00	2030	182,450	137,915	-	18,055	119,860	19,440
2007 Revenue Bonds Series C	5.00	2020	78,565	67,345	-	16,665	50,680	18,145
Total Intermediate Lien Bonds			503,090	361,230	-	37,625	323,605	40,015
Commercial Paper[1]								
Series A, B, C Notes	0.42-1.01	2018	N/A	38,176	17,250	4,000	51,426	10
Series D, E, F Notes	0.44-0.95	2018	N/A	46,415	-	-	46,415	-
Total Commercial Paper				84,591	17,250	4,000	97,841	10
Sub-Total				1,117,819	17,250	53,232	1,081,837	53,218
Net unamortized bond premium (discount), net				44,367	(80)	5,503	38,784	5,185
Total Debt				1,162,186	17,170	58,735	1,120,621	$ 58,403
Current maturities of long-term debt				(54,822)	(58,403)	(54,822)	(58,403)	
Total Debt - long-term portion				$ 1,107,364	$ (41,233)	$ 3,913	$ 1,062,218	

[1] As of June 30, 2017, the Port has capacity to issue an aggregate principal amount of commercial paper notes up to $200 million.

Debt (Continued)

Long-term debt consists of the following on June 30, 2016 (in thousands):

	Interest Rate	Fiscal Maturity Year	Original Amount	Beginning Balance July 1, 2015	Additions	Reductions[2]	Ending Balance June 30, 2016	Principal Due Within One Year
Senior Lien Bonds								
2011 Revenue Bonds Series O	3.375-5.125%	2031	$ 345,730	$ 312,765	$ -	$ 14,440	$ 298,325	$ 11,360
2012 Revenue Bonds Series P	3.00-5.00	2033	380,315	369,520	-	525	368,995	-
Total Senior Lien Bonds			726,045	682,285	-	14,965	667,320	11,360
Dept. of Boating and Waterway (DBW) Loan								
Small Craft Harbor Revenue Bonds, Series 1993	4.50	2030	7,176	4,914	-	236	4,678	247
Intermediate Lien Bonds								
2007 Revenue Bonds Series A	4.00-5.00	2030	242,075	158,685	-	2,715	155,970	2,905
2007 Revenue Bonds Series B	4.00-5.00	2030	182,450	155,540	-	17,625	137,915	18,055
2007 Revenue Bonds Series C	5.00	2020	78,565	78,565	-	11,220	67,345	16,665
Total Intermediate Lien Bonds			503,090	392,790	-	31,560	361,230	37,625
Commercial Paper[1]								
Series A, B, C Notes	0.07-0.47	2017	N/A	-	38,176	-	38,176	7
Series D, E, F Notes	0.02-0.49	2017	N/A	74,398	-	27,983	46,415	-
Total Commercial Paper				74,398	38,176	27,983	84,591	7
Sub-Total				1,154,387	38,176	74,744	1,117,819	49,239
Net unamortized bond premium (discount), net				50,390	(52)	5,971	44,367	5,583
Total Debt				1,204,777	38,124	80,715	1,162,186	$ 54,822
Current maturities of long-term debt				(52,257)	(54,822)	(52,257)	(54,822)	
Total Debt - long-term portion				$ 1,152,520	$ (16,698)	$ 28,458	$ 1,107,364	

[1]As of June 30, 2016, the Port has capacity to issue an aggregate principal amount of commercial paper notes up to $200 million.

[2]Includes purchase of $525,000 of 2012 Revenue Bonds Series P in June 2016.

Debt Service

The Port's long-term debt and final maturity is identified in the schedules at the beginning of Note 5 and consists of tax-exempt bonds, short-term commercial paper notes and a loan from the California Department of Boating and Waterways. All of the Port's outstanding bonds, loans and commercial paper notes have been issued to finance or refinance capital improvements to the Port's aviation, maritime and commercial real estate infrastructure. The majority of the Port's outstanding bonds are revenue bonds, which are secured by Pledged Revenues of the Port. Pledged Revenues are substantially all revenues and other cash receipts of the Port, including, without limitation, amounts held in the Port Revenue Fund with the City, but excluding amounts received from certain taxes, certain insurance proceeds, special facilities revenues, and certain other gifts, fees, and grants that are restricted by their terms to purposes inconsistent with the payment of debt service. In fiscal year 2017 pledged revenues amounted to $361,338,000.

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.

The Port did not capitalize any interest cost in fiscal year 2017 nor in 2016.

The Port's required debt service payments on its Senior Lien Bonds and Intermediate Lien Bonds are due each May 1 and November 1 through May 1, 2033. The California Department of Boating and Waterways loan is due each August 1 through August 1, 2029. Commercial Paper has been classified as long-term debt because the Port has the intent and ability to continue to refinance this debt. The Port's required debt service payment for the outstanding long-term debt for years ending June 30 are as follows (in thousands):

Fiscal Year Ending	Principal	Interest	Total
2018	$ 85,822	$ 54,117	$ 139,939
2019	90,013	49,614	139,627
2020	87,366	44,288	131,654
2021	56,415	40,032	96,447
2022	60,618	37,434	98,052
2023 -2027	349,575	137,645	487,220
2028- 2032	315,088	49,732	364,820
2033	36,940	1,800	38,740
Total	$ 1,081,837	$ 414,662	$ 1,496,499

Although the Port intends to refinance the Commercial Paper debt in the future, for purposes of this schedule, Commercial Paper debt is amortized over the fiscal years ending 2018-2020 pursuant to the "Term Loan" provisions of the Commercial Paper Reimbursement Agreements.

Types of Debt and Priority of Payment

Senior Lien Bonds

2011 Series O and 2012 Series P (collectively, the Senior Lien Bonds) were issued under the Senior Trust Indenture and are paid from Pledged Revenues first. 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 Senior Trust 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 Federal Home Loan Mortgage Notes.

The Port has also covenanted in the Senior 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 Service 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. As of June 30, 2017, only one DBW Loan remained outstanding with a balance of $4,431,000.

Intermediate Lien Bonds

The 2007 Series A, Series B and Series C Bonds (collectively, the Intermediate Lien Bonds) issued under the Intermediate 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 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 Service Coverage Ratio).

Commercial Paper Notes

Commercial Paper Notes (CP Notes) have the lowest payment priority. The Board authorized a $150,000,000 Commercial Paper program in 1998 and a further $150,000,000 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.

On June 13, 2017, the Port substituted its then-outstanding JPMorgan Chase Bank National Association (JPMorgan) LOC supporting its DEF Series of commercial paper notes, with a new LOC supported by Bank of America National Association (BANA) in the amount of $54,438,357 (principal of $50,000,000 and interest of $4,438,357). This is equal to the prior JPMorgan LOC and represents the second LOC the Port has entered into with BANA. On June 13, 2016, the Port entered into an LOC with BANA amounting to $163,315,069 (principal of $150,000,000 and interest coverage of $13,315,069) supporting is ABC Series of commercial paper notes. Both BANA LOCs expire on June 30, 2019.

As of June 30, 2017, the outstanding balance of CP Notes under the Port's ABC Series of CP was $51,426,000, while the outstanding balance under the Port's DEF Series of CP was $46,415,000.

The Port covenants in both of its LOC and Reimbursement Agreements with BANA that the Intermediate Lien Debt Service Coverage Ratio will equal to at least 110%.

Priority of Payment

The following are the priority of payment tables (in thousands):

	Maturity Date	Total Debt Service to Maturity	FY 2017 Debt Principal and Interest	FY 2017 Net Pledged Revenues**
Total Net Pledged Revenues				$ 172,552
Senior Lien Bonds:				
2011 Revenue Bonds Series O	5/1/2031	$ 407,464	$ 26,333	
2012 Revenue Bonds Series P	5/1/2033	558,032	18,032	
Subtotal Senior Lien Bonds		965,496	44,365	(44,365)
Net Pledged Revenues Remaining after Sr. Lien				128,187
Dept. of Boating and Waterways Loan	8/1/2029	5,948	457	(457)
Net Pledged Revenues Remaining after DBW				127,730
Intermediate Lien Bonds:				
2007 Series A	11/1/2029	212,864	10,625	
2007 Series B	11/1/2029	147,192	24,390	
2007 Series C	11/1/2019	54,247	19,616	
Subtotal Intermediate Lien Bonds		414,303	54,631	(54,631)
Net Pledged Revenues Remaining after Int. Lien				73,099
Commercial Paper Notes*		110,752	4,613	(4,613)
Net Pledged Revenues Remaining after CP Notes				$ 68,486
Total		$ 1,496,499	$ 104,066	

* The Total Debt Service to Maturity for Commercial Paper includes principal ($97.8 million) and interest ($12.9 million) on outstanding Commercial Paper debt pursuant to the "Term Loan" provision of the Commercial Paper Reimbursement Agreements. Of the $97.8 million of Commercial Paper Notes outstanding, $40.4 million are eligible to be financed from Passenger Facility Charges.

** Net Pledged Revenues are Revenues less Operation and Maintenance Expenses plus Interest Earned (not including interest earned on PFC and CFC funds, $27,000 and $55,000 respectively).

Priority of Payment (continued)

	Maturity Date	Total Debt Service to Maturity	FY 2016 Debt Principal and Interest	FY 2016 Net Pledged Revenues**
Total Net Pledged Revenues				$ 158,982
Senior Lien Bonds:				
2011 Revenue Bonds Series O	5/1/2031	$ 433,797	$ 30,135	
2012 Revenue Bonds Series P	5/1/2033	576,065	18,056	
Subtotal Senior Lien Bonds		1,009,862	48,191	(48,191)
Net Pledged Revenues Remaining after Sr. Lien				110,791
Dept. of Boating and Waterways Loan	8/1/2029	6,406	457	(457)
Net Pledged Revenues Remaining after DBW				110,334
Intermediate Lien Bonds:				
2007 Series A	11/1/2029	223,490	10,576	
2007 Series B	11/1/2029	171,582	24,785	
2007 Series C	11/1/2019	73,862	14,868	
Subtotal Intermediate Lien Bonds		468,934	50,229	(50,229)
Net Pledged Revenues Remaining after Int. Lien				60,105
Commercial Paper Notes*		96,045	4,145	(4,145)
Net Pledged Revenues Remaining after CP Notes				$ 55,960
Total		$ 1,581,247	$ 103,022	

* The Total Debt Service to Maturity for Commercial Paper includes principal ($84.6 million) and interest ($11.4 million) on outstanding Commercial Paper debt pursuant to the "Term Loan" provision of the Commercial Paper Reimbursement Agreements. Of the $84.6 million of Commercial Paper Notes outstanding, $23.2 million are eligible to be financed from Passenger Facility Charges.

** Net Pledged Revenues are Revenues less Operation and Maintenance Expenses plus Interest Earned (not including interest earned on PFC and CFC funds, $13,000 and $34,000 respectively).

Bond Premium (Discount)

The Port amortizes the original issue discount or premium over the life of each bond issue. The unamortized amount for each Port issue is as follows (in thousands):

Bond Issue	2017 (Discount) Premium	2016 (Discount) Premium
Senior Lien Bonds:		
2011 Series O	$ 1,991	$ 2,936
2012 Series P	31,890	35,059
Subtotal Senior Lien Bonds	33,881	37,995
Intermediate Lien Bonds:		
2007 Series A	2,357	2,674
2007 Series B	2,045	2,719
2007 Series C	502	984
Subtotal Intermediate Lien Bonds	4,904	6,377
Commercial Paper	(1)	(5)
Total	$ 38,784	$ 44,367

6. Environmental and Other Liabilities

Changes in environmental and other liabilities for the years ended June 30, 2017 and 2016 are as follows (in thousands):

	Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017	Amounts Due Within One Year
Accrued vacation, sick leave and compensatory time	$ 6,511	$ 1,738	$ (1,544)	$ 6,705	$ 5,660
Pollution liability (Note 13)	15,062	4,315	(4,038)	15,339	3,256
Workers' compensation (Note 14)	12,249	312	(1,279)	11,282	1,280
Lease terminal loss contingency (Note 15)	22,308	-	(2,330)	19,978	5,300
Other long-term liabilities	2,600	1,045	(129)	3,516	-
Total	$ 58,730	$ 7,410	$ (9,320)	$ 56,820	$ 15,496

	Beginning Balance July 1, 2015	Additions	Reductions	Ending Balance June 30, 2016	Amounts Due Within One Year
Accrued vacation, sick leave and compensatory time	$ 6,594	$ 1,589	$ (1,672)	$ 6,511	$ 5,586
Pollution liability (Note 13)	11,700	13,604	(10,242)	15,062	3,023
Workers' compensation (Note 14)	12,661	876	(1,288)	12,249	1,290
Lease terminal loss contingency (Note 15)	-	22,337	(29)	22,308	5,954
Other long-term liabilities	1,834	899	(133)	2,600	-
Total	$ 32,789	$ 39,305	$ (13,364)	$ 58,730	$ 15,853

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. The leases generally provide for minimum rentals with percentage rent contingent on business sales or activity. Certain maritime facilities are leased under agreements that provide the tenants with preferential, but nonexclusive, use of the facilities.

A summary of revenues from long-term leases for years ended June 30 is as follows (in thousands):

	2017	2016
Minimum non-cancelable rentals, including preferential assignments	$ 141,284	$ 166,759
Contingent rentals in excess of minimums	36,939	15,054
	$ 178,223	$ 181,813

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

2018	$ 135,633
2019	130,556
2020	128,127
2021	131,534
2022	130,671
2023-2027	294,107
2028-2032	257,966
2033-2037	95,947
2038-2042	24,682
2043-2047	17,207
2048-2052	10,729
Thereafter	30,977
	$ 1,388,136

Leases (continued)

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 unearned revenue, for years ending June 30 are as follows (in thousands):

2018	$	438
2019		452
2020		465
2021		479
2022		493
2023-2027		2,699
2028-2032		3,128
2033-2037		3,627
2038-2042		4,204
2043-2047		4,874
2048-2052		5,650
Thereafter		2,287
	$	28,796

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

		2017		2016
Land	$	298,940	$	330,158
Container cranes		148,697		148,697
Buildings and improvements		182,843		188,134
Infrastructure		979,494		988,456
		1,609,974		1,655,445
Less accumulated depreciation		(713,234)		(678,561)
Net capital assets, on lease	$	896,740	$	976,884

The Port and Outer Harbor Terminal, LLC (formerly 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 which was being amortized over the life of the lease. In February 2016, Outer Harbor Terminal, LLC filed for Chapter 11 bankruptcy protection and subsequently announced their intent to cease operations at the Port. The Port terminated its long-term concession and lease agreement with Outer Harbor Terminal, LLC at the end of March 2016. These events resulted in the immediate recognition of the unamortized balance of the upfront fee, approximately $46,977,000 which was recognized as other non-operating income as of June 30, 2016. Refer to Note 15 Outer Harbor Terminal Closure for additional details.

8. Unearned Revenue

Unearned revenue consists primarily a long-term financing lease for the marina operations; early redemption of special facilities bonds; prepayment of bond debt service for airline fuel facility and prepaid tenant rent.

Changes in unearned revenue for the years ended June 30, 2017 and 2016 are as follows (in thousands):

	Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017	Amounts Due Within One Year
Marina capital lease unearned interest revenue	$ 19,043	$ -	$ (503)	$ 18,540	$ 503
92A Special Facility bond redemptions	6,304	-	(6,304)	-	-
Oakland Fuel Facilities Corporation	7,976	150	(580)	7,546	580
Unearned tenant rent	8,195	4,001	(6,365)	5,831	4,217
Other unearned revenue	1,029	-	(202)	827	103
Total	$ 42,547	$ 4,151	$ (13,954)	$ 32,744	$ 5,403

	Beginning Balance July 1, 2015	Additions	Reductions	Ending Balance June 30, 2016	Amounts Due Within One Year
Ports America Outer Harbor upfront fee	$ 47,782	$ -	(47,782)	$ -	$ -
Marina capital lease unearned interest revenue	19,546	-	(503)	19,043	503
92A Special Facility bond redemptions	8,826	-	(2,522)	6,304	2,522
Oakland Fuel Facilities Corporation	8,406	150	(580)	7,976	580
Unearned tenant rent	8,157	6,149	(6,111)	8,195	6,365
Other unearned revenue	1,188	-	(159)	1,029	158
Total	$ 93,905	$ 6,299	$ (57,657)	$ 42,547	$ 10,128

9. Retirement Plans

CalPERS Miscellaneous Unit

Plan Description

All full-time and certain other qualifying employees of the Port are eligible to participate in the CalPERS as members of the City of Oakland's Miscellaneous Unit of CalPERS (Miscellaneous Plan). The Miscellaneous Plan is an agent multiple-employer defined benefit pension plan. 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 are available on the CALPERS website at www.CalPERS.ca.gov under Forms and Publications or may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

A separate report for the City's Miscellaneous Plan within CalPERS is not available. As a department of the City, the Port shares benefit costs with the City. The Port presents the related defined benefit disclosures as a participant in a cost-sharing plan arrangement with the City.

Benefits Provided

The Miscellaneous Plan provides service retirement, disability retirement, and death benefits based on the employee's years of service, age at retirement and final compensation. An employee becomes eligible for service retirement upon retirement age and with at least 5 years of CalPERS credited service. Final compensation is the monthly average of the employee's highest one-year or three-year consecutive months' full-time equivalent salary. The service retirement benefit is a monthly allowance for life equal to the product of the benefit factor, years of service and final compensation. The benefit factor varies based on the employee's date of hire and age at retirement.

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Hire date		
	Prior to 6/9/2012	**6/9/2012 through 12/31/12**	**On or After 1/1/2013***
Benefit formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0%-2.7%	2.0%-2.5%	1.0%-2.5%
Required employee contribution rates	8.00%	8.00%	6.75%-8.00%
Required employer contribution rates 2016	32.928%	32.928%	31.678%-32.928%
Required employer contribution rates 2017	34.224%	34.224%	32.994%-34.224%

*For "new members" as defined by the Public Employees' Pension Reform Act (PEPRA)

Benefits Provided (continued)

Cost-of-living adjustments are paid the second calendar year of retirement and every year thereafter up to a maximum of 2% per year.

All members are eligible to apply for a disability retirement benefit, regardless of age, when they have 5 or more years of credited service and they sustain an injury or illness that prevents them from performing their duties.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total Miscellaneous Plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. The City and the Port are required to contribute the difference between the actuarially determined rate and the contribution rate of employees. During the years ended June 30, 2017 and 2016, the Port paid contributions of $18,906,000 and $15,989,000 respectively to the City's Miscellaneous Plan.

CalPERS Safety Unit – *Special Agreement with the City of Oakland*

During the period from July 1, 1976, through January 17, 1998 (employment period), 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 the Miscellaneous Unit member status in CalPERS to Safety Unit 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 resulted in an additional net cost to provide retirement benefits earned during the employment period. 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 $5,915,000.

The Port entered into an agreement with the City 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, with interest at 4.34% and adjusted for cost of living at a rate of 3.75%. Under this agreement the Port's obligation will not fluctuate based on the recognition of market gains or losses, changes in the actuarial assumptions, or experiences that differ from the actuary projections. The Port's obligation will remain fixed until paid in full.

For the years ended June 30, 2017 and 2016, the Port paid contributions of $458,000 and $397,000 respectively, for the Safety Unit obligation.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For fiscal years ended June 30, 2017 and 2016, the Port reported total net pension liability as follows (in thousands):

	2017	2016
City's Miscellaneous plan - proportion share	$ 200,186	$ 172,915
Safety plan - remaining obligation	3,892	4,289
Total net pension liability	$ 204,078	$ 177,204

The City's Miscellaneous Plan's net pension liability was measured as of the measurement date listed in the table below for the respective fiscal year. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the valuation date listed in the table below and rolled forward to the measurement date using standard update procedures. The Port's proportionate share of the City's Miscellaneous Plan was determined based on the Port's employer contributions divided by the total employer contributions for the respective measurement period.

	2017	2016
Measurement date	6/30/2016	6/30/2015
Valuation date	6/30/2015	6/30/2014
Measurement period	7/1/15-6/30/16	7/1/14-6/30/15
Proportionate share	24.80%	24.80%

For the years ended June 30, 2017 and 2016, the Port recognized pension expense including amortization of deferred outflow/inflow related pension items of $15,560,000 and $9,788,000, respectively. At June 30, 2017 and 2016, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ -	$ 3,009	$ -	$ 6,352
Net difference between projected and actual earnings on pension plan investments	22,378	-	-	3,949
Change in proportionate share	-	-	-	-
Net differences between expected and actual experience	-	3,231	-	1,262
Pension contributions subsequent to the measurement date	19,364	-	16,386	-
	$ 41,742	$ 6,240	$ 16,386	$ 11,563

The pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred inflows of resources, will be amortized annually and recognized as an increase or (reduction) to pension expense, for the years ending June 30 as follows (in thousands):

2018	$	(1,922)
2019		1,824
2020		10,356
2021		5,880
	$	16,138

Actuarial Methods and Assumptions

For fiscal years ended June 30, 2017 and 2016, the pension liability was determined by rolling forward the total pension liability from the valuation date to the measurement date. The total pension liabilities were based on the following actuarial methods and assumptions for each measurement date:

	2017	2016
Measurement date	6/30/2016	6/30/2015
Valuation date	6/30/2015	6/30/2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.65% net of pension plan investements and administrative expenses; includes inflation	7.65% net of pension plan investements and administrative expenses; includes inflation
Mortality Rate Table[1]	Based on the 2010 CalPERS Experience Study from 1997 to 2007	Based on the 2010 CalPERS Experience Study from 1997 to 2007
Post Retirement Benefit Increase	Contract cost of living adjustment up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	Contract cost of living adjustment up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1]The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

Actuarial Methods and Assumptions (continued)

All other actuarial assumption used in the June 30, 2015 and 2014 valuations were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website at www.calpers.ca.gov under Form and Publications.

Discount Rate

The discount rates used to measure the total pension liability as of June 30, 2017 and 2016 was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, CalPERS determined that the current discount rate of 7.65% is appropriate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate is applied to all plans in the Public Employees Retirement Fund. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of the benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Discount Rate (continued)

The table below reflects long-term expected real rate of return, by asset class, used for the June 30, 2015 valuation. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS board effective on July 1, 2015.

Asset Class	Target Allocation	Real Return Years 1-10[(1)]	Real Return Years 11+[(2)]
Global Equity	51.0 %	5.25%	5.71%
Global Fixed Income	20.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(0.55)	(1.05)
Total	100.0 %		

[1]An expected inflation of 2.5% used for this period.
[2]An expected inflation of 3.0% used for this period.

The table below reflects long-term expected real rate of return, by asset class, used for the June 30, 2014 valuation. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS board effective on July 1, 2014.

Asset Class	Target Allocation	Real Return Years 1-10[(1)]	Real Return Years 11+[(2)]
Global Equity	51.0 %	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
Total	100.0 %		

[1]An expected inflation of 2.5% used for this period.
[2]An expected inflation of 3.0% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Port's proportionate share of the net pension liability as of the June 30, 2016 measurement date calculated using the discount rate of 7.65%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.65%) or 1% higher (8.65%) than the current rate (in thousands):

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Port's proportionate share of the City's Miscellaneous plan net pension liability	$272,412	$200,186	$137,037

10. Other Postemployment Benefits

Plan Description

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

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

Prior to 2011, eligible retirees must have attained the age of fifty or over at the time of retirement, have five or more years of CalPERS service, and must be eligible to receive PERS retirement benefits. On July 21, 2011, the Port adopted resolutions that established a Health Benefit Vesting Requirement for employees hired on or after September 1, 2011 (on or after April 1, 2013 for members of SEIU and IBEW). The vesting schedule does not apply to employees that are granted a disability retirement.

Plan Description (continued)

Under the adopted vesting schedule, the Port shall pay a percentage of retiree medical coverage for a retiree and his or her eligible dependents based on the provisions of Section 22893 of the California Government Code. Under these rules, a retiree must have at least 10 years of credited service with a CalPERS agency, at least 5 of which are with the City/Port. The Port will pay a percentage of employer contributions for the Retiree based upon the following:

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

Funding Policy

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

As of June 30, 2017, there were approximately 575 employees who had retired from the Port and were participating in the Port's Retiree Health Plan. During fiscal year ended June 30, 2017, the Port contributed $6,400,000 to the CERBT and made payments of $7,396,000 on behalf of eligible retirees to third parties outside of the CERBT fund.

As of June 30, 2016, there were approximately 562 employees who had retired from the Port and were participating in the Port's Retiree Health Plan. During fiscal year ended June 30, 2016, the Port contributed $6,400,000 to the CERBT and made payments of $7,381,000 on behalf of eligible retirees to third parties outside of the CERBT fund.

Annual OPEB Cost and Net OPEB Obligation

The Port's annual OPEB cost is equal to (a) ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 a "closed" period of 30 years.

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

		2017		2016
Annual required contribution	$	13,725	$	13,725
Interest on prior year net OPEB obligation		708		717
Adjustment to annual required contribution		(779)		(789)
Annual OPEB Cost		13,654		13,653
Contribution made		(13,796)		(13,781)
Increase (decrease) in net OPEB obligation		(142)		(128)
Net OPEB obligation - beginning of year		10,121		10,249
Net OPEB obligation - end of year	$	9,979	$	10,121

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

Fiscal Year End		Annual OPEB Cost	Percentage of OPEB Cost Contributed		Net OPEB Obligation
6/30/2015	$	12,780	101.29%	$	10,249
6/30/2016	$	13,653	100.94%	$	10,121
6/30/2017	$	13,654	101.04%	$	9,979

Funding Status and Funding Progress

The table below indicates the funded status of the Port's OPEB plan as of June 30, 2015, the most recent actuarial valuation date (in thousands).

Actuarial Accrued Liability (AAL)	$	157,351
Actuarial Value of Plan Assets		(47,870)
Unfunded Actuarial Accrued Liability (UAAL)	$	109,481
Funded Ratio (actuarial value of plan assets/AAL)		30.4%
Annual Covered Payroll (active plan members)	$	50,093
UAAL as a Percentage of Annual Covered Payroll		219%

Actuarial Methods and Assumptions

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

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

The actuarial cost method used for determining the benefit obligations of the Port is the Projected Unit Credit Cost Method. Under the principles of this method, the actuarial present value of the projected benefits is the value of benefits expected to be paid for active and retired employees. The AAL is the present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service date over service at expected retirement. The ARC was based on an actuarial valuation of the Port's plan as of June 30, 2015 for fiscal year 2017 and 2016. In determining the ARC, the UAAL was amortized as a level dollar amount over 30 years on a “closed” basis beginning June 30, 2013. There are 26 years remaining as of June 30, 2017.

Actuarial assumptions used for the valuation of the Port's plan include a discount rate, which is based on the CERBT expected rate of return for the plan assets, and annual healthcare cost trends, which is based on the “Getzen” model published by the Society of Actuaries. The June 30, 2015 actuarial valuation used a discount rate of 7.0%, annual healthcare costs were assumed to increase at rates ranging from 2.75% to 8.25%, and a general inflation rate of 2.5% was used.

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.

11. Agreements with City of Oakland

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

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

Port payments to the City for these services are made upon presentation of supporting documentation 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 $7,457,000 and $7,065,000 in fiscal years 2017 and 2016, respectively, and are included in Operating Expenses. At June 30, 2017 and 2016, $7,156,000 and $6,767,000, 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, 2017 and 2016, the Port accrued approximately $1,270,000 and $676,000, respectively, of payments for General Services. Additionally, the Port accrued approximately $1,109,000 and $1,625,000 to reimburse the City for Lake Merritt Trust Services in fiscal years 2017 and 2016, 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 Trust Services.

Unearned Rent

In November 1994, the City entered into an agreement with the Port to partially fund the development of a project related to a lease at the Port. The lease required $5,145,000 in tenant improvements partially financed by $2,000,000 in deferred rent from the City’s former Redevelopment Agency. The unearned rent is classified as unearned revenue. At June 30, 2017 and 2016, unearned rent was approximately $593,000 and $663,000, respectively. The amount classified as short term unearned revenue at June 30, 2017 and 2016 was $70,000.

12. Commitments

Capital Program

As of June 30, 2017, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

Aviation	$	69,784
Maritime		76
Total	$	69,860

The most significant projects for which the Port has contractual commitments for construction are the Runway 12/30 Rehabilitation project for $49,616,000 and the International Arrivals Building upgrades for $16,447,000.

Power Purchases

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

Counterparty	Contract Ending Year	Contract Structure	Estimated Annual Output	Estimated Annual Cost
EBMUD	2022	Take and Pay – (Pay contract price only if energy is received)	8,000 MWH	Approx. $584,000 with no Annual Escalator through 2017; Approx. $464,000 with no Annual Escalator from 2017-2022
WAPA	2024	Take or Pay – (Pay contract price without regard to energy received)	17,000 MWH	Approx. $800,000 (Changes annually depending on revenue requirement for power generation projects)
SunEdison	2027	Take and Pay – (Pay contract price only if energy is received)	1,200 MWH	Approx. $200,000 with Annual Escalator

Power Purchases (continued)

In addition to the aforementioned power purchase agreements, as of June 30, 2017, the Port held multiple forward power purchase contracts totaling approximately $3.9 million with Powerex Corporation and Shell Energy North America. The forward power purchase contracts have various expiration dates through December 31, 2019.

13. Contingencies

Environmental

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

A summary of the Port's environmental liability accounts, net of the estimated recoveries, included as Environmental and other liability on the statements of net position at June 30, 2017 and 2016, is as follows (in thousands):

Obligating Event	2017 Liability, net of recovery	Estimated Recovery
Pollution poses an imminent danger to the public or environment	$ 1,525	$ -
Violated a pollution prevention-related permit or license	-	-
Identified as responsible to clean-up pollution	11,322	2
Named in a lawsuit to compel to cleanup	-	-
Begins or legally obligates to cleanup or post-cleanup activities	2,492	-
Total by Obligating Event	$ 15,339	$ 2

Obligating Event	2016 Liability, net of recovery	Estimated Recovery
Pollution poses an imminent danger to the public or environment	$ 1,678	$ -
Violated a pollution prevention-related permit or license	-	-
Identified as responsible to clean-up pollution	10,916	193
Named in a lawsuit to compel to cleanup	-	-
Begins or legally obligates to cleanup or post-cleanup activities	2,468	50
Total by Obligating Event	$ 15,062	$ 243

Environmental (continued)

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 commence, clean-up activities, monitoring or operation and maintenance of the remediation effort (e.g., by undertaking a soil and groundwater pre-development investigation).

Methods and Assumptions

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

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

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

Recoveries

The environmental liabilities balances listed on the prior page have been reduced by estimated future recoveries. 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, or if an insurance carrier has paid money on a certain claim and the Port is pursuing additional costs from the insurance carrier associated with the claim, then a recovery was estimated. If an insurance carrier has not yet acknowledged coverage, then a recovery was not estimated.

Litigation

The Port at various times is a defendant in various lawsuits arising in the normal course of business, including constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known and the Port's insurance may cover a portion of any losses, if incurred. Port management may make provision for probable losses if deemed appropriate on the advice of legal counsel.

Grants

Certain grants that the Port receives are subject to audit and financial acceptance by the granting agency based upon reviews of costs incurred and submitted for reimbursement or demonstrated Port match. The Port's management does not believe that such audits will have a material impact on the financial statements

On October 26, 2016, the Port received a negotiated indirect rate agreement with final rates for fiscal year ended June 30, 2013 and provisional rates for fiscal years ended June 30, 2014 and 2015. The Port continues to work with Federal Aviation Administration, the Port's cognizant agency, to obtain negotiated indirect rate agreements for the fiscal years ended June 30, 2014 and 2015 as provided for under the U.S. Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* for time periods prior to December 26, 2014 and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on or after December 26, 2014.

In fiscal year 2017 the Port recognized a reduction in capital contributions of $3,061,000 for the reconciliation of indirect and fringe based on the newly established final and provisional rates. Port expects the final negotiated rates for fiscal years 2014 and 2015 to be similar to the provisional rates previously established, but cannot reasonably estimate at this time the total net impact on all time periods under negotiation.

14. Insurance

The Port purchases insurance on certain risk exposures including but not limited to property, automobiles liability, airport liability, umbrella liability, environmental liability, fidelity, fiduciary liability, and public official's liability. Port deductibles for the various insured programs range from $10,000 to $1,000,000 each claim. The Port is self-insured for other general liability and liability/litigation-type claims, workers' compensation of the Port's employees and most first party exposures. During fiscal years 2017 and 2016, the Port carried excess insurance over $1,000,000 for the self-insured general liability and workers' compensation exposures. There have been no claim payments related to these programs that exceeded insurance limits in the last three years.

Workers' Compensation

Changes in the reported liability, which is included as part of environmental and other, follows (in thousands):

Workers' compensation liability at June 30, 2014	$	11,182
Current year changes in estimates		2,792
Claim payments		(1,313)
Workers' compensation liability at June 30, 2015		12,661
Current year changes in estimates		876
Claim payments		(1,288)
Workers' compensation liability at June 30, 2016		12,249
Current year changes in estimates		312
Claim payments		(1,279)
Workers' compensation liability at June 30, 2017	$	11,282

The workers' compensation liability of $11,282,000 at June 30, 2017 is based upon an actuarial study performed as of June 30, 2017 that assumed a probability level of 80% and a discount rate of 0.0%. The workers' compensation liability balance of $12,249,000 at June 30, 2016 is based upon an actuarial study performed as of June 30, 2016 that assumed a probability level of 80% and a discount rate of 0.0%.

Capital Improvement Projects

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

OCIP provides general liability insurance and workers' compensation insurance for contractors working on CIP projects. The Port is responsible for payment of the deductible/self-insured retention, which is currently $250,000 for each general liability and workers' compensation claim.

The OPPI protects the Port from the potential error and omission of consultants working on Port CIP projects. Consultants must meet minimum insurance requirements of $1,000,000 to $2,000,000. If minimum insurance is not provided or does not respond, the Port would be responsible for a $100,000 self-insured retention. There is no actuarial forecast for this coverage.

15. Gain on Long Term Lease Termination

92A Special Facility Bond Redemptions

In 1992 the Port issued special facilities bonds in connection with a Preferential Assignment Agreement for Berth 30 with Mitsui that obligated Mitsui to pay the debt service on these bonds. The debt service payments were recognized as rental income over the lease term. In 2004 the Port was instructed by Mitsui to call all outstanding bonds and paid the Port $34,090,000 to fund the early redemption. The payment from Mitsui was being amortized over the remaining lease term through 2019. The lease agreement was then assigned to TraPac, an affiliate of Mitsui. In October 2016, TraPac entered into a new lease agreement with the Port that terminated the original lease agreement in its entirety, effective November 1, 2016, and established an independent contract directly with TraPac with new terms and conditions. In fiscal year 2017, the Port recognized a gain on the lease termination for the unamortized 92A Special Facility Bond Redemptions at November 1, 2016 of $5,526,000, as non-operating revenue.

Outer Harbor Terminal Closure

On February 1, 2016, Outer Harbor Terminal, LLC (formerly Ports America Outer Harbor Terminal, LLC) (“OHT”) filed for Chapter 11 bankruptcy protection. At that time OHT held a 50-year lease with the Port to operate at Berths 20-24, a month to month lease to operate Berth 25/26 (including crane maintenance), and a separate lease to operate and maintain cranes at Berth 20-24. On February 20, 2016, the Port reached a settlement agreement with OHT by which the Port would let OHT out of its lease obligations. This agreement was subsequently approved by the bankruptcy court. This event returned property to the Port that was in need of significant repairs and deferred maintenance. As of June 30, 2017 and 2016, the Port estimated the cost to complete significant repairs and deferred maintenance over the next few years is approximately $19,978,000 and $22,308,000, respectively.

In fiscal year 2016, the Port recognized a net gain on the lease termination as non-operating revenue composed of the following (in thousands):

Unamortized upfront fee at time of lease termination	$ 46,977
Security deposit and lease termination fee	10,560
Lease terminal loss contingency	(22,337)
Gain on long-term lease termination	$ 35,200

16. Subsequent Events

Debt Issuances

On August 3, 2017, the Port issued Intermediate Lien Refunding Revenue Bonds 2017 Series D (Private Activity/AMT) , Series E (Governmental/Non-AMT), Series F (Private Activity/Non-AMT) and Series G (Federally Taxable), collectively referred to as Series 2017, in the aggregate principal amount of $254 million. Proceeds from the Series 2017, together with certain additional funds provided by the Port, were used to effect the refunding and defeasance of $323.6 million of Intermediate Lien Revenue Bonds Series 2007 Series A (AMT), B (Non-AMT), and C (Non-AMT). The Series D and Series E mature on November 1, 2029 with a coupon of 5%. The Series F mature on November 1, 2019 with a coupon of 5%. The Series G matures on November 1, 2029 with coupon rates from 1.65-3.3%. The gross debt services savings through fiscal year 2030 is $43.6 million with a present value savings of $38.8 million.

On August 16, 2017, the Port issued $5,584,000 of Series A (AMT) commercial paper notes, to reimburse prior capital expenditures for the Port's International Arrivals Building Upgrade project. This transaction is part of a larger plan to finance PFC-eligible Airport projects by utilizing debt when the rate of project expenditure exceeds the rate of PFC collections. In its fiscal year 2018 Capital Budget, the Port has estimated that a total of $24.3 million will be issued for this purpose over the 5-Year Capital Improvement Plan period.

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PORT OF OAKLAND

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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1. Schedule of Funding Progress – Other Postemployment Benefits

The schedule of funding progress 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.

An actuarial valuation study performed as of June 30, 2015 valued the Actuarial Accrued Liability at $157,351,000 an increase of $20,735,000 from the previous study performed as of June 30, 2013.

The schedule of funding progress is as follows (in thousands):

Acturial Valuation Date	Actuarial Value of Assets (a)	Acturial 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	$ 109,760	14.9%	$ 44,627	246%
6/30/2013	30,715	136,616	105,901	22.5%	47,823	221%
6/30/2015	47,870	157,351	109,481	30.4%	50,093	219%

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PORT OF OAKLAND

Statistical Section (Unaudited)

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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.

Contents **Schedule**

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Port of Oakland

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

	2008 [(1)]	2009 [(2)]	2010	2011 [(3)]	2012	2013	2014	2015 [(4)]	2016	2017
Net position:										
Net investment in capital assets	$ 862,165	$ 853,011	$ 881,567	$ 869,014	$ 882,351	$ 944,974	$ 986,959	$ 1,053,882	$ 1,097,049	$ 1,106,547
Restricted	12,692	21,357	11,677	17,187	20,553	14,178	10,072	12,066	14,840	22,392
Unrestricted	39,729	14,838	(2,258)	19,774	39,430	69,267	113,160	(26,190)	30,657	72,797
Total net position	$ 914,586	$ 889,206	$ 890,986	$ 905,975	$ 942,334	$ 1,028,419	$ 1,110,191	$ 1,039,758	$ 1,142,546	$ 1,201,736

Note: (1) The beginning balance decreased $9,212 for a prior period adjustment.
(2) The beginning balance decreased $6,680 due to the adoption of GASB 49.
(3) The beginning balance decreased $20,989 due to the adoption of GASB 65.
(4) The beginning balance decreased $182,324 due to the adoption of GASB 68.

Port of Oakland

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

	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Operating revenues:										
Aviation	$ 159,086	$ 130,443	$ 130,284	$ 135,173	$ 140,309	$ 150,871	$ 157,220	$ 162,135	$ 173,067	$ 190,657
Maritime	128,351	140,739	143,344	151,854	152,988	151,869	152,657	158,684	148,772	151,377
Commercial real estate	12,446	12,108	11,597	10,956	12,841	12,778	13,163	15,768	16,198	16,673
Total operating revenues	299,883	283,290	285,225	297,983	306,138	315,518	323,040	336,587	338,037	358,707
Operating expenses:										
Aviation	162,299	161,542	152,099	152,086	152,064	150,461	153,989	161,489	165,344	176,591
Maritime	82,264	90,029	84,004	83,383	85,156	87,683	96,605	100,609	107,135	106,302
Commercial real estate	13,711	12,674	12,606	11,349	11,590	11,713	12,991	13,324	12,755	12,148
Total operating expenses [1]	258,274	264,245	248,709	246,818	248,810	249,857	263,585	275,422	285,234	295,041
Operating income	41,609	19,045	36,516	51,165	57,328	65,661	59,455	61,165	52,803	63,666
Non-operating revenues (expenses):										
Interest income	13,145	9,655	4,741	2,876	1,755	1,095	1,373	1,783	2,149	2,713
Interest expense	(76,796)	(78,415)	(74,624)	(70,714) [6]	(66,798) [6]	(59,598)	(53,977)	(51,636)	(49,889)	(47,695)
Loss on debt defeasance	-	-	(4,158)	-	-	-	-	-	-	-
Customer facility charges revenue	6,999	5,235	4,530	4,764	5,184	5,387	5,625	6,253	5,939	6,010
Customer facility charges expenses [2]	-	-	-	-	-	-	(4,219)	(4,137)	(4,307)	(4,531)
Passenger facility charges	27,033	19,391	19,702	19,106	19,758	19,924	19,698	21,478	22,929	24,520
Grant income	-	-	-	-	-	-	-	3,874	1,419	1,001
Grant expenses	-	-	-	-	-	-	-	(3,874)	(1,419)	(1,001)
Other income (expenses)	2,452	(5,072)	292	1,438	(1,809)	3,668	(2,727)	3,176	3,744	(1,844)
Gain on lease termination	-	-	-	-	-	-	-	-	35,200	5,526
Gain (loss) on disposal of capital assets	(14,985)	(435)	(6,562)	-	(2,276)	12,052	(3,791)	84	(629)	(2,869)
Total net non-operating expenses	(42,152)	(49,641)	(56,079)	(42,530)	(44,186)	(17,472)	(38,018)	(22,999)	15,136	(18,170)
Change in net position before capital contributions	(543)	(30,596)	(19,563)	8,635	13,142	48,189	21,437	38,166	67,939	45,496
Capital contributions:										
Grants from government agencies	27,092	11,896	21,343	27,343	23,217	37,896	60,335	73,725	34,849	13,694
Total capital contributions	27,092	11,896	21,343	27,343	23,217	37,896	60,335	73,725	34,849	13,694
Change in net position	26,549	(18,700)	1,780	35,978	36,359	86,085	81,772	111,891	102,788	59,190
Net position, beginning of the year	888,037 [3]	907,906 [4]	889,206	869,997 [5]	905,975	942,334	1,028,419	927,867 [7]	1,039,758	1,142,546
Net position, end of the year	$ 914,586	$ 889,206	$ 890,986	$ 905,975	$ 942,334	$ 1,028,419	$ 1,110,191	$ 1,039,758	$ 1,142,546	$ 1,201,736

Note:

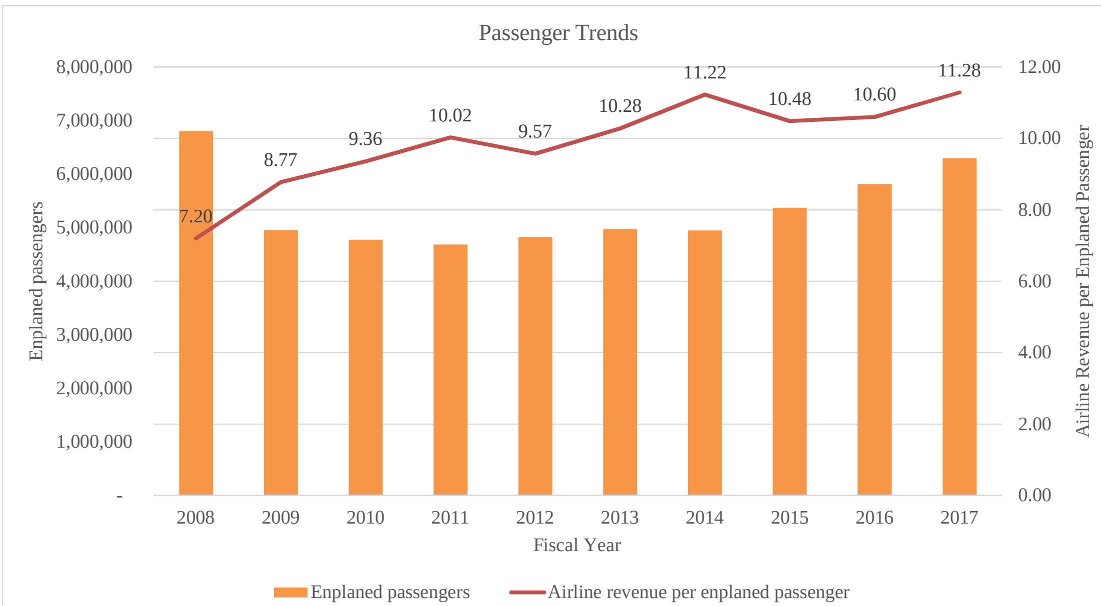
(1) Total operating expenses include depreciation.
(2) Beginning in fiscal year 2016, expenses reimbursed by CFCs have been reclassified from operating to non-operating expenses. For comparative purposes, fiscal year 2014 and 2015 operating expenses have been restated to conform with fiscal year 2016 presentation.
(3) The beginning net position balance decreased by $9,212 in fiscal year 2008 for a prior period adjustment.
(4) The beginning net position balance decreased by $6,680 in fiscal year 2009 due to the adoption of GASB 49.
(5) The beginning net position balance decreased $20,989 in fiscal year 2011 due to the adoption of GASB 65.
(6) Interest expense was increased by $964 in fiscal year 2011 and decreased by $1,088 in fiscal year 2012 due to the adoption of GASB 65.
(7) The beginning net position balance in fiscal year 2015 decreased $182,324 due to the adoption of GASB 68.

Schedule 3

Port of Oakland

(A Component Unit of the City of Oakland)
Principal Revenue Sources and Airline Revenue per Enplaned Passenger
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Aviation revenues:										
Terminal rental [1]	$ 32,153,229	$ 26,263,040 [3]	$ 25,497,463	$ 27,364,000	$ 26,501,221	$ 31,231,563	$ 35,656,540	$ 36,194,008	$ 41,719,055	$ 47,554,663
Landing fees (excludes cargo airlines)	16,838,252	17,213,846	19,206,913	19,626,426	19,699,801	19,902,017	19,902,682	20,135,955	19,876,248	23,491,510
Total airline revenues	48,991,481	43,476,886	44,704,376	46,990,426	46,201,022	51,133,580	55,559,222	56,329,963	61,595,303	71,046,173
Concession	21,861,577	17,948,928 [3]	18,797,132	19,127,821	19,372,472	20,103,716	20,844,939	22,018,984	23,408,308	24,562,907
Parking & ground access	39,221,863	29,505,355 [3]	28,001,940	28,812,537	29,252,483	30,547,660	31,848,118	33,348,923	36,826,447	40,867,053
Lease rentals	20,551,862	21,004,740	19,776,344	20,707,048	24,271,955	26,778,749	26,635,475	28,572,415	29,835,813	30,505,150
Landing fees--cargo airlines	6,603,275	7,926,263	7,646,361	8,673,223	8,640,337	8,860,083	9,448,582	9,647,184	9,333,015	9,769,634
Aviation fueling	13,411,817	3,564,246	3,589,896	3,560,980	3,984,459	3,918,318	3,913,768	2,939,581	2,335,463	2,421,682
Utility sales	4,000,763	4,192,036	3,690,206	4,427,134	3,846,405	5,324,150	4,211,638	4,200,661	4,257,290	4,359,164
Other [2]	4,443,581	2,824,306	4,077,976	2,873,178	4,740,148	4,204,678	4,758,285	5,077,355	5,475,468	7,124,889
Total revenues	$ 159,086,219	$ 130,442,760	$ 130,284,231	$ 135,172,347	$ 140,309,281	$ 150,870,934	$ 157,220,027	$ 162,135,066	$ 173,067,107	$ 190,656,652
Enplaned passengers	6,802,486	4,955,743 [3]	4,777,514	4,687,878	4,825,802	4,973,107	4,949,628	5,374,187	5,812,058	6,296,349
Airline revenue per enplaned passenger	$ 7.20	$ 8.77	$ 9.36	$ 10.02	$ 9.57	$ 10.28	$ 11.22	$ 10.48	$ 10.60	$ 11.28



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.

Port of Oakland

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
PASSENGERS										
Enplaned	6,802,486	4,955,743	4,777,514	4,687,878	4,825,802	4,973,107	4,949,628	5,374,187	5,812,058	6,296,349
Deplaned	6,824,544	4,968,042	4,780,661	4,679,699	4,817,753	4,977,749	4,940,643	5,380,369	5,802,787	6,297,022
Total	13,627,030	9,923,785 (1)	9,558,175	9,367,577	9,643,555	9,950,856	9,890,271	10,754,556	11,614,845	12,593,371
FREIGHT (in 000 lb)										
Inbound	694,513	568,696	516,536	536,601	532,724	529,605	563,601	581,482	575,796	582,548
Outbound	741,453	626,474	541,473	568,082	552,475	543,928	571,474	594,450	605,329	592,279
Total	1,435,966	1,195,170 (2)	1,058,009	1,104,683	1,085,199	1,073,533	1,135,075	1,175,932	1,181,125 (5)	1,174,827
TOTAL AIR CARGO (in 000 lb) (Freight & mail)	1,452,437	1,212,414 (2)	1,079,243	1,124,605	1,104,388	1,087,140	1,147,454	1,188,335	1,190,372 (5)	1,183,119
LANDED WEIGHT (in 000 lb) (3)										
Passenger carriers	9,095,540	6,873,516 (1)	6,328,081	5,957,187	6,076,945	6,090,830	5,946,026	6,247,035	6,670,725	7,347,655
Cargo carriers	3,560,162	3,158,521 (2)	2,494,619	2,624,269	2,634,870	2,691,589	2,832,982	2,978,823	3,173,690	3,136,160
Total	12,655,702	10,032,037	8,822,700	8,581,456	8,711,815	8,782,419 (5)	8,779,008 (5)	9,225,858	9,844,415	10,483,815
AIRCRAFT MOVEMENTS	181,690	122,028	114,327	106,260	107,652	102,470	100,384	104,592	112,037	112,763
PARKING										
Number of stalls (4)	7,868	6,103	6,315	6,950	6,516	6,516	6,621	6,878	6,898	6,898
Average revenue per stall	$4,151	$3,991 (1)	$3,605	$3,391	$3,688	$3,900	$4,016	$4,203	$4,544	$4,856

Note:
Oakland International 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, namely 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) Includes non-revenue flights.
(4) Available parking stalls are increased or decreased due to market demand or to make space available for construction projects.
(5) Statistics updated for accuracy.

Port of Oakland

(A Component Unit of the City of Oakland)
Top Ten Individual Sources of Aviation Revenue
Fiscal Year 2017 and Fiscal Year 2008

Fiscal Year 2017	Revenue	Percent of Total Aviation Revenue	Fiscal Year 2008	Revenue	Percent of Total Aviation Revenue
Southwest Airlines	$ 47,820,036	25.1%	On-Airport Public Parking (2)	$ 32,660,201	20.5%
On-Airport Public Parking (1)	33,017,585	17.3%	Southwest Airlines	29,147,268	18.3%
Federal Express Corp.	19,407,033	10.2%	Federal Express Corp.	10,396,434	6.5%
Signature Flight Support Acquisition Co. LLC	6,616,726	3.5%	Avis Budget Group, Inc.	5,872,740	3.7%
Avis Budget Group, Inc.	6,099,800	3.2%	Hertz Corporation	4,893,219	3.1%
HMS Host Corporation	5,384,193	2.8%	Air Terminal Svc (CA1)	4,311,347	2.7%
Hertz Corporation	5,007,515	2.6%	United Airlines	3,581,658	2.3%
Alaska Airlines	4,814,580	2.5%	Alaska Airlines	3,574,551	2.2%
United Parcel Service	4,034,458	2.1%	Jet Blue Airways Corporation	3,518,749	2.2%
Jet Blue Airways Corporation	3,180,140	1.7%	AirBART-Bay Area Rapid Transit	3,518,749	2.2%

Note:
(1) Operated by LAZ Parking California, LLC. as of December 1, 2012.
(2) Operated by Five Star Parking.

Port of Oakland

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

Rates & Charges for Period:[1]	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Landing Fees (per 1,000 lbs. MGLW) [2]										
Basic Landing Rate	$ 1.85	$ 2.50	$ 3.06	$ 3.30	$ 3.27	$ 3.29	$ 3.33	$ 3.24	$ 2.94	$ 3.13
Terminal Space Rental (per square foot per year)										
Type1 - Ticket Counter	$ 188.13	$ 164.81	$ 164.81	$ 176.81	$ 176.26	$ 211.56	$ 242.93	$ 241.62	$ 268.00	$ 299.90
Type2 - Office Space	169.32	148.33	148.33	159.13	158.63	190.40	218.64	217.46	241.20	269.91
Type3 - Baggage Space [3]	150.50	131.85	131.86	141.45	141.00	169.24	194.34	193.30	214.40	239.92
Type4 - Baggage Make-Up	131.69	115.37	115.37	123.77	123.39	148.10	170.06	169.13	187.60	209.93
Type5 - Ticket Counter (Others)	94.07	82.41	82.42	88.41	88.13	105.78	121.47	120.81	134.00	149.95
Type6 - Office Space (Others)	84.66	74.16	74.16	79.56	79.32	95.21	109.32	108.73	120.60	134.96
Type7 - Baggage Make-Up (Others)	65.85	57.68	57.68	61.88	61.69	74.05	85.03	84.57	93.80	104.97
Primary Holdroom, Loading Bridge Rental (per holdroom per month)										
Holdroom, Loading Bridge	$ 34,576	$ 31,269	$ 32,801	$ 36,006	$ 36,080	$ 41,907	$ 46,835	$ 46,794	$ 54,479	$ 56,491

Note:
(1) Rates and charges are established at the beginning of each fiscal year and calculated using budgeted expenses for the forthcoming fiscal year.
(2) MGLW - Maximum Gross Landing Weight
(3) The baggage claim requirement is calculated by multiplying the Type 3 rate by the square footage of the baggage claim areas. 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. Beginning FY2009, the requirement is distributed among all airlines based on the number of enplaned passengers.

Port of Oakland

(A Component Unit of the City of Oakland)
Principal Revenue Sources and Maritime Revenue per TEU
Last Ten Fiscal Years
(dollar amounts in thousands)

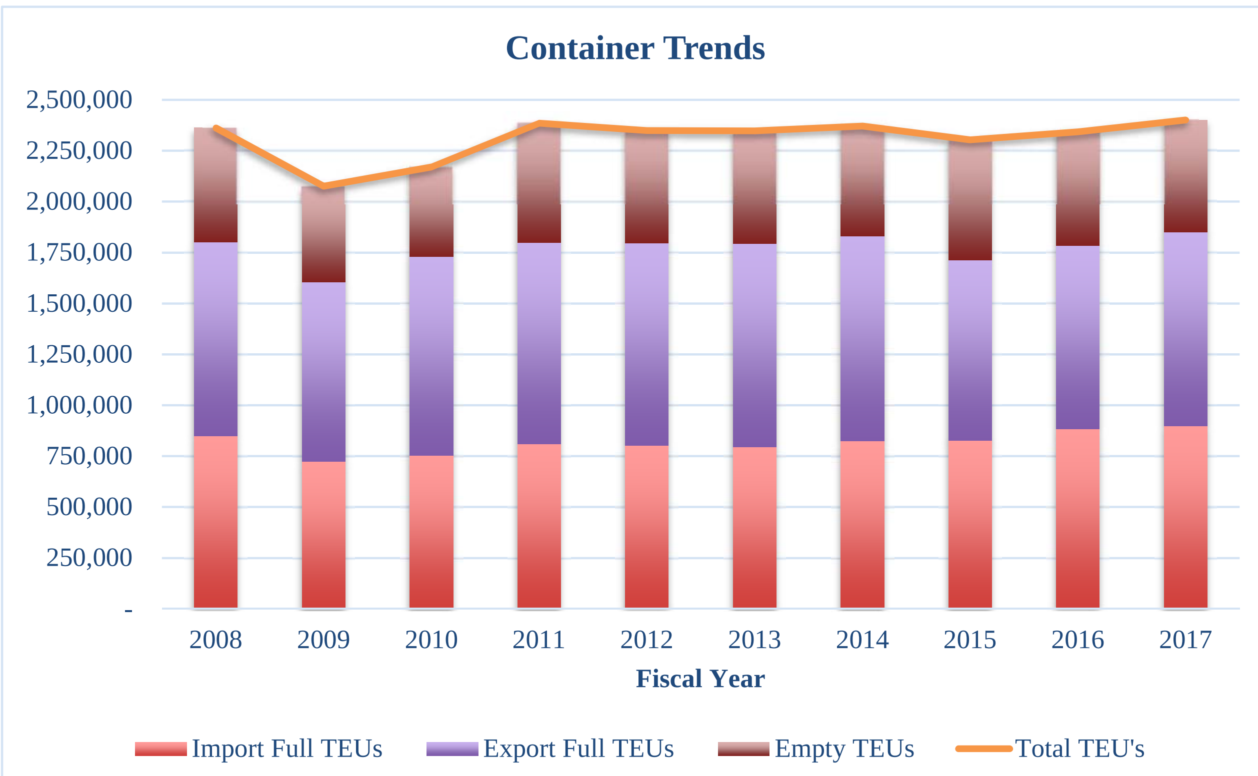
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Maritime revenues:										
Lease rentals - terminal	$ 117,795	$ 126,068	$ 130,254	$ 138,964	$ 140,777	$ 139,415	$ 134,845	$ 133,689	$ 113,864	$ 108,710
Lease rentals - other	3,731	8,553	6,961	5,771	5,726	6,518	8,665	12,984	17,335	23,260
Parking fees (2)	-	-	-	-	-	-	-	-	6,137	6,916
Other revenues	2,248	1,966	1,813	2,881	2,203	1,921	3,313	2,571	1,443	2,750
Utility sales	4,577	4,152	4,316	4,238	4,282	4,015	5,834	9,440	9,993	9,741
	$ 128,351	$ 140,739	$ 143,344	$ 151,854	$ 152,988	$ 151,869	$ 152,657	$ 158,684	$ 148,772	$ 151,377
Full TEUs	1,802,004	1,605,613	1,729,383	1,798,960	1,796,849	1,793,749	1,832,559	1,713,809	1,784,387	1,850,787 (1)
Maritime revenue per Full TEU	$ 71.23	$ 87.65	$ 82.89	$ 84.41	$ 85.14	$ 84.67	$ 83.30	$ 92.59	$ 83.37	$ 81.79

Note:
(1) Subject to change pending completion of operational audits.
(2) Prior to fiscal year 2016 parking fees were reported as part of lease rentals - terminal revenue

Port of Oakland

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

	Full TEUs						
Fiscal Year	Import	%	Export	%	Total Full	Empty TEUs	Total TEUs
2008	848,383	47%	953,621	53%	1,802,004	560,031	2,362,035
2009	723,504	45%	882,109	55%	1,605,613	470,596	2,076,209
2010	754,316	44%	975,067	56%	1,729,383	440,456	2,169,839
2011	811,096	45%	987,864	55%	1,798,960	587,077	2,386,037
2012	802,914	45%	993,935	55%	1,796,849	553,103	2,349,952
2013	794,511	44%	999,238	56%	1,793,749	554,155	2,347,904
2014	824,310	45%	1,008,249	55%	1,832,559	538,146	2,370,705
2015	827,141	48%	886,668 (1)	52%	1,713,809	590,736	2,304,545
2016	884,186	50%	900,201	50%	1,784,387	558,294	2,342,681
2017	898,488	49%	952,309	51%	1,850,797 (2)	550,232	2,401,029



Note:

(1) Decrease in full container exports was driven by a strengthening U.S. dollar, impacts of the drought on California agriculture, and cargo diverted from the west coast during labor disruptions.

(2) Subject to change pending completion of operational audits.

Port of Oakland

(A Component Unit of the City of Oakland)

Top Ten Individual Sources of Maritime Revenue by Alphabetical Order

Fiscal Year 2017 and Fiscal Year 2008

Fiscal Year 2017	Fiscal Year 2008
BNSF Railway Company	APM Terminals Pacific , LTD
ConGlobal Industries	Burlington Northern/Santa Fe (OIG)
Everport Terminal Services, Inc.(2)	Eagle Marine Services
GSC Logistics, Inc.	Evergreen Marine Corp. (Taiwan) Ltd. (Nutter) (2)
Impact Transportation	GSC Logistics
Pacific Coast Container, Inc.	International Transportation Service
Shippers Transport Express, Inc.	Shipper's Transport Express, Inc.
SSA Terminals, LLC and SSA Terminals (Oakland), LLC (combined)	SSA Terminals, LLC
TraPac, Inc.	Total Terminals International, LLC
Truck Parking (1)	Trans Pacific Container Service Corp.

The Port of Oakland terminal tenants compete against each other for business. The Port feels disclosure of revenue by tenant would give advantages or disadvantages to certain tenants and therefore revenue and percent of total maritime revenue have been excluded from this report.

Note:

(1) Operated by Ampco System Parking, Inc.

(2) Subsequent to Fiscal Year 2008, Evergreen Marine Corp. (Taiwan) Ltd has assigned its property agreements with the Port of Oakland to Everport Terminal Services Inc.

Port of Oakland

(A Component Unit of the City of Oakland)
Net Pledged Revenues and Debt Service Coverage Calculation
Last Ten Fiscal Years
(dollar amounts in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Revenues	$ 299,883	$ 283,290	$ 285,225	$ 297,983	$ 306,138	$ 315,518	$ 323,040	$ 336,587	$ 338,037	$ 358,707
Operating Expenses	258,274	264,245	248,709	246,818	248,810	249,857	263,585	275,422	285,234	295,041
Less: Depreciation Expense	(88,907)	(96,938)	(98,810)	(98,816)	(98,032)	(98,234)	(99,259)	(101,759)	(104,077)	(106,255)
Less: CFC and Grant Reimbursed Operating Expense (1)	(5,320)	(4,808)	(3,968)	(3,724)	(4,217)	(5,197)	(736)	-	-	-
Adjusted Operating Expenses	164,047	162,499	145,931	144,278	146,561	146,426	163,590	173,663	181,157	188,786
Adjusted Operating Income	135,836	120,791	139,294	153,705	159,577	169,092	159,450	162,924	156,880	169,921
Gross Interest Earned (2)	-	9,655	8,635	1,865	1,755	1,095	1,373	1,783	2,149	2,713
Less: Interest Earned on PFC and CFC Funds	-	(273)	(69)	(68)	(78)	(59)	(54)	(42)	(47)	(82)
Adjusted Interested Income (3)	9,095	9,382	8,566	1,797	1,677	1,036	1,319	1,741	2,102	2,631
Net Pledged Revenues Available for Debt Service	$ 144,931	$ 130,173	$ 147,860	$ 155,502	$ 161,254	$ 170,128	$ 160,769	$ 164,665	$ 158,982	$ 172,552
Debt Service										
Senior Bonds (4)	$ 71,230	$ 64,465	$ 84,218	$ 66,641	$ 69,173	$ 68,263	$ 48,069	$ 50,146	$ 48,191	$ 44,365
Senior Bonds, DBW Loan and Intermediate Bonds	84,458	94,045	113,303	105,645	108,175	107,268	98,191	98,192	98,877	99,454
Debt Service Coverage Ratio										
Senior Lien (5)	2.03	2.02	1.76	2.33	2.33	2.49	3.34	3.28	3.30	3.89
Intermediate Lien (6) (7)	1.72	1.38	1.42	1.47	1.50	1.59	1.64	1.68	1.61	1.73

Note:
(1) Beginning in fiscal year 2016, expenses reimbursed by CFCs have been reclassified from operating to non-operating expenses. For comparative purposes, fiscal year 2014 and 2015 operating expenses have been restated to conform with fiscal year 2016 presentation. The Debt Service Coverage Ratios in fiscal year 2014 and 2015 do not change.
(2) Starting in fiscal year 2011, the amortization of bond premium is no longer included in Gross Interest Earned.
(3) Break out of interest earned on PFC and CFC funds not readily available prior to fiscal year 2009.
(4) Senior Bonds Debt Service is less capitalized interest.
(5) Senior Lien Debt Service Coverage Ratio is calculated by dividing Net Pledged Revenues Available for Debt Service by Senior Bonds Debt Service.
(6) Intermediate Lien Debt Service Coverage Ratio is calculated by dividing Net Pledged Revenues Available for Debt Service by Senior Bonds, DBW Loan, and Intermediate Bonds Debt Service.
(7) Intermediate Lien and Aggregate Debt Service Coverage ratios include the following:
- In fiscal year 2010, debt service was reduced $9.5 million due to the release of funds from Series F, Series K, Series L and Series N bond reserves funds.
- In fiscal year 2012, $0.6 million of Series M unspent bond proceeds were applied to the debt service payment.

Port of Oakland

(A Component Unit of the City of Oakland)
Ratios of Debt Service
Last Ten Fiscal Years
(dollar amounts in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Service										
Senior Revenue Bonds [1]										
Aviation	$ 5,997	$ 5,437	$ 14,887	$ 12,551	$ 13,206	$ 13,014	$ 6,550	$ 5,718	$ 4,988	$ 4,712
Maritime	61,159	59,021	67,682	54,085	55,960	55,242	41,517	44,426	43,201	39,651
Commercial Real Estate	4,074	7	1,649	5	7	7	2	2	2	2
Total Senior Revenue Bonds Debt Service	71,230	64,465	84,218	66,641	69,173	68,263	48,069	50,146	48,191	44,365
Department of Boating & Waterways										
Commercial Real Estate	457	457	457	457	457	457	457	457	457	457
Intermediate Revenue Bonds										
Aviation	3,618	7,610	7,617	8,867	12,033	12,018	13,304	12,924	18,844	21,520
Maritime	8,886	20,985	20,486	29,128	25,271	25,289	34,568	32,894	28,018	29,183
Commercial Real Estate	267	527	525	552	1,241	1,241	1,792	1,771	3,367	3,928
Total Intermediate Revenue Bonds Debt Service	12,771	29,122	28,628	38,547	38,545	38,548	49,664	47,589	50,229	54,631
Commercial Paper										
Aviation	1,793	361	90	68	40	41	189	23	42	296
Maritime	4,023	896	218	165	116	115	897	3,069	4,103	4,317
Commercial Real Estate	-	-	-	-	3	-	-	-	-	-
Total Commercial Paper Debt Service [2]	5,816	1,257	308	233	159	156	1,086	3,092	4,145	4,613
Debt Service by Division										
Aviation	11,408	13,408	22,594	21,486	25,279	25,073	20,043	18,665	23,874	26,528
Maritime	74,068	80,902	88,386	83,378	81,347	80,646	76,982	80,389	75,322	73,151
Commercial Real Estate	4,798	991	2,631	1,014	1,708	1,705	2,251	2,230	3,826	4,387
Total Debt Service	$ 90,274	$ 95,301	$ 113,611	$ 105,878	$ 108,334	$ 107,424	$ 99,276	$ 101,284	$ 103,022	$ 104,066
Aviation Debt Service per Enplaned Passenger										
Enplaned passengers (in 000's)	6,802	4,956	4,778	4,688	4,826	4,973	4,950	5,374	5,812	6,296
Aviation Debt Service per Enplaned Passenger (not in 000's)	$ 1.68	$ 2.71	$ 4.73	$ 4.58	$ 5.24	$ 5.04	$ 4.05	$ 3.47	$ 4.11	$ 4.21

Note:

(1) Senior Revenue Bond debt service is less capitalized interest.

(2) Includes principal payments of $1 million in 2014, $3 million in 2015, and $4 million in 2016 and 2017, respectively.

Port of Oakland

(A Component Unit of the City of Oakland)
Outstanding Debt by Debt Type
Last Ten Fiscal Years
(dollar amounts in thousands)

Fiscal Year		Senior Bonds	Intermediate Bonds	Department of Boating & Waterways	Commercial Paper	Total
2008		$ 962,822	$ 503,090	$ 6,307	$ 78,540	$ 1,550,759
2009		935,672	498,585	6,133	81,440	1,521,830
2010		856,000	494,390	5,952	89,440	1,445,782
2011		834,230	479,850	5,762	87,268	1,407,110
2012	(1)	803,761	478,977	5,564	87,268	1,375,570
2013		762,025	460,681	5,357	78,398	1,306,461
2014		745,382	430,345	5,140	77,398	1,258,265
2015		724,566	400,899	4,914	74,398	1,204,777
2016		705,315	367,607	4,678	84,586	1,162,186
2017		689,841	328,508	4,431	97,841	1,120,621

Note:

(1) Starting in fiscal year 2012, amounts include bond discount/premium.

Port of Oakland

(A Component Unit of the City of Oakland)

Demographic and Economic Statistics for the City of Oakland

Last Ten Calendar Years

Year	Population	Personal Income ($000s)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (%)
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	10,607,099	27,145	37.1	38,450	17.2
2011	392,333	11,107,340	28,311	36.3	38,540	16.3
2012	394,832	11,281,140	28,572	36.2	37,742	14.3
2013	399,699	12,402,660	31,030	36.6	36,180	11.3
2014	405,703	13,154,920	32,425	36.4	37,040	9.0
2015	419,539	14,100,286	33,609	36.2	37,147	5.7
2016 (1)	423,191	14,636,907	34,587	36.2	37,075	5.8
2017	426,074	16,275,175	38,198	36.5	36,668	4.9

Source:

Population - State of California Department of Finance

Per Capita Income and Median Age - DemongraphicsNow.com (2008-2013), American Community Survey (2014-2017)

School Enrollment - Oakland Unified School District

Unemployment Rate - State of California Employment Development Department

Note:

(1) 2016 population and personal income is updated with newly available data from the California Department of Finance.

Port of Oakland

(A Component Unit of the City of Oakland)

Principal Employers in the City of Oakland - FY 2016 vs FY 2008[1]

	2016			2008		
Employer	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Kaiser Permanente/Kaiser Foundation	12,287	1	6.13%	8,885	1	5.09%
Oakland Unified School District	5,080	2	2.53%	5,723	2	3.28%
County of Alameda	4,490	3	2.24%	N/A		
City of Oakland	3,500	4	1.75%	3,804	3	2.18%
Bay Area Rapid Transit	3,288	5	1.64%	3,166	4	1.81%
State of California	3,168	6	1.58%	N/A		
UCSF Children's Hospital Oakland	2,675	7	1.33%	2,526	5	1.45%
Alameda County Health System (Highland Hospital)	2,300	8	1.15%	N/A		
Sutter Hospitals, Medical Foundation, & Support Services	2,257	9	1.13%	2,072	8	1.19%
Southwest Airlines	2,256	10	1.13%	2,328	7	1.33%
United States Postal Service	N/A			2,413	6	1.38%
East Bay Municipal Utility District	N/A			1,596	9	0.91%
Federal Express	N/A			1,556	10	0.89%
Estimated total employment	200,500			174,600		

Source:
2006 Number of Employees - Economic Development Alliance for Business and Alameda County Largest Employer
2006 Estimated total employment - www.demographicsNow.com
2016 Number of Employees - City of Oakland, Department of Economic and Workforce Development and County of Alameda
2016 Estimated total employment - State of California Development Department

Note:
(1) Data pertaining to principal employers for 2017 and 2009 was not readily available at the time of issuance. As such, we used 2016 and 2008, the most current information available, refer to the City of Oakland Comprehensive Annual Financial Report for updated information.

Port of Oakland

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016		2017
Aviation	315	307	238	228	242	233	236	222	232		236
Maritime	77	78	63	61	63	69	69	68	20	(1)	18
Commercial Real Estate	8	7	8	8	7	7	8	8	8		8
Engineering & Environmental	110	67	49	48	50	50	54	57	102	(1)	105
Financial Services & Administration (2)	79	63	55	53	53	59	54	56	58		57
Others	60	51	35	39	36	38	37	41	39		37
Total	649	573	448	437	451	456	458	452	459		461

Source:
Port of Oakland Records

Note:
(1) In fiscal year 2016, Harbor Facilities was moved to the Engineering Division from the Maritime Division.
(2) Financial Services & Administration Division consists of Human Resources, Information Technology, and Financial Services.

Schedule 16

Port of Oakland

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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 (1)	7,868	6,103	6,315	6,950	6,516	6,516	6,621	6,878	6,898	6,898
Harbor facilities										
Miles of waterfront	19	19	19	19	19	19	19	19	19	19
Berthing length at wharves (in feet)	23,063	23,233	23,233	23,233	23,233	23,233	23,233	23,233	23,233	23,233
Maritime terminal area (in acres)	786	786	786	779	779	779	779	779	779	779
Commercial Real Estate										
Owned acreage	874	874	874	874	865	837	837	837	837	837
Parking stalls(1)	1,479	1,429	1,429	1,429	1,429	1,429	1,429	1,429	1,429	1,333

Source:
Port of Oakland Records

Note:
(1) Available parking stalls are increased or decreased due to market demand or to make space available for construction projects.