Comprehensive Annual Financial Report

For the Years Ended
June 30, 2012 and 2011

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

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Comprehensive Annual Financial Report
For the Years Ended June 30, 2012 and 2011

Prepared by the Financial Services Division

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended June 30, 2012 and 2011

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PORT OF OAKLAND

Sara Lee
Chief Financial Officer

December 14, 2012

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the Port of Oakland (Port), a component unit of the City of Oakland (City), for the fiscal years ended June 30, 2012 and 2011. The CAFR is organized into the following sections:

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

Responsibility for the accuracy of the data, and the completeness and reliability of the information contained in the report rests with management of the Port. The framework of internal controls provides reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. 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.

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 or airport improvements, or for any other purpose. The Board has the power under the Charter to fix, alter, change, or modify the rates, tolls, fees, rentals and other charges for the use of the Port's facilities and any services provided in connection with the Port's facilities. A substantial portion of the Port's revenues are governed by lease, use, license and other agreements with the tenants and customers of the Port's three business lines: Aviation, Maritime and Commercial Real Estate. 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, currently ranked 36th in the United States in terms of total passengers and 12th in terms of air cargo tonnage, is one of three major commercial airports serving the nine-county San Francisco/Oakland/San Jose metropolitan area (San Francisco Bay Area) and the largest cargo hub in Northern California. In fiscal year 2012, the Airport served approximately 9.6 million passengers and 1.1 billion pounds of air cargo. As of June 2012, the Airport offered approximately 140 daily commercial departures (about 280 flights) to 41 cities. The Airport also offered approximately 30 daily cargo flight departures, or about 60 daily flights.

The Oakland seaport (Seaport) serves as the principal ocean gateway for international containerized cargo shipments in Northern California and is one of five major gateways for such shipments on the West Coast of North America. The Seaport is the 5th busiest cargo container port in North America and 3rd busiest on the United States West Coast, based on the number of twenty-foot equivalent units (TEUs) handled annually. In fiscal year 2012, approximately 2.3 million TEUs moved through the Seaport. The Seaport comprises approximately 1,300 acres, including eight developed container terminal areas; a rail intermodal terminal facility; areas for truck staging and other support services; and a portion of the former Oakland Army Base, which the Port plans to develop into a trade and logistics center in the future. These facilities are backed by a network of roads and a deep water navigation channel. All major ocean carriers serve the Seaport, connecting the Bay Area with the major trading centers of global commerce around the world.

In addition, the Port oversees approximately 865 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, and restaurants.

Most of the Airport, Seaport, and commercial real estate properties are located on land that is owned by the City and, under the City Charter, 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.

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

In addition to preparing the operating budget, Port staff annually prepares a 5-year capital needs assessment (CNA) and a one-year capital budget. The capital budget is presented to the Board for adoption, while the remainder of the CNA is presented as informational and conceptual only. Since 2008, the Port's capital program has been reduced due to budgetary and staffing constraints, and reduced activity levels in the Port's business lines. Capital improvements included in the Port's current CNA have been limited to the highest priority items, primarily those focused on regulatory compliance, life and safety-related improvements, and revenue maintenance. The projects within the CNA are not expected to generate significant new revenues.

The approved fiscal year 2012-13 operating and capital budgets, and 5-Year CNA, are available on the Port's website at www.portofoakland.com/portnyou/investors.asp, and are also further discussed below.

Economic Outlook

The Port is located in the San Francisco Bay Area, a sizeable and generally affluent metropolitan area. Still, the Bay Area has not been immune to the effects of on-going weak economic climate and uncertainty. All three of the Port's business lines, especially Aviation and Commercial Real Estate, are affected by local and regional economic conditions. In addition, because many of the Port's tenants and customers operate nationally and globally, world-wide economic trends and conditions also significantly impact the Port's three business lines.

Fiscal year 2012 brought modest growth of business activity and improved financial performance of the Port's business lines. Compared to fiscal year 2011, passenger traffic at the Airport was up 2.9%, reversing a declining trend that commenced in fiscal year 2008. The number of loaded TEUs handled at the Seaport was up 0.4%. Operating revenue was up 2.7% and operating expenses before depreciation and amortization were higher (worse) by 1.9%.

Tenants and customers continue to remain cautious about business projections in light of rising costs and heightened competition in a still-fragile global economy. As a result, the Port projects relatively flat to modest growth in activity and revenues over the next three fiscal years (FY 2013 through FY 2015), as further discussed below. During this time, the Port will continue to be challenged by rising operating costs, primarily in the areas of security, regulatory compliance and personnel (pension and health care).

Financial Planning

The Port continues to target reductions in operating expenses and prioritize its work on key initiatives aimed to sustain and grow business activity in the near and long term. Port staff also continues to be focused on improving the Port's overall financial position, including improving its cash position, limiting additional debt issuance, and reducing debt service. These areas of focus are central to the development of the Port's annual operating and capital budgets, as well as the 5-year CNA. Further, the Port's senior management and staff continuously monitor and assess projected business activity levels, as well as financial and operational measures, to identify and evaluate revenue enhancement and cost-savings initiatives which may become available during the course of any given fiscal year.

In fiscal year 2013, the Port has budgeted total operating revenues of approximately $312 million and operating expenses (before depreciation) of approximately $169 million, an approximate 1.8% and 12.2% increase, respectively, over fiscal year 2012 performance. Over the next three fiscal years (through FY 2015), operating revenues are projected to increase 5.8% while operating expenses are projected to increase 17.5%. The operating expense projections assume that certain savings will be achieved on personnel costs through negotiation of contracts with the Port's employee bargaining units.

Aviation

The Airport remains competitive and poised to benefit from a sizeable and affluent air trade area, as well as a strong origin/destination passenger base; excellent capacity and operational strengths; and a competitive cost per enplanement. However, the Airport continues to be affected primarily by current weak economic conditions and airline capacity reductions. Passenger traffic is expected to grow approximately 1.5% in fiscal year 2013; air cargo is expected to remain essentially flat.

Maritime

While the Maritime Division saw global trade pick up in fiscal year 2011, fiscal year 2012 reflected essentially flat activity, as measured by the number of loaded TEUs handled. Ocean carriers continue to carefully manage capacity and operations to achieve profitability in an environment of heightened competition. In fiscal year 2013, the Port expects to continue benefiting from a balanced mix of import and export cargo, which helps provide revenue stability; a stable base of tenants and customers; and long-term contracts with major Seaport tenants. However, competitive forces may cause shifts in the distribution of cargo among the Port's terminals, which could affect Port revenues even if total activity is unchanged. Additionally, the Port will be preparing to address the expiration of several of its major leases over the next five years. In fiscal year 2013, cargo activity is expected to remain flat to fiscal year 2012.

Commercial Real Estate
The Port's commercial real estate (CRE) properties have also been impacted by the general economic downturn, which has resulted in lower demand for parking and lower percentage rent payments by Port tenants.

Major Initiatives

In 2010, the Board approved the Port of Oakland Strategic Plan Fiscal Years 2011-2015. The Strategic Plan serves as a general statement of the Port's vision, mission, goals, objectives, and guiding principles to shape organizational performance and decision-making through fiscal year 2015. Consistent with the Strategic Plan, each year, staff and the Board identify major initiatives to maintain and enhance Port operations. Below is a summary of major accomplishments in fiscal year 2012 and highlights of major initiatives to be undertaken in fiscal year 2013. It should be noted that many of these initiatives span multiple years.

Accomplishments in Fiscal Year 2012
The Port's major accomplishments in fiscal year 2012 include the following:

- Substantial completion of shore power infrastructure at three of 11 berths in the Port's Shore Power Program, which is intended to reduce emissions from vessels docked at the Seaport;
- Completion of a master plan for redevelopment of former Oakland Army Base property. The Port was awarded $15 million in federal grant funding for the Oakland Army Base project, and the California Transportation Commission committed $242 million of voter-approved Proposition 1B bond funding to the redevelopment of the property;
- Completion of a Seaport-wide perimeter intrusion detection system to enhance security;
- Commencement of service by Spirit Airlines and twice-weekly service to Amsterdam by ArkeFly;
- Expansion of air service by Allegiant Air, Alaska Airlines, and Spirit Airlines;
- New long-term lease with Landmark Aviation, a fixed base operator already established at multiple national and international locations; and
- Refunding of certain outstanding bonds in fiscal year 2012, resulting in about $30 million of present value debt service savings spread primarily through 2020. As additional information, in early fiscal year 2013, another refunding yielded an additional $60 million of present value savings.

Additionally, the Port welcomed new tenants, including restaurants, boat services, and office space, at the Jack London Square area through the partnership between the Port and its developer partner, Jack London Square Ventures LLC.

Major Projects in Fiscal Year 2013
The Port is poised to both continue progress and commence work on various major projects that will maximize the use of existing assets and support the long-term competitiveness and sustainability of the Port. Following are the most significant projects underway for each of the Port's business lines:

Aviation
Terminal 1 Improvements. Planned improvements at Terminal 1 are focused on replacing aging infrastructure, bringing building systems up to code, and improving life cycle costs. As part of these improvements, the Port is moving forward with construction of a new mechanical building and upgraded Central Utility Plant, scheduled for completion in approximately two years. Other on-going improvements scheduled for completion in fiscal year 2013 include a new substation, communication system upgrades, and fire system installations. Additionally, completion of engineering design and commencement of construction of life and safety improvements, including seismic retrofit, are scheduled for fiscal year 2013.

Perimeter Dike and Runway Safety Area Improvements. The perimeter dike separates the South Field airfield from San Francisco Bay waters and has been identified as needing flood hazard and seismic improvements. Similarly, the runway safety areas (RSAs) are in need of upgrade to current standards. The Port is working with the Federal Emergency Management Agency to undertake the necessary improvements to the perimeter dike so that restrictions on Airport development in the future are minimized. The Port is currently engaged in discussions with the two pipeline companies that own fuel lines within the dike; at the same time, the Port is evaluating project design alternatives and expects to reinitiate design and environmental review in fiscal year 2013. Additionally, environmental review of the RSA improvements was substantially completed in fiscal year 2012; construction is anticipated to begin in fiscal year 2013.

BART – Oakland Airport Connector. In fiscal year 2011, the San Francisco Bay Area Rapid Transit (BART) broke ground on the Oakland Airport Connector project, which will improve access between the Airport and the regional rail transit system using an automated people mover. The Port has entered into an agreement with BART for a maximum Port contribution to the project of $45.4 million. In fiscal year 2012, the Port began funding its contribution to the project from passenger facility charges; in fiscal year 2013, the Port will continue to fund its share of improvements, and will continue to work closely with BART on design and construction coordination issues. Service is expected to begin in late calendar year 2014.

Maritime

Oakland Army Base Redevelopment. The Port continues to work toward the redevelopment of former Oakland Army Base property into a trade and logistics center comprising an intermodal rail terminal, rail-served warehouses for maritime businesses, and truck parking. This redevelopment would 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. The Port anticipates the development will take 10 years or more to complete, with the first project being a new rail terminal. Construction of the first phase of the rail terminal is anticipated to start in late fiscal year 2013, and be complete in 2015. Additional development will be based on market demand. In anticipation of this work, the Port continues to prepare the property through activities such as environmental remediation, grading, preliminary engineering and design, and limited infrastructure improvements.

Shore Power. The Port's Shore Power Program involves the construction of electrical land-side connections that enable ships to plug into the electric grid while docked, for the purpose of reducing emissions of air pollutants from vessel, in compliance with State law. In fiscal year 2012, the Port substantially completed construction of electric connections at the first three of 11 berths in the Program. In fiscal year 2013, the Port expects to substantially complete construction activities at the remaining eight berths, resulting in nearly 100% electrification of the berths at the Seaport.

Dredging and Security. The Port will continue to work closely with the federal government and its business partners to ensure the navigation channel serving the Seaport is maintained at its current depth, which allows the Seaport to accommodate the largest vessels currently in the transpacific trade, and will evaluate opportunities to deepen the few berths that are not yet at this depth, among other dredging-related activities. Additionally, the Port will continue to work on several projects designed to enhance and integrate security systems across key Seaport facilities.

Commercial Real Estate

Oak-to-Ninth Development. The Port is currently working with a private developer to redevelop the approximate 64-acre Oak-to-Ninth waterfront district, to create a new waterfront neighborhood with many acres of new public access and open space. Completion of this real estate transaction is anticipated to close in January 2013.

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, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

I would like to express my appreciation to the Financial Services Division for their professionalism, dedication, and efficiency in the preparation of this report. I also extend my appreciation to the other Port divisions who contributed to this report and to Macias Gini & O'Connell LLP and Kevin W. Harper CPA & Associates for their assistance and guidance. Finally, I thank the Board of Port Commissioners 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

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, 2011

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

Linda C. Davison

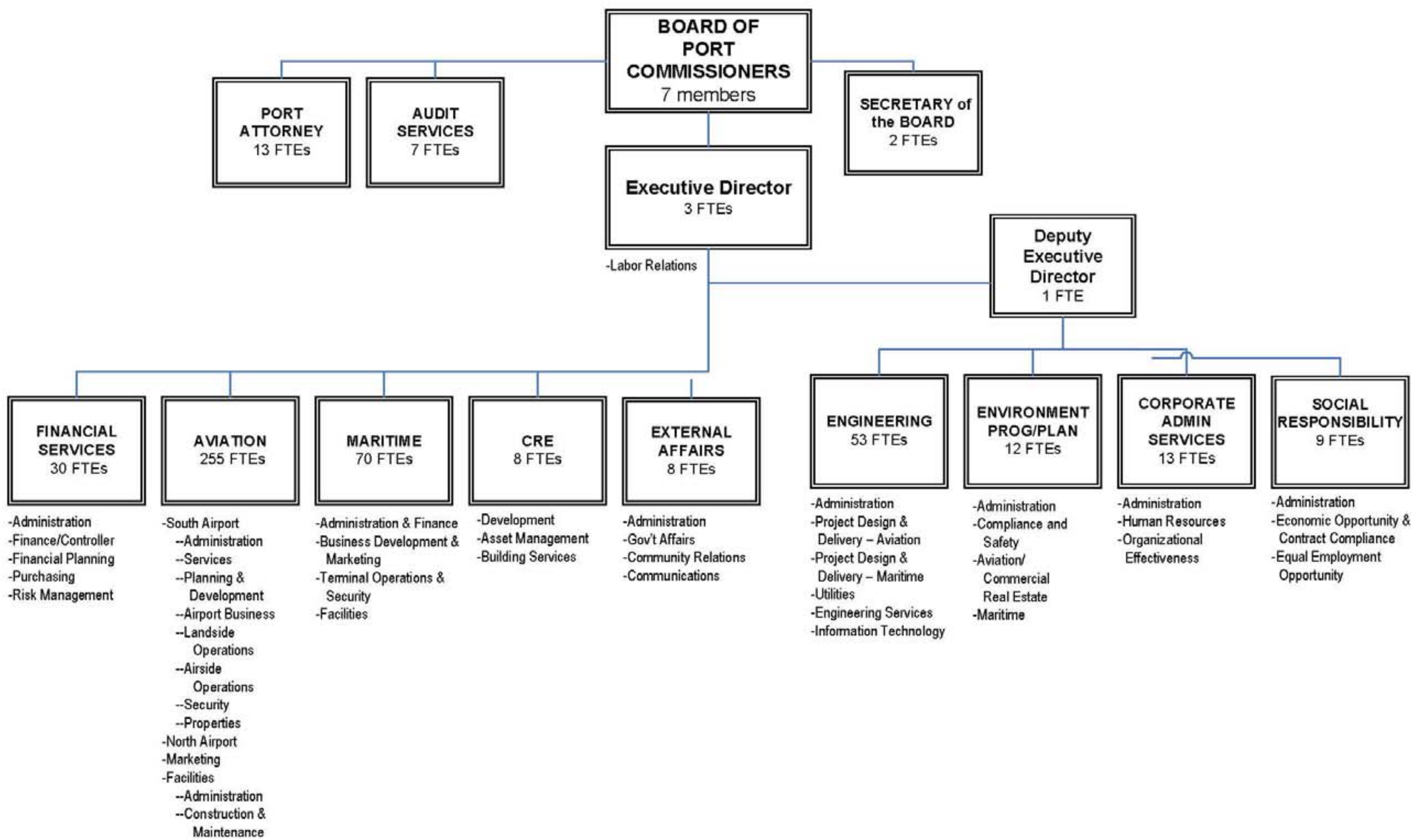
President

Jeffrey R. Esser

Executive Director

PORT OF OAKLAND
BUDGET ORGANIZATION CHART
Fiscal Year 2011-12

484 Funded FTEs (Full-Time Equivalents)



PORT OF OAKLAND

APPOINTED OFFICIALS, SENIOR AND CONTRIBUTING STAFF

For the Year Ended
June 30, 2012

Board of Port Commissioners of the City of Oakland

Pamela Calloway, President
Gilda Gonzales, First Vice- President
James W. Head, Second Vice- President
Margaret Gordon, Commissioner
Earl S. Hamlin, Commissioner
Victor Uno, Commissioner
Alan S. Yee, Commissioner

Senior Staff

Omar R. Benjamin, Executive Director
Jean Banker, Deputy Executive Director
Michele Heffes, Port Attorney (Acting)
Arnel Atienza, Chief Audit Officer
John T. Betterton, Secretary of the Board
Deborah Ale Flint, Director of Aviation
Chris Chan, Director of Engineering
Denyce Holsey, Director of Administration
Pamela Kershaw, Director of Commercial Real Estate
Isaac Kos-Read, Director of External Affairs
James J. Kwon, Director of Maritime
Sara Lee, Chief Financial Officer
Marsha Carpenter Peterson, Port Labor Advisor
Richard Sinkoff, Director of Environmental Programs and Planning

Contributing Staff

Oliviér Flewellen, Controller
Angelica Avalos
Leandro Denoga
Alice Fan
Katri Jones
Saw May Khoo
Betsy Kwok
Delphine Prévost
Cecilia Ravare
Stanley Tanaka
Sandra Yee

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Oakland, California 94607

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FINANCIAL SECTION

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

MGO Certified Public Accountants.

Kevin W. Harper CPA & Associates

Walnut Creek
2121 N. California Blvd., Suite 750
Walnut Creek, CA 94596
925.274.0190

Sacramento

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

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

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Port of Oakland (Port), a component unit of the of the City of Oakland, California, as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Port's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

Oakland, California
December 14, 2012

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, 2012 and 2011. 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, basic financial statements, notes to the basic financial statements, and required supplementary information. The basic financial statements include the Statements of Net Assets; Statements of Revenues, Expenses and Changes in Net Assets; and Statements of Cash Flows. In addition, the report includes a statistical section, which presents various financial and operating data.

The Port prepares the basic financial statements on an 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 useful lives.

Summary of Net Assets

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

	2012	% Change	2011	% Change	2010
Current and other assets	$ 363,615	5%	$ 346,323	12%	$ 310,052
Capital assets, net	2,185,743	-1%	2,216,800	-2%	2,261,163
Total assets	2,549,358	-1%	2,563,123	0%	2,571,215
Long-term debt outstanding	1,354,893	-3%	1,402,856	-3%	1,442,870
Other liabilities	231,018	-1%	234,267	-1%	237,359
Total liabilities	1,585,911	-3%	1,637,123	-3%	1,680,229
Invested in capital assets, net of related debt	893,389	2%	876,143	-1%	881,567
Restricted for construction	20,553	20%	17,187	47%	11,677
Unrestricted	49,505	52%	32,670	1547%	(2,258)
Total net assets	$ 963,447	4%	$ 926,000	4%	$ 890,986

Summary of Net Assets (continued)

Total net assets at June 30, 2012, increased by approximately $37 million or 4% from June 30, 2011. Net assets invested in capital assets, net of related debt increased by approximately $17 million. The increase is primarily attributable to net capital reductions of approximately $31 million, offset by a decrease in outstanding debt of $48 million. Restricted net assets increased $3 million as a result of passenger facility charges (PFC) received exceeding the reimbursement needed for construction projects. Unrestricted net assets increased approximately $17 million primarily as a result of an increase in cash equivalents and other assets.

Total net assets at June 30, 2011, increased by approximately $35 million or 4% from June 30, 2010. Net assets invested in capital assets, net of related debt decreased by approximately $5 million. The decrease is primarily attributable to net capital reductions of approximately $44 million, offset by a decrease in outstanding debt of $40 million and a decrease in bond reserves of $1 million. Restricted net assets increased $6 million as a result of PFC received exceeding the reimbursement needed for construction projects. Unrestricted net assets increased approximately $35 million primarily as a result of an increase in cash equivalents and other assets.

Summary of Revenues, Expenses and Changes in Net Assets

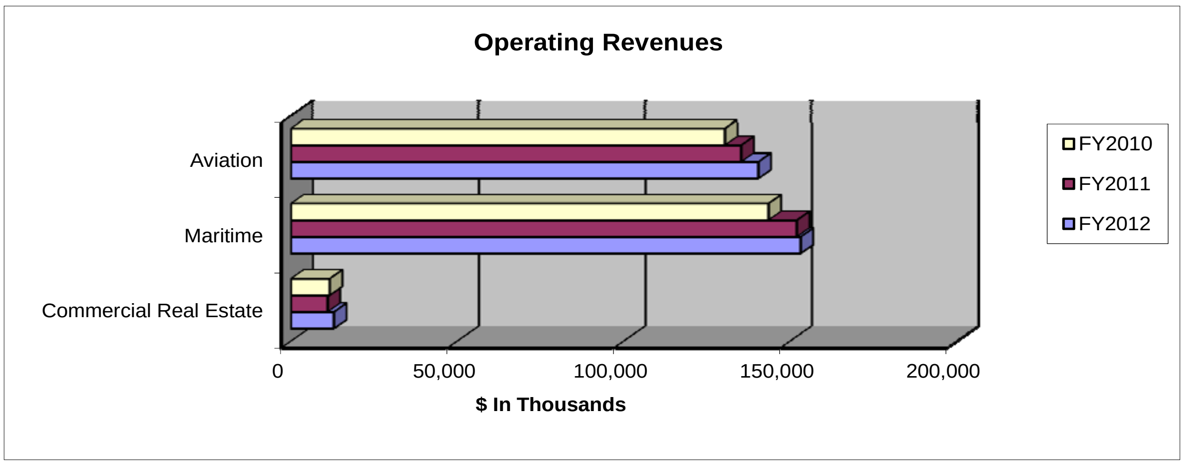
The Statements of Revenues, Expenses and Changes in Net Assets reflect how the Port's net assets changed during the most recent fiscal year compared to the prior year. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash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

	Twelve Months Ended				
	June 30, 2012	% Change	June 30, 2011	% Change	June 30, 2010
Operating revenues	$ 306,138	3%	$ 297,983	4%	$ 285,225
Passenger facility charge revenue	19,758	3%	19,106	-3%	19,702
Customer facility charge revenue	5,184	9%	4,764	5%	4,530
Interest income	1,755	-39%	2,876	-39%	4,741
Other income	-	-100%	1,438	392%	292
Total revenues	332,835	2%	326,167	4%	314,490
Operating expenses before depreciation	150,778	2%	148,002	-1%	149,899
Depreciation	98,032	-1%	98,816	0%	98,810
Interest expense	65,710	-8%	71,678	-4%	74,624
Loss on debt defeasance	-	0%	-	-100%	4,158
Other expense	1,809	100%	-	0%	-
Loss on disposal of capital assets	2,276	100%	-	-100%	6,562
Total expenses	318,605	0%	318,496	-5%	334,053
Change in net assets before capital contributions	14,230	86%	7,671	139%	(19,563)
Capital contributions -					
Grants from government agencies	23,217	-15%	27,343	28%	21,343
Increase (decrease) in net assets	37,447	7%	35,014	1867%	1,780
Net assets, beginning of the year	926,000	4%	890,986	0%	889,206
Net assets, end of the year	$ 963,447	4%	$ 926,000	4%	$ 890,986

Operating Revenues by Division

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

Division	2012	2011	2010
Aviation	$ 140,309	$ 135,173	$ 130,284
Maritime	152,988	151,854	143,344
Commercial Real Estate	12,841	10,956	11,597
Total	$ 306,138	$ 297,983	$ 285,225



2012

The Port's operating revenues increased approximately $8 million or 3% from $298 million in fiscal year 2011 to $306 million in fiscal year 2012.

The Aviation Division generated 46% of the Port's total operating revenues in fiscal year 2012. The division's operating revenues increased approximately 4% from $135.2 million in fiscal year 2011 to $140.3 million in fiscal year 2012. The increase is primarily attributable to a scheduled lease payment increase of $2.1 million; rent from the addition of a new tenant at the Airport of $682 thousand; an increase in terminal rental revenues of $234 thousand; and due to increased passenger traffic an increase in parking revenues of $439 thousand and concession revenues of $244 thousand. Traffic, as measured by passenger enplanements, increased 2.9% in fiscal year 2012.

The Maritime Division generated 50% of the Port's total operating revenues in fiscal year 2012. The division's operating revenues increased approximately 1% from $151.9 million in fiscal year 2011 to $153.0 million in fiscal year 2012. The increase is primarily attributable to a $2.7 million scheduled lease payment increase, offset by lower activity at other marine terminals, resulting in lower revenues of $1.6 million. Cargo activity, as measured by full and empty Twenty Equivalent Units (TEUs), declined 1.5% in fiscal year 2012.

Operating Revenues by Division (continued)

The Commercial Real Estate Division generated 4% of the Port's total operating revenues in fiscal year 2012. The division's operating revenues increased from fiscal year 2011 due to a one-time fee related to waiver of the Port's repurchase option agreement on certain undeveloped properties at Jack London Square, and higher than expected percentage rents.

2011

The Port's operating revenues increased approximately $13 million or 4% from $285 million in fiscal year 2010 to $298 million in fiscal year 2011.

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

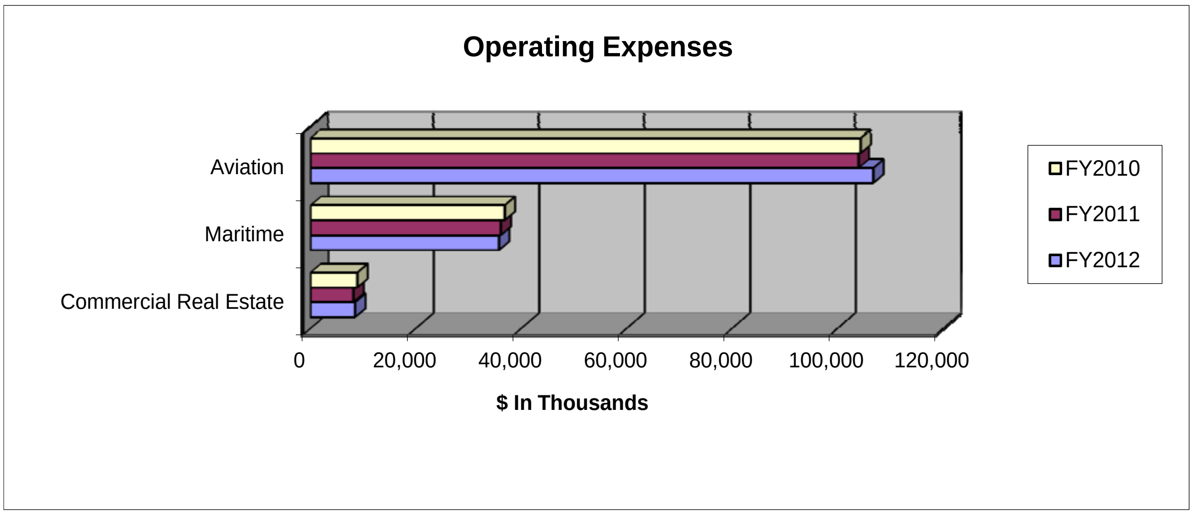
The Maritime Division generated 51% of the Port's total operating revenues in fiscal year 2011. The division's operating revenues increased approximately 6% from $143.3 million in fiscal year 2010 to $151.9 million in fiscal year 2011. The increase is primarily attributed to a full year of a new agreement with a terminal operator ($2.2 million) and activity above the Minimum Annual Guarantee (MAG) at various terminals ($5.6 million). Cargo activity, as measured by full and empty TEUs, increased approximately 10% in fiscal year 2011.

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

Operating Expenses by Division

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

Division	2012	2011	2010
Aviation	$ 106,657	$ 103,887	$ 104,265
Maritime	35,708	36,034	36,775
Commercial Real Estate	8,413	8,081	8,859
Total	$ 150,778	$ 148,002	$ 149,899



2012

The Port's operating expenses, excluding depreciation, increased approximately $3 million or 2% from $148.0 million in fiscal year 2011 to $150.8 million in fiscal year 2012.

The Aviation Division represented 71% of the Port's total operating expenses in fiscal year 2012. The division's operating expenses increased approximately $3 million in fiscal year 2012. The increase was primarily attributed to personnel related expenses, airport security and maintenance expense.

The Maritime Division represented 24% of the Port's total operating expenses in fiscal year 2012. The division's operating expenses in fiscal year 2012 were essentially unchanged from fiscal year 2011.

Operating Expenses by Division (continued)

The Commercial Real Estate Division represented 5% of the Port's total operating expenses in fiscal year 2012. The division's operating expenses increased approximately $332 thousand or 4% in fiscal year 2012.

2011

The Port's operating expenses, excluding depreciation, decreased approximately $2 million or 1% from $149.9 million in fiscal year 2010 to $148.0 million in fiscal year 2011.

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

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

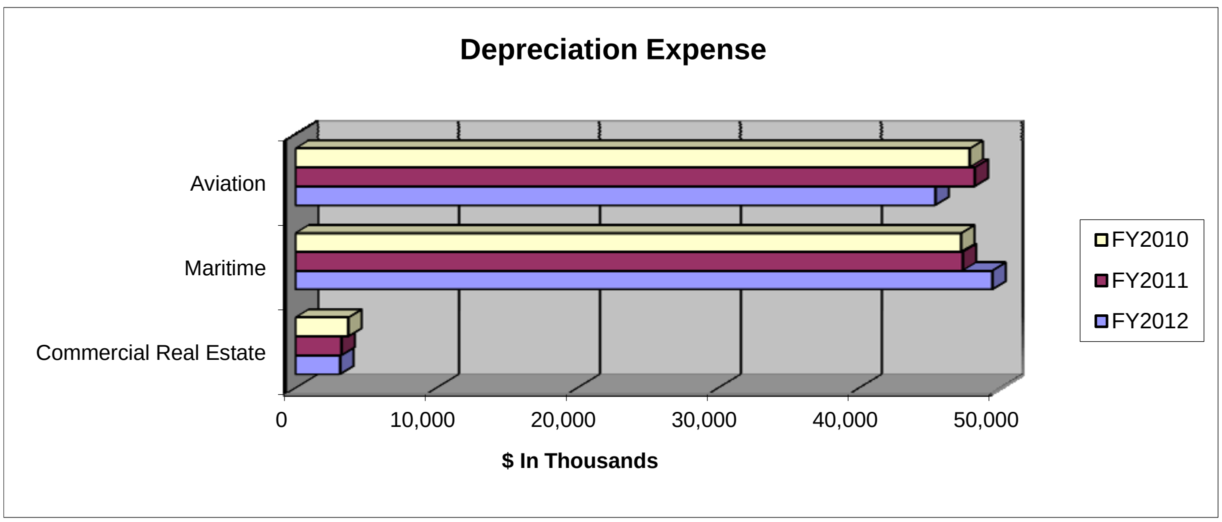
The Maritime Division represented 24% of the Port's total operating expenses in fiscal year 2011. The division's operating expenses decreased approximately $1 million or 2% in fiscal year 2011. The decrease was primarily attributed to performing some repairs and maintenance with in-house labor instead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

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

Depreciation Expense by Division

A summary of depreciation expense follows (in thousands):

Division	2012	2011	2010
Aviation	$ 45,407	$ 48,199	$ 47,834
Maritime	49,448	47,349	47,229
Commercial Real Estate	3,177	3,268	3,747
Total	$ 98,032	$ 98,816	$ 98,810



In fiscal year 2012, depreciation expenses decreased approximately 1% or $0.8 million. Maritime had a $2.1 million increase in depreciation due to assets placed into service near the end of fiscal year 2011. Aviation had a $2.8 million decrease due to several assets that were fully depreciated in fiscal year 2011.

In fiscal year 2011, depreciation expenses remained relatively flat from fiscal year 2010.

Projects completed during the fiscal year 2012 totaled approximately $12.4 million for Aviation Division, $1.4 million for Maritime Division and $51 thousand for Commercial Real Estate Division.

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

	2012	2011	2010
Non-grant funded assets	$ 70,951	$ 71,476	$ 71,099
Grant funded assets (including those funded by PFCs)	27,081	27,340	27,711
Total depreciation expense	$ 98,032	$ 98,816	$ 98,810

Interest Expense

Interest expense decreased by $6 million in fiscal year 2012 in comparison to fiscal year 2011. The decrease was a result of the reduction of $48 million in outstanding debt and refunding of $348 million of 2000 Series K with $346 million of 2011 Series O bonds.

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

Loss on Debt Defeasance

The loss on defeasance in fiscal year 2010 was the result of the Port defeasing principal and interest for two bonds series in January 2010.

Loss on Disposal of Capital Assets

Loss on disposal and abandoned capital assets in fiscal year 2012 was approximately $2.3 million. The Port disposed of certain assets resulting in a net loss of approximately $2.0 million in Maritime assets and $300 thousand in Aviation assets. Additional information on the loss on disposal of assets can be found in Note 4 Changes in Capital Assets in the accompanying notes to the financial statements.

Capital Contributions

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

In fiscal year 2012, grants from government agencies decreased approximately 15% or $4 million. This was attributed to a decrease in grant funding for capital projects in the Aviation Division. The primary reason is due to the completion of the East Apron, Phase 3 project which was funded with the American Recovery and Reinvestment Act of 2009 (ARRA).

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

Capital Assets (net of depreciation) and Capital Needs Assessment (in thousands):

	June 30, 2012	% Change	June 30, 2011	% Change	June 30, 2010
Capital assets:					
Land	$ 520,805	0%	$ 520,130	0%	$ 520,182
Intangibles - nondepreciable	23,493	86%	12,642	1%	12,555
Construction in progress	175,086	43%	122,528	7%	114,847
Buildings and improvements	379,059	-8%	409,994	-6%	438,421
Container cranes	69,958	-7%	75,380	-7%	80,808
Infrastructure	981,923	-5%	1,036,244	-2%	1,059,608
Intangibles - depreciable	9,394	-11%	10,516	100%	-
Other equipment	26,025	-11%	29,366	-15%	34,742
Total	$ 2,185,743	-1%	$ 2,216,800	-2%	$ 2,261,163

Net capital assets decreased by approximately $31 million or 1% in fiscal year 2012. Accumulated depreciation increased $96 million offset by an increase in capital assets of $65 million. Major additions to capital assets in fiscal year 2012 included acquired airport related noise easements; electrical infrastructure for the Shore Power Program; BART – Oakland Airport Connector; Airport Terminal 1 renovation; replacement of pump house 4 and 6; and overlay of various taxiways.

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

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 21, 2012, a Five-Year (fiscal year 2013 – 2017) Capital Needs Assessment (CNA) in the amount of $638.2 million was presented to the Board of Port Commissioners (Board) for informational purposes. For fiscal year 2013, the Board adopted a capital budget of $111.6 million. The most significant projects in the CNA are:

> Aviation: Terminal 1 renovation and retrofit; BART - Oakland Airport Connector; perimeter dike improvements; pavement rehabilitation; and the runway safety area.
>
> Maritime: Shore Power Program and Phase 1 redevelopment activities at the former Oakland Army Base.

Debt Administration

The total debt of the Port decreased $48 million in fiscal year 2012. The decrease results from revenue bond debt payments of $49 million and refunding of $348 million of 2000 Series K with $346 million of 2011 Series O.

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

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

	2012	2011	2010
Bond Indebtedness	$ 1,262,061	$ 1,309,826	$ 1,347,478
DBW Loan	5,564	5,762	5,952
Commercial Paper	87,268	87,268	89,440
Total debt	$ 1,354,893	$ 1,402,856	$ 1,442,870

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

	2012	2011	2010
Senior Lien (Minimum 1.25)	2.33	2.33	1.76
Intermediate Lien (Minimum 1.10)	1.50	1.47	1.42
Intermediate Lien with Rolling (Minimum 1.10)	1.92	1.90	1.86
Combined	1.50	1.47	1.42

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

Debt Administration (continued)

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

Credit Ratings

The Port's credit ratings as of June 30, 2012 are as follows:

- Standard & Poor's underlying rating on the Port's Senior Lien Bonds is "A" and the Intermediate Lien Bonds is "A-".

- Moody's Investors Service, Inc. underlying rating on the Port's Senior Lien Bonds is "A2" and the Intermediate Lien Bonds is "A3".

- Fitch Ratings on the Port's Senior Lien Bonds is "A+" and the Port's Intermediate Lien Bonds is "A-".

Notes to the Basic Financial Statements

The notes to the Port's basic financial statements can be found on pages 20-58 of this report. These notes provide additional information that is essential to a full understanding of the basic financial statements.

Facts and Conditions Affecting the Port's Operation

Several of the major agreements at the Seaport are scheduled to expire in 2017 or earlier. These agreements collectively represent approximately 66% of Maritime Division's operating revenues and approximately 33% of the Port's operating revenues in fiscal year 2012. Although most of the agreements include options for the tenant to extend the agreement term, no assurance can be given that any tenant will exercise its option. The tenant at Global Gateway Central Terminal (Berths 60-63) has already indicated to the Port that it is unlikely to exercise its extension option upon the expiration of its agreement in 2016. The loss of a major Seaport tenant, if not replaced promptly by a new tenant that is willing to lease the former tenant's space on the same or better terms, could adversely affect the Port's financial condition.

Contacting the Port's Financial Management

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

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Net Assets
June 30, 2012 and 2011
(dollar amounts in thousands)

	2012	2011
Assets		
Current assets:		
Unrestricted:		
Cash equivalents	$ 189,064	$ 174,591
Accounts receivable (less allowance for doubtful accounts of $2,392 in 2012 and $3,640 in 2011)	26,693	26,308
Accrued interest receivable	-	10
Prepaid expenses and other assets	4,167	3,116
Total unrestricted current assets	219,924	204,025
Restricted:		
Cash equivalents	20,789	25,396
Investments	60,412	621
Deposits in escrow	1,446	2,283
Receivables - passenger facility charges and customer facility charges	2,678	2,332
Accrued interest receivable	222	-
Total restricted current assets	85,547	30,632
Total current assets	305,471	234,657
Non-current assets:		
Capital assets:		
Land	520,805	520,130
Intangibles - nondepreciable	23,493	12,642
Construction in progress	175,086	122,528
Buildings and improvements	851,721	851,384
Container cranes	153,775	153,775
Infrastructure	1,574,781	1,574,958
Intangibles - depreciable	11,052	11,069
Other equipment	75,973	74,742
Total capital assets, at cost	3,386,686	3,321,228
Less accumulated depreciation	(1,200,943)	(1,104,428)
Capital assets, net	2,185,743	2,216,800
Unrestricted deferred charges and other assets	48,650	50,390
Restricted investments	9,494	61,276
Total non-current assets	2,243,887	2,328,466
Total assets	$ 2,549,358	$ 2,563,123

(Continued)

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

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Net Assets (continued)
June 30, 2012 and 2011
(dollar amounts in thousands)

	2012	2011
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 30,926	$ 26,587
Retentions on construction contracts	4,341	3,969
Environmental and other	10,161	10,688
Accrued interest	10,755	11,651
Long-term debt, net	47,617	47,524
Liability to City of Oakland	7,875	17,093
Deferred revenue	15,731	11,529
Total current liabilities	127,406	129,041
Non-current liabilities:		
Retentions on construction contracts	1,705	1,663
Environmental and other	32,937	29,285
Long-term debt, net	1,307,276	1,355,332
Deposits	6,383	6,583
Other post employment benefits	10,510	10,461
Deferred revenue	99,694	104,758
Total non-current liabilities	1,458,505	1,508,082
Total liabilities	1,585,911	1,637,123
Net assets:		
Invested in capital assets, net of related debt	893,389	876,143
Restricted for construction	20,553	17,187
Unrestricted	49,505	32,670
Total net assets	$ 963,447	$ 926,000

(Concluded)

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

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2012 and 2011
(dollar amounts in thousands)

	2012	2011
Operating revenues:		
Aviation:		
Terminal rentals and concessions	$ 48,458	$ 47,979
Parking fees and ground access	29,252	28,813
Lease rentals	24,272	20,707
Landing fees	28,340	28,300
Utility sales	3,846	4,427
Fueling	3,985	3,561
Other	2,156	1,386
Total aviation operating revenues	140,309	135,173
Maritime:		
Dockage and wharfage	140,777	138,964
Space assignments and rentals	5,726	5,771
Utility sales	4,282	4,238
Other	2,203	2,881
Total maritime operating revenues	152,988	151,854
Commercial real estate:		
Lease rentals	8,786	8,399
Parking fees	2,086	2,080
Other	1,969	477
Total commercial real estate operating revenues	12,841	10,956
Total operating revenues	306,138	297,983
Operating expenses:		
Aviation:		
Materials, supplies, contract services and other	57,853	54,787
Security	13,468	12,446
Maintenance	22,067	20,280
Advertising and promotion	2,807	2,339
Administration	9,018	12,405
Cost of utility sales	1,444	1,630
Depreciation	45,407	48,199
Total aviation operating expenses	152,064	152,086
Maritime:		
Materials, supplies, contract services and other	12,918	15,344
Maintenance	10,340	9,086
Advertising and promotion	1,473	1,155
Administration	8,847	7,911
Cost of utility sales	2,130	2,538
Depreciation	49,448	47,349
Total maritime operating expenses	$ 85,156	$ 83,383

(Continued)

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

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Revenues, Expenses and Changes in Net Assets (continued)
For the years ended June 30, 2012 and 2011
(dollar amounts in thousands)

	2012	2011
Operating expenses, continued		
Commercial real estate:		
Materials, supplies, contract services and other	$ 6,325	$ 5,797
Maintenance	487	544
Advertising and promotion	154	123
Administration	1,345	1,516
Cost of utility sales	102	101
Depreciation	3,177	3,268
Total commercial real estate operating expenses	11,590	11,349
Total operating expenses	248,810	246,818
Operating income	57,328	51,165
Non-operating revenues (expenses):		
Interest income	1,755	2,876
Interest expense	(65,710)	(71,678)
Customer facility charges	5,184	4,764
Passenger facility charges	19,758	19,106
Other income (expense)	(1,809)	1,438
Loss on disposal of capital assets	(2,276)	-
Total net non-operating expenses	(43,098)	(43,494)
Increase in net assets before capital contributions	14,230	7,671
Capital contributions -		
Grants from government agencies	23,217	27,343
Increase in net assets	37,447	35,014
Net assets, beginning of the year	926,000	890,986
Net assets, end of the year	$ 963,447	$ 926,000

(Concluded)

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

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Cash Flows
For the years ended June 30, 2012 and 2011
(dollar amounts in thousands)

	2012	2011
Cash flows from operating activities:		
Receipts from customers and users	$ 307,801	$ 298,802
Payments to suppliers	(80,293)	(77,871)
Payments to employees	(71,543)	(68,712)
Other operating cash receipts	2,465	5,098
Net cash provided by operating activities	158,430	157,317
Cash flows from capital and related financing activities:		
Proceeds from new borrowings	345,730	63,398
Repayments/refunding of debt	(397,043)	(102,070)
Grants from government agencies	20,107	25,413
Interest paid on debt	(63,256)	(73,628)
Purchase of capital assets	(68,852)	(53,783)
Proceeds from sale of capital assets	-	627
Customer facility charge and passenger facility charge receipts	20,457	20,361
Net cash used in capital and related financing activities	(142,857)	(119,682)
Cash flows from investing activities:		
Interest received on investments	1,465	3,029
Purchase of restricted investments	(16,585)	(9,749)
Proceeds from maturity of restricted investments	9,413	18,479
Net cash provided (used) by investing activities	(5,707)	11,759
Net increase in cash equivalents	9,866	49,394
Cash equivalents, beginning of year	199,987	150,593
Cash equivalents, end of year	$ 209,853	$ 199,987

(Continued)

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

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Cash Flows (continued)
For the years ended June 30, 2012 and 2011
(dollar amounts in thousands)

	2012	2011
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 57,328	$ 51,165
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	98,032	98,816
Other	2,465	5,098
Net effects of changes in:		
Accounts receivable, net of capital grants	2,725	3,311
Prepaid expenses and other current assets	(1,051)	504
Unrestricted deferred charges and other assets	1,740	2,140
Accounts payable and accrued liabilities	4,346	(4,795)
Liability to City of Oakland	(9,218)	1,327
Deferred revenue	(862)	(2,862)
Deposits	(200)	370
Environmental and other liabilities	3,125	2,243
Net cash provided by operating activities	$ 158,430	$ 157,317
Non-cash capital and related financing activities:		
Acquisition of capital assets in accounts payable and accrued liabilities	$ 10,281	$ 10,239
Loss on disposal of capital assets	2,276	-
Reclassification of capital assets	370	-
Non-cash performance deposits received	2,224	442

(Concluded)

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

1. Organization

The Port of Oakland, California (Port) was established in 1927 by the City of Oakland (City) and is included as a component unit in the City's basic financial statements. The accompanying financial statements include the operations of the Oakland International Airport (Airport or OAK), the maritime facilities, 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. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Grants from Government Agencies

Grants are, for the most part, restricted for the acquisition or construction of capital assets. Such grants are recorded as revenue when all eligibility requirements imposed by the provider have been met.

Passenger Facility Charges

The Port, as authorized by the Federal Aviation Administration (FAA) pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (the Act), as amended, currently imposes a Passenger Facility Charge (PFC) of $4.50 for each enplaning passenger at the Airport. Under the Act, air carriers are responsible for the collection of PFC charges and are required to remit PFC revenues to the Port in the following month after they are recorded by the air carrier. The Port's most recent application was approved by the FAA on January 11, 2012. The current authority to impose PFCs is estimated to end May 1, 2023.

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

Customer Facility Charges

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

Proprietary Accounting and Financial Reporting

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

Net Assets

Net assets represent the residual interest in the Port's assets after liabilities are deducted and consist of three sections: invested in capital assets, net of related debt; restricted and unrestricted. Net assets invested in capital assets, net of related debt include capital assets, net of accumulated depreciation, reduced by outstanding debt. Assets net of related liabilities are reported as restricted when constraints are imposed by third parties or enabling legislation. As of June 30, 2012 and 2011, the statement of net assets reported $20,553,000 and $17,187,000, respectively, as restricted by enabling legislation. All other net assets are unrestricted.

Cash Equivalents

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

Investments

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

Restricted Assets

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

Capital Assets

Capital assets are stated at cost and it is the policy of the Port to capitalize all expenditures related to capital assets greater than $5,000. Interest costs applicable to qualifying assets are capitalized as part of the cost of the assets. Interest earned on temporary investment of the proceeds from qualifying tax-exempt debt is offset against interest costs capitalized. Depreciation expense is calculated using the straight-line method over the following estimated useful lives of the assets:

Buildings and improvements	5 to 50 years
Container cranes	25 years
Infrastructure	10 to 50 years
Other equipment	5 to 10 years
Intangible assets	20 years

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

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

Other Assets

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

Loss on Debt Refunding

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

Deferred Revenue

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

Compensated Absences

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

Operating Revenues and Expenses

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

Allocation of Expenses to the Port Businesses

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

Use of Estimates

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

New Accounting Pronouncements Not Yet Adopted

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

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

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

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

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

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

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

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

New Accounting Pronouncements Not Yet Adopted (continued)

In March 2012, *GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards for certain items that were previously reported as assets and liabilities. These items will be reclassified as deferred outflows of resources or deferred inflows of resources. This statement also amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in GASB Concepts Statement 4. Application of this statement is effective for the Port's fiscal year ending June 30, 2014.

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

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

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

Reclassification

Certain 2011 amounts have been reclassified to conform to the 2012 presentation.

3. Cash, Cash Equivalents, Investments and Deposits

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

	2012	2011
U.S. Treasury Notes	$ 69,906	$ 61,898
Government Securities Money Market Mutual Funds	2,914	10,541
City Investment Pool	206,313	188,819
Deposits in Escrow	1,446	2,283
Bank Deposits and Cash on Hand	626	626
	$ 281,205	$ 264,167

Deposits in Escrow

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

Investments

Under the City of Oakland Charter, all cash receipts from the operations of the Port are deposited in the City Investment Pool. 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 Amended and Restated Master Trust Indenture, dated as of April 1, 2006 (Restated Trust Indenture) and the applicable Supplemental Indentures (combined, the Senior Trust Indenture) and is currently invested in either 1) US Treasury Notes or 2) Government Securities Money Market Mutual Funds. There were no investments pertaining to the Intermediate Lien Debt.

At June 30, 2012, the Port had the following investments (in thousands):

			Maturity	
	Fair Value	Credit Rating	Less than 1 Year	1-5 Years
U.S. Treasury Notes	$ 69,906	Aaa(1)	$ 60,412	$ 9,494
Government Securities Money Market Mutual Funds	2,914	Aaa(1)	2,914	-
City Investment Pool	206,313	Not rated	206,313	-
Total Investments	$ 279,133		$ 269,639	$ 9,494

At June 30, 2011, the Port had the following investments (in thousands):

			Maturity	
	Fair Value	Credit Rating	Less than 1 Year	1-5 Years
U.S. Treasury Notes	$ 61,898	Aaa(1)	$ 61,898	$ -
Government Securities Money Market Mutual Funds	10,541	Aaa(1)	10,541	-
City Investment Pool	188,819	AAA(2)	188,819	-
Total Investments	$ 261,258		$ 261,258	$ -

(1) Per Moody's
(2) Per Standard and Poor's

Investments Authorized by Debt Agreements

The following are the types of investments generally allowed under the Senior Trust Indenture and the Intermediate Lien Master Trust Indenture dated as of October 1, 2007 and the applicable Supplemental Indentures (Intermediate Trust Indenture, together with the Senior Trust Indenture, the Trust Indentures): U.S. Government Securities, U.S. Agency Obligations, Obligations of any State in the U.S., Prime Commercial Paper, FDIC Insured Deposits, Certificates of Deposit/Banker's Acceptances, Money Market Mutual Funds, 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 market value.

In order to manage interest rate risk:

- Proceeds from bonds are invested in permitted investments, as stated in the Trust Indentures, with short term maturities.
- The deposits with the City Treasury pursuant to the City's Investment Policy and Section 53601 of the State of California Government Code, limits certain investments to short-term maturities of 360 days and 270 days, respectively. 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.

In order to manage credit risk:

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

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 of Oakland Investment Pool. The City of Oakland 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 the obligations of the United States government or government-sponsored enterprises.
- 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.
- 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 6353, Oakland, California 94612-2093.

Custodial Credit Risk

Custodial credit risks 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 $72,820,000 and $72,439,000 at June 30, 2012 and 2011, respectively.
- All securities owned by the Port and invested by the City shall be held in the name of the City for safekeeping by a third party bank trust department, acting as an agent for the City under the terms of the Custody Agreements. The Port had $206,313,000 and $188,819,000 invested in the City Investment Pool at June 30, 2012 and 2011, respectively.

Custodial Credit Risk (continued)

The carrying amount of the Port's deposits in escrow was $1,446,000 at June 30, 2012, and $2,283,000 at June 30, 2011. Of this amount, bank balances and escrow deposits of $250,000 on June 30, 2012 and on June 30, 2011, 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 $1,196,000 as of June 30, 2012, and $2,033,000 as of June 30, 2011, was exposed to custodial credit risk by not being insured or collateralized.

4. Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2012, is as follows (in thousands):

	Beginning Balance July 1, 2011	Additions	Adjustments and Retirements	Transfer of Completed Construction	Ending Balance June 30, 2012
Capital assets not being depreciated					
Land	$ 520,130	$ 512	$ 163	$ -	$ 520,805
Intangibles (noise easements and air rights)	12,642	-	-	10,851	23,493
Construction in progress	122,528	68,688	(2,292)	(13,838)	175,086
Total capital assets not being depreciated	655,300	69,200	(2,129)	(2,987)	719,384
Capital assets being depreciated					
Buildings and improvements	851,384	-	65	272	851,721
Container cranes	153,775	-	-	-	153,775
Infrastructure	1,574,958	-	(1,401)	1,224	1,574,781
Intangibles (software)	11,069	-	(17)	-	11,052
Other equipment	74,742	51	(311)	1,491	75,973
Total capital assets being depreciated	2,665,928	51	(1,664)	2,987	2,667,302
Less accumulated depreciation for					
Buildings and improvements	(441,390)	(32,431)	1,160	-	(472,661)
Container cranes	(78,395)	(5,422)	-	-	(83,817)
Infrastructure	(538,714)	(54,144)	-	-	(592,858)
Intangibles	(553)	(1,105)	-	-	(1,658)
Other equipment	(45,376)	(4,930)	357	-	(49,949)
Total accumulated depreciation	(1,104,428)	(98,032)	1,517	-	(1,200,943)
Total being depreciated, net	1,561,500	(97,981)	(147)	2,987	1,466,359
Total capital assets, net	$ 2,216,800	$ (28,781)	$ (2,276)	$ -	$ 2,185,743

Changes in Capital Assets (continued)

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

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

5. Debt

Long-term debt consists of the following at June 30, 2012 and 2011 (in thousands):

	Interest Rate	Fiscal Maturity Year	Original Amount	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012	Principal Due Within One Year
Senior Lien Bonds								
2000 Revenue Bonds Series K	5.10-5.875 %	2031	$ 400,000	$ 348,280	$ -	$ 348,280	$ -	$ -
2002 Revenue Bonds Series L	5.00-5.50	2033	401,530	357,025	-	-	357,025	-
2002 Revenue Bonds Series M	4.00-5.00	2021	218,470	42,220	-	14,560	27,660	15,245
2002 Revenue Bonds Series N	3.25-5.00	2023	121,150	86,705	-	7,570	79,135	7,940
2011 Revenue Bonds Series O	1.50-5.125	2031	345,730	-	345,730	11,180	334,550	6,390
Total Senior Lien Bonds			1,486,880	834,230	345,730	381,590	798,370	29,575
Dept. of Boating and Waterway (DBW) Loan								
Small Craft Harbor Revenue Bonds, Series 1993	4.50	2030	7,176	5,762	-	198	5,564	207
Intermediate Lien Bonds								
2007 Revenue Bonds Series A	4.00-5.00	2030	242,075	220,170	-	14,670	205,500	15,420
2007 Revenue Bonds Series B	4.00-5.00	2030	182,450	181,115	-	585	180,530	610
2007 Revenue Bonds Series C	5.00	2020	78,565	78,565	-	-	78,565	-
Total Intermediate Lien Bonds			503,090	479,850	-	15,255	464,595	16,030
Commercial Paper[1]								
2010 Series A, B, C Notes	0.10-0.21	2014	N/A	63,398	-	-	63,398	-
2010 Series D, E, F Notes	0.16-0.20	2015	N/A	23,870	-	-	23,870	8
Total Commercial Paper				87,268	-	-	87,268	8
Sub-Total				1,407,110	345,730	397,043	1,355,797	45,820
Unamortized bond premium				12,684	10,906	3,817	19,773	4,280
Deferred loss on refunding				(16,938)	(5,961)	(2,222)	(20,677)	(2,483)
Total Debt				1,402,856	350,675	398,638	1,354,893	$ 47,617
Current maturities of long-term debt				(47,524)	(93)	-	(47,617)	
Total Debt - long-term portion				$ 1,355,332	$ 350,582	$ 398,638	$ 1,307,276	

[1]As of June 30, 2012, the Port has authorization to issue an aggregate principal amount of commerical paper notes up to $300 million.

5. Debt (continued)

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

	Interest Rate	Fiscal Maturity Year	Original Amount	Beginning Balance July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011	Principal Due Within One Year
Senior Lien Bonds								
2000 Revenue Bonds Series K	5.00-5.875 %	2031	$ 400,000	$ 350,835	$ -	$ 2,555	$ 348,280	$ 8,660
2002 Revenue Bonds Series L	5.00-5.50	2033	401,530	357,025	-	-	357,025	-
2002 Revenue Bonds Series M	3.50-5.25	2021	218,470	56,195	-	13,975	42,220	14,560
2002 Revenue Bonds Series N	3.00-5.00	2023	121,150	91,945	-	5,240	86,705	7,570
Total Senior Lien Bonds			1,141,150	856,000	-	21,770	834,230	30,790
Dept. of Boating and Waterway (DBW) Loan								
Small Craft Harbor Revenue Bonds, Series 1993	4.50	2030	7,176	5,952	-	190	5,762	198
Intermediate Lien Bonds								
2007 Revenue Bonds Series A	4.00-5.00	2030	242,075	234,145	-	13,975	220,170	14,670
2007 Revenue Bonds Series B	4.00-5.00	2030	182,450	181,680	-	565	181,115	585
2007 Revenue Bonds Series C	5.00	2020	78,565	78,565	-	-	78,565	-
Total Intermediate Lien Bonds			503,090	494,390	-	14,540	479,850	15,255
Commercial Paper[1]								
2010 Series A, B, C Notes	0.29-0.30	2014	N/A	-	63,398	-	63,398	-
2010 Series D, E, F Notes	0.12-0.38	2013	N/A	89,440	-	65,570	23,870	13
Total Commercial Paper				89,440	63,398	65,570	87,268	13
Sub-Total				1,445,782	63,398	102,070	1,407,110	46,256
Unamortized bond premiur				16,341	(11)	3,646	12,684	3,587
Deferred loss on refunding				(19,253)	-	(2,315)	(16,938)	(2,319)
Total Debt				1,442,870	63,387	103,401	1,402,856	$ 47,524
Current maturities of long-term debt				(37,839)	-	9,685	(47,524)	
Total Debt - long-term portior				$ 1,405,031	$ 63,387	$ 113,086	$ 1,355,332	

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

Debt Service

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

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

In January 2010, the Port defeased $44,505,000 of Series L Bonds with maturity dates from 2020 to 2032 and $3,950,000 of Series N Bonds with maturity dates of 2010 and 2022 with proceeds from monies received from the Concession and Lease Agreement with Ports America Outer Harbor Terminal LLC. As of June 30, 2012 and 2011, the trustee held $47,284,000 and $49,010,000, respectively, in the escrow (along with future interest earned in the escrow) to pay the remaining principal and interest on the defeased Series L Bonds and Series N Bonds until the call date of November 1, 2012.

The Port did not capitalize any interest cost in fiscal year 2012 nor in 2011.

On August 16, 2011, the Port issued $345.7 million of Refunding Revenue Bonds, 2011 Series O to refund and retire Revenue Bonds, 2000 Series K Senior Lien Bonds. The gross debt service savings through fiscal year 2033 is $28 million with a present value savings of $29.2 million. In addition, the Port recorded a deferred loss on refunding of $5,961,000.

Debt Service (continued)

The Port's required debt service payments on its Senior Lien Bonds and Intermediate Lien Bonds are due each May 1 and November 1 through November 1, 2032. The California Department of Boating and Waterways loan is due 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):

Year Ending	Principal	Interest	Total
2013	$ 45,812	$ 62,327	$ 108,139
2014	58,568	62,277	120,845
2015	75,407	61,004	136,411
2016	81,701	57,426	139,127
2017	74,860	53,252	128,112
2018 - 2022	305,816	219,869	525,685
2023 - 2027	357,480	140,306	497,786
2028 - 2032	318,348	48,094	366,442
2033	37,805	945	38,750
Total	$ 1,355,797	$ 705,500	$ 2,061,297

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 2014-2018 pursuant to the terms of the Commercial Paper Reimbursement Agreements.

Types of Debt and Priority of Payment

Senior Lien Bonds

The 2002 Series L Bonds, 2002 Series M Bonds, 2002 Series N Bonds and 2011 Series O Bonds (collectively, the Senior Lien Bonds) are 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 Government Treasuries. 2002 Series L Bonds, 2002 Series M Bonds and 2002 Series N Bonds are also being insured by municipal bond insurance policies.

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 Coverage Ratio).

California Department of Boating and Waterways (DBW) Loan

The DBW Loan is subordinate to the Senior Lien Bonds but superior to the Intermediate Lien Bonds and the Port's Commercial Paper Notes with respect to the Pledged Revenues. The Port turned over the operation of its marina, financed, in part, with DBW Loans, to a private company through a fifty-year capital lease in May 2004. The only DBW Loan outstanding as of June 30, 2012, was Series 1993 with a balance of $5,564,000.

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 Coverage Ratio). In May 2009, the Port amended the Intermediate Trust Indenture to allow for the inclusion of specific amounts from the Port Bond Reserve Fund and/or the Capital Reserve Fund, in addition to Net Pledged Revenues for the purpose of calculating the Debt Coverage Ratio under the Intermediate Trust Indenture, until June 30, 2012. The Port informed the Trustee on July 1, 2011 (for the final time) and on July 1, 2010 that the Bond Reserve Fund ($30,000,000) and the Capital Reserve Fund ($15,000,000) will be included in the calculation of the Intermediate Lien Debt Coverage Ratio for fiscal year 2012 and fiscal year 2011, respectively.

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.

As of June 30, 2012, the CP Notes, backed by one of two separate irrevocable LOC which were originally issued on August 2, 2010, are as follows:

- Wells Fargo Bank, National Association (Wells) with a maximum stated amount of $163,315,000 (principal of $150,000,000 and interest of $13,315,000) and a termination date of August 2, 2013. The outstanding balance on the CP Notes is $63,398,000 at June 30, 2012 and 2011.

- JPMorgan Chase Bank, National Association (JPMorgan) with a maximum stated amount of $54,438,000 (principal of $50,000,000 and interest of $4,438,000) and an original termination date of August 2, 2012, that was extended to August 1, 2014. The outstanding balance on the CP Notes is $23,870,000 at June 30, 2012 and 2011.

The Port covenants in the Letter of Credit and Reimbursement Agreements with Wells and JPMorgan that the Intermediate Lien Debt Coverage Ratio will equal to at least 110%.

Priority of Payment

This section assumes that Commercial Paper debt is not converted under the terms of the Commercial Paper Reimbursement Agreement. Following are the priority of payment tables (in thousands):

	Maturity Date	Total Debt Service to Maturity	FY 2012 Debt Principal and Interest	FY 2012 Net Pledged Revenues**
Total Net Pledged Revenues				$ 161,254
Senior Lien Bonds:				
2002 Revenue Bonds Series L	11/1/2032	$ 638,542	$ 18,300	
2002 Revenue Bonds Series M	11/1/2020	29,512	16,105	
2002 Revenue Bonds Series N	11/1/2022	100,112	11,647	
2011 Revenue Bonds Series O	5/1/2031	534,989	23,121	
Subtotal Senior Lien Bonds		1,303,155	69,173	(69,173)
Net Pledged Revenues Remaining after Sr. Lien				92,081
Dept. of Boating and Waterways Loan	8/1/2029	8,236	457	(457)
Net Pledged Revenues Remaining after DBW				91,624
Intermediate Lien Bonds:				
2007 Series A	11/1/2029	308,155	25,298	
2007 Series B	11/1/2029	246,294	9,319	
2007 Series C	11/1/2019	100,515	3,928	
Subtotal Intermediate Lien Bonds		654,964	38,545	(38,545)
Net Pledged Revenues Remaining after Int. Lien				53,079
Commercial Paper Notes*		87,268	159	(159)
Net Pledged Revenues Remaining after CP Notes				$ 52,920
Total		$ 2,053,623	$ 108,334	

* Maturity date is excluded for Commercial Paper as there is no set schedule for repayment. Amounts for Commercial Paper under "Total Debt Service to Maturity" include principal only and under "FY 2012 Debt Principal and Interest" include interest only. If the Commercial Paper debt were converted under the terms of the Commercial Paper Reimbursement Agreements, the Port would incur additional interest cost of approximately $7.7 million based on the prime rate as of June 30, 2012, which is not reflected in this table. However, this additional interest cost is included in the table on page 34.

** Net Pledged Revenues is Revenues less Operation and Maintenance Expenses (not including operating expenses paid with CFC funds, $4,217,000) plus Interest Earned (not including interest earned on PFC and CFC funds, $66,000 and $12,000 respectively).

Priority of Payment (continued)

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

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

** Net Pledged Revenues is Revenues less Operation and Maintenance Expenses (not including operating expenses paid with CFC funds, $3,724,000) plus Interest Earned (not including interest earned on PFC and CFC funds, $58,000 and $10,000, respectively).

Bond Premium (Discount) and Refunding Loss

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

Bond Issue	2012 (Discount) Premium	2011 (Discount) Premium	2012 Refunding Loss	2011 Refunding Loss
Senior Lien Bonds:				
2000 Series K	$ -	$ (1,761)	$ -	$ -
2002 Series L	(5,097)	(5,241)	-	-
2002 Series M	92	953	-	-
2002 Series N	1,545	2,024	(3,562)	(3,895)
2011 Series O	8,852	-	(5,689)	-
Subtotal Senior Lien Bonds	5,392	(4,025)	(9,251)	(3,895)
Intermediate Lien Bonds:				
2007 Series A	4,500	5,267	(5,354)	(6,200)
2007 Series B	6,286	7,247	(2,172)	(2,385)
2007 Series C	3,596	4,207	(3,900)	(4,458)
Subtotal Intermediate Lien Bonds	14,382	16,721	(11,426)	(13,043)
Commercial Paper	(1)	(12)	-	-
Total	$ 19,773	$ 12,684	$ (20,677)	$ (16,938)

6. Environmental and Other Liabilities

Changes in environmental and other liabilities for the years ended June 30, 2012 and 2011 are as follows (in thousands):

	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012	Amounts Due Within One Year
General liability	$ 3,918	$ 4,685	$ (2,940)	$ 5,663	$ -
Accrued vacation, sick leave and compensatory time	6,595	1,653	(2,225)	6,023	4,370
Pollution remediation liability	20,710	5,715	(5,198)	21,227	4,291
Workers' compensation	6,900	2,593	(1,303)	8,190	1,500
Other long-term liabilities	1,850	254	(109)	1,995	-
Total	$ 39,973	$ 14,900	$ (11,775)	$ 43,098	$ 10,161

	Beginning Balance July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011	Amounts Due Within One Year
General liability	$ 3,079	$ 4,983	$ (4,144)	$ 3,918	$ -
Accrued vacation, sick leave and compensatory time	5,610	1,136	(151)	6,595	3,973
Pollution remediation liability	20,439	5,988	(5,717)	20,710	5,215
Workers' Compensation	6,900	863	(863)	6,900	1,500
Other long-term liabilities	1,702	267	(119)	1,850	-
Total	$ 37,730	$ 13,237	$ (10,994)	$ 39,973	$ 10,688

7. Leases

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

Certain maritime facilities are leased under agreements that provide the tenants with preferential, but nonexclusive, use of the facilities. These leases provide for rentals based on gross revenues of the leased premises, or in the case of marine terminal facilities, on annual usage of the facilities. The leases generally provide for minimum rentals, and certain preferential assignments provide for both minimum and maximum rentals.

Leases (continued)

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

		2012		2011
Minimum non-cancelable rentals, including preferential assignments	$	170,943	$	157,036
Contingent rentals in excess of minimums		18,695		22,290
Secondary use of facilities leased under preferential assignments		216		295
	$	189,854	$	179,621

The Port and Ports America Outer Harbor Terminal, LLC, a private company, entered into a long-term concession and lease agreement on January 1, 2010, for the operation of Berths 20-24 for 50 years. A $60 million upfront fee was paid to the Port in fiscal year 2010. The unamortized net upfront fee of approximately $51 million at June 30, 2012, is classified as short-term and long-term deferred revenue of $1,074,000 and $49,930,000, respectively.

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

Leases (continued)

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

2013	$	176,034
2014		164,823
2015		164,412
2016		163,084
2017		131,884
2018-2022		337,216
2023-2027		296,001
2028-2032		258,557
2033-2037		224,111
2038-2042		246,492
2043-2047		268,413
Thereafter		813,566
	$	3,244,593

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

2013	$	378
2014		390
2015		401
2016		413
2017		426
2018-2022		2,328
2023-2027		2,698
2028-2032		3,128
2033-2037		3,627
2038-2042		4,204
2043-2047		4,874
Thereafter		7,939
	$	30,806

Leases (continued)

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

	2012	2011
Land	$ 389,387	$ 441,073
Container cranes	153,775	153,775
Buildings and other facilities	1,142,969	1,103,271
	1,686,131	1,698,119
Less accumulated depreciation	(520,756)	(488,438)
Net capital assets, on lease	$ 1,165,375	$ 1,209,681

8. Deferred Revenue

Deferred revenue consists primarily of an upfront fee from a terminal operating; 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 deferred Revenue for the years ended June 30, 2012 and 2011 are as follows (in thousands):

	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012	Amounts Due Within One Year
Ports America Outer Harbor upfront fee	$ 52,077	$ -	$ (1,074)	$ 51,003	$ 1,074
Marina capital lease unearned interest revenue	21,558	-	(503)	21,055	503
92A Special Facility bond redemptions	18,914	-	(2,522)	16,392	2,522
Oakland Fuel Facilities Corporation	10,126	150	(580)	9,696	580
Unearned tenant rent	9,424	10,517	(6,514)	13,427	10,733
Other defered revenue	4,188	-	(336)	3,852	319
Total	$ 116,287	$ 10,667	$ (11,529)	$ 115,425	$ 15,731

	Beginning Balance July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011	Amounts Due Within One Year
Ports America Outer Harbor upfront fee	$ 53,151	$ -	$ (1,074)	$ 52,077	$ 1,074
Marina capital lease unearned interest revenue	22,061	-	(503)	21,558	503
92A Special Facility bond redemptions	21,436	-	(2,522)	18,914	2,522
Oakland Fuel Facilities Corporation	10,556	150	(580)	10,126	580
Unearned tenant rent	7,734	6,298	(4,608)	9,424	6,514
Other deferred revenue	4,211	407	(430)	4,188	336
Total	$ 119,149	$ 6,855	$ (9,717)	$ 116,287	$ 11,529

9. Retirement Plan

Public Employees' Retirement System Plan Description

All full-time and certain other qualifying employees of the Port are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System (CalPERS). Port employees are included on a cost-sharing basis with City employees in the City of Oakland miscellaneous unit of CalPERS. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by State statute and City ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811 or at www.CalPERS.ca.gov. A separate report for the City's plan within CalPERS is not available.

Port employees have an obligation to contribute 8% of their annual CalPERS earnings to the Fund. Employees hired on or after October 1, 2009, with the exception of members of Service Employees International Union (Local 1021) and members of the International Brotherhood of Electrical Workers (Local 1245), contribute 8% of their annual CalPERS earnings to the Fund. For all other employees the Port has elected to pay such employees' member contributions to the Fund. For employer paid member contributions, the Port has contributed $3,522,000, $3,510,000, and $3,691,000, for the fiscal years ended June 30, 2012, 2011, and 2010, respectively.

The Port is required to contribute the remaining amounts necessary to fund retirement benefits for its employees, using the actuarial basis determined by CalPERS. The Port's employer contribution to the Fund was 23.604%, 19.885%, and 19.588% of covered payroll in fiscal years 2012, 2011 and 2010, respectively. For the fiscal years ended June 30, 2012, 2011, and 2010, the Port's annual pension cost for the employer contribution to CalPERS was $11,309,000, $8,964,000, and $11,141,000, respectively. The Port contributed 100% of the actuarial required contribution for each of the three years. The employer contribution rate for the year ended June 30, 2012, was based upon an actuarial valuation study performed by CalPERS Actuarial & Employer Services Division as of June 30, 2009.

The Port's payroll reported to CalPERS for employees participating in the Fund, was $46,768,000, $45,079,000, and $45,962,000 for the years ended June 2012, 2011, and 2010, respectively. The Port's payroll for all employees was $43,214,000, $41,685,000, and $42,867,000 in fiscal years 2012, 2011, and 2010, respectively. The Port has exercised its option to include 8.0% employer paid member contributions paid by the Port as compensation for purposes of calculating the CalPERS contribution for the fiscal years 2012, 2011, and 2010. The payroll reported to CalPERS includes these amounts.

Change in CalPERS Discount Rate Assumption

On March 14, 2012, the CalPERS Board of Administration approved a recommendation to lower the CalPERS discount rate assumption, or the rate of investment return the Fund assumes, from 7.75 to 7.50 percent. Keeping all other assumptions constant, the change in the CalPERS discount rate assumption will have the affect of increasing public agency employer rates for fiscal year 2014 and subsequent fiscal years.

CalPERS states in Circular Letter 200-014-12 that in spite of the changes in the assumed discount rate assumption that it is possible that the funding contribution determined in the annual valuation may be less than the annual required contribution under the current GASB rules.

Agreement Between the City and the Port Regarding CalPERS Payments

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

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

The decision to reclassify employees to safety member status resulted in an additional net cost to provide retirement benefits. CalPERS' actuary estimated that the present value of this net cost (including subsequent actual experience through June 30, 2000, and projected experience through June 30, 2002) was $5,915,000.

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, adjusted for cost of living at a rate of 3.75%, until fully paid. No pre-payment penalty applies. The Port has made the scheduled payments of $648,000 and $624,000 for the fiscal years ended June 30, 2012 and 2011, respectively.

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. The employer paid medical insurance is not to exceed the Kaiser Bay Family rate. The Retiree Health Plan also includes dental, and vision benefits and reimbursement of Medicare Part B monthly insurance premium.

The CalPERS Comprehensive Annual Financial Report which contains the CERBT financial information is available at www.CalPERS.ca.gov, or by calling (888) 225-7377.

On July 21, 2011, the Port adopted Resolutions 11-82 and 11-83 which established a Health Benefit Vesting Requirement for employees who are members of Western Council of Engineers (WCE) and the International Federation of Professional and Technical Engineers Local 21 and Unrepresented employees. With respect to employees hired by the Port on or after September 1, 2011, the Port shall pay a percentage of employer contributions for retiree medical coverage for a retiree and his or her eligible dependents based on the provisions of Section 22893 of the California Government Code. Under these rules, a retiree must have at least 10 years of credited service with a CalPERS agency, at least five of which are with the City/Port. Except as otherwise required by Section 22893(b) of the California Government Code (providing for 100% of employer contributions for a retiree who retired for disability or retired for service with 20 or more years of service credit), 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	100

Plan Description (continued)

The employer contribution will be adjusted by the Port each year but cannot be less than the amount required by California Government Code Sections 22893 plus administrative fees and contingency reserve fund assessments.

Employees hired on or after October 1, 2009,with the exception of members of Service Employees International Union (Local 1021) and members of the International Brotherhood of Electrical Workers (Local 1245), no longer qualify for dental, vision or employee assistance program benefits upon ceasing to be an eligible employee of the Port except to the extent required under the Consolidated Omnibus Budget Reconciliation Act ("COBRA").

Funding Policy

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

As of June 30, 2012, there were approximately 564 employees who had retired from the Port and were participating in the Port's Retiree Health Plan. During fiscal year ended June 30, 2012 the Port contributed $4,500,000 to the CERBT and made payments of $6,434,000 on behalf of eligible retirees to third parties outside of the CERBT fund.

As of June 30, 2011, there were approximately 544 employees who had retired from the Port and were in the Port's retiree benefit plan. During the fiscal year ended June 30, 2011, the Port contributed $5,175,000 to the CERBT fund and made payments of $5,947,000 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) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, plus (b) one year's interest on the beginning balance of the net OPEB obligation, and minus (c) an adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over an open period of thirty years.

Annual OPEB Cost and Net OPEB Obligation (continued)

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

	2012	2011
Annual required contribution	$ 10,783	$ 10,994
Interest on prior year net OPEB obligation	796	791
Adjustment to annual required contribution	(596)	(592)
Annual OPEB Cost	10,983	11,193
Contribution made	(10,934)	(11,121)
Increase in net OPEB obligation	49	72
Net OPEB obligation - beginning of year	10,461	10,389
Net OPEB obligation - end of year	$ 10,510	$ 10,461

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
6/30/2010	$ 10,019	50.63%	$ 10,389
6/30/2011	$ 11,193	99.36%	$ 10,461
6/30/2012	$ 10,983	99.55%	$ 10,510

Funding Status and Funding Progress

The table below indicates the funded status of the Port's OPEB plan as of June 30, 2011, the most recent actuarial valuation date (in thousands).

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

The ARC for the year ended June 30, 2012 was calculated using a discount rate of 7.61% which was based on CALPERS' expected rate of return on assets held in the OPEB trust. If a discount rate of 4.25% was used, the Port's UAAL as of the June 30, 2011 actuarial valuation would have increased by approximately $79.2 million and its ARC by approximately $4.4 million.

Actuarial Methods and Assumptions

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

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

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

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

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

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

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

Special Services and ARFF

Payments for Special Services and ARFF are treated as a cost of Port operations pursuant to City Charter Section 717(3) Clause Third and have priority over certain other expenditures of Port revenues. Special Services and ARFF from the City totaled $6,704,000 and $6,802,000 in fiscal years 2012 and 2011, respectively, and are included in Operating Expenses. At June 30, 2012 and 2011, $5,719,000 and $8,501,000, 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, 2012 and 2011, the Port accrued approximately $1,196,000 and $4,792,000, respectively, of payments for General Services. Additionally, the Port accrued approximately $961,000 and $3,800,000 to reimburse the City for Lake Merritt Trust Services in fiscal years 2012 and 2011, 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.

Golf Course Lease

The Port has leased property to the City under a 66-year lease, which is expressed in terms of the Amended and Restated Lease between the Port and the City for the development and operation of a public golf course by the City. The lease commenced in 2003 when the Port delivered a completed 164.9 acre golf course to the City to replace the City's golf course that was destroyed when the Port used the site as a dredge disposal site. The golf course is leased to a third party and the minimum annual rental is $270,000 payable in twelve installments of $22,500 per month, which is then split 50/50 between the Port and the City.

Deferred 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 deferred rent is classified as deferred revenue. At June 30, 2012 and 2011, deferred rent approximated $942,000 and $1,012,000, respectively. The amount classified as short term deferred revenue at June 30, 2012 and 2011 was $70,000.

12. Commitments

Capital Program

As of June 30, 2012, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

Aviation	$	11,308
Maritime		45,677
CRE & Support Division		10,178
Total	$	67,163

The most significant projects are for which the Port has contractual commitments for construction are airport terminal renovation projects of $4,675,000, Taxiways W&U of $3,694,000, Shore Power of $23,802,000, maritime wharves and terminal projects of $6,419,000, and safety projects of $3,870,000.

Power Purchases

The Port purchases electrical power for resale and self-consumption at the Airport, and at Maritime facilities located at the former Navy Fleet and Industrial Supply Center Oakland and the Oakland Army Base. After power requirements are forecasted, the Port enters into power purchase agreements and makes forward contract commitments.

The Port currently has two long-term power purchase agreements with the Western Area Power Administration (WAPA) and SunEdison, LLC (SunEdison). The WAPA take or pay contract expires in 2024 and the SunEdison take and pay contract expires in 2027. With the SunEdison contract, the Port only pays if energy is generated while the Port pays WAPA regardless of the amount of energy generated.

Counterparty	Contract Endng Year	Contract Structure	Estimated Output	Estimated Annual Cost
WAPA	2024	Take or Pay – (Pay contact 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

In addition, the Port had outstanding, as of June 30, 2012, approximately $3.7 million in forward power purchases contracts with Powerex Corporation and Shell Energy North America through fiscal year 2015.

13. Contingencies

Environmental

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

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 assets at June 30, 2012 and 2011, is as follows (in thousands):

Obligating Event	June 30, 2012 Liability, net	Estimated Recovery
Pollution poses an imminent danger to the public or environment	$ 763	$ -
Violated a pollution prevention-related permit or license	-	-
Identified as responsible to clean-up pollution	17,092	619
Named in a lawsuit to compel to cleanup	31	-
Begins or legally obligates to cleanup or post-cleanup activities	3,341	60
Total by Obligating Event	$ 21,227	$ 679

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

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

Methods and Assumptions

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

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

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

Recoveries

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

Litigation

As of June 30, 2012, the Port was a defendant in various lawsuits arising in the normal course of business, including constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known. The Port's insurance may cover a portion of any losses. A summary of the reported liability included within the Environmental and other liability on the statements of net assets is as follows (in thousands):

General liability at June 30, 2009	$	2,571
Current year claims and changes in estimates		3,282
Vendor payments		(2,774)
General liability at June 30, 2010		3,079
Current year claims and changes in estimates		4,983
Vendor payments		(4,144)
General liability at June 30, 2011		3,918
Current year claims and changes in estimates		4,685
Vendor payments		(2,940)
General liability at June 30, 2012	$	5,663

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

Landscaping and Lighting Assessment District (LLAD)

LLAD assessments in the aggregate amount of $2,482,000 have been imposed on Airport property within the Port Area for the years ended June 30, 1997 through 2012. The Port has not received sufficient information from the City to conclude that payments for such assessments are permissible by the Port under the FAA's *Policy and Procedures Concerning the Use of Airport Revenue*. Accordingly no amount, imposed on Airport property, has been accrued as a liability.

14. Insurance

The Port purchases insurance on certain risk exposures including but no limited to property, crane and rail, automobiles, airport liability, fidelity, fiduciary liability, and public officials liability. Port deductibles for the various insured programs range from $10,000 to $1,000,000 each claim. The Port is, however, self-insured for other general liability and liability/litigation-type claims, workers' compensation of the Port's employees and most first party earthquake exposures. However, during fiscal years 2012 and 2011, the Port carried excess insurance over $1,000,000 for the self insured general liability and workers compensation exposures. There have been no settlements related to these programs that exceeded insurance coverage 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, 2009	$	6,137
Current year claims and changes in estimates		1,699
Claim payments		(936)
Workers' compensation liability at June 30, 2010		6,900
Current year claims and changes in estimates		863
Claim payments		(863)
Workers' compensation liability at June 30, 2011		6,900
Current year claims and changes in estimates		2,593
Claim payments		(1,303)
Workers' compensation liability at June 30, 2012	$	8,190

The Workers' Compensation liability at June 30, 2012 is based on an actuarial valuation performed as of June 30, 2012. The Workers' Compensation liability at June 30, 2011 and 2010 were materially consistent with previous actuarial valuations.

Capital Improvement Projects

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

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

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

15. Public Transportation Modernization, Improvement, and Service Enhancement

On May 20, 2008, the California Emergency Management Agency (Cal EMA) awarded $2,900,000 to the Port under the California Port and Maritime Security Grant Program (CPMSGP) to fund the Wireless Truck Tracking and Reporting System Phase 1 and Perimeter Intrusion Detection and Reporting Projects. The Port has established a drayage truck registry and implemented the Truck Management System (TMS). The Port also completed installation of a terminal perimeter, intrusion detection system utilizing CCTV cameras and video analytics.

On April 15, 2009, the Cal EMA awarded the Port $3,331,000 under the CPMSGP to fund 3 projects: 1) Comprehensive Geospatial Security Mapping, 2) Fiber Optic Telecommunications Linkage, and 3) Wireless Truck Tracking and Reporting System Phase 2 Projects. Projects 1 and 2 are complete; integration of real time truck data from Marine Terminal Operators into the TMS is being implemented at this time for Project 3.

The Port has recorded a receivable for the Public Transportation Modernization, Improvement, and Service Enhancement Projects of $506,000 and $985,000 as of June 30, 2012 and 2011, respectively.

16. Subsequent Event

On September 14, 2012, Standard and Poor's Rating Services raised its rating on the Port's senior lien revenue bonds to "A+" from "A" and it's intermediate lien revenue bonds to "A" from "A-". The outlook is stable.

On October 10, 2012, the Port issued $380.3 million of Senior Lien Refunding Revenue Bonds 2012 Series P (AMT) (2012 Series P) together with certain additional funds provided by the Port to refund $357.0 million in Senior Lien Revenue Bonds 2002 Series L and $79.1 million Senior Lien Refunding Revenue Bonds 2002 Series N. In addition, the Port issued $3.6 million Senior Lien Refunding Revenue Bonds 2012 Series Q (non-AMT) (2012 Series Q) together with certain additional funds provided by the Port to refund $27.7 million in Senior Lien Revenue Bonds 2002 Series M. The final maturity date for the 2012 Series P is May 1, 2033 and for 2012 Series Q is May 1, 2014. The gross debt service savings through fiscal year 2033 is $63.6 million with a present value savings of $60.1 million.

PORT OF OAKLAND

REQUIRED SUPPLEMENTARY INFORMATION

1. Schedule of Funding Progress – Other Postemployment Benefits

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

The next actuarial valuation will be performed as of June 30, 2013. Based on the valuation performed as of June 30, 2011 (in thousands), the Actuarial Accrued Liability decreased $2,421,000.

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

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PORT OF OAKLAND

Statistical Section (Unaudited)

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

Statistical Section

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

Contents **Schedule**

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Port of Oakland

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

	2003	2004	2005	2006	2007	2008 (1)	2009 (2)	2010	2011	2012
Net assets:										
Invested in capital assets, net of related debt	$ 533,365	$ 483,659	$ 592,698	$ 663,939	$ 875,547	$ 862,165	$ 853,011	$ 881,567	$ 876,143	$ 893,389
Restricted	117,119	175,229	136,004	114,377	9,806	12,692	21,357	11,677	17,187	20,553
Unrestricted	68,566	49,925	34,414	49,266	11,896	39,729	14,838	(2,258)	32,670	49,505
Total net assets	$ 719,050	$ 708,813	$ 763,116	$ 827,582	$ 897,249	$ 914,586	$ 889,206	$ 890,986	$ 926,000	$ 963,447

Note: (1) The 2008 unrestricted net assets amount was reduced by $9,212 in 2009 for a prior period adjustment.
(2) The beginning balance decreased by $6,680 due to the adoption of GASB 49.

Port of Oakland

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

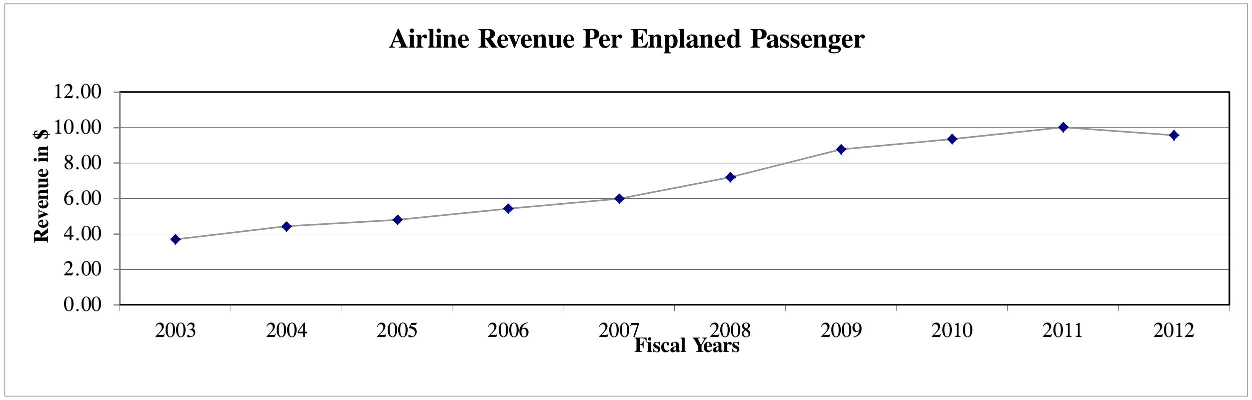
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating revenues:										
Aviation	$ 112,960	$ 121,183	$ 126,988	$ 133,869	$ 139,491	$ 159,086	$ 130,443	$ 130,284	$ 135,173	$ 140,309
Maritime	92,047	99,605	112,859	122,819	127,141	128,351	140,739	143,344	151,854	152,988
Commercial real estate	12,572	11,747	11,163	10,773	10,742	12,446	12,108	11,597	10,956	12,841
Total operating revenues	217,579	232,535	251,010	267,461	277,374	299,883	283,290	285,225	297,983	306,138
Operating expenses:										
Aviation	110,517	116,385	123,295	134,104	144,169	162,299	161,542	152,099	152,086	152,064
Maritime	60,491	64,271	67,609	72,451	75,570	82,264	90,029	84,004	83,383	85,156
Commercial real estate	20,559	17,333	15,154	13,553	14,140	13,711	12,674	12,606	11,349	11,590
Total operating expenses (1)	191,567	197,989	206,058	220,108	233,879	258,274	264,245	248,709	246,818	248,810
Operating income	26,012	34,546	44,952	47,353	43,495	41,609	19,045	36,516	51,165	57,328
Non-operating revenues (expenses):										
Interest income	6,939	3,653	8,935	11,146	10,457	13,145	9,655	4,741	2,876	1,755
Interest expense	(48,151)	(54,410)	(59,488)	(61,405)	(65,261)	(76,796)	(78,415)	(74,624)	(71,678)	(65,710)
Loss on debt defeasance	-	-	-	-	-	-	-	(4,158)	-	-
Customer facility charges (2)	-	5,936	5,375	7,742	7,430	6,999	5,235	4,530	4,764	5,184
Passenger facility charges (2)	7,600	-	-	29,671	30,221	27,033	19,391	19,702	19,106	19,758
Other income (expenses)	17,166	12,874	3,678	2,136	10,419	2,452	(5,072)	292	1,438	(1,809)
Loss on disposal of capital assets	(992)	(57,631)	(514)	(1,835)	(2,761)	(14,985)	(435)	(6,562)	-	(2,276)
Total net non-operating expenses	(17,438)	(89,578)	(42,014)	(12,545)	(9,495)	(42,152)	(49,641)	(56,079)	(43,494)	(43,098)
Change in net assets before capital contributions	8,574	(55,032)	2,938	34,808	34,000	(543)	(30,596)	(19,563)	7,671	14,230
Capital contributions:										
Grants from government agencies	12,877	10,339	19,180	29,658	14,094	27,092	11,896	21,343	27,343	23,217
Land conveyed to Port	-	3,173	-	-	-	-	-	-	-	-
Land conveyed from U.S. Army	-	-	-	-	21,573	-	-	-	-	-
Passenger facility charges (PFC) (2)	12,460	29,130	29,031	-	-	-	-	-	-	-
Customer facility charges (CFC) (2)	6,944	1,118	2,043	-	-	-	-	-	-	-
Interest income from PFC and CFC	1,329	1,035	1,111	-	-	-	-	-	-	-
Total capital contributions	33,610	44,795	51,365	29,658	35,667	27,092	11,896	21,343	27,343	23,217
Change in net assets	42,184	(10,237)	54,303	64,466	69,667	26,549	(18,700)	1,780	35,014	37,447
Net assets, beginning of the year, as restated	676,866	719,050	708,813	763,116	827,582	888,037 (3)	907,906 (4)	889,206	890,986	926,000
Net assets, end of the year	$ 719,050	$ 708,813	$ 763,116	$ 827,582	$ 897,249	$ 914,586	$ 889,206	$ 890,986	$ 926,000	$ 963,447

Note:

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

Port of Oakland

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



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Aviation revenues:										
Terminal rental (1)	$ 14,585,818	$ 20,215,042	$ 23,115,191	$ 26,496,828	$ 29,086,828	$ 32,153,229	$ 26,263,040 (3)	$ 25,497,463	$ 27,364,000	$ 26,501,221
Landing fees (Excludes Cargo Airlines)	9,991,696	10,604,702	11,296,427	12,587,169	14,442,874	16,838,252	17,213,846	19,206,913	19,626,426	19,699,801
Total airline revenues	24,577,514	30,819,744	34,411,618	39,083,997	43,529,702	48,991,481	43,476,886	44,704,376	46,990,426	46,201,022
Concession	15,235,316	15,250,009	15,892,401	17,323,078	18,773,156	21,861,577	17,948,928 (3)	18,797,132	19,127,821	19,372,472
Parking & ground access	39,756,363	45,140,417	42,425,750	42,381,447	41,567,417	39,221,863	29,505,355 (3)	28,001,940	28,812,537	29,252,483
Lease rentals	17,109,045	15,149,828	16,522,758	16,173,463	18,054,979	20,551,862	21,004,740	19,776,344	20,707,048	24,271,955
Landing fees--Cargo Airlines	4,058,914	3,998,258	4,350,225	4,911,713	5,677,359	6,603,275	7,926,263	7,646,361	8,673,223	8,640,337
Aviation fueling	2,943,949	3,111,504	6,833,030	5,879,259	3,993,271	13,411,817	3,564,246	3,589,896	3,560,980	3,984,459
Utility sales	5,484,901	4,088,391	4,585,644	3,941,092	3,803,021	4,000,763	4,192,036	3,690,206	4,427,134	3,846,405
Other (2)	3,794,076	3,625,020	1,967,402	6,174,920	4,092,139	4,443,581	2,824,306	4,077,976	2,873,178	4,740,148
Total revenues	$ 112,960,078	$ 121,183,171	$ 126,988,828	$ 135,868,969	$ 139,491,044	$ 159,086,219	$ 130,442,760	$ 130,284,231	$ 135,172,347	$ 140,309,281
Enplaned passengers	6,643,967 (4)	6,957,782	7,171,141	7,187,587	7,267,170	6,802,486	4,955,743 (3)	4,777,514 (3)	4,687,878	4,825,802
Airline revenue per enplaned passenger	$ 3.70	$ 4.43	$ 4.80	$ 5.44	$ 5.99	$ 7.20	$ 8.77	$ 9.36	$ 10.02	$ 9.57

Note:
(1) Terminal rentals are for airlines only. Non-airline terminal rental revenues are classified under "Other".
(2) Includes non-airline terminal revenues, miscellaneous revenues and other field revenue.
(3) The drop in commercial activities was due to loss of 7 airlines, namely American Airlines, Aloha Airlines, Continental Airlines, Express Jet, Skybus, ATA Airlines and TACA International Airlines.
(4) Reflects difference from Continuing Disclosure Certificates-Table 5. Numbers herein reflect adjustment on United Airlines reported passengers which double counted Skywest passengers.

Port of Oakland

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
PASSENGERS										
Enplaned	6,643,967 (1)	6,957,782	7,171,141	7,187,587	7,267,170	6,802,486	4,955,743	4,777,514	4,687,878	4,825,802
Deplaned	6,619,648	6,939,143	7,135,168	7,180,976	7,266,655	6,824,544	4,968,042	4,780,661	4,679,699	4,817,753
Total	13,263,615	13,896,925	14,306,309	14,368,563	14,533,825	13,627,030	9,923,785 (2)	9,558,175 (2)	9,367,577	9,643,555
FREIGHT (in 000 lb)										
Inbound	675,629	674,783	713,544	703,118	693,291	694,513	568,696	516,536	536,601	532,724
	716,146	723,190	767,210	771,810	768,048	741,453	626,474	541,473	568,082	552,475
Total	1,391,775	1,397,973	1,480,754	1,474,928	1,461,339	1,435,966	1,195,170 (3)	1,058,009 (3)	1,104,683	1,085,199
TOTAL AIR CARGO (in 000 lb) (Freight & Mail)	1,401,226	1,408,452	1,493,531	1,485,973	1,471,796	1,452,437	1,212,414 (3)	1,079,243 (3)	1,124,605	1,104,388
LANDED WEIGHT (in 000 lb) (4)										
Passenger Carriers	8,634,532	8,862,439 (5)	9,185,531 (5)	9,154,681 (5)	9,385,633	9,095,540	6,873,516 (2)	6,328,081 (2,5)	5,957,187	6,076,945
Cargo Carriers	3,495,898	3,336,954 (5)	3,525,403 (5)	3,570,049 (5)	3,678,155	3,560,162	3,158,521 (3)	2,494,619 (3,5)	2,624,269	2,634,870
Total	12,130,430	12,199,393	12,710,934	12,724,730	13,063,788	12,655,702	10,032,037	8,822,700	8,581,456	8,711,815
AIRCRAFT MOVEMENTS	179,641	182,079	187,858	186,321	189,712	181,690	122,028 (2)	114,327 (2)	106,260	107,652
PARKING										
Number of stalls	7,616	8,596	8,431	7,298	6,864	7,868	6,103 (6)	6,315 (6)	6,950 (6)	6,516 (6,8)
Average revenue per stall	$4,633	$4,648	$4,391	$4,991	$5,112	$4,151	$3,991 (2)	$3,605 (2)	$3,391 (7)	$3,688

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

(1) Reflects difference from Continuing Disclosure Certificates-Table 5. Numbers herein reflect adjustment on United Airlines reported passengers which double counted Skywest passengers.
(2) 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.
(3) Federal Express reduced the number of flights by 13% during FY 2008-09.
(4) Excludes non-revenue flights.
(5) Previously reported amounts have been corrected due to a classification error.
(6) 1,186 stalls in Daily Parking Lot were blocked due to the drop of volume.
(7) Parking revenue was revised due to the completion of a parking contractor audit.
(8) 434 stalls in Daily Parking Lot were blocked due to construction of the BART - Oakland Airport Connector.

Port of Oakland

(A Component unit of the City of Oakland)
Top Ten Individual Sources of Aviation Revenue
Fiscal Year 2012 and Fiscal Year 2003

Fiscal Year 2012	Revenue	Percentage of Revenue	Fiscal Year 2003	Revenue	Percentage of Revenue
Southwest Airlines	$ 32,271,271	32.6%	On-Airport Public Parking (2)	$ 29,397,798	28.4%
On-Airport Public Parking (1)	24,028,274	24.3%	Southwest Airlines	13,007,947	14.8%
Federal Express Corp.	14,848,419	15.0%	Federal Express Corp.	9,014,582	13.4%
Avis Budget Group, Inc.	5,765,639	5.8%	United Airlines	5,947,901	7.9%
HMS Host Corporation	4,755,327	4.8%	Air Terminal Service (CA1)	3,853,845	7.5%
Hertz Corporation	4,689,261	4.7%	Hertz Corporation	3,428,466	7.3%
United Parcel Service	3,429,379	3.5%	Alaska Airlines	2,982,218	6.2%
DTG Operations, Inc.	3,384,016	3.4%	United Parcel Service	2,502,360	5.7%
Alaska Airlines	3,270,271	3.3%	Avis Rent-A-Car Systems, Inc.	2,079,816	4.9%
jetBlue Airways	2,546,595	2.6%	Oakland Fuel Facilities Corp.	1,943,432	3.9%

Note:
(1) Operated by Ampco Parking Oakland Airport Management, LLC.
(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

Costs from period:	Actual FY01-02	Actual FY02-03	Actual FY03-04	Actual FY04-05	Budget FY06-07	Budget FY07-08	Budget FY08-09	Budget 2009 (2)	Budget FY10-11	Budget FY11-12
Rates & Charges for period:	CY2003	CY2004	CY2005	CY2006	CY2007 (2)	FY2008	FY2009	FY2010	FY2011	FY2012
Landing Fees (per 1,000 lbs. MGLW) (1)										
Basic Landing Rate	$ 1.18	$ 1.21	$ 1.29	$ 1.46	$ 1.62	$ 1.85	$ 2.50	$ 3.06	$ 3.30	$ 3.27
Terminal Space Rental (per square foot per year)										
Type1 - Ticket Counter	$ 96.84	$ 155.89	$ 165.67	$ 190.22	$ 181.34	$ 188.13	$ 164.81	$ 164.81	$ 176.81	$ 176.26
Type2 - Office Space	87.15	140.30	149.10	171.20	163.21	169.32	148.33	148.33	159.13	158.63
Type3 - Baggage Space (3)	77.47	124.71	132.54	152.18	145.07	150.50	131.85	131.86	141.45	141.00
Type4 - Baggage Make-Up	67.79	109.12	115.97	133.16	126.94	131.69	115.37	115.37	123.77	123.39
Type5 - Ticket Counter (Others)	48.42	77.95	82.84	95.12	90.67	94.07	82.41	82.42	88.41	88.13
Type6 - Office Space (Others)	43.58	70.15	74.55	85.60	81.61	84.66	74.16	74.16	79.56	79.32
Type7 - Baggage Make-Up (Others)	33.90	54.56	57.98	66.57	63.47	65.85	57.68	57.68	61.88	61.69
Primary Holdroom, Loading Bridge Rental (per Holdroom per month)										
Holdroom, Loading Bridge	$ 18,558	$ 28,649	$ 29,595	$ 34,250	$ 31,678	$ 34,576	$ 31,269	$ 32,801	$ 36,006	$ 36,080

Note:
(1) MGLW - Maximum Gross Landing Weight
(2) In FY2007, the Port converted from using actual previous year's expenses to budgeted expenses for the forthcoming fiscal year as the basis for calculating Rates & Charges.
(3) The baggage claim requirement is calculated by multiplying the Type 3 rate by the square footage of the baggage claim areas. 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 Container
Last Ten Fiscal Years

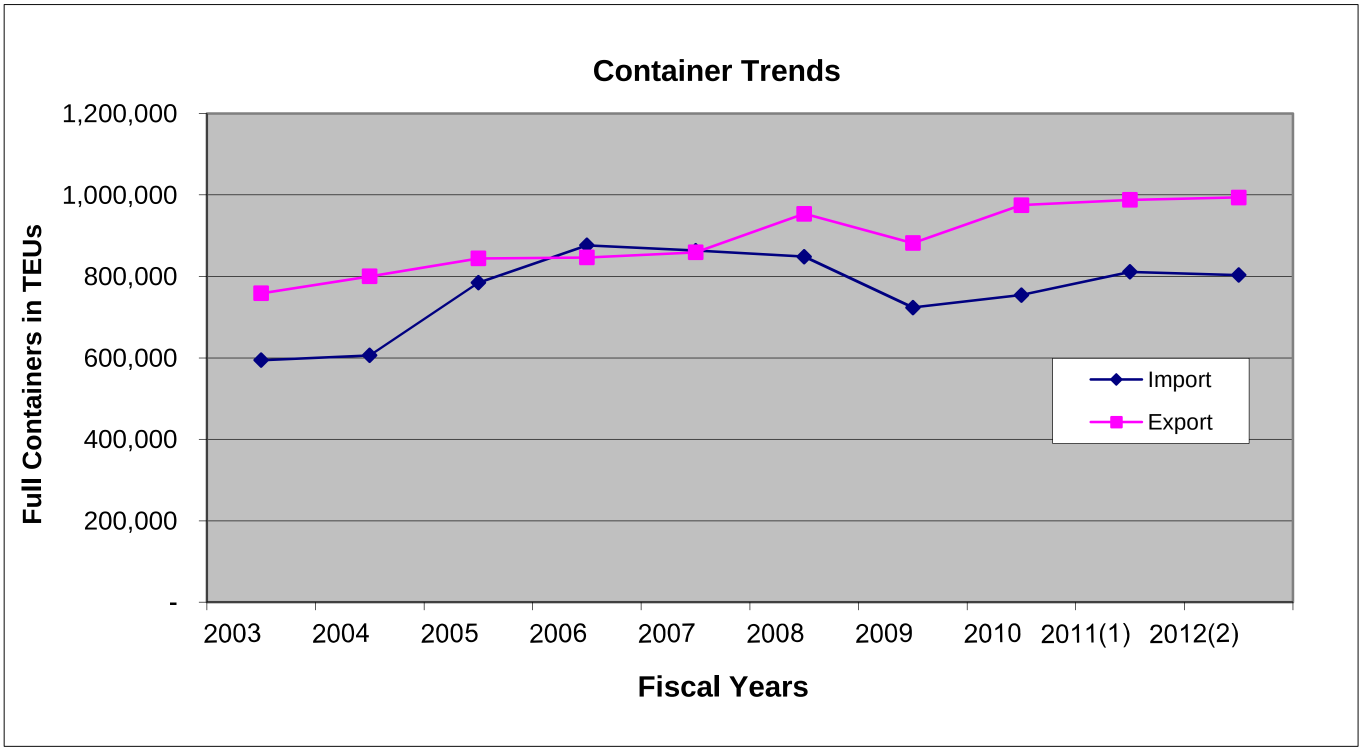
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Maritime revenues:										
Dockage and wharfage	$ 79,684,000	$ 89,178,000	$ 101,198,000	$ 109,001,000	$ 115,305,000	$ 117,795,000	$ 126,068,000	$ 130,254,000	$ 138,964,000	$ 140,777,000
Space assignments and rentals	4,612,000	4,042,000	3,361,000	3,809,000	3,306,000	3,731,000	8,553,000	6,961,000	5,771,000	5,726,000
Crane rentals	2,192,000	4,000 (1)	-	-	-	-	-	-	-	-
Total	86,488,000	93,224,000	104,559,000	112,810,000	118,611,000	121,526,000	134,621,000	137,215,000	144,735,000	146,503,000
Non-terminal revenues	5,559,000	6,381,000	8,300,000	10,009,000	8,530,000	6,825,000	6,118,000	6,129,000	7,119,000	6,485,000
	$ 92,047,000	$ 99,605,000	$ 112,859,000	$ 122,819,000	$ 127,141,000	$ 128,351,000	$ 140,739,000	$ 143,344,000	$ 151,854,000	$ 152,988,000
TEUs (Full only)	1,352,886	1,406,250	1,628,369	1,723,181	1,722,522	1,802,004	1,605,613	1,729,122	1,799,050 (2)	1,797,255
Terminal revenue per TEU	$ 63.93	$ 66.29	$ 64.21	$ 65.47	$ 68.86	$ 67.44	$ 83.84	$ 79.36	$ 80.45	$ 81.51

Note:
(1) Contracts with terminals operators were changed to new all-inclusive agreements in FY 2004. Hence, crane rentals were not individually billed.
(2) Fiscal Year 2011 TEU's were revised after internal audit was finalized.

Port of Oakland

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

	Full Containers				
Fiscal Year	**Import**	**%**	**Export**	**%**	**Grand Total**
2003	594,523	44%	758,363	56%	1,352,886
2004	606,202	43%	800,048	57%	1,406,250
2005	784,312	48%	844,057	52%	1,628,369
2006	876,462	51%	846,719	49%	1,723,181
2007	863,393	50%	859,129	50%	1,722,522
2008	848,383	47%	953,621	53%	1,802,004
2009	723,504	45%	882,109	55%	1,605,613
2010	754,257	44%	974,865	56%	1,729,122
2011 (1)	811,082	45%	987,968	55%	1,799,050
2012 (2)	803,323	45%	993,932	55%	1,797,255



Note:
(1) Fiscal Year 2011 TEUs were revised after internal audit was finalized.
(2) Subject to change.

Port of Oakland

(A Component unit of the City of Oakland)
Top Ten Individual Sources of Maritime Revenue by Alphabetical Order
Fiscal Year 2012 and Fiscal Year 2003

Fiscal Year 2012	Fiscal Year 2003
BNSF Railway Company	American President Lines
Eagle Marine Services, Ltd	Burlington Northern/Santa Fe
Evergreen Marine Corp. (Taiwan) Ltd	Evergreen Marine Corp. (Taiwan) Ltd
GSC Logistics, Inc.	International Transportation Service
Ports America Outer Harbor Terminal, LLC	Maersk-Sealand/CSX
Shippers Transport Express, Inc.	Matson
SSA Terminals, LLC and SSA Terminals (Oakland), LLC (combined)	SSA Terminals, LLC
Total Terminals International, LLC	Total Terminals International
TraPac, Inc.	Trans Pacific Container Service Corp.
Truck Parking (1)	Yusen Terminal, Inc.

Note:

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.

(1) Operated by Ampco System Parking, Inc.

Port of Oakland

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

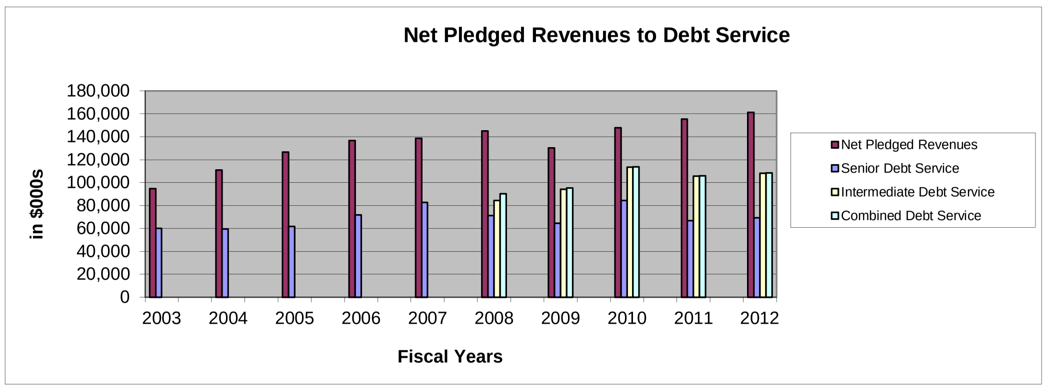
	2003	2004	2005	2006	2007	2008	2009 (2)	2010	2011	2012
Operating Revenue (Excluding OPA)	$ 211,134	$ 224,372	$ 251,010	$ 267,461	$ 277,374	$ 299,883	$ 283,290	$ 285,225	$ 297,983	$ 306,138
Operating Expenses before Depreciation (1)	(131,956)	(125,977)	(131,791)	(139,837)	(147,754)	(164,047)	(162,499)	(145,931)	(144,278)	(146,561)
Operating Income before Depreciation	79,178	98,395	119,219	127,624	129,620	135,836	120,791	139,294	153,705	159,577
Gross Interest Earned (2)	11,099	8,183	7,417	8,942	8,838	9,095	9,382	8,566	1,797	1,677
Pledged OPA Revenue (3)	4,333	4,219	-	-	-	-	-	-	-	-
Net Revenue Available for Debt Service	$ 94,610	$ 110,797	$ 126,636	$ 136,566	$ 138,458	$ 144,931	$ 130,173	$ 147,860	$ 155,502	$ 161,254

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

Port of Oakland

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net Pledged Revenues Available for Debt Service	$ 94,610	$ 110,797	$ 126,636	$ 136,566	$ 138,458	$ 144,931	$ 130,173	$ 147,860	$ 155,502	$ 161,254
Debt Service										
Senior Debt Service (1)	$ 59,961	$ 59,365	$ 61,788	$ 71,774	$ 82,649	$ 71,230	$ 64,465	$ 84,218	$ 66,641	$ 69,173
Intermediate Debt Service (2)	N/A	N/A	N/A	N/A	N/A	84,458	94,045	113,303	105,645	108,175
Combined Debt Service (3)	N/A	N/A	N/A	N/A	N/A	90,274	95,301	113,611	105,878	108,334
Debt Service Coverage Ratio (4)										
Senior Lien (minimum 1.25)	1.66	1.87	2.05	1.90	1.68	2.03	2.02	1.76	2.33	2.33
Intermediate Lien (minimum 1.10) (5)	N/A	N/A	N/A	N/A	N/A	1.72	1.38	1.42	1.47	1.50
Combined Aggregate (5)	N/A	N/A	N/A	N/A	N/A	1.61	1.37	1.42	1.47	1.50
Intermediate with Rolling Coverage (5) (6)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.86	1.90	1.92



Note:
(1) Senior debt service is less capitalized interest.
(2) Intermediate debt service consists of Senior Lien, Department of Boating and Waterways Loans and Intermediate Lien debt.
(3) Combined debt service is all debt service including interest on Commercial Paper.
(4) Debt Service Ratio is calculated by dividing the Net Pledged Revenues Available for Debt Service by the corresponding Debt Service.
(5) Intermediate, Intermediate with Rolling and Combined Debt Service Coverage Ratios include the following:
- In FY 2010, a reduction in debt service of $9.5 million due to the release of funds from the Series F, Series K, Series L, and Series N bond reserve funds.
- In FY 2012, $0.6 million of Series M unspend bond proceeds were applied to the debt service payment.
(6) Intermediate with Rolling Coverage includes $30 million from the Port Bond Reserve Fund and $15 million from the Capital Reserve Fund in addition to the stated Net Pledged Revenues.

Port of Oakland

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Service										
Senior Revenue Bonds (1)										
Aviation	$ 6,463	$ 7,320	$ 7,818	$ 8,254	$ 9,845	$ 5,997	$ 5,437	$ 14,887	$ 12,551	$ 13,206
Maritime	52,052	47,779	48,745	58,269	67,515	61,159	59,021	67,682	54,085	55,960
Commercial Real Estate	1,446	4,266	5,225	5,251	5,289	4,074	7	1,649	5	7
Total Senior Revenue Bonds Debt Service	$ 59,961	$ 59,365	$ 61,788	$ 71,774	$ 82,649	$ 71,230	$ 64,465	$ 84,218	$ 66,641	$ 69,173
Department of Boating & Waterways										
Commercial Real Estate	$ -	$ -	$ -	$ -	$ -	$ 457	$ 457	$ 457	$ 457	$ 457
Intermediate Revenue Bonds										
Aviation	$ -	$ -	$ -	$ -	$ -	$ 3,618	$ 7,610	$ 7,617	$ 8,867	$ 12,033
Maritime	-	-	-	-	-	8,886	20,985	20,486	29,128	25,271
Commercial Real Estate	-	-	-	-	-	267	527	525	552	1,241
Total Intermediate Revenue Bonds Debt Service	$ -	$ -	$ -	$ -	$ -	$ 12,771	$ 29,122	$ 28,628	$ 38,547	$ 38,545
Commercial Paper (2)										
Aviation	$ -	$ -	$ -	$ -	$ -	$ 1,793	$ 361	$ 90	$ 68	$ 40
Maritime	-	-	-	-	-	4,023	896	218	165	116
Commercial Real Estate	-	-	-	-	-	-	-	-	-	3
Total Commercial Paper Debt Service	$ -	$ -	$ -	$ -	$ -	$ 5,816	$ 1,257	$ 308	$ 233	$ 159
Debt Service by Division										
Aviation	$ 6,463	$ 7,320	$ 7,818	$ 8,254	$ 9,845	$ 11,408	$ 13,408	$ 22,594	$ 21,486	$ 25,279
Maritime	52,052	47,779	48,745	58,269	67,515	74,068	80,902	88,386	83,378	81,347
Commercial Real Estate	1,446	4,266	5,225	5,251	5,289	4,798	991	2,631	1,014	1,708
Total Debt Service	$ 59,961	$ 59,365	$ 61,788	$ 71,774	$ 82,649	$ 90,274	$ 95,301	$ 113,611	$ 105,878	$ 108,334
Aviation Debt Service per Enplaned Passenger										
Enplaned passengers (in 000's)	6,644	6,958	7,171	7,188	7,267	6,802	4,956	4,778	4,688	4,826
Aviation Debt Service per Enplaned Passenger (not in 000's)	$ 0.97	$ 1.05	$ 1.09	$ 1.15	$ 1.35	$ 1.68	$ 2.71	$ 4.73	$ 4.58	$ 5.24

Note:
(1) Senior Revenue Bond debt service is less capitalized interest.
(2) Interest only.

Port of Oakland

Schedule 13

(A Component Unit of the City of Oakland)
Outstanding Debt by Debt Type
Last Ten Fiscal Years
($ 000's)

Fiscal Year	Senior Bonds (1)	Intermediate Bonds	Department of Boating & Waterways	Special Facilities Bonds	Capital Tax Exempt Loan	Commercial Paper	Total
2003	$ 1,427,827	$ -	$ 10,229	$ 35,735	$ 1,922	$ 149,993	$ 1,625,706
2004	1,418,586	-	9,739	34,090	1,154	150,000	1,613,569
2005	1,410,431	-	6,787	-	348	150,000	1,567,566
2006	1,395,464	-	6,632	-	-	150,000	1,552,096
2007	1,370,072	-	6,473	-	-	191,893	1,568,438
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	798,370	464,595	5,564	-	-	87,268	1,355,797

Note:
(1) Senior Debt was called Parity Bonds Debt through Fiscal Year 2007.

Port of Oakland

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

Calendar Year	Population		Personal Income ($000s)		Per Capita Personal Income		Median Age	School Enrollment	Unemployment Rate (%)
2003	412,200		$ 17,979,340		$ 43,618	(1)	33.3	52,629	6.8
2004	411,600		$ 18,163,496		$ 44,129	(1)	33.3	49,334	6.1
2005	412,300		$ 9,044,213		$ 21,936		33.3	49,334	5.3
2006	411,755		$ 11,697,548		$ 28,409		33.3	41,467	7.1
2007	415,492		$ 9,114,233		$ 21,936		33.3	39,802	7.4
2008	420,183		$ 10,554,157		$ 25,118		36.1	39,705	9.6
2009	425,068		$ 11,182,689		$ 26,308		36.7	38,826	17.1
2010	390,757	(2)	$ 10,607,099	(2)	$ 27,145		37.1	38,450	17.2
2011	392,932		$ 11,124,298		$ 28,311		36.3	38,540	16.3
2012	395,341		$ 11,295,683		$ 28,572		36.2	37,742	14.3

Note:
(1) In CY 2003 and 2004 median family income was used as per capita personal income.
(2) CY2010 is updated with newly available data from the California Department of Finance.

Source: City of Oakland - Demographics And Economic Statistics

Port of Oakland

(A Component Unit of the City of Oakland)
Principal Employers in the City of Oakland - FY 2012 vs FY 2006

	FY 2012			FY 2006 (1)		
Employer	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
County of Alameda	8,843	1	5.11%	9,740	1	5.63%
Oakland Unified School District	4,496	2	2.60%	8,000	2	4.63%
Kaiser Permanente Medical Group	4,418	3	2.56%	5,450	3	3.15%
Dreyer's Grand Ice Cream Inc.	4,191	4	2.42%	N/A		
Cost Plus Inc.	4,113	5	2.38%	N/A		
City of Oakland	4,073	6	2.36%	4,290	5	2.48%
Alta-Bates Summit Medical Center	3,623	7	2.10%	N/A		1.48%
Children's Hospital & Research	2,600	8	1.50%	N/A		
Bay Area Rapid Transit	1,499	9	0.87%	2,800	6	1.62%
Peralta Community College District	1,400	10	0.81%	N/A		
Kaiser Foundation Hospitals	N/A			4,340	4	2.51%
Federal Express	N/A			2,790	7	1.61%
Alta-Bates Medical Center	N/A			2,620	8	1.52%
Kaiser Foundation Health Plan	N/A			2,590	9	1.50%
Summit Medical Center	N/A			2,230	10	1.29%
Total	39,256			44,850		

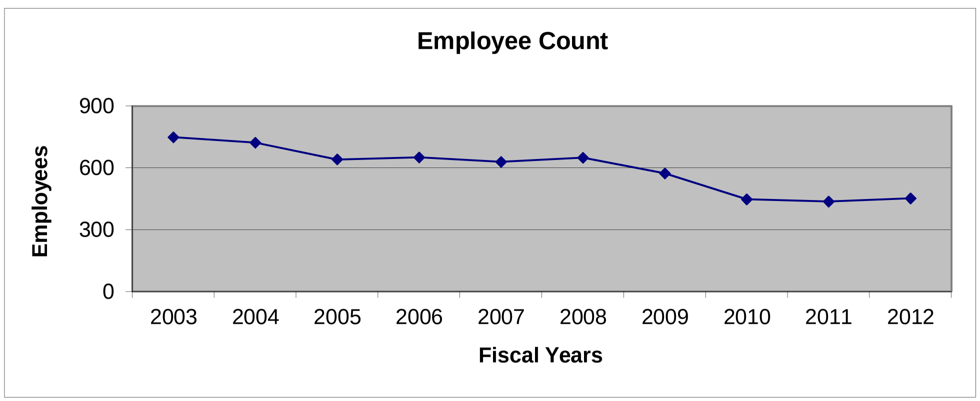
Note:
(1) Data pertaining to principal employers for past 10 years is not readily available. As such, we used 2006 data as our base year which is the earliest information available.

Source: Fiscal Year 2006 - Economic Development Alliance for Business, Alameda County Largest Employers.
Fiscal Year 2012 - Various sources
Total employment of 172,896 (2011 estimate) from DemographicsNow.com is used to calculate the percentage of employment.

Port of Oakland

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

Revenue Divisions	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Aviation	312	316	290	310	289	315	307	238	228	242
Maritime	31	26	21	18	65 (1)	77	78	63	61	63
Commercial Real Estate	14	12	9	9	7	8	7	8	8	7
Subtotal	357	354	320	337	361	400	392	309	297	312
Support Divisions										
Corporate Administrative Services	34	32	31	26	29	26	35	17	17	14
Engineering	225	204	170	167	108 (1)	91	49	37	37	39
Financial Services	37	42	39	39	42	40	33	27	27	28
Others	96	91	81	82	89	92	64	58	59	58
Subtotal	392	369	321	314	268	249	181	139	140	139
Total	749	723	641	651	629	649	573	448	437	451



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

Port of Oakland

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Aviation facilities										
Paved airport runways	4	4	4	4	4	4	4	4	4	4
Total length of runways (in feet)	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038
Area of airport (in acres)	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Parking stalls	7,616	8,596	8,431	7,298	6,864	7,868	6,103 (1)	6,315 (1)	6,950 (1)	6,516 (1,2)
Harbor facilities										
Miles of waterfront	19	19	19	19	19	19	19	19	19	19
Berthing length at wharves (in feet)	23,031	23,031	23,031	23,063	23,063	23,063	23,233	23,233	23,233	23,233
Harbor area (in acres)	770	770	770	786	786	786	786	786	779	779
Commercial Real Estate										
Owned acreage	950	914	877	876	876	874	874	874	874	865
Parking stalls	2,114	2,114	2,114	2,114	2,004	1,479	1,429	1,429	1,429	1,429

Note:
(1) 1,186 stalls in Daily Parking Lot were blocked due to the drop of passenger volume.
(2) 434 stalls in Daily Parking Lot were blocked due to construction of the BART - Oakland Airport Connector.