

CITY OF OAKLAND
Supplemental Agenda Report

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 MAY -6 PM 7:00

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Finance and Management Agency
DATE: May 18, 2004

RE: SUPPLEMENTAL INFORMATIONAL REPORT IN RESPONSE TO
QUESTIONS CONCERNING THE FY 2002-03 COMPREHENSIVE ANNUAL
FINANCIAL REPORT AND OAKLAND REDEVELOPMENT AGENCY
FINANCIALS

SUMMARY

At the April 27, 2004 Finance & Management Committee Meeting, the Committee asked staff to respond to questions about the FY02-03 audited financial reports. This supplemental report addresses these questions.

FISCAL IMPACT

This is an informational report only; there is no fiscal impact.

QUESTIONS AND ANSWERS

1. *Why is our reserve at 9.9%? Don't we have a 7% reserve policy?* Page 3 of the Comprehensive Annual Financial Report (CAFR) states that as of June 30, 2003, the unreserved fund balance for the general fund was \$38.8 million or 9.9 percent of the total general fund expenditures.

Staff response: The Council-adopted policy for General Fund Reserves is to maintain a minimum of 7.5 percent of General Fund expenditures. Actual reserves for the fiscal year ended June 30, 2003, were 9.9 percent. As discussed at the Finance and Management Committee meeting of April 27, 2004, this reserve balance does not take into account any deficit fund balances in non-General Fund funds. This issue will be reviewed during the mid-cycle budget discussions.

2. *How does our percentage of revenues from state sales tax compare to other cities?* (CAFR, p 9)

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Staff response: See table below:

2002 General Fund Sales Tax Revenue as a Percent of Total Revenues (\$000's)

City	Sales Tax	Total Revenues	Percentage
Anaheim	52,368	189,897	27.6
Fresno	54,504	240,479	22.7
Long Beach	38,428	312,572	12.3
Oakland	38,447	434,899	8.8
San Diego	139,197	688,783	20.2
San Jose	138,058	548,497	25.2
California Total			28.9

3. *How does the claim of \$12.6 million in OPD overtime compare to the OPD's own claim of being \$10 million over budget? (CAFR, page 11)*

Staff response: The difference in the amount of overtime is attributable to the fact that the \$12.6 million was incurred in FY02-03, while the \$10 million is projected for FY03-04.

4. *Could you explain the changes in Worker's Compensation liability and payouts? (CAFR, p 73)*

Staff response: The amounts listed on page 73 are based on actuarial studies and includes amounts for claims incurred but not reported and allocated loss adjustment expenses. The estimated liability takes into account inflation, recent claim settlement trends, frequency and amount of payouts, and other economic and social factors. The Risk Management Office administers the Worker's Compensation program.

5. *How is the General Liability determined and who does the determination? (CAFR, p 74)*

Staff response: The General liability amount was determined by actuarial analysis and includes amounts for claims incurred but not reported and allocated loss adjustment expenses. The estimated liability takes into account inflation, recent claim settlement trends, frequency and amount of payouts, and other economic and social factors. The Risk Management Office, in coordination with the City Attorney's Office, administers the general liability program.

6. *What is the City doing to address the auditor's finding on affordable housing? (ORA Financials, page 43)*

Finding: State Redevelopment Agency Compliance Requirements-Affordable Housing
We were unable to determine how many units of affordable housing the Agency was required to produce for the year ended 6/30/03, because the Agency does not have a system to track related construction and rehabilitation.

Staff response: The Community and Economic Development Agency (CEDA) is the process of acquiring a Permit Enforcement and Records Tracking System (PERTS). This system is anticipated to be fully operational within the next 18 months. Meanwhile, CEDA plans to produce an annual report to the City Council on the actual number of affordable housing units developed. The first report will be submitted in September 2004 and will cover the period from inception of redevelopment areas, e.g. Coliseum, Macarthur-Broadway, Oakland Army Base, etc. through June 30, 2004.

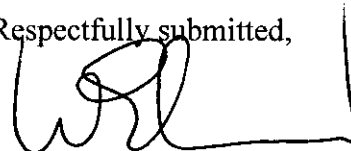
7. *The transmittal letter (page v) states that Oakland is "ranked 3rd in the nation of women-owned businesses". Is there a list available of those businesses?*

Staff response: The statistic quoted in the transmittal letter actually refers to the Oakland metropolitan area. Should this statistic be quoted in future CAFR's, this will be noted. No list of businesses is available; the statistic was developed during the U.S. Census.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council accept this supplemental report.

Respectfully submitted,



WILLIAM E. NOLAND
Director, Finance & Management Agency

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Acting Controller

APPROVED FOR FORWARDING
TO THE CITY COUNCIL:


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