

CITY OF ALAMEDA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2005

PREPARED BY THE
FINANCE DEPARTMENT

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CITY OF ALAMEDA, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

Table of Contents

| | <u>Page</u> |
|---|-------------|
| INTRODUCTORY SECTION | |
| Table of Contents | i |
| Letter of Transmittal | v |
| Principal Officers | xxviii |
| Organizational Chart | xix |
| Location Map | xx |
| GFOA Certificate of Achievement for Excellence in Financial Reporting..... | xxi |
| CSMFO Certificate of Excellence in Financial Reporting | xxii |
| FINANCIAL SECTION | |
| <i>Independent Auditor's Report on Basic Financial Statements</i> | 1 |
| <i>Management's Discussion and Analysis</i> | 3 |
| <i>Basic Financial Statements:</i> | |
| Government-wide Financial Statements: | |
| Statement of Net Assets..... | 23 |
| Statement of Activities | 24 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet..... | 28 |
| Reconciliation of Governmental Funds - Fund Balance with Governmental Net Assets..... | 31 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | 32 |
| Reconciliation of the Net Change in Fund Balances – Governmental Funds with the Change in Governmental Net Assets..... | 34 |

CITY OF ALAMEDA, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

Table of Contents

Page

FINANCIAL SECTION (Continued)

Statement of Change in Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual:

General Fund..... 35

West End Community Improvement Project Special Revenue Fund..... 36

Business and Waterfront Improvement Project Area Special Revenue Fund..... 37

Alameda Point Improvement Project Area Special Revenue Fund..... 38

Alameda Reuse and Redevelopment Area Special Revenue Fund 39

Proprietary Funds:

Statement of Net Assets..... 42

Statement of Revenues, Expenses and Changes in Fund Net Assets 43

Statement of Cash Flows 44

Fiduciary Funds:

Statement of Fiduciary Net Assets..... 46

Statement of Changes in Fiduciary Net Assets..... 47

Notes to Basic Financial Statements.....49

Supplemental Information:

Non-major Governmental Funds:

Balance Sheet.....112

Statement of Revenues, Expenditures, and Changes
in Fund Balances 122

Schedule of Revenues, Expenditures, and Changes
in Fund Balances-Budget and Actual..... 132

Internal Service Funds

Combining Statement of Net Assets..... 144

CITY OF ALAMEDA, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

Table of Contents

| | <u>Page</u> |
|---|-------------|
| FINANCIAL SECTION (Continued) | |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Assets | 146 |
| Combining Statement of Cash Flows | 148 |
| Fiduciary Funds | |
| Combining Balance Sheet | 152 |
| Agency Funds - Statement of Changes in Assets and Liabilities..... | 153 |
| STATISTICAL SECTION | |
| General Revenues by Source - Last Ten Fiscal Years..... | 154 |
| General Expenditures by Function - Last Ten Fiscal Years..... | 155 |
| Property Tax Levies and Collections - Last Ten Fiscal Years | 156 |
| Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years | 157 |
| Property Tax Rates - All Direct and Overlapping Governments - Last Ten Fiscal Years..... | 158 |
| Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years | 159 |
| Sewer Fund Debt Coverage - Last Ten Fiscal Years..... | 160 |
| Demographic Statistics - Last Ten Fiscal Years | 161 |
| Property Values, Construction and Bank Deposits - Last Ten Fiscal Years | 162 |
| Miscellaneous Statistics | 163 |
| Special Assessment Billings and Collections - Last Ten Fiscal Years | 164 |
| Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years | 165 |
| Alameda Power and Telecom Revenue Bonds Coverage - Last Ten Fiscal Years | 166 |
| Computation of Legal Debt Margin..... | 167 |
| Computation of Direct and Overlapping Debt..... | 168 |
| Principal Taxpayers | 169 |

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City of Alameda • California

December 6, 2005

To the Honorable Mayor, Members of the City Council and
Citizens of the City of Alameda, California

The Alameda City Charter Article IV, Section 4-2 (Various financing covenants, and rules associated with restricted funding sources) require the City of Alameda, California (City) to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants. The publication of these statements is to be completed within six months following the end of the fiscal year. Pursuant to the requirements noted above, we hereby issue the Comprehensive Annual Financial Report of the City of Alameda, California for the fiscal year ended June 30, 2005.

This report consists of management's representations concerning the finances of the City of Alameda. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Alameda's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Maze and Associates, a firm of licensed certified public accountants, has audited the City of Alameda's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Alameda for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements' and evaluating the overall financial management presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Alameda's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity

with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City of Alameda is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's circular A-133, Audits of States, Local Governments and Nonprofit organizations. Information related to this single audit, including a schedule of federal expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Alameda as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

The City of Alameda provides a broad range of services including police and fire protection, construction and maintenance of streets, parks, storm drains and other infrastructure, recreational and cultural activities, and human services programs. The City owns and operates its own electric and telecommunications utility serving the needs of all residents. It also manages franchises for solid waste and cable television. Certain infrastructure construction and community development activities are provided through a legally separate redevelopment agency and housing assistance through a housing authority. The City Council sits as the Community Improvement Commission and it functions, in essence, as a department of the City. Many major public services delivered within the City's boundaries, including water, wastewater, education, regional parks, and public transportation, are provided by other agencies. The City of Alameda is not financially accountable for the operations of the franchises or these government agencies.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included herein as part of the primary government. Accordingly, the Community Improvement Commission, which redevelops blighted areas; the Alameda Reuse and Redevelopment Authority, which is responsible for returning Alameda Point to civilian use; and Alameda Public Financing Authority, which assists with the financing of public projects are reported as funds of the primary government in the Special Revenue, Capital Project, and Debt Service funds.

Alameda Power & Telecom and the Alameda Housing Authority are reported as discretely presented component units in this Report, which means their financial transactions and balances are reported in separate columns. Separate component unit financial statements may be obtained from Alameda Power & Telecom, 2000 Grand Street, Alameda, CA 94501 and the Housing Authority of Alameda, 701 Atlantic

Avenue, Alameda, CA 94501. All other component unit financial statements may be obtained from the City of Alameda, 2263 Santa Clara Avenue, Alameda, CA 94501.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Alameda's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Alameda, incorporated April 19, 1854, is located on Alameda Island in San Francisco Bay. The City of Alameda contains 22.7 square miles and serves a population of 74,581. According to the 2000 Census, there are 41,148 (57%) white residents, 4,488 (6%) black residents, 484 (0.7%) American Indian residents, 18,894 (26%) Asians, 434 (0.6%) Native Hawaiian and other Pacific Islanders, 2,380 (3.3%) residents of Other Race and 4,431 (6%) residents of two or more races.

Alameda has a large, younger adult through middle age group of residents (25 – 54 years), almost 50% of all residents. This implies that we have a strong workforce, and that quality family services (parks, schools, retail) are in high demand. The percentage of adults over 60 has increased slightly from 1990, indicating that we continue to be in need of quality senior services and health care. The biggest change in population from the 1990 Census is, of course, the drop in military residents due to the closure of the naval air station.

During the last three years, growth in the City has begun to slowly increase as a result of base conversion and redevelopment. The City budget has contracted during the same period. Decreases in business-related revenues, loss of revenues to the State, and cost increases caused by losses and sub-par performance in the California Public Employees' Retirement System (CalPERS) have forced cutbacks in all City services. Despite seeing the first signs of economic recovery, the City faces resource shortfalls in near term future budgets. Cost containment, economic development and fee increases have helped with the resource problem, but new resources will be needed to continue current service levels and restore essential public safety and maintenance services.

The City is a charter city. Like other charter cities, the City has limited ability to set tax rates. The State Constitution establishes a maximum rate for property tax and limits the growth of assessed value. The property tax collected is allocated among the jurisdictions in the City's tax rate areas based on criteria established by the State Legislature. The rates and tax base of the City's two other major general taxes, sales

tax and vehicle license in lieu fees (VLF), are also controlled by the State Legislature or Constitution, rather than the City Council.

Increases of existing local taxes and any new taxes require voter approval. Taxes used for general purposes are subject to approval by a simple majority of voters, while taxes levied for specific purposes require a two-thirds majority of voters, as do property tax levies used to pay for debt issued to build capital assets. In November 2000, Alameda voters approved an additional tax levy to build a new public library and update the two branch libraries. The bonds were issued in March 2003.

Assessments have varying requirements for voter approval ranging from approval through Council action unless challenged by a majority protest to two-thirds voter approval, with voting rights apportioned based on the amount of the assessment. In addition, fees for facilities and services are subject to requirements that they not be set at levels that exceed the reasonable costs of providing services. As a result, fund balances generated by differences between fee revenue and related expenses are retained and designated for services and facilities that benefit fee payers.

The City of Alameda has operated under the council-manager form of government since it was chartered in 1916. Policy-making and legislative authority are vested in a five-member governing council consisting of the Mayor and four Councilmembers. The City Council is responsible, among other things, for passing ordinances, adopting the budget, approving the Mayor's nominees to commissions, and hiring both the City's manager, its attorney and its clerk.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis. Councilmembers serve four-year staggered terms, with two Councilmembers elected every two years. The Mayor is elected to serve a four-year term. The Mayor and Councilmembers are elected at large and all are subject to two-term limits.

The annual budget, the capital budget, financial policies governing reserves, long-term debt fee supported services, and the budget resolutions serve as the foundation for the City of Alameda's financial planning and control. Departments submit operating appropriation requests in accordance with the City Manager's instructions by February of each year. The City Manager makes recommendations to the City Council regarding the following year's budget in May and, after public discussion and evaluation of the City Manager's recommendations, the City Council adopts the annual budget in June of each year.

The City Council delegates budget authority at the fund level. The City Manager is authorized to transfer appropriations between departments within funds and to limit expenditures in response to under-collection of estimated revenues. Transfers of appropriations between funds require City Council approval. Budget to actual comparisons are provided as part of the required supplementary information (RSI) in this report for the general fund and each major governmental fund for which the City Council has adopted an annual budget.

The City Council reviews budget results at the first quarter report, the mid-year report, and at the third quarter report. The ongoing review and long range planning focus for financial management provides numerous opportunities to identify and respond to changes in revenues and expenditures and in community priorities.

Factors Affecting Financial Condition

We believe the information presented in the financial statement is best understood when it is considered from the broader perspective of the context within which the City of Alameda operates.

Risk and Volatility in Funding Sources Collected or Allocated by the State

During the last ten years, the City has lost its ability to set tax rates without voter approval and the State of California has diverted local revenues to offset its own budget problems. In 2004/05, the State shifted \$990,741 of property taxes from the City and has shifted \$711,000 from the City's redevelopment agency. That reduction will be repeated in 2005/06. The vehicle license fees were reduced by \$1.3 million, to be repaid over two years, 2005/06 and 2006/07

A constitutional amendment (Proposition 1A), passed by State voters on November 2, 2004, limits the amounts of reductions of local government revenues in 2006/07 and future years and recharacterized those reductions as loans rather than takeaways. It also limits the State's ability to borrow local revenue allocations to twice every ten years. Limits are based on the total amount allocated to local government, not the specific amounts allocated to an individual agency. Another provision permanently reduces the vehicle registration tax rate and replaces local government's lost taxes with property tax money that has been transferred from local governments annually since 1993.

The State also proposed and the voters approved a constitutional amendment transferring a quarter of local government's 1% sales tax rate to the State to guarantee repayment of bonds issued to finance the State's deficit in 2003/04. That sales tax was replaced with property tax that had been transferred from local governments annually since 1993. The revenue shift will continue until the State's deficit bonds are repaid.

Only voters can approve increase in sales taxes, limited to transportation and public safety purposes, or general obligation bond tax overrides. The City Council cannot control the rates of these large revenue sources.

Intergovernmental revenue is subject to the control of another government. It is more volatile and more subject to restrictions on its use than other general revenues, especially locally authorized and collected taxes. Where the State has provided full or partial compensation for reducing traditional local revenue sources and where that compensation is material, the mitigating payment from the State is disclosed separately in the financial statements. These mitigation payments are particularly vulnerable to reduction when the State faces serious budget problems. In addition, unlike revenues affected by economic fluctuation, intergovernmental revenues, once reduced by legislative action, are less likely to return to prior levels.

Local Economy

During the last three years, the business economy has been growing at a minimal rate. Despite only moderate effects in consumer retail and a remarkably strong residential housing market, the business moderation has not lifted the local economy. Residential values have grown and nonresidential property values in Alameda have not declined significantly. Assessed value growth in Alameda has been below the County average.

We can expect stronger performance in 2005/06. As the economy improves, the City will benefit. Retail development at Bridgeside Shopping Center, Alameda Towne Center (formerly South Shore Center) and smaller projects throughout the community will spur growth in Alameda.

Following are major new developments in the City of Alameda:

Catellus/ Bayport

Catellus and Warmington Homes will develop a total of 485 homes in the Bayport project. The development brings nearly 90 acres of dormant naval land back into civilian use. The development includes an 11-acre central park, four mini parks, a site for a future K-8 elementary school, and access to the waterfront.

With the exception of the homes reserved for affordable housing, initial offering prices were between \$600,000 and \$800,000. The current phase is being offered at \$800,000 to \$1.1 million. Roughly 117 homes have sold, including 16 of the 48 moderately priced duplexes. Full build out of the project is expected to be completed by late 2007.

Affordable Homes at Bayport. Of the 485 homes, 48 will be moderately priced duplexes that will be sold as part of the project's affordable housing commitment.

Warmington has hired Alameda Development Corporation (ADC) to oversee the sale of these 48 homes. The first 16 homes have already been sold through a lottery held last fall. ADC is completing a second lottery to establish a list of qualified buyers for the next 26 homes, which will be available to families of three or more who earn between 80% and 100% of area median income.

Apartments and Townhomes. The City of Alameda has selected Resources for Community Development (RCD) to develop 62-units of affordable housing on the former FISC/East Housing site. The new apartments and townhomes will be located within the boundaries of Catellus Development's Bayport Homes project, between Atlantic and Tinker Avenue, adjacent to the College of Alameda.

The project will include both 52 rental and 10 for-sale units. Of the 52 rental units, 34 will be 2-bedroom flats and 18 will be 3-bedroom townhouses. The rental units will be for very low to low income households (up to 60% of Area Median Income). The ten for-sale units will be 3-bedroom townhouses. The for-sale homes will be available to families of moderate-income levels. The project will include a community building and outdoor recreational space. The first units will be ready for occupancy in March 2006. Residents will be selected by lottery.

Tinker Avenue Extension

Tinker Extension would run between the Coast Guard housing and the Bayport residential development, from the College of Alameda to Main Street. The street opening is planned for Spring 2006.

Bridgeside Shopping Center

The City purchased the Bridgeside Shopping Center and sold it to Regency Centers, a shopping center developer in 2003. Since then, Foothill Partners, Regency's on-site manager of the project, has cleared the site and has secured all city entitlements for the new community shopping center. The Center will be oriented towards the estuary, with ample walkways and landscaping along the water. It is planned to be approximately 108,000 square feet in size anchored by a 57,000-square-foot Nob Hill Foods grocery store.

The Bay Conservation and Development Commission (BCDC) is expected to approve their permit for shoreline development this month, which will be the final signoff required for construction to move forward. Groundbreaking is expected to occur in the beginning of November, with Nob Hill anticipated to open in summer, 2006.

Alameda Towne Centre (South Shore Shopping Center)

The retail center is re-tenanting and renovating its facilities, including an expansion of approximately 112,757 square feet. The estimated value of project when completed is \$30 to 40 million.

The Planning Board held a study session August 22, 2005 on the proposed Planned Development Amendment to allow a proposed 49,650 sq. ft. expansion of retail floor area to accommodate construction of a new 145,000 sq. ft. Target department store, and construction of a new parking structure and improvements to the southeast corner of South Shore Center.

Webster Street Renaissance Project (WECIP Project Area)

All work has been completed and the official punch list process has begun. A streetscape celebration event is being planned for November 4, 2005.

The streetscape features curb extensions, transit plazas and amenity plazas with outdoor seating to make the district more pedestrian friendly. All of the new trees, landscaping, trash receptacles, benches, magazine and bike racks will be installed by the end of 2005. Streetlights modeled after the historic "acorn" post lights have been installed to create nighttime lighting similar to Berkeley's Solano Avenue.

Park Street Streetscape (BWIP Project Area)

The overall project should be complete with final punch list accomplished by November 15. A streetscape celebration event is being planned for November 16. The streetscape project includes curb extensions, a transit hub on Santa Clara Avenue, the addition of vintage, double-headed Victorian light fixtures and new street trees.

Historic Theater, Cineplex, and Parking Garage

The City currently proposes implementing the Alameda Theater, new seven-screen Cineplex and new parking garage project to meet the goals of the Downtown Vision Plan and Economic Development Strategic Plan. The historic Alameda Theater and Cineplex will operate functionally as one 8-screen movie theater and will only be accessed by patrons through the historic Alameda Theater's main entrance. The 350-space garage will be located adjacent to the Cineplex along Oak Street and provide parking for the movie theater, as well as the surrounding civic center area and Park Street Business District.

Recently, the Planning Board approved the use permit for the multi-screen use, building height, and extended hours of operation. An appeal of this decision will most likely be heard by the City Council at its November 1 meeting.

New Alameda Free Library

The library is almost 40 percent complete and one week ahead of schedule. The first level access floor is completely laid out and the second floor has been poured. The wall forms for the second story are being moved up so the second floor walls can be shot. The next milestone is the installation of the brick exterior during the first week in November. The project remains on time and on budget. The state has awarded a \$15.5 million grant for construction of the new 50,000 sq. ft. main library.

SUMMARY OF MAJOR PRIVATE PROJECTS

Mariner Square Boat Storage (located behind Pasta Pelican)

The Boat Storage was completed last January. The four-story structure holds over 150 boats, with four levels of racks. It provides full “valet service”, including launching, washing of the hull and boat, and full detailing of the interior.

“Cardinal Point at Mariner Square” Aegis Assisted Living (behind Pasta Pelican)

Construction is expected to be completed by the end of the year for the 98-room senior assisted care facility. Also, by the end of the year, the public access and green space along the waterway should be completed as an addition to the shoreline trail.

Ettore Products Co.

Ettore is moving its corporate headquarters and operations from Oakland to a building it is constructing at Harbor Bay Business Park. Ettore is the original creator of the t-shaped squeegee for cleaning windows. It is now a \$35 million company, capturing 80 percent of the domestic commercial and retail market. They also export to over 60 countries. The 90,000 square foot building will also accommodate anticipated future growth and bring over 80 jobs to the community.

Venture Commerce Center Commercial Condominiums

Venture Commerce Center recently developed two buildings at the Harbor Bay Business Park containing 15 privately owned business properties—commonly called commercial condos. Eleven of the 15 are either in contract or have closed.

The commercial condos range in size from about 1,300 to 3,200 square feet. Most of the properties include two-story offices on the front side and an unusually high 21-foot clear height "Flex Area" in the rear. The Flex Area is commonly used for additional offices (often with commercial acoustic ceilings installed), research and development, warehousing, distribution, light manufacturing, high tech operations and other applications.

Venture Commerce Center has been considered a very successful project. Consequently, Venture Commerce has signed a letter of intent to develop Phase II of commercial condos, involving eight acres at Harbor Bay.

Overall, the outlook for the City of Alameda is positive in terms of its local economy and this outlook is shared by investors in the community as demonstrated in the major capital improvements that are underway.

CalPERS

The California Public Employees' Retirement System (CalPERS) has suffered portfolio losses and earned sub-par yields in prior years. The impact of portfolio losses began to affect City contribution expenditures beginning in 2003/04. Additional increases occurred in 2004/05. CalPERS will also implement a normalization process precluding rates from exceeding a minimum percentage established by the board.

State budget

The City of Alameda lost \$1.3 million in general fund revenue, \$711,000 in redevelopment tax increment revenue, and faced loss of public safety grants and mandate reimbursements totaling nearly \$300,000 in the 2004/05 State budget. The State passed a budget heavily dependent on debt, borrowing, and deferral of expenses that will create a budget deficit of \$8 billion in 2005/06.

City Council response to budget shortfalls

The City Council supported the Acting City Manager in reducing General Fund spending by over \$1.9 million in 2004/05. It also adopted a budget that reduced General Fund spending in 2005/06 by 5%. Reductions included 21 positions, lower investment in capital projects and general reduction in operational spending.

Long-term financial planning

The City Council has continued to focus attention on the long-term benefits of recruitment of consumer retail uses to balance the City's business to business sales tax

base, and development of a pedestrian oriented urban center in the City's Central Business District. Development Services staff have worked closely with landowners, developers, and retailers to increase retail uses throughout the City.

Cash management and policies

Cash temporarily idle during the year was invested in obligations of the U.S. Treasury and agencies of the federal government, corporate notes, municipal obligations and the State Treasurer's investment pool. Maturities of the investments range from one day to five years, with an average maturity of two years. The average yield on investments not held by fiscal agents was 2.90%. Investment income includes appreciation (decline) in the fair value of investments. The decline in fair value during the current year, however, does not necessarily represent a trend that will continue, nor are such amounts always realized, especially in the case of temporary changes in the fair value of investments that the City plans to hold to maturity.

Risk management

The City of Alameda uses a program of self-insurance to reduce its workers' compensation and liability claim costs. The City employs a risk manager and staff, supplemented by professional claims administration firms, to minimize losses. The City participates in two multi-agency joint powers authorities to provide excess insurance coverage; one for liability coverage and one for workers' compensation coverage. The joint powers authorities and the City rely on estimates prepared by professional actuaries to set aside funds adequate to meet potential losses. Excess coverage provided by the joint powers authorities cover claims in excess of \$500,000 for general liability claims and claims in excess of \$250,000 for workers' compensation claims. Additional information on the City's risk management activity can be found in Note 6 of the notes to the financial statements.

Pension and other post-employment benefits

The City provides pension and medical benefits for its public safety and non-safety employees through two contracts with CalPERS. The contracts include benefit levels which the City has negotiated with its employee units and for which it has executed contract amendments with CalPERS. The plans also include some benefit levels approved by the State Legislature without contract amendments and funding mechanisms approved by the CalPERS Board of Administration. The City's contracts are not part of a larger pool and the City is responsible for making contributions needed to fund benefits when employee contributions are not adequate. In the past, City contributions have ranged from 0% to 34% of qualifying payroll costs. Portfolio losses in prior years resulted in increased rates in 2004/05.

Safety employees have been covered by PERS since December 1990. Prior to that date, the City provided the following retirement plans for police and fire retirees:

Plan 1079: This is a single employer defined benefit pension plan for police and fire department employees entering service prior to January 1, 1953. On June 30, 2005, there were 53 remaining plan participants and all are retired employees or their beneficiaries.

Plan 1082: This is also a single employer defined benefit pension plan covering police and fire department employees entering service after January 1, 1953. There are now only 2 remaining participants in the plan, as all active participants transferred to the PERS plan.

The City provides an alternative retirement program for its part time employees through the Public Agency Retirement System (PARS).

The City of Alameda also provides postretirement benefits for certain retirees based on the provisions of labor agreements in effect at the date of the employees' retirement. Coverage for healthcare is provided through Public Employees Medical Health Care Act (PEMHCA). For miscellaneous employees, the City pays the PEMHCA minimum premium only for healthcare benefits. For Safety employees, the City pays the full PEMHCA premium for retiree and spouse healthcare benefits, and the full cost for retiree and spouse dental benefits. More detailed description of plan benefits is provided in Footnote 9. At the end of 2004/05, there were approximately 250 retired employees eligible to receive these benefits, which are financed on a pay-as-you go basis. Generally accepted accounting principles do not currently require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. However, new accounting and reporting standards governing these benefits have been issued and the City has conducted an actuarial study of these post-employment benefits in order to quantify costs and liabilities.

Additional information on the City of Alameda's pension arrangements and post-employment benefits can be found in Note 9 in the notes to the financial statements.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This was the 15th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and legal requirements.

Honorable Mayor, Members of the City Council and
Citizens of the City of Alameda, California

December 6, 2005

A Certificate of Achievement is valid for one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and many others throughout the organization. We would like to express our appreciation to all the members of the many departments who assisted and contributed to the preparation of this report. We also want to thank the partners and staff of our auditors for their assistance and support during the preparation of the Annual Report.

Respectfully submitted,


Juelle-Ann Boyer
Chief Financial Officer

JAB:dl

PRINCIPAL OFFICERS

CITY OF ALAMEDA

JUNE 30, 2005

CITY COUNCIL

| | |
|---------------|-----------------|
| Mayor | Beverly Johnson |
| Vice Mayor | Marie Gilmore |
| Councilmember | Tony Daysog |
| Councilmember | Frank Matarrese |
| Councilmember | Doug deHaan |

COUNCIL APPOINTEES

| | |
|---------------------|-------------------|
| Acting City Manager | William C. Norton |
| City Attorney | Carol A. Korade |
| City Clerk | Lara Weisiger |

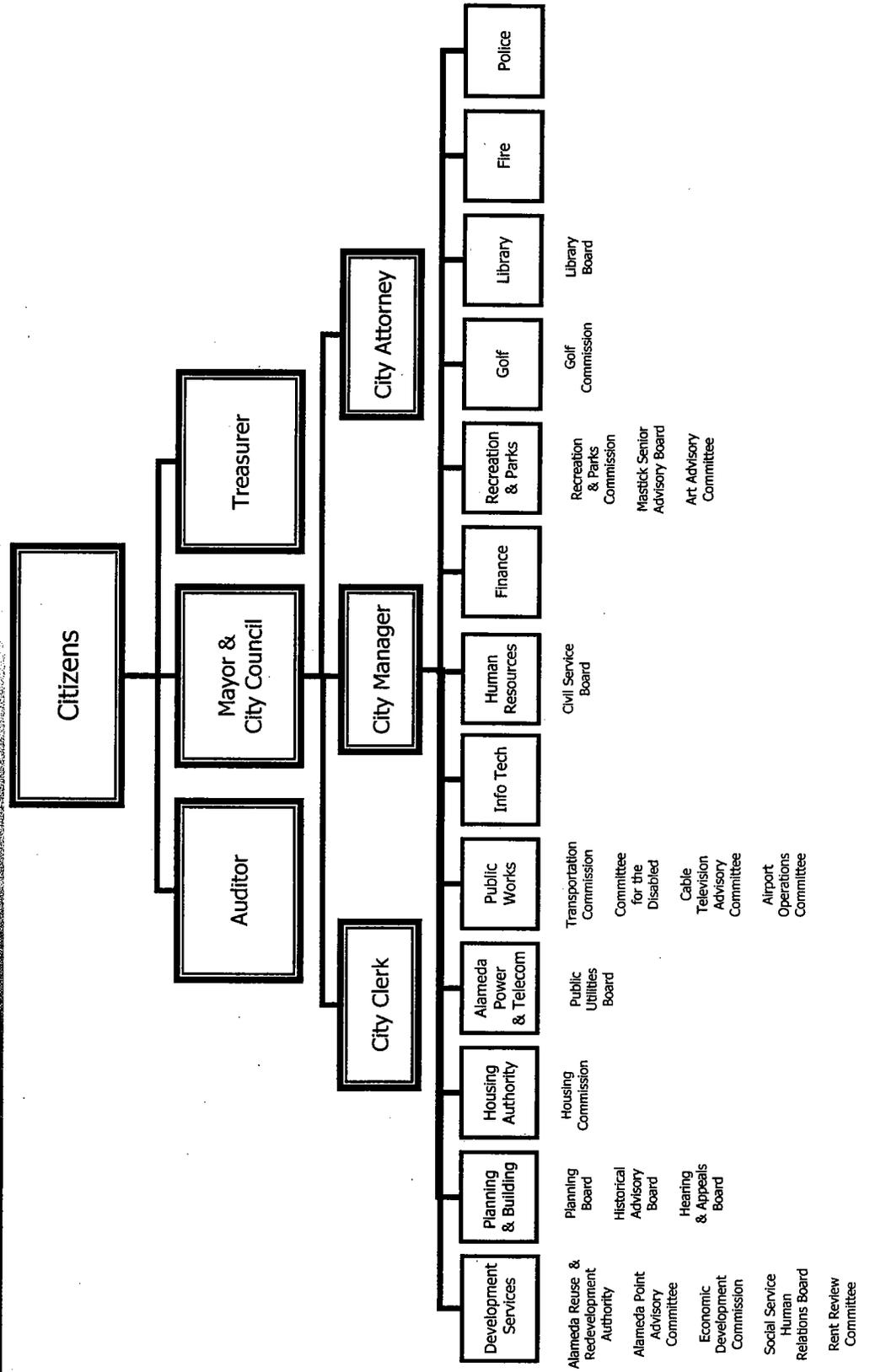
ELECTED OFFICIALS

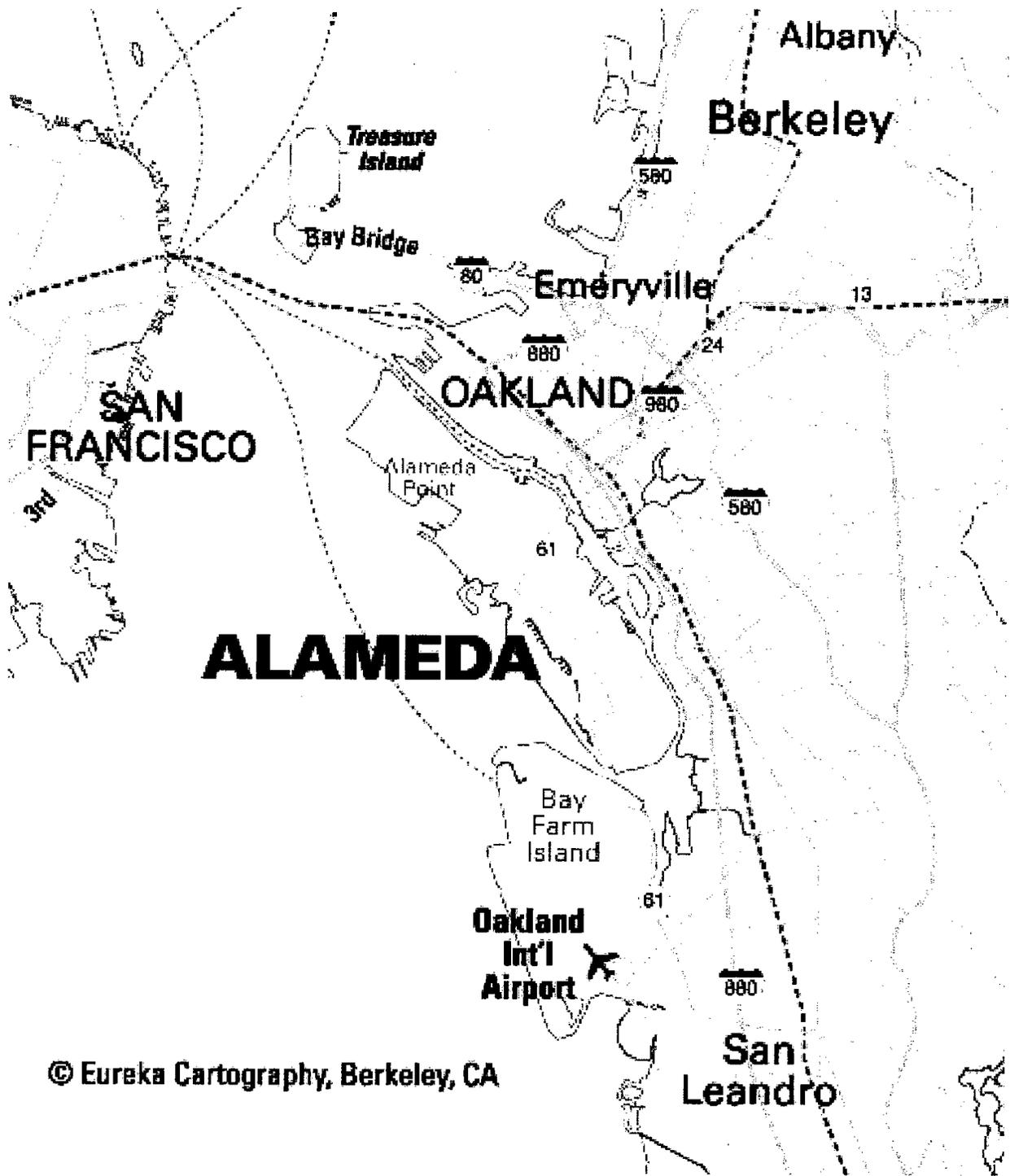
| | |
|-----------|------------------|
| Auditor | Kevin R. Kearney |
| Treasurer | Kevin Kennedy |

APPOINTED OFFICIALS

| | |
|--|---------------------|
| Assistant City Manager | Paul Benoit |
| Chief of Police | Burnham Matthews |
| Chief Financial Officer | Juelle-Ann Boyer |
| Fire Chief | James Christiansen |
| Human Resources | Karen Willis |
| Library Director | Susan Hardie |
| Planning Director | Vacant |
| Public Works Director | Matthew T. Naclerio |
| Acting Recreation/Parks Director | Dale Lillard |
| General Manager, Alameda Power and Telecom | Valerie Fong |
| Housing Authority Executive Director | Michael T. Pucci |
| Development Service Director | Leslie Little |
| General Manager – Golf Complex | Dana Banke |
| Information Technology Director | Michelle Gitmed |

City of Alameda Organizational Chart





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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alameda,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financing Reporting to the City of Alameda for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the fifteenth consecutive year that the government has achieved this prestigious award. 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 of Achievement 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 the GFOA to determine its eligibility for another certificate.

California Society of Municipal Finance Officers

Certificate of Award

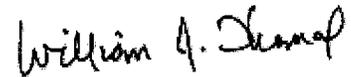
Outstanding Financial Reporting 2003-04

Presented to the

City of Alameda

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2005



Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



The California Society of Municipal Finance Officers (CSMFO) presented a Certificate of Award for Outstanding Financial Reporting to the City of Alameda for its comprehensive annual financial report for the fiscal year ended June 30, 2004.

The Certificate is valid for one year only. We believe our current report continues to conform to the program requirements and we are submitting it to CSMFO.



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Council, and City Auditor
City of Alameda, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Alameda, California as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component unit financial statements of the Housing Authority of the City of Alameda, California, which represent 6% and 12% of the assets and revenues of the reporting entity and 7% and 8% of capital assets and long-term obligations, respectively. These component unit financial statements were audited by other auditors, whose report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of these other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alameda, California at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Alameda. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents were not audited by us and we do not express an opinion on this information.



October 14, 2005

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**CITY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

This part of the City of Alameda's annual financial report presents management's discussion and analysis of the City's financial activities and performance for the fiscal year ended June 30, 2005. The information presented here should be considered in conjunction with additional information presented in the transmittal letter in the Introductory Section at the front of this report, and the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the City of Alameda exceeded its liabilities at the close of the 2004/05 fiscal year by \$262,611,897 (net assets). Of this amount, \$(21,313,825) is unrestricted and represents liabilities to be paid by future revenues.
- The City's total net assets increased by \$10,156,055 as a result of actions taken by the City Council to engage in economic development and the City Manager to control spending.
- As of June 30, 2005, the City's governmental funds reported combined ending fund balances of \$107,576,158. Approximately 30.5% of this total amount is reserved to indicate that it is not available for new spending because it has already been committed. The remaining amount constitutes unreserved fund balance that is available for spending, and has been designated for a variety of specific future uses.
- At the end of the 2004/05 fiscal year, unreserved fund balance for the General Fund was \$16,048,586. The full amount was designated by City Council policy for costs associated with economic uncertainties.

The City's total capital debt decreased by \$648,989 net of debt repaid during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Alameda's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information including combining statements in addition to basic financial statements themselves.

The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the City, reporting the operations in more detail than the government-wide statements.

- Governmental funds statements tell how general government services were financed.
- Proprietary funds statements relate the short-and long-term information about activities the government operates as a business, such as the golf complex and the sanitary sewer system.
- Fiduciary funds statements provide information about the financial relationships in which the City acts as a trustee or agent to benefit others.

Finally, the financial statements also include notes that explain more of the information in the financial statements and provide more detailed data. The required supplementary information and conforming statements also further explain and support the information in the financial statements.

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation and other compensated leave).

In the government-wide financial statements, the City's activities are reported in three categories:

- Governmental Activities – including most of the City's services such as public safety, public works and recreation and parks. Property and other taxes, and state subventions finance most of these activities.
- Business-type activities – the City charges fees to customers for use of the golf complex, the sewer system and the ferry service.
- Discretely Presented Component Units – The Housing Authority and Alameda Power and Telecom are legally separate reporting entities but are important because the City is financially accountable for them.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Alameda, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. All of the funds of the City of Alameda can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist the reader with this comparison between governmental funds and governmental activities.

The City of Alameda maintains fifty-nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental

fund statement of revenues, expenditures, and changes in fund balances for the following funds that are considered to be major funds:

- General Fund
- Alameda Reuse and Redevelopment Authority
- HOME Repayment
- West End Community Improvement Project Area
- Capital Improvement Projects
- Business Waterfront Improvement Project Area
- Alameda Point Improvement Project Area
- FISC Lease Revenue

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided as required supplementary information to demonstrate compliance with the budget.

Proprietary funds. The major proprietary funds the City uses are Ferry Services, Golf Course and Sewer Services. These are used to account for operations financed and operated in a manner similar to a private business.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The only fiduciary funds the City has are agency funds. The accounting used for these funds is much like that used for governmental funds. These funds are reported in a separate statement of fiduciary net assets.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This information includes budgetary comparison schedules.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately preceding the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Alameda, assets exceeded liabilities by \$262,611,897 at the close of the 2004/05 fiscal year. In comparison, last year assets exceeded liabilities by \$252,555,842. Information about net assets is presented in the summary table below:

| SUMMARY OF NET ASSETS | | | |
|--|-------------------------|-------------------------|------------------------------------|
| June 30, 2005 and 2004 | | | |
| (dollars in thousands) | | | |
| | <u>2005</u> | <u>2004</u> | <u>Percentage</u> <u>Change</u> |
| Cash and investments | \$111,313 | \$121,040 | (8.7) |
| Other assets | 23,239 | 17,340 | 34.0 |
| Capital assets | <u>207,856</u> | <u>199,280</u> | 4.1 |
| Total assets | 342,408 | 337,660 | 1.4 |
| Long-term debt outstanding | 113,601 | 115,110 | (1.3) |
| Other liabilities | <u>28,204</u> | <u>27,080</u> | 3.6 |
| Total liabilities | 141,805 | 142,190 | (0.3) |
| Net assets: | | | |
| Invested in capital assets, net of debt | 124,742 | 132,620 | (5.9) |
| Restricted | 116,647 | 144,670 | (19.3) |
| Unrestricted | <u>(40,785)</u> | <u>(81,820)</u> | (100.0) |
| Total net assets | <u>\$200,604</u> | <u>\$195,470</u> | 2.7 |

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005

By far, the largest portion of the City's net assets (60.7%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. The amount decreased this year as a result of less debt principal payments than capital assets additions.

The amount of net assets invested in capital assets, net of related debt, is reported as a distinct component of net assets because this amount is not available for future spending. In addition, although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets represents resources that are subject to restrictions on how they may be used. This amount decreased this year because capital project work in progress decreased during the year.

Current liabilities remained virtually unchanged.

The City's total net assets increased by \$5.2 million or 2.7 percent.

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005

**SUMMARY OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004
(dollars in thousands)**

| | <u>2005</u> | <u>2004</u> | <u>Percentage Change</u> |
|---|-------------------------|-------------------------|------------------------------|
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$28,831 | \$28,290 | 1.9 |
| Operating grants & contributions | 8,171 | 10,400 | (21.4) |
| Capital grants and contributions | <u>10,947</u> | <u>8,720</u> | 25.5 |
| Total Program Revenues | \$47,949 | \$47,410 | 1.1 |
| General revenues: | | | |
| Property tax | \$19,007 | \$17,770 | 7.0 |
| Incremental property tax | 8,957 | 8,000 | 11.9 |
| Special assessments | 895 | 2,520 | (64.5) |
| Sales tax | 4,756 | 5,550 | (14.3) |
| Other taxes | 18,780 | 15,660 | 19.9 |
| Motor vehicle in lieu | 5,084 | 3,440 | 47.8 |
| Investment earnings | 2,898 | 870 | 233.1 |
| Gain from disposal of capital assets | 0 | 1,310 | (100.0) |
| Miscellaneous | 3,436 | 30 | 11,353.3 |
| Transfers | <u>293</u> | <u>12,300</u> | (97.6) |
| Total general revenue & transfers | 64,106 | 67,450 | (4.9) |
| Total revenues | \$112,055 | \$114,860 | (2.4) |
| Program expenses: | | | |
| General government | \$15,395 | \$11,890 | 29.5 |
| Police services | 22,074 | 22,500 | (1.9) |
| Fire services | 19,667 | 18,650 | 5.5 |
| Public Works | 13,990 | 12,260 | 14.1 |
| Development Service | 17,920 | 18,220 | (1.6) |
| Culture and Recreation | 6,759 | 8,620 | (21.6) |
| Housing and community services | 4,688 | 5,060 | (7.4) |
| Interest on long-term, debt | <u>6,429</u> | <u>9,770</u> | (34.2) |
| Total expenses | \$106,922 | \$106,970 | (0.1) |
| Change in net assets | 5,133 | 7,890 | (34.9) |
| Net assets, beginning of year | 195,471 | 187,581 | 4.2 |
| Net assets, end of year | <u>\$200,604</u> | <u>\$195,471</u> | 2.7 |

City of Alameda, California
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2005

Net assets increased this fiscal year due to the significant increase in investment earnings, motor vehicle fees and miscellaneous revenues over the prior year as well as the reduction in expenditures as compared to the prior year.

**TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2005 AND 2004
 (dollars in thousands)**

| | <u>Total Cost of Services</u> | | | <u>Net Cost of Services</u> | | |
|----------------------------|-------------------------------|-------------------------|---------------------------|-----------------------------|------------------------|---------------------------|
| | <u>2005</u> | <u>2004</u> | <u>%</u> <u>Change</u> | <u>2005</u> | <u>2004</u> | <u>%</u> <u>Change</u> |
| General Government | \$15,395 | \$11,892 | 29.5 | \$2,095 | \$(1,399) | 249.7 |
| Police | 22,074 | 22,502 | (1.9) | 21,239 | 21,708 | (2.2) |
| Fire | 19,667 | 18,648 | 5.5 | 19,334 | 18,247 | 5.6 |
| Public Works | 13,990 | 12,263 | 14.1 | 1,926 | 1,106 | 74.1 |
| Development Services | 17,920 | 18,216 | (2.2) | 1,905 | 148 | 1187.2 |
| Culture and Recreation | 6,759 | 8,625 | (21.6) | 3,835 | 6,908 | (44.5) |
| Housing/Community Svcs. | 4,688 | 5,059 | (7.3) | 2,211 | 3,079 | (28.2) |
| Interest on Long-term Debt | <u>6,429</u> | <u>9,768</u> | <u>(34.2)</u> | <u>6,429</u> | <u>9,768</u> | <u>(34.2)</u> |
| Total | <u>\$106,922</u> | <u>\$106,873</u> | <u>(0.1)</u> | <u>\$58,974</u> | <u>\$59,565</u> | <u>(1.0)</u> |

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Alameda's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2004/05, the City's governmental funds reported combined ending fund balances of \$107,576,158, a decrease from the prior year. Approximately 30.5% of this total amount is reserved to indicate that it is not available for new spending because it has already been committed either to liquidate contracts and purchase orders of the prior period or to pay debt service. Approximately 17% of this amount is unreserved but designated for specific future uses.

The following are the major funds that either qualified under the reporting criteria or were considered to be important to financial statement users:

General Fund – The General Fund is the chief operating fund of the City of Alameda. At the end of 2003/04, the total fund balance was \$18,716,707, of which \$12,665,623 was unreserved. At the end of 2004/05, the total fund balance was \$22,113,795, of which \$16,048,586 was unreserved. This full amount was designated by City Council policy for use for economic uncertainties. This policy was adopted by the City Council in December 1989.

The fund balance of the City's General Fund increased during the 2004/05 fiscal year. A key factor in this increase was containing expenditures below revenues in order to produce a positive net change. This was accomplished after significant reduction to capital projects and maintenance efforts.

A major reporting difference this year is the categorization of the transfer from Alameda Power & Telecom to the General Fund as Revenue from other agencies rather than as transfer in as had been reported in prior years.

Redevelopment – The Community Improvement Commission is responsible for removing barriers to economic development caused by inadequate transportation infrastructure, and for encouraging development in underperforming historic commercial districts in the City. The Department's operations and capital projects are funded primarily by annual property tax increment revenue of approximately \$9.75 million and the proceeds of \$46.9 million in debt issued in 2003, to be repaid out of the property tax increment revenue generated by increases in property assessed values in the redevelopment project areas. The Department started paying principal on this debt in March 2005.

Out of the \$32.8 million fund balance, \$1.9 million is designated for low- and moderate-income housing and other redevelopment purposes.

Other Governmental Funds – Of the \$38.4 million fund balance, \$23.1 is reserved. A significant portion of these funds is designated for capital projects. More information about these aggregated nonmajor funds can be found in the combining statements immediately following the required supplementary information.

GENERAL FUND BUDGETARY HIGHLIGHTS

A summary of the budgetary comparison schedule for the General Fund, located in the required supplementary information following the notes to the financial statements, is as follows:

SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2005 (dollars in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance from Final Budget</u> |
|---|----------------------------|-------------------------|------------------------|---------------------------------------|
| Beginning fund balance, July 1, 2004 | \$18,717 | \$18,717 | \$18,717 | \$ -0- |
| Resources: | | | | |
| Revenues | 60,050 | 62,348 | 61,562 | 786 |
| Transfers in | 7,458 | 6,082 | 5,307 | 775 |
| Total amount available For appropriation | 86,225 | 87,147 | 85,586 | 1,561 |
| Charges to appropriations: | | | | |
| Expenditures | 64,197 | 62,209 | 60,416 | 1,793 |
| Transfers out | 6,412 | 4,187 | 3,056 | 1,131 |
| Total charges to appropriations | 70,609 | 66,396 | 63,472 | 2,924 |
| Resources over (under) charges to appropriations | (3,101) | 2,034 | 3,397 | 1,363 |
| Ending fund balance, June 30, 2005 | <u>\$15,616</u> | <u>\$20,751</u> | <u>\$22,114</u> | <u>\$1,363</u> |

Differences between the original budget and the final amended budget are due primarily to revenue estimates growing during the year as State "take-aways" and subventions were clarified and expenditure reductions were implemented by the City Manager to avoid use of fund balance.

City of Alameda, California
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2005

Business-type activities

Proprietary Funds

**SUMMARY OF BUSINESS-TYPE NET ASSETS
 JUNE 30, 2005 AND 2004
 (dollars in thousands)**

| | <u>2005</u> | <u>2004</u> | <u>Percentage Change</u> |
|--|------------------------|------------------------|------------------------------|
| Cash and investments | \$20,002 | \$17,684 | 13.1 |
| Other current assets | 1,533 | 1,570 | (2.4) |
| Capital assets | <u>51,623</u> | <u>47,824</u> | 7.9 |
| Total assets | \$73,158 | \$67,078 | 9.1 |
| Long-term debt outstanding | \$10,192 | 9,312 | 9.5 |
| Other liabilities | <u>958</u> | <u>682</u> | 40.5 |
| Total liabilities | \$11,150 | \$9,994 | 11.6 |
| Net assets: | | | |
| Invested in capital assets, Net of debt | \$41,430 | \$38,512 | 7.6 |
| Restricted for debt service | 1,107 | 1,084 | 2.1 |
| Unrestricted | <u>19,471</u> | <u>17,488</u> | 11.3 |
| Total net assets | <u>\$62,008</u> | <u>\$57,084</u> | 8.6 |

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005

**SUMMARY OF CHANGES IN BUSINESS-TYPE NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005 AND 2004
(dollars in thousands)**

| | <u>2005</u> | <u>2004</u> | <u>Percentage Change</u> |
|--|------------------------|------------------------|------------------------------|
| Revenue: | | | |
| Program revenues: | | | |
| Ferry | \$2,024 | \$1,880 | 7.7 |
| Golf Course | 4,260 | 4,730 | (9.9) |
| Sewer | <u>10,016</u> | <u>5,180</u> | 93.4 |
| Total Program Revenue | \$16,300 | \$11,790 | 38.3 |
| General revenues: | | | |
| Use of money and Property | \$486 | 280 | 73.6 |
| Miscellaneous | 2 | 70 | (97.1) |
| Transfers | (293) | (12,300) | (97.6) |
| Total General Revenue and Transfers | 195 | (11,950) | 101.6 |
| Total Revenue | \$16,495 | \$ (160) | 10,409.4 |
| Expense | | | |
| Ferry | \$3,539 | \$3,440 | 2.9 |
| Golf Course | 4,400 | 4,340 | 1.4 |
| Sewer | 3,633 | 3,920 | (7.3) |
| Total Expense | \$11,572 | \$11,700 | (1.9) |
| Change in Net Assets | \$ 4,923 | \$(11,860) | 141.5 |
| Net assets, beginning of year | \$57,085 | \$68,949 | (17.2) |
| Net assets, end of year | <u>\$62,008</u> | <u>\$57,085</u> | 8.6 |

Ferry Services

Net assets of the Ferry Services Fund at June 30, 2005, were \$9,820,402 consisting primarily of capital assets of \$9,764,227. The Ferry Service does not generate operating income as it is supported by grants and contributions totaling \$2,023,955 for the year, plus transfers in totaling \$593,549. Operating expenses, including depreciation of \$422,097, totaled \$3,539,277.

City of Alameda, California
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005

Golf Course

Net assets of the Golf Course Fund at June 30, 2005, were \$7,664,761 consisting primarily of capital assets net of related debt of \$4,150,877; the remaining \$3,513,884 was available to fund operations. The Golf Course generates \$4,259,968 in operating income primarily from user fees. Operating expenses totaled \$4,378,087 including depreciation. The Fund also transferred out \$547,773 to the General Fund and Internal Service Funds for services provided.

Sewer Services

Net assets of the Sewer Service Fund at June 30, 2005 were \$44,522,890 consisting primarily of net assets invested in capital assets net of related debt of \$27,515,144. \$1,106,890 was restricted for debt service. The remaining \$15,900,856 was available to fund operations.

The Sewer Services fund generated an operating gain of \$2,211,491 for the year. Due to operating income of \$5,358,572 exceeding operating expenses of 3,147,081. Contributions of grants and contributions increased net assets by \$4.7 million. The fund also transferred out \$389,627 to the General Fund and Internal Service Funds for services provided.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Following is a summary of the City of Alameda's capital assets at June 30, 2005 and 2004:

**SUMMARY OF CAPITAL ASSETS
JUNE 30, 2005 AND 2004
(dollars in thousands)**

| | <u>2005</u> | <u>2004</u> | <u>Percentage Change</u> |
|----------------------------------|-------------------------|-------------------------|------------------------------|
| Governmental activities | | | |
| Land | \$4,921 | \$4,111 | 19.7 |
| Construction in progress | 24,246 | 12,341 | 96.0 |
| Buildings and improvements | 193,739 | 191,519 | 1.2 |
| Equipment | 24,147 | 23,775 | 1.6 |
| Streets | 69,229 | 73,190 | (5.4) |
| Landscape | 19,749 | 19,749 | 0.0 |
| Storm drain | 18,184 | 18,152 | 0.2 |
| Potable water | 1,491 | 1,491 | 0.0 |
| Parks | 4,092 | 3,588 | 14.0 |
| Marina facilities | 24,285 | 24,285 | 0.0 |
| Less accumulated depreciation | <u>(176,227)</u> | <u>(172,925)</u> | 1.9 |
| Total | <u>\$207,856</u> | <u>\$199,278</u> | 4.3 |
| Business-type activities: | | | |
| Land | \$ 177 | \$ 177 | 0.0 |
| Construction in progress | 16 | 3 | 433.3 |
| Buildings | 930 | 914 | 1.7 |
| Sewer lines | 56,793 | 51,815 | 9.6 |
| Streets | 188 | 188 | 0.0 |
| Storm drains | 314 | 314 | 0.0 |
| Golf improvements | 4,255 | 4,255 | 0.0 |
| Ferry boats | 12,758 | 12,631 | 1.0 |
| Equipment and furniture | 2,812 | 2,675 | 5.1 |
| Less accumulated depreciation | <u>(26,621)</u> | <u>(25,148)</u> | 5.8 |
| Total | <u>\$51,622</u> | <u>\$47,824</u> | 7.9 |

Additional information about the City's capital assets can be found in Note 5, following the basic financial statements

Long-term Debt

At the end of 2004/05, the City had \$123,774,540 in bonds and notes outstanding. Of this amount, \$69,225,000 is tax increment notes issued for redevelopment purposes, \$16,605,000 is certificates of participation and \$10,455,000 is general obligation bonds. Following is a summary schedule of outstanding debt. For detailed information please see Note 6.

SUMMARY OF LONG-TERM DEBT JUNE 30, 2005 (dollars in thousands)

| | <u>Balance July 1, 2004</u> | <u>Incurred or Issued</u> | <u>Satisfied or Matured</u> | <u>Balance June 30, 2005</u> |
|--|---------------------------------|-------------------------------|---------------------------------|----------------------------------|
| Total Certificates of Participation | \$17,230 | \$ -0- | \$ 625 | \$ 16,605 |
| Total Governmental Debt Activity | 97,881 | 100 | 1,004 | 96,977 |
| Total Other Business Activity | <u>9,313</u> | <u>1,530</u> | <u>650</u> | <u>10,193</u> |
| Total | <u>\$124,424</u> | <u>\$1,630</u> | <u>\$2,279</u> | <u>\$123,775</u> |

SUMMARY OF OUTSTANDING DEBT JUNE 30, 2005 AND 2004 (dollars in thousands)

| | <u>2005</u> | <u>2004</u> | <u>Percentage Change</u> |
|-------------------------------------|-------------------------|-------------------------|------------------------------|
| Governmental activities: | | | |
| Certificates of Participation | \$16,605 | \$17,200 | (3.5) |
| Revenue Bonds | 15,225 | 15,300 | (0.5) |
| Tax Allocation Bonds | 69,225 | 69,800 | (0.8) |
| General Obligation bonds | 10,455 | 10,600 | (1.5) |
| Installment Purchase Obligations | <u>2,072</u> | <u>2,200</u> | (5.8) |
| Total | <u>\$113,582</u> | <u>\$115,100</u> | (1.3) |
| Business-type activities: | | | |
| Sewer Certificates of Participation | \$4,010 | \$4,200 | (4.5) |
| State Loans | 5,835 | 4,700 | 24.1 |
| Installment Purchase Obligations | <u>348</u> | <u>400</u> | (13.0) |
| Total | <u>\$ 10,193</u> | <u>\$ 9,300</u> | 9.6 |

As of June 30, 2005, the three largest outstanding debt obligations were:
 2003 Tax Allocation Bond (\$46.6 million)
 2003 Tax Allocation Refunding Bonds (\$18.5 million)
 2003 Alameda Reuse and Redevelopment Authority Demand Revenue Bonds (\$13.4 million)

SPECIAL ASSESSMENT DISTRICT DEBT

The following special assessment districts had debt outstanding of \$60.4 million as of June 30, 2005, but for which the City has no liability.

- Pargon Gateway Community Facilities District #2
- Harbor Bay Community Facilities District #1-1996
- Harbor Bay Business Park 1998 Refunding Improvement Bonds
- Marina Village Assessment District Bond Refinancing (Alameda Public Finance Authority 1999 Revenue Bonds)

Maintaining the Condition of the City's Infrastructure

Alameda uses historical cost less depreciation to report its roads and highways in the government-wide statement of net assets. Note 5 to the financial statements contains detailed information about all of the City's capital assets. Roads and highways are listed at their historical cost and they are depreciated.

The City of Alameda reports all of its capital assets in Note 5 to the financial statements. Each of these is reported at historical cost less any accumulated depreciation. The City of Alameda reports the condition of its streets and its efforts to maintain and preserve them as another method of communicating their status. This information is summarized below.

| Excellent | Very Good | Good | Poor | Very Poor |
|-------------|-------------|-------------|-------------|-----------|
| 47.53 miles | 21.28 miles | 51.43 miles | 13.33 miles | .89 miles |
| 35.35% | 15.83% | 38.25% | 9.91% | .66% |

The Metropolitan Transportation Commission (MTC) uses "Very Good" as the target rating for Bay Area Cities. Slightly more than 50% of the City of Alameda's streets are rated in that category or above. According to MTC the City's overall pavement system is rated 68 or Good, which ranks it slightly above the Bay Area average.

In order to maintain the Good ranking, the City should invest \$2.75 million annually for street resurfacing and preventative maintenance. Historically, we have been investing \$350,000 to \$500,000 for resurfacing on an annual basis. Additional resources need to

be developed in order to increase the annual investment in street resurfacing and preventative maintenance.

FACTORS BEARING ON THE CITY'S FUTURE

At the time these financial statements were prepared and audited, the City was aware of the following existing circumstances that could significantly affect its financial health in the future:

- At the end of fiscal year 2005, there are salary increase agreements in place with 3 major employee associations. These labor agreements provide for 2.5 percent to 5 percent annual increases resulting in increases to the City's costs of \$2.3 million over the next three fiscal years.
- Contract negotiations are in progress or will begin in January 2006 with two remaining employee associations. The outcomes of these negotiations are not known.
- The City offers post-employment health benefits to its retirees. The type and value of this benefit is bargained benefit. Miscellaneous employees receive the minimum payment required by the PEMCHA (Public Employees Medical Coverage Health Agreement) whereas the Safety employees receive the full cost of the PEMCHA provided health insurance and Dental insurance for themselves and their spouse. In January 2005, the City had prepared an actuarial study of these benefits and their future costs. Based on a 4 percent return and a 30 year period, the actuarial accrued liability is \$70 million.
- Alameda Point and its final conveyance from the Navy to the City and the execution of the sale to the master developer will have an impact on the future economic development of the City. The timing of the development process as compared to regular business cycles may have great importance.

Economic Factors and Next Year's Budgets and Rates

- GDP (Gross Domestic Product) is expected to average 4 percent during 2005
- The CPI (Consumer Price Index) is expected to remain around 3 percent for 2005.
- Disposable income increased by 2.5 percent in 2003.
- ABAG predicts that household income should increase about 1.4 percent
- The Unemployment rate was 4.5 percent, which is significantly below the State's rate of 5.4 percent and the national rate of 5.1 percent.
- Homes have continued to sell at their fastest pace in four years. The median price of a home increased 18.8 percent.

These indicators were taken into account when adopting the general fund budget for fiscal year 2005/2006. Revenues and other resources in the general fund are projected to be \$69.4 million, an increase of 4.2 percent over 2005. One quarter of revenues are estimated to come from Property Taxes. They are estimated to increase by 14.6 percent over the prior year's estimate.

In response to the uncertainty that the City faces, the City's focus will be on preserving basic services and sustaining maintenance of infrastructure and public facilities. Prudent budgeting and reserve policies have enabled the City to manage through this period of changing economics. However, despite seeing the first signs of economic recovery in three years at the end of 2004/05, the City faces resource shortfalls in future budgets. Cost containment and economic development have helped with the resource problem, but new resources will be needed to continue current service levels and restore essential public safety and maintenance services.

REQUEST FOR INFORMATION

This comprehensive Annual Financial Report is designed to provide a general overview of the City of Alameda's finances for all those with an interest in the City's finances. For the convenience of the public, a copy of this report is posted on the City's website (www.ci.alameda.ca.us). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Chief Financial Officer, Juelle-Ann Boyer, at 2263 Santa Clara Avenue, Room 220, Alameda, California, 94501.

CITY OF ALAMEDA, CALIFORNIA

**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City. This column is followed by two individual columns, which display each discretely presented component unit.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities, Business-type Activities, or discretely presented Component Unit column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the blended component units; Community Improvement Commission of the City of Alameda, the Alameda Public Financing Authority, the City of Alameda Police and Fire Retirement System Pension Plans 1079 and 1082 and the Alameda Reuse and Redevelopment Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities. The balances and the activities of the discretely presented component units of the City of Alameda Power and Telecom and the Housing Authority of the City of Alameda are included in these statements as separate columns.

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CITY OF ALAMEDA
STATEMENT OF NET ASSETS
JUNE 30, 2005

| | Primary Government | | | Component Units | |
|---|----------------------------|-----------------------------|----------------------|----------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | Housing Authority | Power & Telecom |
| ASSETS | | | | | |
| Cash and cash equivalents (Note 2) | \$57,649,836 | \$18,895,072 | \$76,544,908 | \$4,967,939 | \$12,388,895 |
| Restricted cash and investments (Note 2) | 53,663,077 | 1,106,890 | 54,769,967 | 2,419,898 | 37,084,571 |
| Accounts receivable | 6,292,133 | 251,717 | 6,543,850 | 134,629 | 3,508,209 |
| Interest receivable | 702,792 | | 702,792 | | 79,162 |
| Internal balances (Note 3) | (158,668) | 158,668 | | | |
| Due from other governments | 3,722,264 | 428,901 | 4,151,165 | 77,077 | |
| Loans receivable (Note 4) | 10,951,935 | | 10,951,935 | 243,109 | 406,724 |
| Materials, parts and supplies | | 75,438 | 75,438 | 6,198 | 3,850,988 |
| Prepays, deposits and bond discounts | 1,728,964 | 618,766 | 2,347,730 | 64,067 | 2,201,832 |
| Share of certain NCPA projects and reserve (Note 1) | | | | | 13,213,781 |
| Capital assets (Note 5): | | | | | |
| Non - Depreciable | 29,167,372 | 193,396 | 29,360,768 | 7,746,432 | 21,668,309 |
| Depreciable, net of accumulated depreciation | 178,688,725 | 51,429,430 | 230,118,155 | 18,086,322 | 62,204,951 |
| Management fee buyout (Note 6) | | | | | 6,468,000 |
| Total Assets | 342,408,430 | 73,158,278 | 415,566,708 | 33,745,671 | 163,075,422 |
| LIABILITIES | | | | | |
| Accounts payable | 7,374,700 | 467,335 | 7,842,035 | 1,596,092 | 6,065,156 |
| Accrued payroll | 3,272,151 | 34,574 | 3,306,725 | 212,616 | |
| Interest payable | 1,895,302 | 150,309 | 2,045,611 | | 1,160,356 |
| Claims payable (Note 10) | 6,841,365 | | 6,841,365 | | |
| Deferred revenue | 1,399,017 | 143,783 | 1,542,800 | | |
| Refundable deposits | 1,189,933 | 25 | 1,189,958 | 329,488 | 400,006 |
| Due to other agencies | 100,023 | | 100,023 | | |
| Loans payable | 1,320,822 | | 1,320,822 | | 2,200,000 |
| Compensated absences (Note 1) | | | | | |
| Current | | 161,621 | 161,621 | 76,596 | 545,360 |
| Long - term | 4,739,351 | | 4,739,351 | 73,369 | |
| Net pension obligation (Note 9) | 71,000 | | 71,000 | | |
| Long-term debt (Note 6) | | | | | |
| Due within one year | 1,804,709 | 657,450 | 2,462,159 | 266,369 | 1,223,115 |
| Due in more than one year | 111,796,213 | 9,535,128 | 121,331,341 | 17,366,114 | 77,121,885 |
| Purchased power balancing account (Note 1) | | | | | 12,149,330 |
| Total Liabilities | 141,804,586 | 11,150,225 | 152,954,811 | 19,920,644 | 100,865,208 |
| NET ASSETS (Note 8) | | | | | |
| Invested in capital assets, net of related debt | 124,741,406 | 41,430,248 | 166,171,654 | 8,200,271 | 42,612,831 |
| Restricted for: | | | | | |
| Capital projects | 63,944,853 | | 63,944,853 | 1,652,156 | 3,631,328 |
| Debt service | 11,447,383 | 1,106,890 | 12,554,273 | | |
| Redevelopment projects | 35,975,471 | | 35,975,471 | | |
| Special revenue projects | 5,279,471 | | 5,279,471 | | |
| NCPA projects and reserve | | | | | 13,213,781 |
| Total Restricted Net Assets | 116,647,178 | 1,106,890 | 117,754,068 | 1,652,156 | 16,845,109 |
| Unrestricted | (40,784,740) | 19,470,915 | (21,313,825) | 3,972,600 | 2,752,274 |
| Total Net Assets | \$200,603,844 | \$62,008,053 | \$262,611,897 | \$13,825,027 | \$62,210,214 |

See accompanying notes to financial statements

CITY OF ALAMEDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$15,395,113 | \$13,294,972 | \$5,215 | |
| Police | 22,074,065 | 190,052 | 645,504 | |
| Fire | 19,667,256 | 90,640 | 235,450 | \$7,161 |
| Public works | 13,990,352 | 782,578 | 2,699,172 | 8,583,003 |
| Development services | 17,920,317 | 11,891,979 | 2,023,716 | 2,099,448 |
| Culture and recreation | 6,758,918 | 2,581,142 | 184,652 | 157,717 |
| Housing and community services | 4,687,684 | | 2,377,096 | 99,396 |
| Interest on long-term debt | 6,429,215 | | | |
| Total Governmental Activities | 106,922,920 | 28,831,363 | 8,170,805 | 10,946,725 |
| Business-type Activities: | | | | |
| Ferry services | 3,539,277 | | 2,023,955 | |
| Golf course | 4,400,252 | 4,259,968 | | |
| Sewer services | 3,632,512 | 5,356,564 | 4,659,526 | |
| Total Business-type Activities | 11,572,041 | 9,616,532 | 6,683,481 | |
| Total Primary Government | \$118,494,961 | \$38,447,895 | \$14,854,286 | \$10,946,725 |
| Component Units: | | | | |
| Housing Authority | \$25,742,559 | \$3,366,326 | \$22,357,796 | |
| Power & Telecom | 57,956,365 | 58,103,776 | | |
| Total Component Units | \$83,698,924 | \$61,470,102 | \$22,357,796 | |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes | | | | |
| Incremental property tax | | | | |
| Urban runoff special assessments | | | | |
| Sales taxes | | | | |
| Other taxes | | | | |
| Motor vehicle in-lieu, unrestricted | | | | |
| Use of money and properties | | | | |
| Gain from disposal of capital assets | | | | |
| Miscellaneous | | | | |
| Transfers (Note 3) | | | | |
| Total general revenues and transfers | | | | |
| Change in Net Assets | | | | |
| Beginning Net Assets | | | | |
| Ending Net Assets | | | | |

See accompanying notes to financial statements

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CITY OF ALAMEDA, CALIFORNIA

FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2005. Individual non-major funds may be found in the Supplemental Information section.

GENERAL FUND

The General Fund is used for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

WEST END COMMUNITY IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND

This fund accounts for the tax increment proceeds and associated redevelopment project costs for the West End Community Improvement Project.

BUSINESS WATERFRONT IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND

This fund accounts for the tax increment proceeds and associated redevelopment project costs for the Business and Waterfront Improvement Project.

ALAMEDA POINT COMMUNITY IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND

This fund accounts for the associated redevelopment project costs for the proposed Alameda Point Improvement Project.

FISC LEASE REVENUE FUND SPECIAL REVENUE FUND

This fund accounts for revenue from the Fleet Industrial Supply Center (FISC) lease and related capital improvement expenditures.

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND

This fund accounts for the lease and rental activities, as well as the general operations associated with the reuse of the Alameda Naval Base.

HOME REPAYMENT SPECIAL REVENUE FUND

This fund accounts for County disbursed HOME funds for HOME eligible activities in the City.

CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECTS FUND

This fund accounts for monies for major capital improvement projects not provided for in one of the other capital projects funds.

CITY OF ALAMEDA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

| | General | West End Community Improvement Project Area Special Revenue | Business and Waterfront Improvement Project Area Special Revenue | Alameda Point Improvement Project Area Special Revenue |
|---|---------------------|---|--|---|
| ASSETS | | | | |
| Cash and cash equivalents (Note 2) | \$15,470,894 | \$2,439,547 | \$3,797,744 | \$308,873 |
| Restricted cash and investments (Note 2) | | 29,251,282 | | |
| Accounts receivable | 3,936,223 | 264 | | |
| Interest receivable | 700,986 | | | |
| Due from other funds (Note 3) | 1,265,169 | | | |
| Advances to other funds (Note 3) | 3,658,995 | 151,147 | | |
| Due from other governments | | | | |
| Loans receivable (Note 4) | 2,380,521 | | 2,762,200 | |
| Prepays, deposits and bond discounts | 25,693 | 1,575,225 | 4,600 | |
| Total Assets | \$27,438,481 | \$33,417,465 | \$6,564,544 | \$308,873 |
| LIABILITIES | | | | |
| Accounts payable | \$490,888 | \$475,085 | \$2,674,231 | \$129,173 |
| Accrued payroll | 3,152,011 | 4,297 | 8,014 | 3,461 |
| Due to other funds (Note 3) | | | | 3,849 |
| Due to other agencies | | | | |
| Advances from other funds (Note 3) | | | | 1,410,142 |
| Deferred revenue | 1,281,536 | | 2,762,200 | |
| Refundable deposits | 400,251 | | | |
| Loans payable | | | | |
| Total Liabilities | 5,324,686 | 479,382 | 5,444,445 | 1,546,625 |
| FUND BALANCES (Note 8) | | | | |
| Fund balance | | | | |
| Reserved for: | | | | |
| Capital improvement | | | | |
| Debt service | | | | |
| Low and moderate income housing | | 497,566 | 1,139,866 | 308,414 |
| Prepays, loans receivable, and advances to other funds | 6,065,209 | 1,726,372 | 4,600 | |
| Unreserved: | | | | |
| Designated for: | | | | |
| Capital improvements | | | | |
| Athletics | | | | |
| Undesignated, Reported in: | | | | |
| General Fund | 16,048,586 | | | |
| Special Revenue Funds | | 30,714,145 | (24,367) | (1,546,166) |
| Capital Projects Funds | | | | |
| Total Fund Balances (Deficits) | 22,113,795 | 32,938,083 | 1,120,099 | (1,237,752) |
| Total Liabilities and Fund Balances | \$27,438,481 | \$33,417,465 | \$6,564,544 | \$308,873 |

See accompanying notes to financial statements

| <u>FISC Lease Revenue Special Revenue</u> | <u>Alameda Reuse and Redevelopment Authority Special Revenue</u> | <u>HOME Repayment Special Revenue</u> | <u>Capital Improvement Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|--|---|---|---|---|
| \$165,703 | \$5,674,597 | | \$4,029,252 | \$21,870,132 | \$53,756,742 |
| | | | 8,173,888 | 16,237,907 | 53,663,077 |
| 551,933 | 242,857 | \$930 | 13,280 | 1,447,403 | 6,192,890 |
| | | | | 1,806 | 702,792 |
| 1,021,674 | | | | | 2,286,843 |
| | | | | | 3,810,142 |
| | 1,500,000 | | 2,215,374 | 6,890 | 3,722,264 |
| | | 2,705,283 | | 3,103,931 | 10,951,935 |
| | | | 8,160 | 13,203 | 1,626,881 |
| <u>\$1,739,310</u> | <u>\$7,417,454</u> | <u>\$2,706,213</u> | <u>\$14,439,954</u> | <u>\$42,681,272</u> | <u>\$136,713,566</u> |
| \$813,759 | \$489,382 | \$930 | \$1,308,873 | \$598,937 | \$6,981,258 |
| 32,406 | 11,854 | | 1,298 | 52,247 | 3,265,588 |
| 667,001 | 1,021,674 | | | 452,987 | 2,145,511 |
| | 100,000 | | | 23 | 100,023 |
| 2,400,000 | 300,000 | | | | 4,110,142 |
| | | 2,705,283 | 165,394 | 3,109,718 | 10,024,131 |
| 56,835 | 484,994 | | 208,246 | 39,607 | 1,189,933 |
| 1,320,822 | | | | | 1,320,822 |
| <u>5,290,823</u> | <u>2,407,904</u> | <u>2,706,213</u> | <u>1,683,811</u> | <u>4,253,519</u> | <u>29,137,408</u> |
| | | | | 10,553,943 | 10,553,943 |
| | | | | 11,447,383 | 11,447,383 |
| | | | | 1,060,660 | 3,006,506 |
| | | | 8,160 | 12,203 | 7,816,544 |
| | | | 12,747,983 | 5,352,617 | 18,100,600 |
| | | | | 450,976 | 450,976 |
| | | | | | 16,048,586 |
| (3,551,513) | 5,009,550 | | | 4,698,606 | 35,300,255 |
| | | | | 4,851,365 | 4,851,365 |
| <u>(3,551,513)</u> | <u>5,009,550</u> | | <u>12,756,143</u> | <u>38,427,753</u> | <u>107,576,158</u> |
| <u>\$1,739,310</u> | <u>\$7,417,454</u> | <u>\$2,706,213</u> | <u>\$14,439,954</u> | <u>\$42,681,272</u> | <u>\$136,713,566</u> |

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CITY OF ALAMEDA
 Reconciliation of
 GOVERNMENTAL FUNDS -- FUND BALANCE
 with
 GOVERNMENTAL NET ASSETS
 JUNE 30, 2005

Total fund balances reported on the governmental funds balance sheet \$107,576,158

Amounts reported for Governmental Activities in the Statement of Net Assets
 are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial
 resources and therefore are not reported in the Governmental Funds. 207,856,097

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to
 charge the costs of certain activities, such as insurance, central services and maintenance
 to individual governmental funds. The net current assets of the Internal Service Funds are therefore
 included in Governmental Activities in the following line items in the Statement of Net Assets.

| | |
|----------------------|-------------|
| Cash and investments | 3,893,094 |
| Accounts receivable | 99,243 |
| Prepays and deposits | 102,083 |
| Accounts payable | (393,442) |
| Accrued payroll | (6,563) |
| Claims payable | (6,841,365) |

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available
 currently are taken into revenue in the Statement of Activities. 8,625,114

LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore
 are not reported in the Funds:

| | |
|---|---------------|
| Interest payable | (1,895,302) |
| Net pension obligation | (71,000) |
| Long-term debt | (113,600,922) |
| Non-current portion of compensated absences | (4,739,351) |

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$200,603,844

See accompanying notes to financial statements

CITY OF ALAMEDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005

| | General | West End Community Improvement Project Area Special Revenue | Business and Waterfront Improvement Project Area Special Revenue | Alameda Point Improvement Project Area Special Revenue |
|--|---------------------|---|--|---|
| REVENUES | | | | |
| Property taxes | \$16,670,121 | \$4,700,140 | \$4,173,801 | \$879,345 |
| Other local taxes | 24,120,443 | | | |
| Licenses and permits | 3,645,217 | | | |
| Revenues from other agencies | 8,175,711 | 914,204 | 611,700 | |
| Charges for current services | 6,692,342 | | | |
| Fines and forfeitures | 716,949 | | | |
| Use of money and property | 1,497,428 | 379,920 | 26,167 | 3,827 |
| Affordable housing fee | | | | |
| Other | | | | |
| Total Revenues | 61,518,211 | 5,994,264 | 4,811,668 | 883,172 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 6,499,615 | 3,850,676 | 2,513,566 | 311,510 |
| Police | 21,986,900 | | | |
| Fire | 18,898,538 | | | |
| Public works | 6,000,584 | | | |
| Development services | 2,906,538 | | | |
| Culture and recreation | 3,584,547 | | | |
| Housing and community services | | 1,160,994 | 2,193,202 | 194,313 |
| Capital outlay | 397,673 | 3,171,263 | 4,391 | 160 |
| Payment to other agencies | | | | |
| Debt service | | | | |
| Principal | 112,218 | 105,000 | | |
| Interest and fiscal charges | 29,611 | 127,745 | 2,410 | 65,827 |
| Total Expenditures | 60,416,224 | 8,415,678 | 4,713,569 | 571,810 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,101,987 | (2,421,414) | 98,099 | 311,362 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (Note 3) | 5,306,957 | | 2,112 | |
| Transfers (out) (Note 3) | (3,056,299) | (3,924,015) | (1,495,429) | (329,659) |
| Sale of capital assets | 23,443 | | | |
| Loan proceeds | 21,000 | | | |
| Total Other Financing Sources (Uses) | 2,295,101 | (3,924,015) | (1,493,317) | (329,659) |
| NET CHANGE IN FUND BALANCES | 3,397,088 | (6,345,429) | (1,395,218) | (18,297) |
| BEGINNING FUND BALANCES (DEFICITS) | 18,716,707 | 39,283,512 | 2,515,317 | (1,219,455) |
| ENDING FUND BALANCES (DEFICITS) | \$22,113,795 | \$32,938,083 | \$1,120,099 | (\$1,237,752) |

See accompanying notes to financial statements

| <u>FISC Lease Revenue Special Revenue</u> | <u>Alameda Reuse and Redevelopment Authority Special Revenue</u> | <u>HOME Repayment Special Revenue</u> | <u>Capital Improvement Projects Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|--|---|--|---|---|
| | | | | \$6,553,013 | \$32,976,420 |
| | | | | | 24,120,443 |
| | \$1,586,204 | | \$3,785,389 | 18,930 | 3,664,147 |
| \$6,735 | | | 321,447 | 7,160,116 | 22,233,324 |
| | | | | 2,270,742 | 9,291,266 |
| | | | | 190,052 | 907,001 |
| 712,957 | 10,623,946 | \$114,752 | 213,350 | 1,872,415 | 15,444,762 |
| | | | | 153,664 | 153,664 |
| 3,243,940 | 85,593 | | 52,430 | 14,630 | 3,396,593 |
| <u>3,963,632</u> | <u>12,295,743</u> | <u>114,752</u> | <u>4,372,616</u> | <u>18,233,562</u> | <u>112,187,620</u> |
| | | | | | |
| | | | | 1,757,290 | 14,932,657 |
| | | | | | 21,986,900 |
| | | | | | 18,898,538 |
| | | | | 1,381,509 | 7,382,093 |
| 2,418,926 | 9,993,847 | | | | 15,319,311 |
| | | | | 2,593,391 | 6,177,938 |
| | | 114,752 | | 2,737,538 | 6,400,799 |
| 1,964,917 | | | 11,106,922 | 2,262,634 | 18,907,960 |
| | | | | 275,377 | 275,377 |
| | | | | | |
| | | | 23,100 | 1,320,250 | 1,560,568 |
| 445,163 | | | 2,440 | 5,609,857 | 6,283,053 |
| <u>4,829,006</u> | <u>9,993,847</u> | <u>114,752</u> | <u>11,132,462</u> | <u>17,937,846</u> | <u>118,125,194</u> |
| | | | | | |
| (865,374) | 2,301,896 | | (6,759,846) | 295,716 | (5,937,574) |
| | | | | | |
| 2,693,114 | 1,764,758 | | 7,403,672 | 7,070,174 | 24,240,787 |
| (54,317) | (3,471,259) | | (185,064) | (11,728,564) | (24,244,606) |
| | | | | | 23,443 |
| | | | 63,200 | | 84,200 |
| <u>2,638,797</u> | <u>(1,706,501)</u> | | <u>7,281,808</u> | <u>(4,658,390)</u> | <u>103,824</u> |
| | | | | | |
| 1,773,423 | 595,395 | | 521,962 | (4,362,674) | (5,833,750) |
| | | | | | |
| (5,324,936) | 4,414,155 | | 12,234,181 | 42,790,427 | 113,409,908 |
| <u>(\$3,551,513)</u> | <u>\$5,009,550</u> | | <u>\$12,756,143</u> | <u>\$38,427,753</u> | <u>\$107,576,158</u> |

CITY OF ALAMEDA
Reconciliation of the
NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
with the change in
GOVERNMENTAL NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$5,833,750)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

| | |
|--|-------------|
| The capital outlay and other capitalized expenditures are therefore added back to fund balance | 17,034,817 |
| Depreciation expense is deducted from fund balance | (7,061,260) |
| Net retirements of capital assets are deducted from fund balance | (1,261,847) |

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

| | |
|---|-----------|
| Proceeds from the issuance of debt are deducted from fund balance | (84,200) |
| Repayment of debt principal is added back to fund balance | 1,560,568 |

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

| | |
|------------------------|-------------|
| Deferred revenue | 2,462,190 |
| Interest payable | (107,663) |
| Net pension obligation | (71,000) |
| Compensated absences | (1,241,608) |

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

| | |
|---|------------------|
| Change in Net Assets - All Internal Service Funds | <u>(263,439)</u> |
|---|------------------|

| | |
|---|---------------------------|
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$5,132,808</u></u> |
|---|---------------------------|

See accompanying notes to financial statements

CITY OF ALAMEDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$14,864,000 | \$15,841,620 | \$16,670,121 | \$828,501 |
| Other local taxes | 25,536,467 | 23,903,581 | 24,120,443 | 216,862 |
| Licenses and permits | 3,158,252 | 3,538,252 | 3,645,217 | 106,965 |
| Revenues from other agencies | 7,320,700 | 8,419,198 | 8,175,711 | (243,487) |
| Charges for current services | 6,491,107 | 7,622,960 | 6,692,342 | (930,618) |
| Fines and forfeitures | 881,500 | 901,500 | 716,949 | (184,551) |
| Use of money and property | 1,798,200 | 2,098,200 | 1,497,428 | (600,772) |
| Total Revenues | 60,050,226 | 62,325,311 | 61,518,211 | (807,100) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 6,110,912 | 6,546,269 | 6,499,615 | 46,654 |
| Police | 44,780,250 | 22,327,101 | 21,986,900 | 340,201 |
| Fire | 6,291,258 | 19,336,724 | 18,898,538 | 438,186 |
| Public works | 2,751,368 | 6,801,043 | 6,000,584 | 800,459 |
| Development services | 3,802,084 | 2,925,126 | 2,906,538 | 18,588 |
| Culture and recreation | 205,352 | 3,695,643 | 3,584,547 | 111,096 |
| Capital outlay | 256,369 | 524,734 | 397,673 | 127,061 |
| Debt service: | | | | |
| Principal | | 50,998 | 112,218 | (61,220) |
| Interest and fiscal charges | | 1,594 | 29,611 | (28,017) |
| Total Expenditures | 64,197,593 | 62,209,232 | 60,416,224 | 1,793,008 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (4,147,367) | 116,079 | 1,101,987 | 985,908 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 7,458,258 | 6,081,957 | 5,306,957 | (775,000) |
| Transfers (out) | (6,411,919) | (4,187,139) | (3,056,299) | 1,130,840 |
| Sale of capital assets | | 23,243 | 23,443 | 200 |
| Loan proceeds | | | 21,000 | 21,000 |
| Total other financing sources (uses) | 1,046,339 | 1,918,061 | 2,295,101 | 377,040 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (3,101,028) | 2,034,140 | 3,397,088 | 1,362,948 |
| Beginning fund balance | 18,716,707 | 18,716,707 | 18,716,707 | |
| Ending fund balance | \$15,615,679 | \$20,750,847 | \$22,113,795 | \$1,362,948 |

See accompanying notes to financial statements

CITY OF ALAMEDA
WEST END COMMUNITY IMPROVEMENT PROJECT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes | \$4,455,000 | \$4,671,978 | \$4,700,140 | \$28,162 |
| Revenues from other agencies | 61,200 | 314,756 | 914,204 | 599,448 |
| Use of money and property | | 61,200 | 379,920 | 318,720 |
| Total Revenues | <u>4,516,200</u> | <u>5,047,934</u> | <u>5,994,264</u> | <u>946,330</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,333,829 | 5,860,749 | 3,850,676 | 2,010,073 |
| Housing and community services | 734,193 | 1,245,000 | 1,160,994 | 84,006 |
| Capital outlay | 16,323,421 | 3,171,964 | 3,171,263 | 701 |
| Debt service: | | | | |
| Principal retirements | 105,000 | 105,000 | 105,000 | |
| Interest and fiscal charges | 3,714,605 | 127,745 | 127,745 | |
| Total Expenditures | <u>22,211,048</u> | <u>10,510,458</u> | <u>8,415,678</u> | <u>2,094,780</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(17,694,848)</u> | <u>(5,462,524)</u> | <u>(2,421,414)</u> | <u>3,041,110</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (out) | <u>(217,437)</u> | <u>(2,209,732)</u> | <u>(3,924,015)</u> | <u>(1,714,283)</u> |
| Total other financing sources (uses) | <u>(217,437)</u> | <u>(2,209,732)</u> | <u>(3,924,015)</u> | <u>(1,714,283)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(\$17,912,285)</u> | <u>(\$7,672,256)</u> | <u>(6,345,429)</u> | <u>\$1,326,827</u> |
| Beginning fund balance | | | <u>39,283,512</u> | |
| Ending fund balance | | | <u>\$32,938,083</u> | |

See accompanying notes to financial statements

CITY OF ALAMEDA
BUSINESS AND WATERFRONT IMPROVEMENT PROJECT AREA
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------------|----------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$2,752,000 | \$3,758,017 | \$4,173,801 | \$415,784 |
| Use of money and property | 391,600 | 29,600 | 26,167 | (3,433) |
| Revenues from other agencies | 355,000 | | 611,700 | 611,700 |
| Total Revenues | <u>3,498,600</u> | <u>3,787,617</u> | <u>4,811,668</u> | <u>1,024,051</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,215,061 | 2,284,911 | 2,513,566 | (228,655) |
| Housing and community services | 1,395,773 | 2,195,201 | 2,193,202 | 1,999 |
| Capital outlay | 21,410 | 1,410 | 4,391 | (2,981) |
| Debt service: | | | | |
| Interest and fiscal charges | | | 2,410 | (2,410) |
| Total Expenditures | <u>2,632,244</u> | <u>4,481,522</u> | <u>4,713,569</u> | <u>(232,047)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>866,356</u> | <u>(693,905)</u> | <u>98,099</u> | <u>792,004</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | 2,112 | 2,112 |
| Transfers (out) | 577,892 | (1,495,803) | (1,495,429) | 374 |
| Total other financing sources (uses) | <u>577,892</u> | <u>(1,495,803)</u> | <u>(1,493,317)</u> | <u>2,486</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>\$1,444,248</u> | <u>(\$2,189,708)</u> | <u>(1,395,218)</u> | <u>\$794,490</u> |
| Beginning fund balance | | | <u>2,515,317</u> | |
| Ending fund balance | | | <u>\$1,120,099</u> | |

See accompanying notes to financial statements

CITY OF ALAMEDA
ALAMEDA POINT IMPROVEMENT PROJECT
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|--------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes | \$785,930 | \$685,013 | \$879,345 | \$194,332 |
| Use of money and property | | | 3,827 | 3,827 |
| Total Revenues | <u>785,930</u> | <u>685,013</u> | <u>883,172</u> | <u>198,159</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 536,431 | 505,872 | 311,510 | 194,362 |
| Housing and community services | 86,863 | 50,000 | 194,313 | (144,313) |
| Capital outlay | 3,800 | 3,800 | 160 | 3,640 |
| Debt service: | | | | |
| Interest and fiscal charges | 25,000 | 25,000 | 65,827 | (40,827) |
| Total Expenditures | <u>627,094</u> | <u>584,672</u> | <u>571,810</u> | <u>12,862</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>158,836</u> | <u>100,341</u> | <u>311,362</u> | <u>211,021</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (out) | <u>(329,659)</u> | <u>(329,659)</u> | <u>(329,659)</u> | |
| Total other financing sources (uses) | <u>(329,659)</u> | <u>(329,659)</u> | <u>(329,659)</u> | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(\$170,823)</u> | <u>(\$229,318)</u> | (18,297) | <u>\$211,021</u> |
| Beginning fund balance (deficit) | | | <u>(1,219,455)</u> | |
| Ending fund balance (deficit) | | | <u>(\$1,237,752)</u> | |

See accompanying notes to financial statements

CITY OF ALAMEDA
ALAMEDA REUSE AND REDEVELOPMENT AREA
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Revenue from other agencies | \$1,646,100 | | \$1,586,204 | \$1,586,204 |
| Use of money and property | 10,148,968 | 10,148,968 | 10,623,946 | 474,978 |
| Other | | | 85,593 | 85,593 |
| | <u>11,795,068</u> | <u>10,148,968</u> | <u>12,295,743</u> | <u>2,146,775</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Development services | 9,566,084 | 6,816,732 | 9,993,847 | (3,177,115) |
| | <u>9,566,084</u> | <u>6,816,732</u> | <u>9,993,847</u> | <u>(3,177,115)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>2,228,984</u> | <u>3,332,236</u> | <u>2,301,896</u> | <u>(1,030,340)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 597,000 | | 1,764,758 | 1,764,758 |
| Transfers (out) | (3,545,000) | (4,623,584) | (3,471,259) | 1,152,325 |
| | <u>(3,545,000)</u> | <u>(4,623,584)</u> | <u>(1,706,501)</u> | <u>2,917,083</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(\$1,316,016)</u> | <u>(\$1,291,348)</u> | 595,395 | <u>\$1,886,743</u> |
| Beginning fund balance | | | <u>4,414,155</u> | |
| Ending fund balance | | | <u>\$5,009,550</u> | |

See accompanying notes to financial statements

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CITY OF ALAMEDA, CALIFORNIA

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

FERRY SERVICES

This fund accounts for all financial transactions relating to the City's ferry services including but not limited to the contractual payments to the operators and ferry vessel acquisition and maintenance.

GOLF COURSE

The City operates two 18-hole and one 9-hole municipal golf courses. This fund accounts for all financial transactions relating to these golf facilities, including but not limited to operations and maintenance.

SEWER SERVICES

The City operates its own sewer system and this fund accounts for all financial transactions relating to this municipal activity including, but not limited to operations, maintenance, financing and related debt services, billing and collection.

CITY OF ALAMEDA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2005

| | Business-type Activities-Enterprise Funds | | | | Governmental Activities- Internal Service Funds |
|--|---|--------------------|---------------------|---------------------|--|
| | Ferry Services | Golf Course | Sewer Services | Totals | |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents (Note 2) | | \$3,526,821 | \$15,368,251 | \$18,895,072 | \$3,893,094 |
| Accounts receivable | | | 251,717 | 251,717 | 99,243 |
| Materials, parts and supplies | | 75,438 | | 75,438 | |
| Prepays, deposits and bond discounts | \$85,557 | | 533,209 | 618,766 | 102,083 |
| Advances to other funds (Note 3) | | 300,000 | | 300,000 | |
| Due from other governments | 428,901 | | | 428,901 | |
| Total Current Assets | 514,458 | 3,902,259 | 16,153,177 | 20,569,894 | 4,094,420 |
| Noncurrent Assets | | | | | |
| Restricted cash and investments (Note 2) | | | 1,106,890 | 1,106,890 | |
| Capital assets (Note 5): | | | | | |
| Non-depreciable | | 193,396 | | 193,396 | |
| Depreciable, net | 9,764,227 | 4,305,781 | 37,359,422 | 51,429,430 | 853,234 |
| Total Assets | 10,278,685 | 8,401,436 | 54,619,489 | 73,299,610 | 4,947,654 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 316,926 | 122,291 | 28,118 | 467,335 | 393,442 |
| Claims payable (Note 10) | | | | | 6,841,365 |
| Accrued payroll | | 24,507 | 10,067 | 34,574 | 6,563 |
| Interest payable | | | 150,309 | 150,309 | |
| Due to other funds (Note 3) | 141,332 | | | 141,332 | |
| Deferred revenue | | 143,783 | | 143,783 | |
| Refundable deposits | 25 | | | 25 | |
| Compensated absences (Note 1) | | 97,794 | 63,827 | 161,621 | |
| Total Current Liabilities | 458,283 | 388,375 | 252,321 | 1,098,979 | 7,241,370 |
| Long-term debt (Note 6) | | | | | |
| Due within one year | | 93,612 | 563,838 | 657,450 | 229,165 |
| Due in more than one year | | 254,688 | 9,280,440 | 9,535,128 | 897,198 |
| Total Liabilities | 458,283 | 736,675 | 10,096,599 | 11,291,557 | 8,367,733 |
| NET ASSETS (Note 8) | | | | | |
| Invested in capital assets, net of related debt | 9,764,227 | 4,150,877 | 27,515,144 | 41,430,248 | 853,234 |
| Restricted for debt service | | | 1,106,890 | 1,106,890 | |
| Unrestricted | 56,175 | 3,513,884 | 15,900,856 | 19,470,915 | (4,273,313) |
| Total Net Assets (Deficit) | \$9,820,402 | \$7,664,761 | \$44,522,890 | \$62,008,053 | (\$3,420,079) |

See accompanying notes to financial statements

CITY OF ALAMEDA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2005

| | Business-type Activities-Enterprise Funds | | | Governmental Activities- Internal Service Funds | |
|--|---|-------------|-------------------|--|---------------|
| | Ferry Services | Golf Course | Sewer Services | | Totals |
| OPERATING REVENUES | | | | | |
| Charges for services | | \$4,259,968 | \$5,356,564 | \$9,616,532 | \$4,845,687 |
| Miscellaneous | | | 2,008 | 2,008 | |
| Total Operating Revenues | | 4,259,968 | 5,358,572 | 9,618,540 | 4,845,687 |
| OPERATING EXPENSES | | | | | |
| General, administrative and selling | \$55,196 | 418,330 | 618,522 | 1,092,048 | 81,558 |
| Wages and benefits | | 2,226,483 | 1,205,364 | 3,431,847 | 674,747 |
| Insurance | | | | | 2,481,202 |
| Contractual services | 2,822,320 | 840,104 | 423,607 | 4,086,031 | 1,430,818 |
| Depreciation | 422,097 | 291,530 | 794,455 | 1,508,082 | 95,223 |
| Supplies and maintenance | 239,664 | 601,640 | 105,133 | 946,437 | 604,086 |
| Total Operating Expenses | 3,539,277 | 4,378,087 | 3,147,081 | 11,064,445 | 5,367,634 |
| Operating Income (Loss) | (3,539,277) | (118,119) | 2,211,491 | (1,445,905) | (521,947) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Operating grants and contributions | 2,023,955 | | 4,659,526 | 6,683,481 | |
| Interest income | 5,915 | 60,360 | 268,423 | 334,698 | |
| Rent and other | 112,465 | 39,292 | | 151,757 | |
| Interest, fiscal charges and lease (expense) | | (22,165) | (485,431) | (507,596) | (38,499) |
| Total Nonoperating Revenues (Expenses) | 2,142,335 | 77,487 | 4,442,518 | 6,662,340 | (38,499) |
| Income (Loss) Before Contributions and Transfers | (1,396,942) | (40,632) | 6,654,009 | 5,216,435 | (560,446) |
| Transfers in (Note 3) | 593,549 | 739 | 50,000 | 644,288 | 297,007 |
| Transfers (out) (Note 3) | (76) | (547,773) | (389,627) | (937,476) | |
| Change in net assets | (803,469) | (587,666) | 6,314,382 | 4,923,247 | (263,439) |
| BEGINNING NET ASSETS (DEFICITS) | 10,623,871 | 8,252,427 | 38,208,508 | 57,084,806 | (3,156,640) |
| ENDING NET ASSETS (DEFICITS) | \$9,820,402 | \$7,664,761 | \$44,522,890 | \$62,008,053 | (\$3,420,079) |

See accompanying notes to financial statements

CITY OF ALAMEDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2005

| | Business-type Activities-Enterprise Funds | | | | Governmental Activities- Internal Service Funds |
|---|---|--------------------|---------------------|---------------------|--|
| | Ferry Services | Golf Course | Sewer Services | Totals | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | | \$4,268,961 | \$5,408,159 | \$9,677,120 | \$4,838,418 |
| Payments to suppliers | (\$2,718,998) | (1,418,524) | (602,661) | (4,740,183) | (2,012,409) |
| Payments to employees | (55,196) | (2,628,827) | (1,817,284) | (4,501,307) | (746,738) |
| Claims paid | | | | | (3,199,828) |
| Cash Flows from Operating Activities | (2,774,194) | 221,610 | 2,988,214 | 435,630 | (1,120,557) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Operating grants and contributions | 1,741,191 | | 4,290,012 | 6,031,203 | 14,736 |
| Interfund receipts | | | | | (13,445) |
| Interfund payments | 141,332 | | | 141,332 | |
| Transfers in | 593,549 | 739 | 50,000 | 644,288 | 297,007 |
| Transfers (out) | (76) | (547,773) | (389,627) | (937,476) | |
| Cash Flows from Noncapital Financing Activities | 2,475,996 | (547,034) | 3,950,385 | 5,879,347 | 298,298 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of capital assets | (127,103) | (29,220) | (4,783,206) | (4,939,529) | |
| Sale of capital assets | | 2,638 | | 2,638 | |
| Proceeds from long term debt | | (93,612) | | (93,612) | (167,768) |
| Principal payments on capital debt | | 689 | 973,292 | 973,981 | 133,738 |
| Interest paid | | (22,165) | (404,387) | (426,552) | (38,499) |
| Cash Flows from Capital and Related Financing Activities | (127,103) | (141,670) | (4,214,301) | (4,483,074) | (72,529) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest payment | 5,915 | 60,360 | 268,423 | 334,698 | |
| Rent and other | 112,465 | 39,292 | | 151,757 | |
| Cash Flows from Investing Activities | 118,380 | 99,652 | 268,423 | 486,455 | |
| Net Cash Flows | (306,921) | (367,442) | 2,992,721 | 2,318,358 | (894,788) |
| Cash and investments at beginning of period | 306,921 | 3,894,263 | 13,482,420 | 17,683,604 | 4,787,882 |
| Cash and investments at end of period | | <u>\$3,526,821</u> | <u>\$16,475,141</u> | <u>\$20,001,962</u> | <u>\$3,893,094</u> |
| Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities: | | | | | |
| Operating income (loss) | (\$3,539,277) | (\$118,119) | \$2,211,491 | (\$1,445,905) | (\$521,947) |
| Adjustments to reconcile operating income to cash flows from operating activities: | | | | | |
| Depreciation | 422,097 | 291,530 | 794,455 | 1,508,082 | 95,223 |
| Change in assets and liabilities: | | | | | |
| Accounts receivable | | 8,993 | 6,929 | 15,922 | (7,269) |
| Materials, parts and supplies | | 39,377 | | 39,377 | |
| Prepays and deposits | | | | | (2,083) |
| Deposits and bond discounts | 80,818 | | 42,658 | 123,476 | |
| Accounts payable | 262,168 | (21,257) | (73,921) | 166,990 | 32,087 |
| Claims payable | | | | | (718,626) |
| Accrued payroll | | 7,021 | 3,666 | 10,687 | 2,058 |
| Deferred revenue | | 5,100 | | 5,100 | |
| Compensated absences | | 8,965 | 2,936 | 11,901 | |
| Cash Flows from Operating Activities | (2,774,194) | \$221,610 | \$2,988,214 | \$435,630 | (\$1,120,557) |
| NONCASH TRANSACTIONS: | | | | | |
| Contributions of capital assets, net | | | <u>\$369,514</u> | <u>\$369,514</u> | |

See accompanying notes to financial statements

CITY OF ALAMEDA, CALIFORNIA

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

Pension Trust Funds are used to account for the resources accumulated by the City for the payment of pension benefits on behalf of retirees in the City's pension plans.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments.

CITY OF ALAMEDA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2005

| | <u>Pension Trust Funds</u> | <u>Agency Funds</u> |
|--|------------------------------------|-------------------------|
| ASSETS | | |
| Restricted cash and investments (Note 2) | <u>\$15,540</u> | <u>\$59,891,560</u> |
| LIABILITIES | | |
| Accounts payable | 15,540 | |
| Refundable deposits | | 130,972 |
| Due to assessment districts | | <u>59,760,588</u> |
| Total Liabilities | <u>15,540</u> | <u>\$59,891,560</u> |
| NET ASSETS | | |
| Reserved for: | | |
| Employees' pension benefits | <u>0</u> | |
| Total Net Assets | <u>\$0</u> | |

See accompanying notes to financial statements

CITY OF ALAMEDA
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | Pension Trust Funds |
|---|---------------------------|
| ADDITIONS | |
| Employer contributions | \$4,420,939 |
| Total Additions | 4,420,939 |
| DEDUCTIONS | |
| Retirements and other benefits | 4,400,506 |
| Contractual services | 20,433 |
| Total Deductions | 4,420,939 |
| CHANGE IN NET ASSETS | 0 |
| NET ASSETS (DEFICIT), BEGINNING OF YEAR | 0 |
| NET ASSETS, END OF YEAR | \$0 |

See accompanying notes to financial statements

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CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Alameda, California occupies the island of Alameda in the San Francisco Bay. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, development services, public improvements, planning and zoning and general administration services.

A. Reporting Entity

The City is governed by a five-member council elected by City residents. The City is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees and sue or be sued. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

PRIMARY GOVERNMENT

The financial statements of the primary government of the City of Alameda include the activities of the City as well as the Community Improvement Commission of the City of Alameda, Alameda Public Finance Authority, the City of Alameda Police and Fire Retirement System Pension Plans 1079 and 1082 and the Alameda Reuse and Redevelopment Authority all of which are controlled by and dependent on the City. While these are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blending") with those of the primary government of the City in the accompanying financial statements.

BLENDED COMPONENT UNITS

The Community Improvement Commission of the City of Alameda was established to assist in the clearance and rehabilitation of City areas determined to be in a declining condition. The Commission has the same governing board as the City, all accounting and administrative functions are performed by City staff and the Commission receives advances from the City to finance operations. The financial activities of the Commission have been included in the West End Community Improvement Project Area, Business Waterfront Improvement Project Area, Alameda Point Improvement Project Area, Special Revenue Funds, and Community Improvement Commission Tax Allocation Bonds, Community Improvement Commission Subordinate Bonds, Community Facility District Special Tax Bonds, Community Improvement Commission 2003 Tax Allocation Refund BWIP, and 2003 Community Improvement Commission Tax Allocation Bond Debt Service Funds.

The Alameda Public Financing Authority is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Community Improvement Commission Tax Allocation Bonds, Community Improvement Commission Subordinate Bonds, and Community Facility District Special Tax Bonds Debt Service Funds.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Alameda Reuse and Redevelopment Authority (ARRA) is a separate government entity whose purpose is to assure the effective transition of the Alameda Naval Air Station from federal ownership to local ownership. The ARRA is responsible for the development of an Interim Reuse Strategy, taking title to base lands, and implementation of the Community Reuse Plan. The ARRA is recognized by the Department of Defense as the responsible entity for submitting and completing the Community Reuse Plan for the 1997 decommissioning of the Naval Air Station. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Alameda Reuse and Redevelopment Authority Special Revenue, Debt Service and Capital Projects Funds.

DISCRETELY PRESENTED COMPONENT UNITS

The two component units below are legally separate from the City. However, City Council appoints the members of their governing boards, approves their budgets and, in the case of the Housing Authority of the City of Alameda, provides financial assistance.

The Housing Authority of the City of Alameda, California was established to provide housing for the City's low and moderate-income residents. The financial activities of the Authority have been included discretely in the Housing Authority Component Unit columns of the Statement of Net Assets and Statement of Activities.

The City of Alameda Power and Telecom (Alameda P & T), was established to provide electricity to the City of Alameda. The Charter was amended in 1998 to allow provision of telecommunications services as well. The financial activities of the Alameda P & T are discretely included in the Alameda P & T Component Unit column of the Statement of Net Assets and Statement of Activities.

Component unit financial statements for the Housing Authority may be obtained from the Housing Authority of Alameda, 701 Atlantic Avenue, Alameda, CA 94501. Component unit financial statements for the Alameda P & T may be obtained from the City of Alameda Power & Telecom, 2000 Grand Street, Alameda, CA 94501. Component unit financial statements for all other component units may be obtained from the City of Alameda, Finance Department, 2263 Santa Clara, Alameda, CA 94501.

B. *Basis of Presentation*

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government, the City and its blended component units. These statements include the financial activities of the overall City government, except for fiduciary activities.

Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental, proprietary, and fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

GENERAL FUND - The General Fund is used for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

WEST END COMMUNITY IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND - This fund accounts for the tax increment proceeds and associated redevelopment project costs for the West End Community Improvement Project.

BUSINESS WATERFRONT IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND- This fund accounts for the tax increment proceeds and associated redevelopment project costs for the Business and Waterfront Improvement Project.

ALAMEDA POINT COMMUNITY IMPROVEMENT PROJECT AREA SPECIAL REVENUE FUND - This fund accounts for the associated redevelopment project costs for the proposed Alameda Point Improvement Project.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FISC LEASE SPECIAL REVENUE FUND – This Fund accounts for revenue from the Fleet Industrial Supply Center (FISC) lease and related capital improvement expenditures.

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND - This fund accounts for the lease and rental activities, as well as the general operations associated with the reuse of the Alameda Naval Base.

HOME REPAYMENT SPECIAL REVENUE FUND - This fund accounts for County disbursed HOME funds for HOME eligible activities in the City.

CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECTS FUND - This fund accounts for monies for major capital improvement projects not provided for in one of the other capital projects funds.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

FERRY SERVICES - This fund accounts for all financial transactions relating to the City's ferry services including but not limited to the contractual payments to the operators and ferry vessel acquisition and maintenance.

GOLF COURSE - The City operates two 18-hole and one 9-hole municipal golf courses. This fund accounts for all financial transactions relating to these golf facilities, including but not limited to operations and maintenance.

SEWER SERVICES - The City operates its own sewer system and this fund accounts for all financial transactions relating to this municipal activity including, but not limited to operations, maintenance, financing and related debt service, billing and collection.

The City also reports the following fund types:

Internal Service Funds. The funds account for central stores, central garage, technology services, workers' compensation insurance and claims, risk management insurance and claims, dental insurance and unemployment insurance all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds. Pension Trust Funds and Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are generally collected within forty-five days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on governmental long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are taxes, special assessments, intergovernmental revenues, use of money and property revenue, charges for services, fines and penalties, and license and permit revenues. Sales taxes collected and held by the State at year end on behalf of the City also are recognized as revenue.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred, except for revenues from electricity and sewer customers, which are recognized based on cycle billings. Revenues for services provided but not billed at the end of a fiscal period are not material and are not accrued.

The City follows those Financial Accounting Standard Board Statements issued on or before November 30, 1989 unless they conflict with Governmental Accounting Standards Board Statements.

E. Budgets and Budgetary Accounting

The City adopts a budget biennially for all funds except the FISC Lease, Vehicle Registration, Curb Side Recycling, Parking In-Lieu, Marina Cove Maintenance District 01-01, TDM/TSM and Public Art Special Revenue Funds, Capital Project Funds and Debt Service Funds. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted by the City Council, and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budgeted amounts between departments and line items within any fund; however, any revisions which alter the total expenditures of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. All appropriations lapse at year end. Supplemental reductions in appropriations were adopted by City Council and have been included in the budget versus actual statements.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except for Capital Project Funds which budget on a project length basis and therefore are not comparable on an annual basis.

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end lapse and must be reappropriated as part of the following year budget.

F. *Materials, Parts and Supplies*

Materials, parts and supplies are held for consumption and are valued at average cost. Enterprise fund supplies consist of materials and supplies for the golf shop which are held for resale to the public. General fund supplies are recorded as expenditure at the time individual supply items are purchased.

G. *Deferred Compensation Plans*

City employees may defer a portion of their compensation under four separate, optional City sponsored deferred compensation plans created in accordance with Internal Revenue Code Section 457. Under these Plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plans.

The City has a Deferred Compensation Plan administration agreement with ICMA, PERS, Nationwide Retirement Solutions, Inc., and ITT Hartford Life Insurance Companies to provide for the administration and management of employees deferred compensation plan assets. These agreements incorporate changes in the laws governing deferred compensation plan assets, which require plan assets to be held for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

H. *Post Employment Benefits Other than Pensions*

PERS administers the Healthcare Premium Plan, a single-employer defined benefit post-employment healthcare plan. The Plan provides a healthcare premium subsidy to age and service retirees of the City of Alameda with fifteen years of service, if hired before July 1, 1995, and twenty years, if hired after July 1, 1995.

As part of the agreement to transfer substantially all Plan 1082 participants to PERS, the Plan is required to provide Medicare supplementary and dental care programs or, in place of the Medicare program, public safety retirees may elect to receive a monthly contribution by Plan 1082 to a qualified health/dental care plan on record with the Plan. Claims are funded on a pay-as-you-go basis. During the year ended June 30, 2005 Plan 1082 paid \$1,189,839 in medical and dental claims.

Plan membership consisted of the following at June 30, 2005, the date of the latest actuarial valuation:

| | |
|--|------------|
| Retirees and beneficiaries receiving healthcare benefits | 160 |
| Active plan members | 201 |
| Total | <u>361</u> |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. *Compensated Absences*

The liability for compensated absences includes the vested portions of vacation, sick leave and compensated time off. The current portion of governmental fund types' liability for compensated absences is recorded in the general and certain special revenue funds. Proprietary funds' liability for compensated absences is recorded in each proprietary fund. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded as fund liabilities; the long term portion is recorded in the Statement of Net Assets.

Compensated absences activity for the year ended June 30, 2005 is as follows:

| | Primary Government | | | Component Units | | Total |
|-------------------|----------------------------|-------------------|--------------------|----------------------|--------------------|--------------------|
| | Governmental Activities | Business- Type | Subtotal | Housing Authority | Power & Telecom | |
| Beginning Balance | \$4,361,365 | \$149,720 | \$4,511,085 | \$196,763 | \$493,973 | \$5,201,821 |
| Additions | 3,066,437 | 173,023 | 3,239,460 | | 554,390 | 3,793,850 |
| Payments | (2,688,451) | (161,122) | (2,849,573) | (49,798) | (503,004) | (3,402,375) |
| Ending Balance | <u>\$4,739,351</u> | <u>\$161,621</u> | <u>\$4,900,972</u> | <u>\$146,965</u> | <u>\$545,359</u> | <u>\$5,593,296</u> |
| Current Portion | | <u>\$161,620</u> | <u>\$161,620</u> | <u>\$76,596</u> | | <u>\$238,216</u> |

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

J. *Property Tax*

Alameda County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue and receivables in the fiscal year of levy, provided they are collected within the fiscal year or within forty five days of year end.

K. *Purchased Power Balancing Account*

The Purchased Power Balancing Account is used by Alameda P & T to help stabilize rates over the short term. Specifically, the balancing account accumulates differences between the actual cost of purchased power and the revenues designated for recovery of such costs. Deferred amounts are refunded to or recovered from customers through authorized rate adjustments. The effect of using the balancing account is that unanticipated changes in sales levels and purchased power costs do not immediately affect Alameda P & T's rate payers because they are included in operating expenses as they are matched by revenues.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Transfer from Alameda P & T

The City Charter provides that Alameda P & T transfer to the City’s General Fund certain excess earnings as defined in the Charter. During fiscal year 2005 there were no excess earnings to be transferred. However, the Public Utilities Board by resolution has directed that \$2,500,000 be contributed to the City’s General Fund. In accordance with these provisions, Alameda P & T contributed \$2,500,000 to the City’s General Fund during the year ended June 30, 2005.

M. New and Closed Funds

During fiscal year 2005, the City established the following funds:

| Fund | Purpose |
|--|--|
| Bayport Municipal Service District Special Revenue Fund | Levying Special Taxes Within Community Facilities District No. 03-1 of the City of Alameda (Bayport Municipal Service District) |

As of June 30, 2005, the City closed the following funds:

- Equipment Acquisition Special Revenue Fund
- Transportation Special Revenue Fund
- Certificates of Participation 1989 Debt Service Fund
- Certificates of Participation 1994 Debt Service Fund
- Community Improvement Tax Allocation Bonds Debt Service Fund
- Community Facilities District Special Tax Bonds Debt Service Fund
- Alameda Reuse and Redevelopment Agency Debt Service Fund

NOTE 2 - CASH AND INVESTMENTS

The City’s dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash with Fiscal Agents, the Alameda P & T and the Housing Authority so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Investment income is allocated among funds on the basis of average month-end cash and investment balances in these funds. Investments are carried at fair value.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash and cash equivalents are considered to be liquid assets for purposes of measuring cash flows. Restricted cash and investments are not included for cash flow purposes.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements. Cash and investments as of June 30, 2005 are as follows:

| | |
|--|-----------------------------|
| Cash and investments available for operations | |
| City | \$76,544,908 |
| Housing Authority | 4,967,939 |
| Alameda Power & Telecom | 8,757,567 |
| Restricted cash and investments | |
| City | 54,769,967 |
| Housing Authority | 2,419,898 |
| Alameda Power & Telecom | <u>40,715,899</u> |
| Total cash and investments of primary government | 188,176,178 |
| Restricted cash and investments in Fiduciary Funds (separate statement) | <u>59,907,100</u> |
| Total cash and investments | <u><u>\$248,083,278</u></u> |

Cash and investments as of June 30, 2005 consist of the following:

| | |
|--------------------------------------|-----------------------------|
| Cash on hand | \$15,060 |
| Deposits with financial institutions | 8,472,036 |
| Investments | <u>239,596,182</u> |
| Total cash and investments | <u><u>\$248,083,278</u></u> |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's investment policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

The City's investment policy and the California Government Code allow the City to invest in the following:

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Minimum Credit Quality</u> | <u>Maximum in Portfolio</u> | <u>Maximum Investment In One</u> |
|---|-------------------------|-------------------------------|-----------------------------|----------------------------------|
| Repurchase Agreements | 270 Days | N/A | 20% | No Limit |
| California Local Agency Investment Fund (LAIF) | Upon Demand | N/A | \$40,000,000 per account | \$40,000,000 per account |
| U. S. Treasury Bonds, Notes and Bills | 5 Years | N/A | 0 to 100% | No Limit |
| U.S. Agency and U.S. Government Sponsored Enterprise Securities | 5 Years | N/A | 0 to 75% | 25% in each Agency |
| Bankers Acceptances | 180 Days | N/A | 30% | 30% |
| Commercial Paper | 270 Days | A1, P1 | 25% | No Limit |
| Negotiable Certificates of Deposit | 5 Years | AA | 30% | No Limit |
| Time Certificates of Deposit | 5 Years | N/A | 30% | No Limit |
| Medium Term Corporate Notes | 5 Years | A | 30% | No Limit |
| Money Market Mutual Funds | N/A | AAA | 20% | No Limit |
| County Agency Investment Fund | Upon Demand | N/A | 15% | No Limit |
| California Asset Management Program (CAMP) | Upon Demand | N/A | 0 to 100% | No Limit |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Housing Authority's investment policy and the California Government Code allow the Authority to invest in the following, provided the credit ratings of the issuers are acceptable to the Housing Authority; and approved percentages and maturities are not exceeded. The table also identifies certain provisions of the California Government Code, or the Housing Authority's Investment Policy where the Housing Authority's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Housing Authority, rather than the general provisions of the California Government Code or the Housing Authority's investment policy.

The Housing Authority's investment policy and the California Government Code allow the Housing Authority to invest in the following:

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum in Portfolio | Maximum Investment In One Issuer |
|---|------------------|------------------------|--------------------------|----------------------------------|
| Repurchase Agreements | 270 Days | N/A | No Limit | No Limit |
| California Local Agency Investment Fund (LAIF) | Upon Demand | N/A | \$40,000,000 per account | \$40,000,000 per account |
| U. S. Treasury Bonds, Notes and Bills | 5 Years | N/A | No Limit | No Limit |
| U.S. Agency and U.S. Government Sponsored Enterprise Securities | 5 Years | N/A | No Limit | No Limit |
| Bankers Acceptances | 180 Days | N/A | 40% | No Limit |
| Negotiable Certificates of Deposit | 5 Years | AA | 30% | No Limit |
| Time Certificates of Deposit | 5 Years | N/A | 30% | No Limit |
| Medium Term Corporate Notes | 5 Years | N/A | 30% | No Limit |
| Money Market Mutual Funds | N/A | AAA | 20% | No Limit |
| County Agency Investment Fund | Upon Demand | N/A | 30% | No Limit |
| California Asset Management Program (CAMP) | Upon Demand | N/A | 0 to 100% | No Limit |
| Reverse Repurchase Agreements | 92 days | N/A | No Limit | No Limit |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

Alameda P & T's investment policy and the California Government Code allow Alameda P & T to invest in the following, provided the credit ratings of the issuers are acceptable to Alameda P & T; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or Alameda P & T's investment policy where Alameda P & T's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of Alameda P & T, rather than the general provisions of the California Government Code or Alameda P & T's investment policy.

Alameda P & T's investment policy and the California Government Code allow Alameda P & T to invest in the following:

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Minimum Credit Quality</u> | <u>Maximum in Portfolio</u> | <u>Maximum Investment In One Issuer</u> |
|---|-------------------------|----------------------------------|-----------------------------|---|
| Repurchase Agreements | 30 days | Top Four Rating Category | No Limit | No Limit |
| U. S. Treasury Bonds, Notes and Bills | No Limit | N/A | No Limit | No Limit |
| U.S. Agency and U.S. Government Sponsored Enterprise Securities | No Limit | N/A | No Limit | No Limit |
| State Obligations | No Limit | Not lower than their bond rating | No Limit | No Limit |
| Commercial Paper | No Limit | A-1+ | No Limit | No Limit |
| Negotiable Certificates of Deposit | No Limit | N/A | No Limit | No Limit |
| Time Certificates of Deposit | No Limit | N/A | No Limit | No Limit |
| Corporate Notes and Bonds | No Limit | Not lower than their bond rating | No Limit | No Limit |
| Guaranteed Investment Contract | No Limit | Not lower than their bond rating | No Limit | No Limit |
| Shares of Beneficial Interest | No Limit | Top Rating Category | No Limit | No Limit |
| Money Market Mutual Funds | No Limit | AAm | 20% | No Limit |
| Bankers Acceptances | 365 days | A-1+ | 30% | 30% |
| Municipal Bonds | No Limit | AAA | No Limit | No Limit |
| California Local Agency Investment Fund (LAIF) | Upon Demand | N/A | \$40,000,000 per account | \$40,000,000 per account |
| Investment Agreements | No Limit | N/A | No Limit | No Limit |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Minimum Credit Quality</u> | <u>Maximum in Portfolio</u> | <u>Maximum Investment In One Issuer</u> |
|---|-------------------------|----------------------------------|-----------------------------|---|
| Repurchase Agreements | 30 days | Top Four Rating Category | No Limit | No Limit |
| U. S. Treasury Bonds, Notes and Bills | No Limit | N/A | No Limit | No Limit |
| U.S. Agency and U.S. Government Sponsored Enterprise Securities | No Limit | N/A | No Limit | No Limit |
| State Obligations | No Limit | Not lower than their bond rating | No Limit | No Limit |
| Commercial Paper | No Limit | A-1+ | No Limit | No Limit |
| Negotiable Certificates of Deposit | No Limit | N/A | No Limit | No Limit |
| Time Certificates of Deposit | No Limit | N/A | No Limit | No Limit |
| Corporate Notes and Bonds | No Limit | Not lower than their bond rating | No Limit | No Limit |
| Guaranteed Investment Contract | No Limit | Not lower than their bond rating | No Limit | No Limit |
| Shares of Beneficial Interest | No Limit | Top Rating Category | No Limit | No Limit |
| Money Market Mutual Funds | No Limit | AAm | 20% | No Limit |
| Bankers Acceptances | 365 days | A-1+ | 30% | 30% |
| Municipal Bonds* | No Limit | AAA | No Limit | No Limit |
| California Local Agency Investment Fund (LAIF) | Upon Demand | N/A | \$40,000,000 per account | \$40,000,000 per account |
| Investment Agreements | No Limit | N/A | No Limit | No Limit |

* Comprises only debt issued by special assessment districts in the City of Alameda

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Housing Authority must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Housing Authority fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with the Housing Authority's ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum Percentage of Portfolio | Maximum Investment In One Issuer |
|--|------------------|------------------------|---------------------------------|----------------------------------|
| Repurchase Agreements | N/A | N/A | No Limit | No Limit |
| Government Obligations and State of California Obligations | N/A | N/A | No Limit | No Limit |
| Commercial Paper | N/A | N/A | No Limit | No Limit |
| Bankers Acceptances | N/A | N/A | No Limit | No Limit |
| Certificates of Deposit | N/A | N/A | No Limit | No Limit |
| Time Deposits | N/A | N/A | No Limit | No Limit |
| Qualified Financial Institution General Obligations | Upon Demand | AAA | No Limit | No Limit |
| Money Market Mutual Funds | N/A | AAA | No Limit | No Limit |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

Alameda P & T must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if Alameda P & T fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Alameda P & T's ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum Percentage Allowed | Maximum Investment In One Issuer |
|--|---------------------|------------------------------|----------------------------------|--|
| U.S. Treasury Obligations | N/A | N/A | No Limit | No Limit |
| State Obligations | N/A | N/A | No Limit | No Limit |
| U.S. Agency Securities (A) | N/A | N/A | No Limit | No Limit |
| Commercial Paper | 180 days | A | 10% | No Limit |
| Certificates of Deposit | N/A | A-1 | No Limit | No Limit |
| Bankers Acceptances | N/A | A-1 | No Limit | No Limit |
| Money Market Mutual Funds | N/A | AA | No Limit | No Limit |
| Repurchase Agreements | 30 days | A | No Limit | No Limit |
| California Local Agency Investment Fund | N/A | N/A | \$40,000,000 per | \$40,000,000 per account |

(A) Securities issued by agencies of the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC)

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2005:

| Investment Type | 12 Months or less | One to Five Years | Six to Ten Years | More than Ten Years | Total |
|---|----------------------|----------------------|---------------------|------------------------|----------------------|
| U.S. Government-Sponsored | | | | | |
| Enterprise Agencies | | | | | |
| Non-callable | \$7,879,506 | \$32,824,959 | | | \$40,704,465 |
| Callable | 1,267,045 | | | | 1,267,045 |
| Corporate Securities | 1,466,759 | 8,711,809 | | | 10,178,568 |
| Guaranteed investment contracts | 20,047,701 | | \$13,561,586 | \$7,681,817 | 41,291,104 |
| US Treasury Notes and Bills | 3,547,415 | 8,995,909 | | | 12,543,324 |
| Mutual funds | 4,117,880 | | | | 4,117,880 |
| California Local Agency Investment Fund | 26,193,251 | | | | 26,193,251 |
| California Asset Management Program | 3,538,141 | | | | 3,538,141 |
| Letter of Credit | 245,640 | | | | 245,640 |
| Municipal Bonds | | 23,814,533 | 21,975,000 | | 45,789,533 |
| Total Investments | <u>\$68,303,338</u> | <u>\$74,347,210</u> | <u>\$35,536,586</u> | <u>\$7,681,817</u> | <u>\$185,868,951</u> |

Information about the sensitivity of the fair values of Housing Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Housing Authority's investments by maturity:

| | 12 Months or less |
|------------------------------|----------------------|
| <i>Investments :</i> | |
| US Treasury Notes and Bills | \$2,419,898 |
| Local Agency Investment Fund | 3,565,178 |
| Total Investments | <u>\$5,985,076</u> |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of Alameda P & T's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Alameda P & Ts investments by maturity:

| | 12 Months or less |
|------------------------------|----------------------|
| <i>Investments :</i> | |
| Mutual Funds | \$37,084,571 |
| Local Agency Investment Fund | 10,657,583 |
| Total Investments | 47,742,154 |

The Alameda Public Financing Authority repurchased several outstanding Special Assessment Debt issues and holds them as investments. These investments were specifically authorized by City Council. At June 30, 2005 these investments comprised the following: \$875,000 of Marina Village Series 86-1 Assessment Bonds; \$270,000 of Marina Village Series 86-2 Assessment Bonds; \$25,910,000 of Alameda Marina Village 89-1 Assessment Bonds; and \$17,085,000 of Harbor Bay Business Assessment District 92-1 Revenue Bonds Series 1998. These investments are reported with Municipal Bonds in the table above.

The City, Alameda P & T and the Housing Authority are voluntary participants in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City, Alameda P & T and the Housing Authority report their investments in LAIF at the fair value amounts provided by LAIF, which is the same as the value of the pool share. At June 30, 2005 the fair value approximated is the City, Alameda P & T and the Housing Authority's cost. The balance available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2005, these investments have an average maturity of 151 days.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2005 for each City's investment type as provided by Standard and Poor's except as noted:

| Investment Type | AAA | AA | AA- | A+ | A | Moody's Aa2 | Moody's Aa3 | Total |
|--|---------------------|------------------|--------------------|--------------------|--------------------|---------------------|---------------------|----------------------|
| U.S. Government-Sponsored | | | | | | | | |
| Enterprise Agencies | | | | | | | | |
| Non-callable | \$40,704,465 | | | | | | | \$40,704,465 |
| Callable | 1,267,045 | | | | | | | 1,267,045 |
| Corporate Securities | 1,899,681 | \$454,962 | \$3,293,974 | \$3,060,885 | \$1,469,066 | | | 10,178,568 |
| Guaranteed investment contracts | | | | | | \$17,193,089 | \$24,098,015 | 41,291,104 |
| Mutual Funds | 4,117,880 | | | | | | | 4,117,880 |
| Totals | <u>\$47,989,071</u> | <u>\$454,962</u> | <u>\$3,293,974</u> | <u>\$3,060,885</u> | <u>\$1,469,066</u> | <u>\$17,193,089</u> | <u>\$24,098,015</u> | 97,559,062 |
| <i>Not rated:</i> | | | | | | | | |
| California Local Agency Investment Fund | | | | | | | | 26,193,251 |
| California Asset Management Program | | | | | | | | 3,538,141 |
| Letter of Credit | | | | | | | | 245,640 |
| Municipal Bonds (Note 2D) | | | | | | | | <u>45,789,533</u> |
| Total not rated | | | | | | | | <u>75,766,565</u> |
| <i>Exempt:</i> | | | | | | | | |
| US Treasury Notes and Bills | | | | | | | | <u>12,543,324</u> |
| Total Investments | | | | | | | | <u>\$185,868,951</u> |

Presented below is the actual rating as of June 30, 2005 for each Housing Authority investment type:

| Investment Type | |
|---|--------------------|
| <i>Not rated:</i> | |
| California Local Agency Investment Fund | \$3,565,178 |
| <i>Exempt:</i> | |
| US Treasury Notes and Bills | <u>2,419,898</u> |
| Total Investments | <u>\$5,985,076</u> |

Presented below is the actual rating as of June 30, 2005 for each Alameda P & T investment type as provided by Standard and Poor's:

| Investments with Fiscal Agent | Not Rated | AAA | Total |
|-------------------------------|---------------------|-------------------|---------------------|
| Money Market Mutual Funds | | \$37,084,571 | \$37,084,571 |
| Local Agency Investment Fund | \$10,657,583 | | 10,657,583 |
| Total Investments | <u>\$10,657,583</u> | <u>37,084,571</u> | <u>\$47,742,154</u> |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. Concentration of Credit Risk

The City's investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the City is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, held by individual City Funds in the securities of issuers other than U. S. Treasury securities, mutual funds and external investment pools. At June 30, 2005, those investments consisted of (dollars in thousands):

| Reporting Unit | Issuer | Investment Type | Reported Amount |
|---|---|---|--------------------|
| Entity-wide: | | | |
| Government Activities | Federal National Mortgage Association | U.S. Government-Sponsored Enterprise Agencies | \$13,637,167 |
| | Federal Home Loan Bank | U.S. Government-Sponsored Enterprise Agencies | 12,657,372 |
| | Federal Home Loan Mortgage Corporation | U.S. Government-Sponsored Enterprise Agencies | 11,864,675 |
| | CDC | Guaranteed Investment Contract | 24,098,015 |
| | AIG | Guaranteed Investment Contract | 11,656,957 |
| | Special Assessment Districts in the City of Alameda Municipal Bonds | | 45,789,533 |
| Major Fund: | | | |
| West End Community Improvement Project Area Special Revenue Fund | CDC | Guaranteed Investment Contract | 15,303,951 |
| | AIG | Guaranteed Investment Contract | 11,656,958 |

H. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include Mortgage Backed Securities with a fair value at June 30, 2005 of \$3,355,595 that are sensitive to interest rate fluctuations, to a greater degree than already indicated in the information provided above. These securities are subject to early repayment in a period of declining interest rates, which could reduce expected cash flows. The fair value of these investments reflects this potential impact.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS

A. Current Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2005 the amounts of current interfund balances were as follows:

| <u>Due From Other Funds</u> | <u>Due To Other Funds</u> | |
|---|--|---------------------------|
| General Fund | FISC Lease Revenue Special Revenue Fund | \$667,001 |
| | Alameda Point Improvement Project Area Special Revenue Fund | 3,849 |
| | Non-Major Governmental Funds | 452,987 |
| | Ferry Services Enterprise Fund | 141,332 |
| FISC Lease Revenue Special Revenue Fund | Alameda Reuse and Redevelopment Authority Special Revenue Fund | <u>1,021,674</u> |
| | Total Due to General Fund | <u><u>\$2,286,843</u></u> |

B. Long-Term Advances

The General Fund advanced \$1,258,995 to the Alameda Point Community Improvement Project Area Special Revenue Fund. The advance is to be repaid in future years from the proceeds of incremental property taxes as funds become available. The General Fund advance bears interest at 5% for fiscal year 2005.

The General Fund has advanced \$2,400,000 to the FISC Lease Special Revenue Fund to pay for the public safety of former Navy property. The advance bears interest at 6% and is to be repaid in 2006-2007 from lease revenue as funds become available.

The Golf Course Enterprise Fund advanced the Alameda Reuse and Redevelopment Authority Special Revenue Fund \$300,000 in fiscal year 2001 for pre-development activities in connection with the Golf Course at Alameda Point. This loan is to be repaid upon the development of the golf course.

The West End Community Improvement Special Revenue Fund advanced \$151,147 to the Alameda Point Community Improvement Project Area Special Revenue Fund. The advance bears no interest and will be repaid once the Alameda Point property is conveyed to the developer.

C. Fiscal 2005 Operating Transfers Between City Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers, called operating transfers, is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a residual equity transfer may be made to open or close a fund.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

Operating transfers between City funds during fiscal year 2005 were as follows:

| Fund Receiving Transfers | Fund Making Transfer | Amount Transferred |
|--|---|---------------------|
| General Fund | West End Community Improvement Project Area | \$194,635 F |
| | Business Waterfront Improvement Project Area | 553,467 F |
| | Alameda Point Community Improvement Project Area | 306,651 F |
| | FISC Lease Revenue Special Revenue Fund | 53,909 F |
| | Alameda Reuse and Redevelopment Authority | 712,744 F |
| | Capital Improvement Projects Capital Project Fund | 152,880 C |
| | Golf Course | 342,321 F |
| | Sewer Services | 357,405 F |
| | Non-Major Government Funds | 2,632,945 F |
| Business Waterfront Improvement Project Area | Non-Major Government Funds | 2,112 F |
| FISC Lease Revenue Special Revenue Fund | Alameda Reuse and Redevelopment Authority | 2,693,114 F |
| Alameda Reuse and Redevelopment Authority | Non-Major Government Funds | 1,764,758 A |
| Capital Improvement Projects Capital Project Fund | General Fund | 417,965 A |
| | West End Community Improvement Project Area | 1,169,755 A |
| | Ferry Services | 76 E |
| | Sewer Services | 15,000 A |
| | Non-Major Government Funds | 5,800,876 A |
| Ferry Services Enterprise Funds | Non-Major Government Funds | 593,549 D |
| Golf Services | Non-Major Government Funds | 739 F |
| Sewer Services Enterprise Funds | Non-Major Government Funds | 50,000 A |
| Non-Major Government Funds | General Fund | 2,591,834 B |
| | Alameda Reuse and Redevelopment Authority | 10,095 B |
| | Business Waterfront Improvement Project Area | 917,537 B |
| | West End Community Improvement Project Area | 2,544,528 B |
| | Capital Improvement Projects Capital Project Fund | 30,101 C |
| | Non-Major Government Funds | 833,909 B |
| | Golf Course | 134,050 F |
| | Sewer Services | 8,120 F |
| Internal Service Funds | General Fund | 46,500 B |
| | West End Community Improvement Project Area | 15,097 F |
| | Business Waterfront Improvement Project Area | 24,425 F |
| | Alameda Point Community Improvement Project Area | 23,008 F |
| | FISC Lease Revenue Special Revenue Fund | 408 F |
| | Alameda Reuse and Redevelopment Authority | 55,306 F |
| | Capital Improvement Projects Capital Project Fund | 2,083 F |
| | Non-Major Government Funds | 49,676 F |
| | Golf Course | 71,402 F |
| | Sewer Services | 9,102 F |
| | | \$25,182,082 |

The reasons for these transfers are set forth below:

- (A) To fund capital projects
- (B) To fund indirect costs and debt services
- (C) To return unused fund
- (D) To fund ferry services
- (E) To transfer remaining balances relating to the West End Ferry project
- (F) Recurring transfers

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

D. *Internal Balances*

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

E. *Alameda P & T Advances*

The Alameda P & T Electric Services Fund has advanced \$39,086,243 to the Telecommunications Services Fund over the past several years to finance the expansion and the operations of telecommunication services. The advance bears interest at 4%. Repayment is to commence within 20 years from the recording date of each advance installment and is to be paid in 10 equal annual installments. The first payment is scheduled for fiscal year 2020.

NOTE 4 - LOANS RECEIVABLE

A. *Housing Rehabilitation and Affordable Housing Loans*

The City engages in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to home-owners or developers who agree to spend these funds in accordance with the City's terms. Some of these loans may be forgiven at the completion of the loan term if all the stipulated conditions are met. Other loans and notes are expected to be repaid in full. The balance of these loans has been offset by deferred revenue, as they are not expected to be repaid during the coming fiscal year. The balance of the loans receivable arising from these programs at June 30, 2005 was \$6,896,054. Included in this balance is \$1,088,600 receivable from the Housing Authority, as discussed in Note 6.

B. *Alameda Development Corporation*

During the year ended June 30, 2000, the Community Improvement Commission entered into an agreement with the Alameda Development Corporation, a non-profit corporation, to loan the corporation funds to be used to develop housing units for persons with very low and low annual incomes. The loan is secured by a deed of trust and bears interest at 5% for 59 years. The loan will be forgiven at the end of the term of the agreement if all conditions of the agreement are met. The balance of this loan has been offset by deferred revenue as it is not expected to be repaid during the coming fiscal year. As of June 30, 2005, the balance of the loan is \$572,200.

C. *Affordable Housing Project*

The Commission entered into a Participation Agreement with Resources for Community Development (Developer) to develop 52 Units of Affordable Rental Housing and 10 Units of Ownership Housing. Under the terms of the Agreement, the Commission will provide \$3,615,000 of housing funds for construction costs. In addition, the City pledged \$400,000 of HOME funds for a portion of the pre-development cost and developer fees. As of June 30, 2005, the Commission had loaned \$1,000,000 to the Developer.

D. *Loan to Alameda Civic Light Opera, Inc.*

The City loaned \$25,000 interest free to the Alameda Civic Light Opera, Inc. The Alameda Civic Light Opera, Inc. repaid \$10,000 of the loan in fiscal year 2002. The remaining \$15,000 of the loan will be repaid in five equal annual installments with the final installment due on January 10, 2007. As of June 30, 2005, the balance of the loan is \$6,000.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 4 - LOANS RECEIVABLE (Continued)

E. *Loan to Property Owner*

The City imposed a nuisance abatement lien on certain real property located on Pacific Avenue. The City incurred costs of abatement on the property in the amount of \$120,820. The total amount is due to the City from the property owner and bears interest at a rate of 6% per annum. The City expects the loan to be repaid when the property is sold. As of June 30, 2005, outstanding balance on this loan amounted to \$174,521.

F. *Microenterprise Assistance Program*

The City has engaged in a loan program designed to provide financial and technical assistance to low-and-moderate-income entrepreneurial of Alameda to develop, strengthen and stabilize very small businesses. The loans accrue interest at 2% per year with repayment over ten years. At the City's option, loan payments may be deferred for up to three years. The balance of the loans receivable arising from this program at June 30, 2005 was \$103,160.

G. *Loan to Alameda P & T*

On December 16, 2003 at the request of the Public Utilities Board, the Alameda City Council loaned \$2,200,000 to Alameda P & T for the purpose of construction of the hybrid fiber-optic/coaxial telecom network. The loan is interest free and is to be paid back on June 1, 2009. As of June 30, 2005 the remaining principal balance was \$2,200,000.

H. *Alameda P & T Loans to the City*

The City entered into a loan agreement with Alameda P & T for the replacement of deteriorated street lights. Through June 30, 2005 Alameda P & T had expended \$627,300 for street light replacement and the City had made payments of \$322,000. Annual installments of \$40,000 are scheduled until the loan is repaid. At June 30, 2005 the outstanding balance was \$305,300.

In April 2003, the City reached an agreement with Alameda P & T to study the best method to replace historic streetlight poles. The original agreement was for a \$70,000 loan to be paid back over ten years. However, on August 17, 2004 the street lights were transferred to Alameda P & T after incurring study related costs of \$36,868. The loan principal was reduced by \$34,089 to reflect only the costs incurred prior to the transfer. The City agreed to pay annual payments ranging from \$8,160 to \$3,116 through July 1, 2012. Annual loan payments include interest at the rate of 2.89%. At June 30, 2005 the outstanding balance was \$22,474.

The City entered into a loan agreement with Alameda P & T for \$79,000 to underground streetlights owned by the City's Underground Districts #21 and #16 and maintained by the City's Public Works department. The loan carries an interest rate of 2% and is to be repaid in annual installments through fiscal year 2009. At June 30, 2005 the outstanding balance was \$63,200.

The City entered into a loan agreement with Alameda P & T in April 2005 for \$21,000 to provide the City's Recreation and Parks department's new facility at 2226 Santa Clara Avenue with telecommunications capabilities. The loan is to be repaid over four years with equal installments of \$5,250 and has a zero percent interest rate. The first payment was made on June 1, 2005. At June 30, 2005 the outstanding balance was \$15,750.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 – CAPITAL ASSETS

All capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

| | |
|------------------------------------|-------------|
| Electric Plant | 30 years |
| Buildings and Improvements | 40-80 years |
| Ferry Boat | 30 years |
| Machinery, Furniture and Equipment | 4-40 years |
| Infrastructure | 15-75 years |

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

City capital asset activity for the year ended June 30, 2005 is as follows:

| | Balance at June 30, 2004 | Additions | Retirements | Transfers | Balance at June 30, 2005 |
|--|-----------------------------|--------------------|--------------------|--------------------|-----------------------------|
| <i>Governmental activities</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$4,110,962 | \$811,120 | (\$751) | | \$4,921,331 |
| Construction in progress | 12,340,831 | 13,002,288 | | (\$1,097,078) | 24,246,041 |
| Total capital assets not being depreciated | <u>16,451,793</u> | <u>13,813,408</u> | <u>(751)</u> | <u>(1,097,078)</u> | <u>29,167,372</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 191,519,464 | 2,021,109 | (26,241) | 224,253 | 193,738,585 |
| Machinery and equipment | 23,774,879 | 1,046,146 | (674,196) | | 24,146,829 |
| Infrastructure: | | | | | |
| Streets | 73,190,080 | | (3,960,846) | | 69,229,234 |
| Landscape | 19,749,243 | | | | 19,749,243 |
| Storm drains | 18,152,527 | 31,818 | | | 18,184,345 |
| Portable water | 1,490,959 | | | | 1,490,959 |
| Parks | 3,588,264 | | | 503,311 | 4,091,575 |
| Marina facilities | 24,285,397 | | | | 24,285,397 |
| Total capital assets being depreciated | <u>355,750,813</u> | <u>3,099,073</u> | <u>(4,661,283)</u> | <u>727,564</u> | <u>354,916,167</u> |
| Less accumulated depreciation | | | | | |
| Buildings | (76,143,390) | (2,425,530) | 51,039 | | (78,517,881) |
| Machinery and equipment | (15,425,897) | (1,331,785) | 656,278 | | (16,101,404) |
| Infrastructure: | | | | | |
| Streets | (44,336,689) | (2,093,985) | 3,146,585 | | (43,284,089) |
| Landscape | (11,665,958) | (564,595) | | | (12,230,553) |
| Storm drains | (5,902,178) | (286,491) | | | (6,188,669) |
| Portable water | (1,149,862) | (19,352) | | | (1,169,214) |
| Parks | (1,397,089) | (133,530) | | | (1,530,619) |
| Marina facilities | (16,903,795) | (301,218) | | | (17,205,013) |
| Total accumulated depreciation | <u>(172,924,858)</u> | <u>(7,156,486)</u> | <u>3,853,902</u> | | <u>(176,227,442)</u> |
| Net capital assets being depreciated | <u>182,825,955</u> | <u>(4,057,413)</u> | <u>(807,381)</u> | <u>727,564</u> | <u>178,688,725</u> |
| Governmental activity capital assets, net | <u>\$199,277,748</u> | <u>\$9,755,995</u> | <u>(\$808,132)</u> | <u>(\$369,514)</u> | <u>\$207,856,097</u> |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

| | Balance at June 30, 2004 | Additions | Retirements | Transfers | Balance at June 30, 2005 |
|--|-----------------------------|--------------------|-------------------|------------------|-----------------------------|
| <i>Business-type activities</i> | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and improvement | \$176,899 | | | | \$176,899 |
| Construction in progress | 3,246 | \$13,251 | | | 16,497 |
| Total capital assets not being depreciated | <u>180,145</u> | <u>13,251</u> | | | <u>193,396</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 914,124 | 15,969 | | | 930,093 |
| Sewer lines | 51,814,667 | 4,609,006 | | \$369,514 | 56,793,187 |
| Streets | 188,016 | | | | 188,016 |
| Storm drains | 314,356 | | | | 314,356 |
| Golf improvements | 4,255,123 | | | | 4,255,123 |
| Ferry boats | 12,631,147 | 127,103 | | | 12,758,250 |
| Office furniture and equipment | <u>2,675,255</u> | <u>174,200</u> | <u>(\$37,979)</u> | | <u>2,811,476</u> |
| Net capital assets being depreciated | <u>72,792,688</u> | <u>4,926,278</u> | <u>(37,979)</u> | <u>369,514</u> | <u>78,050,501</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (168,276) | (12,818) | | | (181,094) |
| Sewer lines | (18,633,162) | (740,721) | | | (19,373,883) |
| Streets | (107,676) | (4,821) | | | (112,497) |
| Storm drains | (46,362) | (4,191) | | | (50,553) |
| Golf improvements | (1,217,253) | (169,975) | | | (1,387,228) |
| Ferry boats | (2,571,926) | (422,097) | | | (2,994,023) |
| Office furniture and equipment | <u>(2,403,677)</u> | <u>(153,459)</u> | <u>35,343</u> | | <u>(2,521,793)</u> |
| Total accumulated depreciation | <u>(25,148,332)</u> | <u>(1,508,082)</u> | <u>35,343</u> | | <u>(26,621,071)</u> |
| Net capital assets being depreciated | <u>47,644,356</u> | <u>3,418,196</u> | <u>(2,636)</u> | <u>369,514</u> | <u>51,429,430</u> |
| Business-type activity capital assets, net | <u>\$47,824,501</u> | <u>\$3,431,447</u> | <u>(\$2,636)</u> | <u>\$369,514</u> | <u>\$51,622,826</u> |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

B. The Housing Authority's Capital Assets

Housing Authority capital asset activity for the year ended June 30, 2005 is as follows.

| | Balance June 30, 2004 | Additions | Balance June 30, 2005 |
|--|--------------------------|-------------|--------------------------|
| Capital assets, not being depreciated: | | | |
| Land | \$7,746,432 | | \$7,746,432 |
| Capital assets, being depreciated: | | | |
| Buildings & Improvements | 29,929,209 | | 29,929,209 |
| Equipment | 200,987 | | 200,987 |
| Net capital assets being depreciated | 30,130,196 | | 30,130,196 |
| Less accumulated depreciation: | (11,267,770) | (\$776,104) | (12,043,874) |
| Net Capital Assets being depreciated | 18,862,426 | (776,104) | 18,086,322 |
| Total capital assets, net | \$26,608,858 | (\$776,104) | \$25,832,754 |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

C. Alameda P & T's Capital Assets

Alameda P & T capital asset activity for the year ended June 30, 2005 is as follows:

| | Balance July 1, 2004 | Additions | Retirements Adjustments | Transfers | Balance June 30, 2005 |
|--|-------------------------|---------------------|----------------------------|---------------|--------------------------|
| Capital assets not being depreciated: | | | | | |
| Land and Rights | \$153,648 | \$605,028 | | | \$758,676 |
| Construction Work in Progress | 18,401,753 | 3,187,634 | (\$679,754) | | 20,909,633 |
| Total capital assets not being depreciated | <u>18,555,401</u> | <u>3,792,662</u> | <u>(679,754)</u> | | <u>21,668,309</u> |
| Capital assets being depreciated: | | | | | |
| Utility Plant | 72,610,553 | 11,723,395 | (3,230) | (\$2,496,744) | 81,833,974 |
| Service Center Building | 4,366,229 | 979,251 | | 2,496,744 | 7,842,224 |
| Machinery and Equipment | 7,457,750 | 942,355 | (1,719) | | 8,398,386 |
| Transportation Equipment | 1,783,199 | 262,698 | (25,656) | | 2,020,241 |
| Computer Equipment | 2,763,016 | 106,031 | | | 2,869,047 |
| Furniture and Fixtures | 599,165 | | | | 599,165 |
| Total capital assets being depreciated | <u>89,579,912</u> | <u>14,013,730</u> | <u>(30,605)</u> | | <u>103,563,037</u> |
| Less accumulated depreciation for: | | | | | |
| Utility Plant | 29,402,436 | 2,883,099 | (3,230) | | 32,282,305 |
| Service Center Building | 993,206 | 80,504 | | | 1,073,710 |
| Machinery and Equipment | 2,835,758 | 646,556 | (1,718) | | 3,480,596 |
| Transportation Equipment | 1,413,971 | 118,296 | (25,655) | | 1,506,612 |
| Computer Equipment | 2,551,814 | 396,206 | (217,752) | | 2,730,268 |
| Furniture and Fixtures | 260,584 | 24,011 | | | 284,595 |
| Total accumulated depreciation | <u>37,457,769</u> | <u>4,148,672</u> | <u>(248,355)</u> | | <u>41,358,086</u> |
| Total depreciable assets | <u>52,122,143</u> | <u>9,865,058</u> | <u>217,750</u> | | <u>62,204,951</u> |
| Business activity capital assets, net | <u>\$70,677,544</u> | <u>\$13,657,720</u> | <u>(\$462,004)</u> | | <u>\$83,873,260</u> |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

D. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

E. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

| | |
|---|--------------------|
| <i>Governmental Activities</i> | |
| General government | \$166,978 |
| Public safety | 786,259 |
| Public works | 3,455,212 |
| Development services | 2,255,128 |
| Culture and recreation | 485,196 |
| Housing and community services | 7,713 |
| Total Governmental Activities | \$7,156,486 |
| | |
| <i>Business-Type Activities</i> | |
| Ferry Services | \$422,097 |
| Golf Course | 291,530 |
| Sewer Services | 794,455 |
| Total Business-Type Activities | \$1,508,082 |
| | |
| <i>Discretely Presented Component Units:</i> | |
| Housing Authority of City of Alameda | \$776,106 |
| Alameda Power & Telecom | \$4,148,672 |

NOTE 6 - LONG TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Bond Discounts and Issuance Costs

Bond discounts and issuance costs of long-term debt issues are amortized over the life of the related debt, if matured.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 – LONG TERM DEBT (Continued)

The City's long-term debt activity for the year ended June 30, 2005 is as follows:

| | Balance June 30, 2004 | Additions | Retirements | Balance June 30, 2005 | Current Portion |
|--|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| Governmental Activity Debt: | | | | | |
| Certificates of Participation: | | | | | |
| 1996 Police Building | \$2,045,000 | | \$125,000 | \$1,920,000 | \$130,000 |
| 1996 Library/Golf | 4,165,000 | | 140,000 | 4,025,000 | 150,000 |
| 2002, City Hall | 11,020,000 | | 360,000 | 10,660,000 | 365,000 |
| Total Certificates of Participation | 17,230,000 | | 625,000 | 16,605,000 | 645,000 |
| 1992 Revenue Bonds | 1,890,000 | | 105,000 | 1,785,000 | 115,000 |
| 2002 Subordinate Tax Allocation Bonds | 4,640,000 | | 530,000 | 4,110,000 | 250,000 |
| 2003 General Obligation Bonds | 10,600,000 | | 145,000 | 10,455,000 | 155,000 |
| 2003 Tax Allocation Refunding Bonds | 18,535,000 | | | 18,535,000 | |
| 2003 Tax Allocation Bonds | 46,595,000 | | 15,000 | 46,580,000 | 275,000 |
| 2003 ARRA Demand Revenue Bonds | 13,440,000 | | | 13,440,000 | |
| Leases Payable | 611,764 | | 72,889 | 538,875 | 67,359 |
| Loans Payable | 409,163 | \$100,000 | 102,439 | 406,724 | 68,245 |
| Equipment Purchase Agreements | \$1,160,393 | | 34,030 | 1,126,363 | 229,165 |
| Total Governmental Activity Debt | \$115,111,320 | \$100,000 | \$1,629,358 | \$113,581,962 | \$1,804,769 |
| Business-Type Activity | | | | | |
| 1995 Certificates of Participation | \$4,225,000 | | \$215,000 | \$4,010,000 | \$225,000 |
| State Construction Loan | 196,650 | | 17,679 | 178,971 | 18,277 |
| State Water Resources Control Board | 1,765,204 | | 104,718 | 1,660,486 | 107,651 |
| State Revolving Fund Loan | 1,824,330 | | 100,998 | 1,723,332 | 103,624 |
| State Revolving Fund Loan | 859,802 | | 43,674 | 816,128 | 44,854 |
| State Revolving Fund Loan | | \$1,530,442 | 75,081 | 1,455,361 | 64,432 |
| Equipment Purchase Agreements | 441,223 | | 92,923 | 348,300 | 93,612 |
| Total | \$9,312,209 | \$1,530,442 | \$650,073 | \$10,192,578 | \$657,450 |

A. Housing Authority Long Term Debt

The Housing Authority's long-term debt activity for the year ended June 30, 2005 is as follows:

| | Balance June 30, 2004 | Additions | Retirements | Balance June 30, 2005 |
|---------------------------------|--------------------------|--------------------|--------------------|--------------------------|
| Washington Mutual Bank | \$2,136,347 | | \$2,136,347 | |
| Reilly Mortgage | 1,865,084 | | 1,865,084 | |
| U.S. Bank | | \$6,800,000 | 6,985 | \$6,793,015 |
| Midland Loan Services | 9,440,821 | | 158,612 | 9,282,209 |
| Notes Payable - City of Alameda | 1,088,600 | | | 1,088,600 |
| Notes Payable - Other | 1,514,464 | | 1,045,805 | 468,659 |
| Total | \$16,045,316 | \$6,800,000 | \$5,212,833 | \$17,632,483 |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

B. Alameda P & T Long-Term Debt

Alameda P & T's long term debt consists of the Certificates of Participation issues discussed in Note G below. The Alameda P & T long-term debt issues and transactions were as follows:

| | Original Issue Amount | Balance June 30, 2004 | Balance June 30, 2005 | Current Portion |
|--|--------------------------|--------------------------|--------------------------|--------------------|
| Electric System Revenue Taxable COPs, Series 2000AT | \$29,500,000 | \$29,500,000 | \$29,500,000 | |
| Electric System Revenue COPs, Series 2000A | 9,545,000 | 9,545,000 | 9,545,000 | |
| Telecom System Revenue Taxable COPs, Series 2002A | 6,300,000 | 6,300,000 | 6,300,000 | \$1,223,115 |
| Telecom System Revenue Bond Anticipation Notes, Series 2004 | 33,000,000 | 33,000,000 | 33,000,000 | |
| Loan from City of Alameda | 2,200,000 | 2,200,000 | 2,200,000 | |
| Total long term debt | \$80,545,000 | \$80,545,000 | \$80,545,000 | \$1,223,115 |

Alameda P & T is required to maintain amounts of cash and investments with trustees or fiscal agents under the terms of the Series 2000A Certificates of Participation, as discussed at Note 6F.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

C. Debt Service Requirements - City, Housing Authority and Alameda P & T

Annual debt service requirements are shown below for all long-term debt:

| For the Year Ending June 30 | Governmental Activities | | Business-type Activities | | Housing Authority | | Alameda P&T | |
|--------------------------------|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2006 | \$1,804,769 | \$5,453,155 | \$657,450 | \$371,432 | \$266,369 | \$787,555 | \$1,223,115 | \$5,036,735 |
| 2007 | 2,003,790 | 5,394,531 | 842,742 | 345,798 | 281,811 | 774,054 | 1,284,270 | 4,975,580 |
| 2008 | 2,607,197 | 5,317,498 | 607,520 | 312,675 | 299,334 | 759,772 | 1,348,484 | 4,911,366 |
| 2009 | 2,808,968 | 5,212,328 | 632,145 | 290,299 | 316,655 | 744,667 | 37,644,131 | 5,584,750 |
| 2010 | 2,914,858 | 5,087,106 | 652,237 | 266,562 | 334,979 | 728,688 | | 2,366,945 |
| 2011-2015 | 16,187,380 | 23,058,985 | 3,611,480 | 958,534 | 1,989,091 | 3,369,533 | 4,390,000 | 11,324,865 |
| 2016-2020 | 18,735,000 | 18,956,145 | 2,897,478 | 274,142 | 2,635,270 | 2,806,489 | 7,390,000 | 9,536,454 |
| 2021-2025 | 22,805,000 | 14,124,487 | 291,526 | 15,287 | 3,491,662 | 2,060,869 | 9,965,000 | 6,854,613 |
| 2026-2030 | 24,250,000 | 8,423,225 | | | 4,500,804 | 1,089,097 | 13,935,000 | 3,146,528 |
| 2031-2035 | 19,465,000 | 1,920,325 | | | 2,546,295 | 220,000 | 3,365,000 | 65,604 |
| 2036-2040 | | | | | 48,618 | | | |
| 2041-2045 | | | | | 43,684 | | | |
| 2046-2050 | | | | | 36,934 | | | |
| 2051-2055 | | | | | 213,151 | | | |
| 2056-2060 | | | | | 627,826 | 1,462,854 | | |
| Total | \$113,581,962 | \$92,947,784 | \$10,192,578 | \$2,834,729 | \$17,632,483 | \$14,803,578 | \$80,545,000 | \$53,803,440 |

D. Description of the City's Long Term Debt Issues

Much of the City's debt is in the form of Certificates of Participation, which are a type of debt secured by lease payments made by the City under non-cancelable lease agreements. The cost of the assets securing these leases and the balance of the debt evidenced by these Certificates of Participation have been included in the City's financial statements as these leases are in essence financing arrangements with ownership of the financed assets reverting to the City at their conclusion.

1996 Police Building Refinancing and Equipment Financing Certificates of Participation - The City issued Certificates of Participation in the original principal amount of \$2,770,000, and bearing interest at 4.00-6.125%, on July 16, 1996 as a sale and leaseback agreement under a non-cancelable lease extending to August 1, 2015. The proceeds from the sale of the Bonds were used to refund City's 1990 COP's Police Building and Equipment Financing Project COPs. Under this lease, the City makes semi-annual payments February 1 and August 1 from Police and Fire Impact fund and asset seizure revenues to pay the principal and interest on the 1996 Certificates of Participation. The cost of the building and the balance of the debt evidenced by the Police Building Refinancing and Equipment Financing Certificates of Participation have been included in the City's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the City at its conclusion.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

1996 Library and Golf Course Upgrade and Renovation Certificates of Participation - The City issued Certificates of Participation in the original principal amount of \$4,900,000, and bearing interest at 3.90-5.75%, on December 1, 1996 to finance the seismic upgrade and renovation of the Carnegie Library building and certain golf course facilities under a non-cancelable lease of these facilities extending to December 1, 2021. Under this lease, the City makes semi-annual payments June 1 and December 1 from any source of available funds of the City which are sufficient to pay the principal and interest on the 1996 Certificates of Participation. Ownership of the leased premises reverts to the City at the end of the lease. The balance of the debt evidenced by the Library and Golf Course Upgrade and Renovation Certificates of Participation have been included in the City's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the City at its conclusion.

2002 City Hall Refinancing Project Certificates of Participation - The City issued Certificates of Participation in the original principal amount of \$11,370,000, and bearing interest at 2.25-4.75%, on September 10, 2002 to refund the City's outstanding \$10,565,000 1995 City Hall Seismic Upgrade and Renovation Project Certificates of Participation. The 1995 COP was to finance the seismic upgrade and renovation of City Hall and certain fire station facilities under a non-cancelable lease of these facilities extending to May 1, 2025. Under this lease, the City makes semi-annual payments May 1 and November 1 from vehicle licensing fees, which are sufficient to pay the principal and interest on the 1995 Certificates of Participation. Ownership of the leased premises reverts to the City at the end of the lease. The balance of the debt evidenced by the 1995 Certificates of Participation have been included in the City's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the City at its conclusion. Principal and interest are payable semi-annually each November 1 and May 1 through 2025.

The refunding proceeds of the 2002 Bonds were used to purchase non-callable US government securities which were deposited in an irrevocable trust to provide for all future debt service payments of the 1995 COPs. Accordingly, the trust account assets and the liability for the refunded portion of the 1995 COPs are not included in the financial statements.

1992 Revenue Bonds - On April 1, 1992, the Alameda Public Financing Authority issued \$2,740,000 original principal amount of 1992 Revenue Bonds, bearing interest at 5.80-6.80%. The proceeds from the sale of the Bonds were used to refund the West End Improvement Project 1985 Tax Allocation Bonds. Agency tax increment revenue is pledged for the repayment of these bonds. Principal and interest are payable semi-annually each April 1 and October 1 through 2016.

2002 Community Improvement Commission Subordinate Taxable Tax Allocation Bonds - On March 1, 2002, the Community Improvement Commission issued Tax Allocation Bonds in the principal amount of \$4,640,000, bearing interest at 6.05-7.75%. The proceeds, in part, were used to repay a loan from the City to the Community Improvement Commission related to the Commission's Business and Waterfront Improvement Project. The bonds are payable from tax increment revenues receivable by the Commission with respect to the Project Area. Principal and interest are payable semi-annually on February 1 and August 1 through February 2012.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

2003 General Obligation Bonds – On November 7, 2000 the voters approved the issuance of General Obligation Bonds, which the City issued on March 25, 2003, in the principal amount of \$10,600,000, plus a reoffering premium of \$268,000, to finance the acquisition and construction of a new main library and improvements to two branch libraries within the City. The bonds bear interest at 2.00-5.00%. The repayment of the bonds is secured by all revenue of the City. Principal payments are due annually on August 1. Interest payments are due semi-annually on February 1 and August 1 through August 1, 2033.

2003 Community Improvement Commission Tax Allocation Bonds – On December 1, 2003, the Community Improvement Commission issued Series 2003 A1 and A2 Tax Allocation Bonds in the amount of \$37,390,000 and Series 2003 B Subordinated Tax Allocation Bonds in the amount of \$9,205,000 for a total original principal amount of \$46,595,000, for the Commission's merged improvement areas. The bonds bear interest at 2.00-5.85%. The proceeds are to finance certain redevelopment projects, to repay the City a loan of \$2,200,000 for the project area and to finance \$12,200,000 of demolition cost incurred in the project area. The Series 2003 A1 and A2 are secured by a pledge of certain tax increment revenues for the Commission's Merged Project Area. The Series 2003 B are secured by a subordinate pledge of tax revenues. Interest is payable semiannually on March 1 and September 1 through 2033. Principal is payable annually on March 1 commencing in, fiscal 2006 through 2033.

2003 Community Improvement Commission Tax Allocation Refunding Bonds – On October 1, 2003, the Community Improvement Commission issued Tax Allocation Refunding Bonds related to the Business and Waterfront Improvement Area in the original principal amount of \$18,535,000, with Series 2003 C issued in the amount of \$17,510,000 and Series 2003 D in the amount of \$1,025,000. The bonds bear interest at 2.00-6.62%. The proceeds were used to refund the Community Improvement Commission of the City of Alameda, Business and Waterfront Improvement Project Tax Allocation Bonds 2002 Series A and the City of Alameda Community Facilities District Number 4 Special Tax Bonds, Series 2002-A. The Bonds are payable from tax increment revenues receivable by the Commission with respect to the Project Area. Principal is payable annually on February 1 with interest payable semi-annually on February 1 and August 1 through February 2032.

2003 ARRA Demand Revenue Bonds (Alameda Point Improvement Project) – On December 1, 2003, the Alameda Public Financing Authority issued Revenue Bonds in the original principal amount of \$13,440,000 at a variable rate of interest determined on a weekly basis. The proceeds from the bonds were used to refund the 1999 ARRA Revenue Bonds which was issued to finance the costs of certain improvements at Alameda Point and to finance professional planning for land use planning and other activities required in the redevelopment process at Alameda Point. Repayment of these bonds is from rental revenues paid to ARRA from certain land, buildings, fixtures and equipment. Interest is payable on the first business day of each month, commencing February 1, 2004.

Bank Loan on Equipment Lease -- The City is obligated under two capital leases for certain office equipment, two fire engines, and a phone system.

Loans Payable - The City entered into a loan with Alameda P & T for \$70,000 on April 14, 2003 to conduct a study and renewal recommendation for the 1929 "Historic Street Lights" to be conducted by Alameda P & T. However, on August 17, 2004 the street lights were transferred to Alameda P & T after incurring study related costs of \$36,868. The loan principal was reduced by \$34,089 to reflect only the costs incurred prior to the transfer. The City agreed to pay annual payments ranging from \$8,160 to \$3,116 through July 1, 2005 and \$4,297 through 2009. At June 30, 2005 the outstanding balance was \$22,474.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

The City entered into a loan with Alameda P & T for the replacement of deteriorated street lights. Through June 30, 2005 Alameda P & T had expended \$627,300 for street light replacement and the City had made payments of \$322,000. Annual installments of \$40,000 are scheduled until the loan is repaid. At June 30, 2005 the outstanding balance was \$305,300.

The City entered into a loan with Alameda P & T for \$79,000 to underground streetlights owned by the City's Underground Districts #21 and #16 and maintained by the City's Public Works department. The loan carries an interest rate of 2% and is to be repaid in annual installments through fiscal year 2009. At June 30, 2005 the outstanding balance was \$63,200.

The City entered into a loan with Alameda P & T in April 2005 for \$21,000 to provide the City's Recreation and Parks department's new facility at 2226 Santa Clara Avenue with telecommunications capabilities. The loan is to be repaid over four years with equal installments of \$5,250 and has a zero percent interest rate. The first payment was made on June 1, 2005. At June 30, 2005 the outstanding balance was \$15,750.

1995 Sewer System Refinancing & Improvement Certificates of Participation - On December 14, 1995, the City issued Certificates of Participation in the original principal amount of \$5,850,000, bearing interest at 4.05-5.15%. \$5,035,792 of the proceeds plus \$434,355 from the 1988 refunded debt reserves were used to set up an escrow account to make principal and interest payments on the 1988 refunded debt through March 1, 1998 and to redeem the 1988 COPs at 103% on March 1, 1998. The remaining \$815,000 of the proceeds is to be used for new Sewer Fund Projects relating to the closure of the Alameda Naval Air Station. The COPs mature on March 1, 2018. The installment payments are made from the net revenues of the Sewer Services Enterprise Fund.

State Construction Loan - On May 2, 1989, the City entered into a loan with the State of California State Water Resources Control Board for \$400,431 at 3.39% interest to construct facilities for the control and prevention of water pollution. The loan is payable from Sewer Service Enterprise Fund operating revenues. The City agreed to make annual payments of \$24,349 through December 1, 2013.

State Water Resources Control Board- On February 8, 1996, the City entered into a loan with the State of California State Water Resources Control Board for up to \$2,324,502 at 2.8% interest, of which all has been drawn down. The purpose of the loan is to provide funding to install sanitary sewer facilities. The loan is payable from Sewer Service Enterprise Fund operating revenues. The City agreed to make annual payments of \$154,144 through August 5, 2017.

State Revolving Fund Loan - The City entered into a contract on July 1, 1998 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$2,292,025, of which all has been drawn down. This loan bears interest at 2.6% per year for a term of 20 years.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

State Revolving Fund Loan - The City entered into a contract on September 29, 1999 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$1,193,529 and shall bear interest at 2.7% per year for a term of 20 years. As of June 30, 2005, the City has drawn down \$1,030,513 of the loan.

State Revolving Fund Loan - The City entered into a contract on August 12, 2004 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to replace sewers to correct infiltration and inflow. The maximum loan amount is \$1,840,292 and shall bear interest at 2.6% per year for a term of 20 years. As of June 30, 2005, the City has drawn down \$1,530,442 of the loan.

Equipment Purchase Agreements - On November 3, 1994 the City entered into a non-cancelable lease agreement in the amount of \$450,000 with U.S. Bank to acquire a fire truck. The City agreed to pay the lease in monthly payments of \$3,875 for 180 months. Ownership of the fire truck reverts to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the fire truck and the amount of the lease have been included in the City's financial statements.

On October 25, 1999 the City entered into a non-cancelable lease agreement in the amount of \$69,309 with Associates Commercial Corporation to acquire a Toro Groundmaster. The City agreed to pay the lease in monthly payments of \$1,346 for 60 months. Ownership of the Toro Groundmaster reverts to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the Toro Groundmaster and the amount of the lease have been included in the City's financial statements. This lease was paid off in fiscal 2005.

On April 18, 2001 the City entered into a non-cancelable lease agreement in the amount of \$404,934 with Textron Financial Corporation to acquire certain electric golf equipment. The City agreed to pay the lease in monthly payments of \$8,270 for 36 months. On April 5, 2004 the City traded-in the golf equipment in exchange for a new lease agreement with Textron Financial Corporation in the amount of \$444,077. Under the new lease agreement the City agreed to pay \$9,203 for 36 months. Ownership of the golf equipment reverts to the city at the end of the lease. Since the lease is essentially a financing agreement, the cost of the golf equipment and the amount of the lease have been included in the City's financial statements.

On April 1, 2003 the City entered into a non-cancelable lease agreement in the amount of \$674,467 with Pierce Manufacturing Inc. to acquire two fire trucks. The City agreed to pay the lease in quarterly payments of \$21,597 for 10 years. Ownership of the fire trucks reverts to the City at the end of the lease. Since the lease is in essence a financing arrangement, the costs of the fire trucks and the amount of the lease have been included in the City's financial statements.

On May 7, 2003 the City entered into a non-cancelable lease agreement in the amount of \$948,040 with Net Versant San Francisco, Inc. to acquire a telephone system. The City agreed to pay the lease in monthly payments of \$16,068 for 84 months. Ownership of the equipment reverts to the City at the end of the lease. Since the lease is in essence a financing arrangement, the costs of the telephone system and the amount of the lease have been included in the City's financial statements.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

E. *Housing Authority Notes Payable*

The deed of trust note dated April 1, 2005 of \$6,800,000 for the Parrot and Eagle Village Apartments with U.S. Bank accrues interest rate variable rate based upon the weekly short term bond reset rate. The note requires payments of principal and interest in amounts at least totaling \$340,016. The note matures April 15, 2035. The outstanding balance on the note at June 30, 2005 was \$6,793,015.

Four other notes are secured by deeds of trust on six properties located throughout the City of Alameda. These notes were issued during the fiscal years ended June 30, 1997 and June 30, 2004. These notes have a balance owing of \$468,659 as of June 30, 2005. The notes have interest rates ranging from 5.05% to 6.72% per annum and require annual principal and interest payments totaling \$3,108.

Issued during the fiscal year ended June 30, 1997 were two deferred loans from the City of Alameda. These loans were issued for \$518,600 and carry no interest rate. They are secured by deeds of trust on nine properties located in Alameda, California. One of the notes is deferred until January 1, 2007, while the other is deferred until January 1, 2027. Varying semiannual payments are due on each loan from the deferral date through January 1, 2027.

A promissory note agreement for \$570,000 was entered into with the City of Alameda on June 18, 1998. This note bears interest at 3% per annum. Both interest and principal payments on this loan are deferred until the note's due date of June 30, 2057.

The mortgage note payable to Midland Loan Services, Inc. was entered into on August 25, 1998. It is payable in monthly installments of \$56,705, including principal and interest at 5.57%. Final payment is due February 1, 2031. The outstanding balance on this loan at June 30, 2005 was \$9,282,205.

F. *Alameda Power & Telecom Certificates of Participation and Bonds Payable*

Electric System Revenue Taxable Certificates of Participation, Series 2000AT

On April 1, 2000, Alameda P & T issued \$9,545,000 of Electric System Revenue Certificates of Participation, Series 2000A bearing interest at 5% to 5.75%. Proceeds were used to defease the remaining outstanding 1992 Certificates of Participation, finance certain electric system improvements, and pay cost of delivery of the 2000A Certificates. The Series 2000A Certificates of Participation mature annually through July 1, 2030. Principal amounts are payable annually July 1 commencing 2011. Interest amounts are payable semiannually on January 1 and July 1.

Electric System Revenue Certificates of Participation, Series 2000A

On April 1, 2000 Alameda P & T issued \$9,545,000 of Electric System Revenue Certificates of Participation, Series 2000A bearing interest at 5% to 5.75%. Proceeds were used to defease the remaining outstanding 1992 Certificates of Participation, finance certain electric system improvements, and pay cost of delivery of the 2000A certificates. The Series 2000A Certificates of Participation mature annually through July 1, 2030. Principal amounts are payable annually July 1 commencing July 1, 2011. Interest amounts are payable semiannually on January 1 and July 1. All principal and interest payments are to be made from Alameda P & T's operating revenues.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 6 - LONG TERM DEBT (Continued)

Telecom System Revenue Taxable Certificates of Participation, Series 2002A

Alameda P & T purchased VECTREN Communications Services, Inc.'s (VCS) right to operate the System and to receive any Management fee for the purchase price of \$6,300,000 under an installment sale agreement in which periodic payments of principal and interest will be paid to VCS. Simple interest accrues at the rate of five percent per annum of the purchase price from the effective date of the agreement, which is June 28, 2002. Subject to the availability of telecommunications net system revenues, Alameda P & T will defease this obligation with five equal installments of \$1,582,905 with the first payment due on May 1, 2006. Pursuant to Telecom System Revenue Bond Anticipation Notes Series 2004 trust agreements, Alameda P & T accrued \$420,807 of additional interest payable in fiscal year 2005.

Telecom System Revenue Bond Anticipation Notes, Series 2004 -- On April 8, 2004, Alameda P & T issued \$33,000,000 of Revenue Bond Anticipation Notes. Proceeds were used to pay the balance of the Certificates of Participation 2000B, to finance additional costs of the construction, equipping and improvement of the Telecom System and to establish a reserve to pay capitalized interest on the Notes through their maturity dates. The Notes mature on June 1, 2009. The Notes bear interest at 7% and interest payments are made semi-annually on December 1 and June 1 from funds provided by the capitalized interest reserve.

Loan from City of Alameda -- On December 16, 2003 at the request of the Public Utilities Board, the Alameda City Council loaned \$2,200,000 to Alameda P & T for the purpose of construction of the hybrid fiber-optic/coaxial telecom system. The loan is interest free and is due on June 1, 2009.

G. *KQED, Inc.*

On May 1, 1990 the City acted as a financial intermediary in order to assist the public television station KQED, Inc. in issuing \$17,200,000 in variable rate demand bonds. The bonds are payable solely from revenues collected by KQED, Inc. The City has not included these bonds in its basic financial statements since it is not legally or morally obligated for the repayment of the bonds.

H. *Defeased Debt*

In 2004 the City defeased its Business and Waterfront Improvement Project Tax Allocation Bonds, 2002 Series A and Community Facilities District No. 4 Special Tax Bonds, Series 2002-A by establishing an irrevocable trust to provide for all future debt service payments. As of June 30, 2005 the remaining balance of the defeased debt was \$14,110,000.

NOTE 7 - SPECIAL ASSESSMENT DEBT WITHOUT CITY'S COMMITMENT

Paragon Gateway Community Facilities District #2, Harbor Bay Community Facilities District #1-1996 Series A Revenue Bonds, 1998 Refunding Improvement Bonds (Harbor Bay Business Park), and the Alameda Public Financing Authority 1999 Revenue Bonds (Marina Village Assessment District Bond Refinancing), have also issued debt, but the City has no legal or moral liability with respect to the payment of this debt, which is secured only by assessments on the properties in these Districts.

At June 30, 2005, these Districts' outstanding debt amounted to \$60,400,000.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 8 – NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets is the excess of all the City’s assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City’s capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Assets which is not restricted to use.

B. Fund Balance

Fund balance consists of reserved and unreserved amounts. Reserved fund balance represents that portion of a fund balance, which has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved.

A portion of unreserved fund balance may be designated to indicate plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans are subject to change and may never be legally authorized or result in expenditures.

The funds below had fund balance deficits or net asset deficits in the amounts shown at June 30, 2005. Future revenues are expected to offset these deficits.

Special Revenue Funds:

| | |
|--|-------------|
| Alameda Point Improvement Project Area | \$1,237,752 |
| FISC Lease Revenue | 4,573,187 |
| Narcotics Assets Seizure | 83,273 |

Internal Service Funds:

| | |
|---------------------------------|-----------|
| Workers’ Compensation Insurance | 4,839,381 |
| Dental | 34,241 |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Expenditures in Excess of Budget

The funds below incurred expenditures or expenses in excess of their budgets in the amounts below as the result of unanticipated disbursements for the year ended June 30, 2005. Sufficient funds were available to fund these expenditures.

Special Revenue Funds:

| | |
|--|-----------|
| Business and Waterfront Improvement Project Area | \$232,047 |
| Library | 50,527 |
| Tidelands | 28,642 |
| Narcotics Asset Seizure | 1,005 |
| Parking Meter | 56,759 |
| Athletic Recreation | 225,285 |

NOTE 9 - PENSION PLANS

A. CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2005, are summarized as follows:

| | <u>Safety</u> | <u>Miscellaneous</u> |
|---|------------------|----------------------|
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 55 |
| Monthly benefits, as a % of annual salary | 3.000% | 2.000% |
| Required employee contribution rates | 9.000% | 7.000% |
| Required employer contribution rates | 33.941% | 13.689% |
| Actuarially required contributions | \$7,676,903 | \$4,696,192 |

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 9 - PENSION PLANS (Continued)

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 8.25% is assumed, including inflation at 3.5%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

The Plans' actuarial value (which differs from market value) and funding progress over the most recently available past three years is set forth below at their actuarial valuation date of June 30:

Safety Plan:

| Actuarial | | | | | | Unfunded (Overfunded) Liability as % of Payroll |
|-------------------|-----------------------------------|------------------------------|---------------------------------------|-----------------|---------------------------|--|
| Valuation Date | Entry Age Accrued Liability | Actuarial Value of Assets | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | |
| 2002 | \$176,017,945 | \$137,242,736 | \$38,775,209 | 78.0% | \$19,091,708 | 203.1% |
| 2003 | 185,987,125 | 141,110,783 | 44,876,342 | 75.9% | 20,549,153 | 218.4% |
| 2004 | 198,572,604 | 150,663,110 | 47,909,494 | 75.9% | 20,542,771 | 233.2% |

Miscellaneous Plan:

| Actuarial | | | | | | Unfunded (Overfunded) Liability as % of Payroll |
|-------------------|-----------------------------------|------------------------------|---------------------------------------|-----------------|---------------------------|--|
| Valuation Date | Entry Age Accrued Liability | Actuarial Value of Assets | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | |
| 2002 | \$117,077,937 | \$119,582,264 | (\$2,504,327) | 102.1% | \$27,463,321 | (9.1%) |
| 2003 | 133,411,431 | 120,299,862 | 13,111,569 | 90.2% | 31,168,669 | 42.1% |
| 2004 | 143,447,821 | 127,047,861 | 16,399,960 | 88.6% | 32,848,338 | 49.9% |

Audited annual financial statements are available from CALPERS at PO Box 942709, Sacramento, CA 94229-2709.

PERS has reported that the value of the net assets in the Plan held for pension benefits changed as follows during the year ended June 30, 2004, the most recently available information:

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 9 - PENSION PLANS (Continued)

Additional disclosures will be included when made available by PERS.

| | Safety | Miscellaneous |
|--|----------------------|----------------------|
| Beginning Balance 6/30/03 | \$141,110,783 | \$120,299,862 |
| Contributions received | 6,874,873 | 3,470,608 |
| Benefits and Refunds Paid | (8,064,599) | (5,712,629) |
| Transfers and Miscellaneous Adjustments | (2,258) | (104,185) |
| Expected Investment Earnings Credited | 10,890,758 | 9,234,020 |
| Expected Actuarial Value of Assets 6/30/04 | <u>\$150,809,557</u> | <u>\$127,187,676</u> |
| | | |
| Market Value of Assets 6/30/04 | <u>\$148,612,847</u> | <u>\$125,090,453</u> |
| | | |
| Actuarial Value of Assets 6/30/04 | <u>\$150,663,110</u> | <u>\$127,047,861</u> |

Actuarially required contributions for fiscal years 2005, 2004, and 2003 were \$10,106,802, \$9,861,135 and \$7,671,759. The City made these contributions as required, together with certain immaterial amounts required as the result of the payment of overtime and other additional employee compensation.

B. Police and Fire Pension Plans

The City sponsors and administers two single employer defined benefit retirement plans for its police and fire department retirees. Police and fire employees who entered service before 1953 participate in Plan 1079, a closed plan consisting of 53 participants, all of whom are retired employees or beneficiaries. Employees with 25 or more years of service receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the retiree one year prior to the date of retirement. Employees terminated after 10 but before 25 years of service receive monthly pension benefits in the proportion that the number of years service bears to 25. Qualified surviving spouses receive the retiree's monthly pension benefits for life. Upon remarriage, the qualified surviving spouse receives one-half of the retiree's monthly pension benefits. Employees who became disabled from service-related causes receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the disabled employee on the date of their disability, reduced by any workers' compensation benefits received.

Plan 1082 is a closed plan consisting of two retired employees who receive monthly pension benefits of \$2,043 and \$1,281, respectively, adjusted annually by a maximum of 2% per year cost-of-living adjustment. Upon the death of a retiree, the qualified spouse receives one-half of the retiree's monthly pension benefit for life or until remarriage.

C. Funding Policy

Although Plans 1079 and 1082 may have some allocated assets, the City's contribution policy is to fund the plans on a pay-as-you-go basis. The annual required contribution equals the greater of:

- 15 year amortization of the unfunded actuarial accrued liability, and
- actual benefits paid during the year

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 9 - PENSION PLANS (Continued)

D. Annual Pension Cost

Government Accounting Standards Board Statement No. 27 (Statement 27) requires the City to determine the plan's annual pension cost based on the most recent actuarial valuation. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution and amounts contributed. The actuary has determined the City's annual required contribution as the greater of (a) a 15-year amortization of the unfunded actuarial liability or, (b) actual benefit payments made for the year.

For fiscal year ending June 30, 2005, the City's annual required contribution was \$3,378,000 for Plan 1079 and \$75,000 for Plan 1082. This amount is equal to the City's actual contributions of \$3,378,000 for Plan 1079 and more than the City's actual contributions of \$39,000 for Plan 1082. The required contribution was determined based on the June 30, 2003 actuarial assumptions including (a) 5.5% investment return (net of administrative expenses), (b) the CalPERS 1986 – 1992 Experience Study table for Males and Females, (c) projected annual benefit increases of 4% a year for Plan 1079 and cost-of-living adjustment of 2% per year. Both (a) and (c) include a 3% annual inflation component.

E. Trend Information - Plans 1079 and 1082

The following table provides three years of historical information of the Annual Pension Cost:

Plan 1079:

| <u>Fiscal Year</u> <u>Ending</u> | <u>Annual Pension</u> <u>Cost (APC)</u> | <u>Percentage of</u> <u>APC</u> | <u>Net Pension</u> <u>Obligation</u> |
|-------------------------------------|--|------------------------------------|---|
| 6/30/2003 | \$3,345,000 ** | 101% | \$438,000 |
| 6/30/2004 | 3,358,000 | 101% | 418,000 |
| 6/30/2005 | 2,699,000 | 116% | (9,000) |

Plan 1082:

| <u>Fiscal Year</u> <u>Ending</u> | <u>Annual Pension</u> <u>Cost (APC)</u> | <u>Percentage of</u> <u>APC</u> | <u>Net Pension</u> <u>Obligation</u> |
|-------------------------------------|--|------------------------------------|---|
| 6/30/2003 | \$73,000 ** | 53% | \$82,000 |
| 6/30/2004 | 71,000 | 55% | 115,000 |
| 6/30/2005 | 69,000 | 57% | 145,000 |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 9 - PENSION PLANS (Continued)

** Equal to annual required contribution, which is based on June 30, 2002 accrued liability of \$34,310,000 for Plan 1079 and \$772,000 for Plan 1082, plus interest on net pension obligation minus amortization of past contribution deficiencies already included in annual required contribution.

SCHEDULE OF FUNDING PROGRESS

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability</u> | <u>Unfunded Actuarial Accrued Liability</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a % of Covered Payroll</u> |
|---|--|--|---|-------------------------|----------------------------|---|
| <i>Plan 1079</i> | | | | | | |
| 6/30/2003 | \$0 | \$32,740,000 | \$32,740,000 | 0% | N/A | N/A |
| 6/30/2004 | 0 | 31,069,000 | 31,069,000 | 0% | N/A | N/A |
| 6/30/2005 | 0 | 30,839,000 | 30,839,000 | 0% | N/A | N/A |
| <i>Plan 1082</i> | | | | | | |
| 6/30/2003 | 0 | \$775,000 | \$775,000 | 0% | N/A | N/A |
| 6/30/2004 | 0 | 778,000 | 778,000 | 0% | N/A | N/A |
| 6/30/2005 | 0 | 873,000 | 843,000 | 0% | N/A | N/A |

Audited financial statements are available from the City of Alameda at 2263 Santa Clara Avenue, Room 220, Alameda, California 94501.

F. Other Retirement Systems

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan. Effective January 1, 1995, the City contracted with the Public Agency Retirement System (PARS), a defined contribution plan. This Plan covers part-time, seasonal and temporary employees and all employees not covered by another retirement system. All eligible employees are covered by the Plan are fully vested. Employer liabilities are limited to the amount of current contributions.

Under PARS employees contribute 6% and the City contributes 1.5% of the employee's salary each pay period. For the fiscal year ending June 30, 2005, total contributions of \$221,550 were made based on a total amount of covered compensation of \$2,953,994.

Effective May 3, 2001 the City adopted the PARS Retirement Enhancement Plan for Council appointed employees as part of the City Retirement Program. Under the Enhancement Plan specific appointed employees will be entitled to receive retirement benefits of 3% at age 55 as well as medical and disability benefits upon retirement.

Two of the City's part-time employees elected to be covered under Social Security, which requires this employee and the City to each contribute 6.2% of the employee's pay. Total contributions to Social Security during the year ended June 30, 2005 amounted to \$5,280, of which the City paid one-half.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 9 - PENSION PLANS (Continued)

Effective September 1, 2001, the City adopted a Money Purchase Plan for a limited group of employees and appointees as a part of the City Retirement Program, which includes the Housing Authority and Alameda P & T. The employees include all department directors. The appointees include the City Clerk and the City Attorney. Under the Money Purchase Plan, the employer contributes 1% of the individual's salary and the employee contributes a mandatory 2% of their salary. This plan is qualified under Section 401(a) of the Internal Revenue Code. Each participant has a plan account to which contributions are made. Plan benefits are based on the total amount of money in the account at retirement. Since the assets held under these plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

NOTE 10 - RISK MANAGEMENT

The City, the Housing Authority and Alameda P & T manage risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

A. Risk Coverage

The City and ARRA are members of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims up to \$25,000,000. The City and ARRA both have self-insured retention of \$500,000 per claim. Once the self-insured retention is met CJPRMA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2005, the City contributed \$501,880 for coverage during the current year and received a refund of \$189,822 of prior year excess contributions.

The City, Alameda P & T and ARRA are members of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) which covers workers' compensation claims up to statutory limits. The City, Alameda P & T and ARRA have self-insured retention of up to \$250,000 per claim. During the fiscal year ended June 30, 2005, the City, Alameda P & T and ARRA contributed \$525,279, \$98,432 and 21,565, respectively, for current year coverage.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 10 - RISK MANAGEMENT (Continued)

The Housing Authority is a member of the Housing Authorities Risk Retention Pool (HARRP) which covers property liability claims up to \$12,000,000 after a \$1,000 deductible per claim, as well as general liability claims to \$3,000,000 and auto liability claims to \$2,000,000, neither of which require a deductible. During the fiscal year ended June 30, 2005 the Authority contributed \$7,662 for current year coverage.

The Housing Authority is a member of the California Housing Workers' Compensation Authority (CHWCA) which covers workers' compensation claims up to statutory limits. The Housing Authority is not subject to any deductible under this coverage. During the fiscal year ended June 30, 2005 the Housing Authority contributed \$156,184 for current year coverage.

The Alameda P & T has purchased commercial insurance against general liability claims. This policy has a self-insured retention of \$500,000.

The following types of loss risks are covered by the above authorities under the terms of their respective joint-powers agreements and through commercial insurance policies as follows:

| Type of Coverage | Coverage Limits | | |
|--|-----------------|-------------------|---------------|
| | City | Housing Authority | Alameda P & T |
| Liability | \$25,000,000 | \$2,000,000 | \$35,000,000 |
| Auto - Physical damage | 1,500,000 | 1,000,000 | 1,500,000 |
| Worker's Compensation | Statutory | Statutory | Statutory |
| All Risk Fire & Property except earthquake and flood | 300,000,000 | 10,000,000 | 300,000,000 |
| Boiler & Machinery | 20,000,000 | | 20,000,000 |
| Computer Software and Police Vehicle Computers | 5,660,000 | | 5,320,000 |

B. Insurance Internal Service Funds

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

The City's liability for uninsured general liability claims, including claims incurred but not reported is reported in the City's Risk Management Internal Service Fund. The liability is based on an independent actuarial study prepared biennially and was computed as follows for the years ended June 30:

| | 2005 | 2004 |
|--|-------------|-------------|
| Beginning balance | \$1,338,673 | \$1,637,713 |
| Liability for current fiscal year claims | 92,204 | 1,112,614 |
| Increase (decrease) in estimated liability for prior year claims | 177,609 | (1,355,635) |
| Claims paid in current year | (50,719) | (56,019) |
| Ending balance | \$1,557,767 | \$1,338,673 |

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 10 - RISK MANAGEMENT (Continued)

The change in the Worker's Compensation Internal Service Fund's claims liability, including claims incurred but not reported as estimated by the City's Risk Manager, is based on historical trend information provided by its third party administrators and was computed as follows at June 30:

| | 2005 | 2004 |
|--|-------------|-------------|
| Beginning balance | \$6,174,218 | \$4,620,881 |
| Liability for current fiscal year claims | 627,594 | 808,336 |
| Increase (decrease) in estimated liability for prior year claims | 166,935 | 2,257,050 |
| Claims paid in current year | (1,732,249) | (1,512,049) |
| Ending balance | \$5,236,498 | \$6,174,218 |

The Dental Internal Service Fund maintains an outstanding claims liability balance of \$47,100 based on historical trends.

The City has not significantly reduced its insurance coverage from the prior year. Furthermore, settlements have not exceeded insurance coverage for the past three fiscal years.

NOTE 11 – ALAMEDA P & T JOINT VENTURES

A. General

Alameda P & T participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the JPAs are not those of Alameda P & T and the other participating entities unless assumed by them.

Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the board.

Alameda P & T is a member of NCPA, a joint powers agency which operates under a joint powers agreement among 22 public agencies. The purpose of NCPA is to use the combined strength of its members to purchase, generate, sell and interchange electric energy and capacity through the acquisition and use of electrical generation and transmission facilities, and to optimize the use of those facilities and the member's position in the industry. Each agency member has agreed to fund a pro rata share of certain assessments by NCPA and certain members have entered into take-or-pay power supply contracts with NCPA. While NCPA is governed by its members, none of its obligations are those of its members unless expressly assumed by them.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 11 - ALAMEDA P & T JOINT VENTURES (Continued)

Amounts paid by Alameda P & T to NCPA during the years ended June 30, 2005 and 2004 for purchased power were \$28,245,305 and \$22,884,894, respectively. Amounts paid reflect that NCPA invoiced amounts include payments received by NCPA from the Certificates of Participation 2000AT trustee for Alameda P & T's costs.

Alameda P & T receives no income from NCPA, and does not participate in all of its projects. Further, NCPA does not measure or determine Alameda P & T's equity in NCPA as a whole. NCPA reports only Alameda P & T's share of its General Operating Reserve, comprised of cash and investments, and Alameda P & T's share of those Projects in which Alameda P & T is a participant. These amounts are reflected in the financial statements as Equity in Certain NCPA Projects and Reserve.

Effective July 1, 1998, Alameda P & T restated its Retained Earnings to include its equity in NCPA projects and reserve, and its Statement of Revenues and Expenses to include the effects of changes in its equity in NCPA projects and reserve. These changes are set forth below:

| | Fiscal Year Ended June 30 | |
|--|---------------------------|--------------|
| | 2005 | 2004 |
| Beginning balance | \$11,805,479 | \$10,864,492 |
| Increase in equity in NCPA projects | 1,408,302 | 960,589 |
| Refunds from general operating reserve | | (19,602) |
| Ending balance | \$13,213,781 | \$11,805,479 |

Alameda P & T's interest in NCPA Projects and Reserve, as computed by NCPA, is set forth below.

| | June 30 | |
|---|--------------|--------------|
| | 2005 | 2004 |
| General Operating Reserve | \$10,825,630 | \$9,819,422 |
| Associated Member Services | 365,445 | |
| Net book value of amounts contributed to fund | | |
| Alameda P&T's share of NCPA power projects: | | |
| Geothermal Projects | 1,532,436 | 1,168,462 |
| Calaveras Hydroelectric Project | 226,641 | 239,370 |
| Combustion Turbine Project No. 1 | 29,398 | 114,378 |
| Geothermal Public Power Line | | 323,067 |
| Combustion Turbine Project No. 2 | 234,231 | 140,780 |
| | \$13,213,781 | \$11,805,479 |

The General Operating Reserve represents Alameda P & T's portion of funds which resulted from the settlement in prior years of issues with financial consequences and reconciliations of several prior years' budgets for programs. These funds are available on demand and earn interest, but Alameda P & T has left them with NCPA as a reserve against contingencies identified by NCPA.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 11 - ALAMEDA P & T JOINT VENTURES (Continued)

Members of NCPA may participate in an individual project of NCPA without obligation for any other project. Member assessments collected for one project may not be used to finance other projects of NCPA without the member's permission.

B. *Projects in which Alameda P & T is a Participant*

Geothermal Projects

A purchased power agreement with NCPA obligates Alameda P & T for 16.8625% of the debt service of two NCPA 110-megawatt geothermal steam powered generating plants, Plant Number 1 and Plant Number 2. Alameda P & T is obligated to pay 16.8825% of the operating costs of both plants.

NCPA has continued to monitor the wells while pursuing alternatives for improving and extending reservoir performance, including supplemental water reinjection, plant equipment modifications, and changes in operating methodology. NCPA, along with other steam field operators, has observed a substantial increase in steam production in the vicinity of reinjection wells and has evaluated a number of alternatives to increase water reinjection at strategic locations. NCPA, together with other steam developers and the Lake County Sanitation District, has completed the construction of a wastewater pipeline project that greatly increased the amount of water available for reinjection.

Based on an internal assessment of the melded costs of power from the Geothermal Project and all other resources available to the members, NCPA believes its members will continue to be able to operate their electric utilities on a competitive basis, while meeting all electric system obligations including those to NCPA. In January 1996, NCPA issued \$167,940,000 (1996 Refunding Series B), and \$5,420,000 (1996 Taxable Series C) in variable rate revenue bonds, the proceeds of which were used to refund a portion of the 1987 Refunding Series A Revenue Bonds. In August 1998, NCPA remarketed \$121,590,000 (1996 Refunding Series A) of revenue bonds changing the interest rate from a weekly interest rate to a long-term rate. Alameda P & T is obligated to pay its contractual share of the debt until it is fully satisfied, regardless of resulting cost or availability of energy. At June 30, 2005, the book value of this Project's plant, equipment and other assets was \$217,241,581 while its long-term debt totaled \$124,897,663, and other liabilities totaled \$50,766,667. Alameda P & T's share of the Project's long-term debt and other liabilities amounted to \$27,847,188 at that date.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 11 - ALAMEDA P & T JOINT VENTURES (Continued)

Calaveras Hydroelectric Project

In July 1981, NCPA agreed with Calaveras County Water District to purchase the output of the North Fork Stanislaus River Hydroelectric Development Project, during the initial 50-year Federal Energy Regulatory Commission license period, and to finance its construction. Debt service payments to NCPA began in February 1990 when the project was declared substantially complete and power was delivered to the participants. In April 2002, NCPA issued \$86,620,000 (2002 Refunding Series A for \$43,310,000 and 2002 Refunding Series B for \$43,310,000) in variable rate demand bonds for the purpose of providing funds, together with available funds, to refund a portion of the bonds issued in 1992 in order to realize debt service savings. In March 2003, NCPA issued \$55,040,000 (2003 Refunding Series A for \$49,130,000 and 2003 Refunding Series B for \$5,910,000) in variable rate demand bonds for the purpose of providing funds, together with other available moneys, to refund a portion of NCPA's outstanding Hydroelectric Project Number One Revenue Bonds, 1993 Refunding Series A, in order to realize debt service savings. Under its power purchase agreement with NCPA, Alameda P & T is obligated to pay 10% of this Project's debt service and operating costs. At June 30, 2005, the book value of this Project's plant, equipment and other assets was \$514,079,579, while its long-term debt totaled \$487,052,361 and other liabilities totaled \$18,761,826. Alameda P & T's share of the Project's long-term debt and other liabilities amounted to \$50,581,419 at that date.

Combustion Turbine Project No. 1

In October 1984, NCPA financed a five-unit, 125-megawatt combustion turbine project. The project, built in three member cities including Alameda, began full commercial operation in June 1986, providing reserve and peaking power. In December 1989, NCPA issued \$68,958,257 in fixed rate revenue bonds, the proceeds of which were used to defease the bonds then outstanding. In December 1998, NCPA issued \$43,165,000 in fixed rate revenue bonds, the proceeds of which were used to refund outstanding revenue bonds and to pay costs of issuance of the debt. Under the NCPA power purchase agreement, Alameda P & T is obligated to pay 13.092% of this Project's debt service and operating costs. At June 30, 2005, the book value of this Project's plant, equipment and other assets was \$15,667,752, while its long-term debt totaled \$18,776,612, and other liabilities totaled \$3,613,166. Alameda P & T's share of the Project's long-term debt and other liabilities amounted to \$4,254,058 at that date.

Geothermal Public Power Line

In 1983, NCPA, Sacramento Municipal Utility District, the City of Santa Clara and the Modesto Irrigation District (joint owners) initiated studies for a Geothermal Public Power Line (GPPL) which would carry power generated at several existing and planned geothermal plants in the Geysers area to a location where the joint owners could receive it for transmission to their load centers. NCPA has an 18.5% share of this Project and Alameda P & T has a 30.359% participation in NCPA's share. In 1989, the development of the proposed Geothermal Public Power Line was discontinued because NCPA was able to contract for sufficient transmission capacity to meet its needs in the Geysers. However, because the project financing provided funding for an ownership interest in a PG&E transmission line, a central dispatch facility and a performance bond pursuant to an Interconnection Agreement with PG&E, as well as an ownership interest in the proposed GPPL, NCPA issued \$16,000,000 in long-term, fixed-rate revenue bonds in November 1989 to defease the remaining variable rate refunding bonds used to refinance this project. In December 1998, NCPA issued \$9,920,000 in fixed rate revenue bonds, the proceeds of which were used to refund outstanding transmission project revenue bonds and to pay costs of issuance of the debt. Alameda P & T is obligated to pay its 30.359% share of the related debt service, but debt service costs are covered through NCPA billing mechanisms that allocate the costs to members based on use of the facilities and services.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 11 - ALAMEDA P & T JOINT VENTURES (Continued)

At June 30, 2005, the book value of this Project's plant, equipment and other assets was \$4,833,024 while its long-term debt totaled \$4,045,712, and other liabilities totaled \$787,312. Alameda P & T's share of the Project's long-term debt and other liabilities amounted to \$1,467,258 at that date.

Combustion Turbine Project No. 2 (Steam Injected Gas Turbine Project)

Alameda P & T is a participant in a 49.8 megawatt Steam Injected Gas Turbine project which was built under turnkey contract near the City of Lodi and declared substantially complete on April 23, 1996. In October 1992, NCPA issued \$152,320,000 of Multiple Capital Facilities Revenue Bonds to finance this project, a similar project for the Turlock Irrigation District in Ceres, and Lodi system facilities. In January 1999, NCPA issued \$67,875,000 in fixed rate revenue bonds to refund a portion of outstanding Capital Facilities Bonds and to pay debt service (consisting of interest only) on the 1999 Bonds through August 1, 2002 and a portion of the interest due on the 1999 Bonds on February 1, 2003, and to pay costs of the issuance of the debt. Under the NCPA power purchase agreement, Alameda P & T is obligated to pay 19.00% of the debt service and operating costs for the Lodi unit.

Alameda P & T's participation in procurement of natural gas for fuel for existing and new combustion turbine units was approved in 1993. Although there is currently no additional debt financing, Alameda P & T and NCPA have committed to long-term payments for gas transmission pipeline capacity, and entered a purchase contract for natural gas. Alameda P & T is obligated to pay 9.5%.

At June 30, 2005, the book value of this Project's plant, equipment and other assets was \$68,654,402 while its long-term debt totaled \$65,941,180, and other liabilities totaled \$2,116,124. Alameda P & T's share of the Project's long-term debt and other liabilities amounted to \$8,910,607 at that date.

Graeagle Hydroelectric Project

Alameda P & T's participation in this small hydroelectric project was approved in 1993. Although this project does not involve any financing, it does involve a long-term contractual commitment to purchase the power produced by the project. Alameda P & T receives 50% of the power from this small hydroelectric project.

Morgan Stanley Power Purchase Contract

In April 2002, Alameda P & T entered into a contract with Morgan Stanley Capital Group (MSCG) for the delivery of power. From January 1 through March 31 and from October 1 through December 31 during each of the calendar years 2005-2014 MSCG has agreed to deliver 15 megawatts of power 24-hours per day.

California Electric Industry Restructuring

In September 1996, the California State legislature signed into law Assembly Bill 1890 (AB 1890) deregulating the electric power supply market and restructuring the electric power industry in California. While the majority of the legislation was directed at investor-owned utilities (IOUs), Alameda P & T and other California publicly owned utilities were greatly affected by the restructuring of markets and the ensuing wild fluctuations in prices that resulted from a deficiency in generating capacity and an immature and flawed market structure.

Because Alameda P & T has its own generating resources and is not dependent on the wholesale market to purchase power, it was not negatively impacted by these price swings.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 11 - ALAMEDA P & T JOINT VENTURES (Continued)

Proposals by the California Independent System Operator to redesign the wholesale electricity market in California are now under development, and in some cases being implemented. These proposals contain their own set of risks and uncertainties for Alameda P & T and the other NCPA members.

NCPA plays an active role in protecting members' contractual rights in Federal Energy Regulatory Commission (FERC), California Public Utilities Commission (CPUC), and other legislative/regulatory proceedings. Priorities related to industry restructuring include the preservation of local control authority for publicly owned utilities, assuring open and fair access to wholesale markets and the transmission grid, and maintaining members' preference access to power from the Central Valley Project and Western Area Power Administration.

NCPA's Generation Operations and Power Management Business Units work in tandem to optimize system operations and identify market power sales/purchase opportunities.

NCPA Financial Information

NCPA's financial statements can be obtained from NCPA, 180 Cirby Way, Roseville, CA 95678.

Alameda P & T is a member of a joint powers agreement with 14 other entities in TANC. TANC's purpose is to provide electrical transmission or other facilities for the use of its members. While governed by its members, none of TANC's obligations are those of its members unless expressly assumed by them. Alameda P & T is obligated to pay 1.333% of TANC's debt-service and operating costs related to the California-Oregon Transmission Project (COTP) and 1.6424% of the tax exempt portion of the commercial paper program.

According to the 1985 Project Agreement with TANC for the development of the COTP and subsequent related project agreements, Alameda P & T is obligated to pay its share of the project's costs, including debt service and is entitled to the use of a percentage of the project's transmission or transfer capacity. TANC has issued Revenue Bonds for \$398,900,000 and Tax Exempt Commercial Paper notes for \$34,595,000 as of June 30, 2005. Alameda P & T's share of this debt is \$5,317,337 and \$568,180, respectively.

TANC Financial Information

TANC's financial statements can be obtained from TANC, P.O. Box 15129, Sacramento, CA 95851.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 12 - COMMITMENTS AND CONTINGENCIES

A. City

The City (through the Community Improvement Commission) has an agreement extending through 2014 under which it refunds a portion of Alameda Marina Village Assessment District incremental property taxes to the Alameda Marina Village property owners as a partial offset of their assessment liability. These refunds have been reported as housing and community services expenditures in the West End Community Improvement Commission Special Revenue Fund.

The City participates in Federal and State grant programs. These programs have been audited through the fiscal year ended June 30, 2005 by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

B. Alameda P & T

Under the terms of its NCPA and TANC joint venture agreements, Alameda P & T is liable for a portion of the bonded indebtedness issued by these agencies under take-or-pay or similar agreements, as discussed in Note 12. Alameda P & T's estimated share of such debt outstanding at June 30, 2005 was \$98,946,047 under certain circumstances; Alameda P & T may also be responsible for a portion of the costs of operating these entities. Under certain circumstances, such as default or bankruptcy of other participants, Alameda P & T may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants. These "step up" provisions are generally capped at a 25 percent increase.

Alameda P & T is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, the outcome of these actions cannot be predicted with certainty. In the opinion of the City Attorney, the outcome of these actions will not have a material adverse effect on the financial position of Alameda P & T.

On August 18, 2004, City of Alameda Ordinance No. 2930 granted a five-year extension of non-exclusive cable communication franchise to Alameda P & T. Alameda P & T is continuing with its construction of a cable communications system within the City of Alameda to provide cable television and other communications services to the City's residents.

On January 18, 1989, the Community Improvement Commission and the Housing Authority of the City of Alameda entered into an agreement to provide affordable housing through the Independence Plaza development. Under the agreement, the Commission agreed to provide construction funding, a rental subsidy and a subsidy of the pro-rata share of the operating deficit to the Housing Authority. The agreement will end in July 2023. These rental subsidies have been reported in the West End Community Improvement Project Area Low and Moderate Income Housing Special Revenue Fund.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 13 – DEVELOPMENT AGREEMENT

A. *Catellus Mixed Used Development Project*

The Community Improvement Commission and Master Developer (as discussed on Note 14 below) entered into a Disposition and Development Agreement (DDA) dated June 16, 2000, as amended (DDA), to redevelop the former U.S. Navy East Housing, Fleet Industrial Supply Center Annex (FISCA), and Fleet Industrial Supply Center (FISC). Pursuant to the DDA, the Commission agreed to convey to Master Developer, and Master Developer agreed to acquire from the CIC, the Property, in Phases, under the Terms and Conditions set forth in the DDA. The approved and entitled Mixed-Use Master Plan consists of two major components or Phases.

Phase 1 involves the development of approximately 115 acres of land at the former East Housing and FISCA property. Approved land uses include the development of approximately 586 units of new residential housing and a joint use community park and K-8 school. The inclusion of a 25 percent affordable housing requirement is part of a Settlement Agreement by and between the City, Renewed Hope Housing Advocates and Arc Ecology. Of the 586 units to be developed, 58 of the 495 new homes at Bayport will be affordable to moderate income households and approximately 91 units of new rental housing will be developed for very-low and low-income households. It is estimated that the Phase 1 Project will generate approximately \$28.5 million in net revenues from land sales proceeds; will generate a tax allocation bonding capacity of approximately \$14.1 million supported by new tax increment generated by the Project; and will generate \$28.2 million in residential profit participation and approximately \$4.8 million in reimbursements. These revenues will be used to pay for the Commission's obligations under the DDA, which total approximately \$70 million and include demolition and the construction of major backbone infrastructure to support the current Bayport residential project. At build-out, which is projected in 2008, it is estimated that the total assessed value of the Bayport residential project will total approximately \$350 million.

Phase 2 involves the development of approximately 1.3 million square feet of commercial office, research and development space, and a waterfront promenade on approximately 100-acres at the former FISC property. Phase 2 is currently on hold due to the lack of market to support commercial office, research and development at this time. The Master Developer is currently exploring potential amendments to the Master Plan and Subdivision Map as they pertain to possible re-entitlement of the Business Park Phase.

B. *Bridgeside Shopping Center Project*

In fiscal year 2004 the City entered into an agreement with Regency Realty Group, Inc. (Developer) to develop the Bridgeside Shopping Center Project into a new approximately 108,000 square foot shopping center consisting of both retail space and office space. As of June 30, 2005, the Developer and the Commissioner had secured agreements with five of the six tenants and were in negotiations with the sixth tenant. In addition, as part of the Project, the Developer will construct a gas station and a car wash. Under this agreement, the Developer must expend construction cost of no less than \$10 million. As of June 30, 2005, the Developer had spent approximately \$8 million on the project.

As part of the agreement, the Developer purchased the shopping center from the City. The Developer reimbursed the City for \$170,000 of expenses incurred for the acquisition of the project site. In return, the City is to reimburse the Developer up to \$1,000,000 for certain acquisition costs in excess of \$7,000,000. Groundbreaking is expected to occur in November, 2006, and the Center is anticipated to open in the Summer of 2006.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 13 – DEVELOPMENT AGREEMENT (Continued)

C. *Downtown Theatre and Parking Garage Project*

On October 16, 2004, the Community Improvement Commission entered into a Disposition and Development Agreement (DDA) with MovieTecs Incorporated for the development of the Alameda Theatre and related Cineplex and parking garage. The developer entered into an Option Purchase Agreement for two parcels of land to be used as the site of the project on Park Street in Alameda. In fiscal 2005 the Community Improvement Commission purchased the land for the site of the project in the amount of \$811,120.

NOTE 14 – FLEET INDUSTRIAL SUPPLY CENTER (FISC)

A. *Background*

The Alameda Naval Air Station, which included the East Housing Area, closed in April 1997 and the Fleet Industrial Supply Center (FISC) and Annex (FISCA) facility closed in September of 1998. Following the announcement of the proposed transfer of East Housing, FISC and FISCA property from the US Navy to the City of Alameda, from the City to the ARRA, and from the ARRA to the Community Improvement Commission, the City initiated a reuse planning process specific to East Housing and FISC/FISCA.

The City formally requested competitive proposals from Bay Area developers for the reuse and redevelopment of the FISC/FISCA facility. During the proposal process, the City invited competing developers to submit proposals for the East Housing property in addition to their original proposals. In February of 1998, after considering each of the development proposals submitted, the City entered into exclusive negotiations with Catellus Development Corporation with the intent that they serve as the Master Developer for the entire approximately 215-acre East Housing, FISC and FISCA property. The City considered action on the DDA that established transfer terms of the former Navy property from the Commission to the Master Developer. The former East Housing property was previously in the APIP Project Area and was merged with the FISC in the BWIP Project Area in 2003. Before this merger occurred, the property had to be transferred from the US Navy to the ARRA, then subsequently to the City through the base disposal process and then to the Commission for purpose of redevelopment.

B. *Description of the Parcels*

The parcel that the Community Improvement Commission will transfer to the Master Developer consists of the former East Housing, FISCA and FISC. These properties are bounded by Main Street to the west, the College of Alameda to the east, Ralph Appezzato Parkway (formerly Atlantic Avenue) to the south, and the USGC housing area and Oakland/Alameda Inner Harbor to the north.

As of June 30, 2005, 352 of 485 residential lots in the former East Housing and FISCA have been transferred to the Master Developer. The remaining 133 residential lots in the former East Housing and FISCA property will be transferred to the Master Developer in early 2006. The transfer of the remaining land in the former FISC property is on hold until either the market improves for commercial office, research and development space or until this land is re-entitled for a more economically viable use for which Master Developer is currently considering.

CITY OF ALAMEDA, CALIFORNIA
Notes to Basic Financial Statements

NOTE 14 – FLEET INDUSTRIAL SUPPLY CENTER (FISC) (Continued)

C. *Quitclaim Deed and Environmental Restrictions*

On July 17, 2000, the United States of America acting by and through the Department of the Navy conveyed approximately 147-acres of property comprising the FISC and FISCA to the City of Alameda. The Navy property was closed pursuant to the Defense Base Closure and Realignment Act of 1990 and was no longer required for military purposes. Pursuant to the terms of the Quitclaim Deed, the City of Alameda agreed to accept conveyance of the property subject to all covenants, conditions, restrictions, easements, rights-of-way, reservations, rights, agreements and encumbrances of record. The property included building and structures that contain lead based paints and asbestos. Chlordane (a pesticide) was also found in and around foundation of the East Housing property. In order to assure that the goals of redevelopment were achieved, the City purchased an environmental insurance policy prior to the transfer of the property. With the policy in place the Commission has been able to move forward with the remediation of hazardous materials.

D. *Estimated Fair Market Value of the Former East Housing and FISC Property*

In May of 2000, Economic and Planning Systems, Inc. (EPS) performed a valuation and review of economic feasibility of development of the former East Housing, FISCA and FISC property for the Community Improvement Commission. EPS determined that because of the size and unique regulatory conditions of a former military base, it is extremely difficult to determine the fair market value of the underutilized property, based on an analysis of comparable prices for similar types of land uses in the vicinity.

Based on the appraiser's analysis, the current discounted market value for the project is \$34.5 million. The appraiser's estimate is based on the prospective condition of the property after demolition and infrastructure improvements are completed and assumes development entitlements are granted. The methodology analyzes a market based phased development scenario and utilizes component values of approximately \$75,000 per lot for the residential neighborhood and an average of approximately \$12.50 per square foot for the business park neighborhood.

The improved land value is projected to be realized over a ten-year-period consistent with the likely sale of improved land based on anticipated average absorption rates for homes and commercial space. The revenues are discounted to arrive at a net present value estimated to equal \$34.5 million for the property with entitlements, demolition complete and backbone infrastructure in place.

The analysis prepared by EPS and the Appraiser determined that the cost of demolition and infrastructure required to support the approved land uses were substantial and consequently, the value of the land in its "as-is", unimproved condition, without government subsidy, would be minimal in comparison to the total "at-risk" investment required to improve the property. Without the Commission participation and funding of demolition and infrastructure through land sales proceeds, tax increment, and profit participation, the redevelopment of the property by a private developer and the provisions of public services and facilities may not otherwise occur in a timely manner. The requirements imposed by the Commission assure the property is developed and deficiencies corrected. The participation by the Commission in future revenues enables the Commission potentially to generate an ongoing stream of funds necessary to assure that other public improvements needed to serve the community are completed, and to assure that the goals of redevelopment are achieved.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

LIBRARY

This fund accounts for revenues received from the \$0.0175 library tax, library grants and General Fund monies transferred for the Alameda Free Library operations.

GAS TAX

This fund accounts for revenues and expenditures received from the State of California under Street and Highways Code Section 2105, 2106, 2107 and 2107.5. The allocations must be spent for street maintenance and construction and a limited amount for engineering.

TRAFFIC SAFETY

This fund accounts for revenues from fines, forfeitures and penalties. Cities share with the County all fines collected upon conviction of a misdemeanor or an infraction in any municipal or judicial court and bail moneys forfeited following a misdemeanor or infraction committed within City boundaries.

COUNTY MEASURE B

This fund accounts for the City's share of the proceeds of a one-half cent sales tax increase approved by the voters in November 2000. The program is administered by the Alameda County Transportation Improvement Authority. The tax provides funds for the maintenance of local streets, roads, bike path and pedestrian walkway, Ferry and Para transit operations.

CHRPO/LEAD

This fund accounts for funds received from the State of California Department of Housing and Community Development for housing rehabilitation program.

TIDELANDS

This fund accounts for revenues received from tidelands property leases. Leases are for state tidelands properties delegated to local agencies for management and control.

NARCOTICS ASSET SEIZURE

This fund accounts for the City's share from the sale of confiscated assets of convicted felons. These funds are used for specified police activities, i.e. debt service payments for the jail construction project.

SENIOR CITIZENS TRANSPORTATION ASSISTANCE

This fund accounts for the City of Alameda's senior transportation program, which provides door-to-door transportation for the frail, elderly and disabled individuals. Its primary revenue source is County Measure B funds.

DWELLING UNIT

This fund accounts for revenues from park dedication fees required from all new construction. Monies are accumulated and then appropriated for park development.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

PARKING METER

This fund accounts for revenues collected from parking meters and the expenditure of these revenues for parking and transportation related projects.

COMMERCIAL REVITALIZATION

This fund accounts for grant funds intended for the City's commercial revitalization programs.

COMMUNITY DEVELOPMENT BLOCK GRANT

This fund accounts for grant funds received under the Community Development Act of 1974 for activities approved and subject to federal regulations.

HOME FUND

Established to account for funds provided by the U.S. Department of Housing and Urban Development (HUD) through the Federal Home Investment Partnerships Program (HOME). HOME funds can be used for acquisition, conversion, new construction and rehabilitation of single-and/or multiple-family housing.

REHABILITATION REPAYMENT

This fund accounts for loan repayments of low interest and subsidized loan programs. The repayments are used to make additional loans.

HUMAN SERVICES

This fund accounts for the Social Service Human Relations Board's General Fund allocation.

VEHICLE REGISTRATION

This fund accounts for revenues and expenditures associated with AB 434 Fund from the Bay Area Air Quality Management District and Alameda County Congestion Management Agency for local traffic management programs.

AFFORDABLE HOUSING

This fund accounts for housing impact contributions for the purpose of increasing and improving the City of Alameda's supply of low and moderate-income housing.

GARBAGE SURCHARGE

This fund accounts for the garbage surcharge charged to commercial and residential garbage customers.

BAYPORT MUNICIPAL SERVICES DISTRICT

This fund accounts for the special assessments and related expenditures for various municipal services provided in Community Facilities District No. 03-1 of the City of Alameda.

ATHLETIC RECREATION

This fund accounts for revenues and expenditures of the various City of Alameda Recreation Fee programs.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

ISLAND CITY MAINTENANCE ASSESSMENT DISTRICT 84-2

This fund accounts for the special assessments and related expenditures for the various landscaping and maintenance areas throughout the City.

WASTE REDUCTION SURCHARGE

This fund accounts for revenues and expenditures related to the waste management and recycling programs.

CURBSIDE RECYCLING

This fund accounts for revenues and expenditures related to curbside recycling.

HOUSING DEVELOPMENT

This fund accounts for Housing Development Division's Housing Authority related revenue and expenditures.

PARKING IN-LIEU

This fund accounts for receipts and expenditures of funds from the City's In Lieu Parking fee charged against certain properties. Collections may be expended only for the purpose of providing parking projects.

DIKE MAINTENANCE

This fund accounts for cash and investments collected from property owners for the maintenance of the Bay Farm Island Dike and for improvements made on behalf of the assessment district.

MARINA COVE MAINTENANCE DISTRICT 01-01

This fund accounts for cash and investments collected from property owners for the maintenance of the Marina Cove and for improvements made on behalf of the assessment district.

TSM/TDM

This fund accounts for the collection of traffic mitigation fees from developers to build up funds for the implementation of Transportation System Management/Transportation Demand Management (TSM/TDM).

PUBLIC ART

This fund accounts for the collection of a Public Art fee from developers for the acquisition and installation of Public Art on the development site.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

DEBT SERVICE FUNDS:

1989 CERTIFICATES OF PARTICIPATION

The certificates were issued in August 1989 to refinance \$2,060,000 of outstanding certificates issued in September 1983 to finance the acquisition and construction of a corporation yard, including a maintenance service center and an animal shelter. The balance of the proceeds was used to fund the acquisition of equipment. This fund was closed in fiscal 2005.

POLICE BUILDING CERTIFICATES OF PARTICIPATION

The certificates were issued in July 1996, to finance the Police Building project and refinance the 1990 Certificates of Participation. The debt will be paid from allocations from the Narcotics Asset Seizure Special Revenue Fund and the General Fund.

LIBRARY/GOLF CERTIFICATES OF PARTICIPATION

Certificates were issued in December 1996 to finance the seismic upgrade and renovation of the Carnegie Library building and certain golf course improvements. The debt will be paid from any source of available funds of the City pursuant to a lease agreement between the City of Alameda and the Alameda Public Improvement Corporation.

2002 CITY HALL REFINANCING CERTIFICATES OF PARTICIPATION

This fund accounts for the proceeds from the 2002 Certificates of Participation (City Hall Refinancing Project). The proceeds were used to repurchase the City's 1995 Certificates of Participation, which were issued to finance the City Hall and certain Fire Station Facilities Seismic Upgrade and Renovation Projects.

2003 LIBRARY BOND

General obligation bonds issued in March 2003 to finance the acquisition and construction of a new main library and improvements to two library branches. The repayment of the bonds is secured by voter approved Measure "O" property tax.

COMMUNITY IMPROVEMENT COMMISSION TAX ALLOCATION BONDS

These bonds were issued March 1, 2002 to repay a loan from the City to the Community Improvement Commission related to the Commission's Business and Waterfront Improvement Project. The bonds are payable from tax increment revenues receivable by the Commission with respect to the Project Area. This fund was closed in fiscal 2005.

COMMUNITY IMPROVEMENT COMMISSION SUBORDINATE BONDS

These bonds were issued on March 13, 2002 to finance various housing and other redevelopment purposes in accordance with the amended Community Improvement Plan for the Business and Waterfront Improvement Project. These Bonds are secured by a first pledge of and lien on all of the tax increment revenues except for any parity obligations.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

COMMUNITY IMPROVEMENT COMMISSION TAX 2003 ALLOCATION REFUNDING BWIP

The 2003 CIC Tax Allocation Refunding Bonds were issued in October 2003 to refund the CIC Business Waterfront Improvement Project (BWIP) Tax Allocation Bonds 2002, Series A and the Alameda Community Facilities District No. 4 Special Tax Bonds, Series 2002-A. These Bonds are secured by a first pledge of and lien on all of the tax increment revenues generated in the project area except for any parity obligations.

COMMUNITY IMPROVEMENT COMMISSION 2003 TAX ALLOCATION BONDS

The 2003 CIC tax Allocation Bonds were issued December 2003 to finance certain development projects, repaid an interfund loan from the City, and fulfill certain obligations per an Owner's Participation Agreement. These Bonds are secured by a first pledge of and lien on all of the tax increment revenues generated in the project area except for any parity obligations.

ALAMEDA POINT IMPROVEMENT PROJECT 2003 REVENUE BONDS

The 2003 Demand Revenue Bonds were issued in December 2003 by the Alameda Public Financing Authority to refund the 1999 ARRA Revenue Bonds and to finance professional land use planning and other activities required in the redevelopment process at Alameda Point. The debt will be repaid solely from rental revenues paid to ARRA.

CAPITAL PROJECTS FUNDS:

TRANSPORTATION IMPROVEMENT

This fund accounts for monies earmarked for the construction and improvements of traffic mitigation projects associated with the development of Bay Farm Island.

LIBRARY CONSTRUCTION

This fund accounts for the revenues and construction and acquisition costs of the new main library and/or the expansion of the Carnegie Library.

URBAN RUNOFF STORM DRAIN FEE

This fund accounts for revenues and expenditures associated with the City's compliance under the Alameda County Urban Runoff Clean Water Program.

COMMUNITY FACILITIES DISTRICT #1

The Community Facilities District #1 was established to finance the acquisition and construction of facilities within the CFD #1 District (Harbor Bay).

COMMUNITY FACILITIES DISTRICT #2

The Community Facilities District #2 (Lincoln property) at the Marina Village area was established to finance the construction and acquisition of public improvements.

| |
|---|
| NON-MAJOR GOVERNMENTAL FUNDS (Continued) |
|---|

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY

This fund accounts for the Alameda Reuse and Redevelopment Authority major construction and improvement projects financed through the 1999 ARRA Certificates of Participation activity.

HARBOR BAY ISLE 92-1 SPECIAL ASSESSMENT DISTRICT

The Harbor Bay Isle 92-1 Assessment District was established to finance the construction and acquisition of public improvements.

MARINA VILLAGE 89-1 SPECIAL ASSESSMENT DISTRICT

The Marina Village 89-1 Assessment District was established to finance the construction and acquisition of public improvements.

CITYWIDE DEVELOPMENT FEE

This fund accounts for revenues from citywide development impact fees required from certain new developments. Monies are used to mitigate the impacts on availability and condition of public facilities caused by these developments.

WASTEWATER CAPITAL REVENUE

This fund is required by the State Water Resources Control Board to insure the City has a funding source available for future expansion, major repair or replacement costs, and loan repayment related to the wastewater facilities.

OPEN SPACE IMPROVEMENT

This fund accounts for the deposit of a Specified Portion of the Proceeds of the Sale of Land into a separate fund whose use would be determined by Council at a later time.

ALAMEDA POINTS IMPROVEMENT PROJECT 2003

This fund accounts for the Alameda Point major constructions and improvement projects financed through the 2003 Demand Revenue Bonds.

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CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

SPECIAL REVENUE FUNDS

| | <u>Library</u> | <u>Gas Tax</u> | <u>Traffic Safety</u> | <u>County Measure B</u> | <u>CHRPO LEAD</u> |
|---|------------------|------------------|-----------------------|-----------------------------|-----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$154,699 | | | \$2,646,969 | |
| Restricted cash and investments | | | | | |
| Accounts receivable | 56,823 | \$126,582 | \$16,391 | 499,657 | 32,200 |
| Interest receivable | | | | | |
| Due from other governments | | | | 6,890 | |
| Loans receivable | | | | | |
| Prepaid, deposits and bond discounts | 150 | | | | |
| Total Assets | <u>\$211,672</u> | <u>\$126,582</u> | <u>\$16,391</u> | <u>\$3,153,516</u> | <u>\$32,200</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$121,582 | | | | |
| Accrued payroll | 19,735 | | | | |
| Due to other funds | | \$54,422 | \$16,391 | | \$10,230 |
| Due to other agencies | | | | | |
| Deferred revenue | | | | | |
| Refundable deposits | | | | | |
| Total Liabilities | <u>141,317</u> | <u>54,422</u> | <u>16,391</u> | | <u>10,230</u> |
| FUND EQUITY | | | | | |
| Fund balances | | | | | |
| Reserved for: | | | | | |
| Capital improvement | | 72,160 | | \$3,153,516 | |
| Debt service | | | | | |
| Low and moderate income housing | | | | | |
| Prepays, loans receivable, and advances to other funds | 150 | | | | |
| Unreserved: | | | | | |
| Designated for: | | | | | |
| Capital improvements | | | | | |
| Athletics | | | | | |
| Undesignated | 70,205 | | | | 21,970 |
| Total Fund Balances | <u>70,355</u> | <u>72,160</u> | | <u>3,153,516</u> | <u>21,970</u> |
| Total Liabilities and Fund Balances | <u>\$211,672</u> | <u>\$126,582</u> | <u>\$16,391</u> | <u>\$3,153,516</u> | <u>\$32,200</u> |

SPECIAL REVENUE FUNDS

| Tidelands | Narcotics Asset Seizure | Senior Citizens Transportation Assistance | Dwelling Unit | Parking Meter | Commercial Revitalization | Community Development Block Grant | HOME Fund |
|------------------|-------------------------------|--|------------------|--------------------|------------------------------|---|-----------------|
| \$849,840 | | \$28,253 | \$42,840 | \$1,302,255 | \$539,505 | | |
| 58,102 | | | | | 1,806 | \$145,601 | \$88,479 |
| | | | | 4,420 | | 2,719 | |
| <u>\$907,942</u> | | <u>\$28,253</u> | <u>\$42,840</u> | <u>\$1,306,675</u> | <u>\$541,311</u> | <u>\$148,320</u> | <u>\$88,479</u> |
| \$4,169 | | \$2,071 \$160 | | | \$11,064 362 | \$57,987 7,928 79,695 | \$88,479 |
| | \$83,273 | | | | 20,247 | 2,710 | |
| <u>4,169</u> | <u>83,273</u> | <u>2,231</u> | | | <u>31,673</u> | <u>148,320</u> | <u>88,479</u> |
| | | | | \$4,420 | | 2,719 | |
| \$903,773 | (83,273) | 26,022 | \$42,840 | 1,302,255 | 509,638 | (2,719) | |
| 903,773 | (83,273) | 26,022 | 42,840 | 1,306,675 | 509,638 | | |
| <u>\$907,942</u> | <u>\$0</u> | <u>\$28,253</u> | <u>\$42,840</u> | <u>\$1,306,675</u> | <u>\$541,311</u> | <u>\$148,320</u> | <u>\$88,479</u> |

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

SPECIAL REVENUE FUNDS

| | Rehabilitation Repayment | Human Services | Vehicle Registration | Affordable Housing | Garbage Surcharge |
|---|-----------------------------|-------------------|-------------------------|-----------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$826,570 | | \$37,722 | \$220,363 | \$457,649 |
| Restricted cash and investments | | | | | |
| Accounts receivable | 15,724 | \$158,210 | | 199 | 14,583 |
| Interest receivable | | | | | |
| Due from other governments | | | | | |
| Loans receivable | 2,909,636 | | | 194,295 | |
| Prepaid, deposits and bond discounts | | | | | |
| Total Assets | <u>\$3,751,930</u> | <u>\$158,210</u> | <u>\$37,722</u> | <u>\$414,857</u> | <u>\$472,232</u> |
| LIABILITIES | | | | | |
| Accounts payable | | \$28,084 | | \$1,019 | |
| Accrued payroll | | 517 | | 1,177 | |
| Due to other funds | | 120,497 | | | |
| Due to other agencies | | | | | |
| Deferred revenue | \$2,909,636 | | | 194,295 | |
| Refundable deposits | | | | | |
| Total Liabilities | <u>2,909,636</u> | <u>149,098</u> | <u></u> | <u>196,491</u> | <u></u> |
| FUND EQUITY | | | | | |
| Fund balances | | | | | |
| Reserved for: | | | | | |
| Capital improvement | | | | | |
| Debt service | | | | | |
| Low and moderate income housing | 842,294 | | | 218,366 | |
| Prepays, loans receivable, and advances to other funds | | | | | |
| Unreserved: | | | | | |
| Designated for: | | | | | |
| Capital improvements | | | | | |
| Athletics | | | | | |
| Undesignated | | 9,112 | \$37,722 | | \$472,232 |
| Total Fund Balances | <u>842,294</u> | <u>9,112</u> | <u>37,722</u> | <u>218,366</u> | <u>472,232</u> |
| Total Liabilities and Fund Balances | <u>\$3,751,930</u> | <u>\$158,210</u> | <u>\$37,722</u> | <u>\$414,857</u> | <u>\$472,232</u> |

SPECIAL REVENUE FUNDS

| Bayport Municipal Service District | Athletic Recreation | Island City Maintenance Assessment District 84-2 | Waste Reduction Surcharge | Curbside Recycling | Housing Development | Parking In-Lieu | Dike Maintenance |
|--|------------------------|---|---------------------------------|-----------------------|------------------------|--------------------|---------------------|
| \$55,662 | \$517,797 | \$757,507 | \$4,138,509 | \$188,949 | \$104,736 | \$72,038 | \$318,164 |
| | 3,729 | 58,064 | 44,005 | | | | |
| <u>\$55,662</u> | <u>\$521,526</u> | <u>\$815,571</u> | <u>\$4,182,514</u> | <u>\$188,949</u> | <u>\$104,736</u> | <u>\$72,038</u> | <u>\$318,164</u> |
| | \$37,257 | \$103,817 | \$20,205 | | | | |
| | 10,856 | | 2,429 | \$66 | | | |
| | | | 23 | | | | |
| | 5,787 | | | | | | |
| | 16,650 | | | | | | |
| | <u>70,550</u> | <u>103,817</u> | <u>22,657</u> | <u>66</u> | | | |
| 55,662 | 450,976 | 711,754 | 4,159,857 | 188,883 | 104,736 | \$72,038 | \$318,164 |
| <u>55,662</u> | <u>450,976</u> | <u>711,754</u> | <u>4,159,857</u> | <u>188,883</u> | <u>104,736</u> | <u>72,038</u> | <u>318,164</u> |
| <u>\$55,662</u> | <u>\$521,526</u> | <u>\$815,571</u> | <u>\$4,182,514</u> | <u>\$188,949</u> | <u>\$104,736</u> | <u>\$72,038</u> | <u>\$318,164</u> |

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

| | <u>SPECIAL REVENUE FUNDS</u> | | | <u>DEBT SERVICE FUNDS</u> | |
|---|---|-----------------|-----------------|--------------------------------------|--------------------|
| | Marina Cove Maintenance District 01-01 | TSM/TDM | Public Art | <u>Certificates of Participation</u> | |
| | | | | 1989 | Police Building |
| ASSETS | | | | | |
| Cash and cash equivalents | | \$18,303 | \$15,065 | | |
| Restricted cash and investments | \$159,950 | | | | \$234,082 |
| Accounts receivable | 4,052 | | | | |
| Interest receivable | | | | | |
| Due from other governments | | | | | |
| Loans receivable | | | | | |
| Prepaid, deposits and bond discounts | 1,000 | | | | |
| Total Assets | <u>\$165,002</u> | <u>\$18,303</u> | <u>\$15,065</u> | | <u>\$234,082</u> |
| LIABILITIES | | | | | |
| Accounts payable | | | | | |
| Accrued payroll | | | | | |
| Due to other funds | | | | | |
| Due to other agencies | | | | | |
| Deferred revenue | | | | | |
| Refundable deposits | | | | | |
| Total Liabilities | | | | | |
| FUND EQUITY | | | | | |
| Fund balances | | | | | |
| Reserved for: | | | | | |
| Capital improvement | | | | | |
| Debt service | | | | | \$234,082 |
| Low and moderate income housing | | | | | |
| Prepays, loans receivable, and advances to other funds | | | | | |
| Unreserved: | | | | | |
| Designated for: | | | | | |
| Capital improvements | | | | | |
| Athletics | | | | | |
| Undesignated | \$165,002 | \$18,303 | \$15,065 | | |
| Total Fund Balances | <u>165,002</u> | <u>18,303</u> | <u>15,065</u> | | <u>234,082</u> |
| Total Liabilities and Fund Balances | <u>\$165,002</u> | <u>\$18,303</u> | <u>\$15,065</u> | <u>\$0</u> | <u>\$234,082</u> |

DEBT SERVICE FUNDS

| <u>Certificates of Participation</u> | | | Community Improvement Commission Tax Allocation Bonds | Community Improvement Commission Subordinate Bonds | Community Improvement Commission 2003 Tax Allocation Refunding Bonds BWIP | Community Improvement Commission 2003 Tax Allocation Bonds |
|--------------------------------------|-----------------------------------|--------------------------|---|--|---|--|
| <u>Library/ Golf</u> | <u>2002 City Hall Refinancing</u> | <u>2003 Library Bond</u> | | | | |
| \$616,780 | \$1,532,387 | \$421,657 31,774 | | \$44,789 \$489,758 | \$345 \$1,450,105 | \$4,221,822 |
| <u>\$616,780</u> | <u>\$1,532,387</u> | <u>\$453,431</u> | | <u>\$534,547</u> | <u>\$1,450,450</u> | <u>\$4,221,822</u> |
| | | | | | | |
| | | | | | | |
| \$616,780 | \$1,532,387 | \$453,431 | | \$534,547 | \$1,450,450 | \$4,221,822 |
| <u>616,780</u> | <u>1,532,387</u> | <u>453,431</u> | | <u>534,547</u> | <u>1,450,450</u> | <u>4,221,822</u> |
| <u>\$616,780</u> | <u>\$1,532,387</u> | <u>\$453,431</u> | <u>\$0</u> | <u>\$534,547</u> | <u>\$1,450,450</u> | <u>\$4,221,822</u> |

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

| | DEBT SERVICE FUND | CAPITAL PROJECTS FUNDS | | | |
|---|--|-------------------------------|-------------------------|------------------------------------|--------------------------------------|
| | Alameda Point Improvement Project 2003 Revenue Bonds | Transportation Improvement | Library Construction | Urban Runoff Strom Drain Fee | Community Facility District #1 |
| ASSETS | | | | | |
| Cash and cash equivalents | \$1,066,240 | \$480,946 | \$1,206,425 | \$4,021,531 | \$212 |
| Restricted cash and investments | \$1,337,644 | | | | |
| Accounts receivable | | 60 | | 93,168 | |
| Interest receivable | | | | | |
| Due from other governments | | | | | |
| Loans receivable | | | | | |
| Prepaid, deposits and bond discounts | | | | 4,914 | |
| Total Assets | \$2,403,884 | \$481,006 | \$1,206,425 | \$4,119,613 | \$212 |
| LIABILITIES | | | | | |
| Accounts payable | | | \$4,337 | \$5,429 | |
| Accrued payroll | | | | 9,017 | |
| Due to other funds | | | | | |
| Due to other agencies | | | | | |
| Deferred revenue | | | | | |
| Refundable deposits | | | | | |
| Total Liabilities | | | 4,337 | 14,446 | |
| FUND EQUITY | | | | | |
| Fund balances | | | | | |
| Reserved for: | | | | | |
| Capital improvement | | | | | 212 |
| Debt service | \$2,403,884 | | | | |
| Low and moderate income housing | | | | | |
| Prepays, loans receivable, and advances to other funds | | | | 4,914 | |
| Unreserved: | | | | | |
| Designated for: | | | | | |
| Capital improvements | | \$481,006 | | | |
| Athletics | | | | | |
| Undesignated | | | 1,202,088 | 4,100,253 | |
| Total Fund Balances | 2,403,884 | 481,006 | 1,202,088 | 4,105,167 | 212 |
| Total Liabilities and Fund Balances | \$2,403,884 | \$481,006 | \$1,206,425 | \$4,119,613 | \$212 |

CAPITAL PROJECTS FUNDS

| Community Facility District #2 | Alameda Reuse and Redevelopment Authority | Special Assessment District | | Citywide Development Fee | Wastewater Capital Reserve | Open Space Improvement |
|--------------------------------------|--|-----------------------------|---------------------------|--------------------------------|----------------------------------|------------------------------|
| | | Harbor Bay Isle 92-1 | Marina Village 89-1 | | | |
| \$6,375 454,888 | | \$3,465 1,083,705 | \$84,120 2,454,436 | \$1,047,869 | \$8,135 | \$903,486 |
| <u>\$461,263</u> | | <u>\$1,087,170</u> | <u>\$2,538,556</u> | <u>\$1,047,869</u> | <u>\$8,135</u> | <u>\$903,486</u> |
| 461,263 | | 1,087,170 | 2,538,556 | 1,047,869 | 8,135 | 903,486 |
| <u>461,263</u> | | <u>1,087,170</u> | <u>2,538,556</u> | <u>1,047,869</u> | <u>8,135</u> | <u>903,486</u> |
| <u>\$461,263</u> | <u>\$0</u> | <u>\$1,087,170</u> | <u>\$2,538,556</u> | <u>\$1,047,869</u> | <u>\$8,135</u> | <u>\$903,486</u> |

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

| | <u>CAPITAL PROJECTS FUNDS</u> | |
|---|--|--|
| | Alameda Point Improvement Project 2003 Revenue Bonds | Total Nonmajor Governmental Funds |
| ASSETS | | |
| Cash and cash equivalents | \$20,963 | \$21,870,132 |
| Restricted cash and investments | 1,462,529 | 16,237,907 |
| Accounts receivable | | 1,447,403 |
| Interest receivable | | 1,806 |
| Due from other governments | | 6,890 |
| Loans receivable | | 3,103,931 |
| Prepaid, deposits and bond discounts | | 13,203 |
| | <u>\$1,483,492</u> | <u>\$42,681,272</u> |
| Total Assets | | |
| LIABILITIES | | |
| Accounts payable | \$201,916 | \$598,937 |
| Accrued payroll | | 52,247 |
| Due to other funds | | 452,987 |
| Due to other agencies | | 23 |
| Deferred revenue | | 3,109,718 |
| Refundable deposits | | 39,607 |
| | <u>201,916</u> | <u>4,253,519</u> |
| Total Liabilities | | |
| FUND EQUITY | | |
| Fund balances | | |
| Reserved for: | | |
| Capital improvement | 1,281,576 | 10,553,943 |
| Debt service | | 11,447,383 |
| Low and moderate income housing | | 1,060,660 |
| Prepays, loans receivable, and advances to other funds | | 12,203 |
| Unreserved: | | |
| Designated for: | | |
| Capital improvements | | 5,352,617 |
| Athletics | | 450,976 |
| Undesignated | | 9,549,971 |
| | <u>1,281,576</u> | <u>38,427,753</u> |
| Total Fund Balances | | |
| Total Liabilities and Fund Balances | <u>\$1,483,492</u> | <u>\$42,681,272</u> |

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CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

SPECIAL REVENUE FUNDS

| | <u>Library</u> | <u>Gas Tax</u> | <u>Traffic Safety</u> | <u>County Measure B</u> | <u>CHRPO LEAD</u> |
|--|--------------------|--------------------|-----------------------|-------------------------|-------------------|
| REVENUES | | | | | |
| Taxes | \$1,157,475 | | | | |
| Licenses and permits | | | | | |
| Revenue from other agencies | 170,454 | \$1,397,248 | | \$2,573,617 | \$55,000 |
| Charges for current services | 81,868 | | | | |
| Fines and forfeitures | | | \$190,052 | | |
| Use of money and property | | 13,100 | | 58,015 | 248 |
| Affordable housing fees | | | | | |
| Other | | | | | |
| Total Revenues | <u>1,409,797</u> | <u>1,410,348</u> | <u>190,052</u> | <u>2,631,632</u> | <u>55,248</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | | | | | |
| Public works | | | | | |
| Culture and leisure | 2,590,825 | | | | |
| Housing and community services | | | | | 58,406 |
| Capital outlay | 7,438 | | | | |
| Payment to other agencies | | | | | |
| Debt service | | | | | |
| Principal repayment | | | | | |
| Interest and fiscal charges | | | | | |
| Total Expenditures | <u>2,598,263</u> | | | | <u>58,406</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(1,188,466)</u> | <u>1,410,348</u> | <u>190,052</u> | <u>2,631,632</u> | <u>(3,158)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 1,487,849 | | | | |
| Transfers (out) | <u>(318,304)</u> | <u>(1,338,188)</u> | <u>(190,052)</u> | <u>(3,091,786)</u> | |
| Total Other Financing Sources (Uses) | <u>1,169,545</u> | <u>(1,338,188)</u> | <u>(190,052)</u> | <u>(3,091,786)</u> | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (18,921) | 72,160 | | (460,154) | (3,158) |
| BEGINNING FUND BALANCES (DEFICITS) | <u>89,276</u> | | | <u>3,613,670</u> | <u>25,128</u> |
| ENDING FUND BALANCES (DEFICITS) | <u>\$70,355</u> | <u>\$72,160</u> | <u>\$0</u> | <u>\$3,153,516</u> | <u>\$21,970</u> |

SPECIAL REVENUE FUNDS

| Tidelands | Narcotics Asset Seizure | Senior Citizens Transportation Assistance | Dwelling Unit | Parking Meter | Commercial Revitalization | Community Development Block Grant Grant | HOME Fund |
|-----------|-------------------------------|--|------------------|------------------|------------------------------|--|--------------|
| | | | \$157,717 | | | | |
| | \$24,286 | | | \$489,178 | | \$1,489,748 | \$317,449 |
| \$291,974 | | \$255 | 781 | 27,427 | \$80,876 | | |
| | | 1,747 | | | | | |
| 291,974 | 24,286 | 2,002 | 158,498 | 516,605 | 80,876 | 1,489,748 | 317,449 |
| 28,642 | | 80,135 | | 56,759 | | | |
| | 1,005 | | | | 171,654 | 1,870,537 4,520 | 317,449 |
| 28,642 | 1,005 | 80,135 | | 56,759 | 171,654 | 1,875,057 | 317,449 |
| 263,332 | 23,281 | (78,133) | 158,498 | 459,846 | (90,778) | (385,309) | |
| (101,012) | (46,000) | 78,133 | (163,344) | (1,405,024) | (3,885) | 402,979 (17,670) | |
| (101,012) | (46,000) | 78,133 | (163,344) | (1,405,024) | (3,885) | 385,309 | |
| 162,320 | (22,719) | | (4,846) | (945,178) | (94,663) | | |
| 741,453 | (60,554) | 26,022 | 47,686 | 2,251,853 | 604,301 | | |
| \$903,773 | (\$83,273) | \$26,022 | \$42,840 | \$1,306,675 | \$509,638 | \$0 | |

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

SPECIAL REVENUE FUNDS

| | Rehabilitation Repayment | Human Services | Vehicle Registration | Affordable Housing | Garbage Surcharge |
|--|-----------------------------|-------------------|-------------------------|-----------------------|----------------------|
| REVENUES | | | | | |
| Taxes | | | | | \$175,000 |
| Licenses and permits | | | | | |
| Revenue from other agencies | | \$249,753 | | | |
| Charges for current services | | | | | |
| Fines and forfeitures | | | | | |
| Use of money and property | \$326,198 | | \$636 | \$67,854 | 7,937 |
| Affordable housing fees | | | | 153,664 | |
| Other | 6,758 | 1,245 | | 380 | |
| Total Revenues | 332,956 | 250,998 | 636 | 221,898 | 182,937 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | | 542 | | 67,555 | |
| Public works | | | | | |
| Culture and leisure | | | | | |
| Housing and community services | | 316,962 | | 2,530 | |
| Capital outlay | | | | 1,257 | |
| Payment to other agencies | | | | | |
| Debt service | | | | | |
| Principal repayment | | | | | |
| Interest and fiscal charges | | | | | |
| Total Expenditures | | 317,504 | | 71,342 | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 332,956 | (66,506) | 636 | 150,556 | 182,937 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | | 29,136 | | 1,000 | |
| Transfers (out) | (402,979) | | | (99,602) | (141,495) |
| Total Other Financing Sources (Uses) | (402,979) | 29,136 | | (98,602) | (141,495) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (70,023) | (37,370) | 636 | 51,954 | 41,442 |
| BEGINNING FUND BALANCES (DEFICITS) | 912,317 | 46,482 | 37,086 | 166,412 | 430,790 |
| ENDING FUND BALANCES (DEFICITS) | \$842,294 | \$9,112 | \$37,722 | \$218,366 | \$472,232 |

SPECIAL REVENUE FUNDS

| Bayport Municipal Service District | Athletic Recreation | Island City Maintenance Assessment District 84-2 | Waste Reduction Surcharge | Curbside Recycling | Housing Development | Parking In-Lieu | Dike Maintenance |
|--|------------------------|---|---------------------------------|-----------------------|------------------------|--------------------|---------------------|
| \$55,185 | | \$1,141,866 | | | | | |
| | \$8,632 1,357,738 | 50,420 | \$391,560 350,887 | \$358 | | | |
| 477 | 230,705 | 9,056 | 67,909 | 3,869 | \$3,730 | \$1,215 | \$5,367 |
| | | | | | 15 | | |
| <u>55,662</u> | <u>1,597,075</u> | <u>1,201,342</u> | <u>810,356</u> | <u>4,227</u> | <u>3,745</u> | <u>1,215</u> | <u>5,367</u> |
| | 1,470,452 | 966,712 | 337,178 | 53,205 | | | |
| | 5,250 | | | | | | |
| | <u>1,475,702</u> | <u>966,712</u> | <u>337,178</u> | <u>53,205</u> | | | |
| <u>55,662</u> | <u>121,373</u> | <u>234,630</u> | <u>473,178</u> | <u>(48,978)</u> | <u>3,745</u> | <u>1,215</u> | <u>5,367</u> |
| | 27,101 (59,389) | 3,000 | (126,648) | (19,358) | | | |
| | <u>(32,288)</u> | <u>3,000</u> | <u>(126,648)</u> | <u>(19,358)</u> | | | |
| 55,662 | 89,085 | 237,630 | 346,530 | (68,336) | 3,745 | 1,215 | 5,367 |
| | 361,891 | 474,124 | 3,813,327 | 257,219 | 100,991 | 70,823 | 312,797 |
| <u>\$55,662</u> | <u>\$450,976</u> | <u>\$711,754</u> | <u>\$4,159,857</u> | <u>\$188,883</u> | <u>\$104,736</u> | <u>\$72,038</u> | <u>\$318,164</u> |

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

| | SPECIAL REVENUE FUNDS | | | DEBT SERVICE FUNDS | |
|--|---|-----------------|-----------------|-------------------------------|--------------------|
| | Marina Cove Maintenance District 01-01 | TSM/TDM | Public Art | CERTIFICATES OF PARTICIPATION | |
| | | | | 1989 | Police Building |
| REVENUES | | | | | |
| Taxes | \$75,752 | | | | |
| Licenses and permits | | | \$18,930 | | |
| Revenue from other agencies | | | | | |
| Charges for current services | | \$14,455 | | | |
| Fines and forfeitures | | | | | |
| Use of money and property | 2,217 | 196 | 291 | | \$3,037 |
| Affordable housing fees | | | | | |
| Other | | | | | |
| Total Revenues | <u>77,969</u> | <u>14,651</u> | <u>19,221</u> | | <u>3,037</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | | | | | |
| Public works | 1,047 | | | | |
| Culture and leisure | | | | | |
| Housing and community services | | | | | |
| Capital outlay | | | | | |
| Payment to other agencies | | | | | |
| Debt service | | | | | |
| Principal repayment | | | | | 125,000 |
| Interest and fiscal charges | | | | \$1,318 | 116,042 |
| Total Expenditures | <u>1,047</u> | | | <u>1,318</u> | <u>241,042</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>76,922</u> | <u>14,651</u> | <u>19,221</u> | <u>(1,318)</u> | <u>(238,005)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | | | | | 224,898 |
| Transfers (out) | (7,273) | | (15,000) | | |
| Total Other Financing Sources (Uses) | <u>(7,273)</u> | | <u>(15,000)</u> | | <u>224,898</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 69,649 | 14,651 | 4,221 | (1,318) | (13,107) |
| BEGINNING FUND BALANCES (DEFICITS) | <u>95,353</u> | <u>3,652</u> | <u>10,844</u> | <u>1,318</u> | <u>247,189</u> |
| ENDING FUND BALANCES (DEFICITS) | <u>\$165,002</u> | <u>\$18,303</u> | <u>\$15,065</u> | <u>\$0</u> | <u>\$234,082</u> |

DEBT SERVICE FUNDS

| CERTIFICATES OF PARTICIPATION | | | Community Improvement Commission Tax Allocation Bonds | Community Improvement Commission Subordinate Bonds | Community Improvement Commission 2003 Tax Allocation Refunding Bonds BWIP | Community Improvement Commission 2003 Tax Allocation Bonds |
|-------------------------------|-------------------------------|----------------------|--|---|--|--|
| Library/ Golf | 2002 City Hall Refinancing | 2003 Library Bond | | | | |
| | | \$679,992 | | | | |
| \$12,926 | \$53,281 | 3,344 | \$4 | \$10,769 | \$79,736 | \$210,432 |
| <u>12,926</u> | <u>53,281</u> | <u>683,336</u> | <u>4</u> | <u>10,769</u> | <u>79,736</u> | <u>210,432</u> |
| | | 2,566 | | | | |
| 140,000 | 360,000 | 145,000 | | 530,000 | | 15,000 |
| 234,575 | 471,998 | 499,450 | | 338,631 | 835,923 | 2,696,125 |
| <u>374,575</u> | <u>831,998</u> | <u>647,016</u> | | <u>868,631</u> | <u>835,923</u> | <u>2,711,125</u> |
| (361,649) | (778,717) | 36,320 | 4 | (857,862) | (756,187) | (2,500,693) |
| 372,361 | 829,950 | | (348) | 868,526 | 49,359 | 2,544,528 |
| <u>372,361</u> | <u>829,950</u> | | <u>(348)</u> | <u>868,526</u> | <u>47,247</u> | <u>2,544,528</u> |
| 10,712 | 51,233 | 36,320 | (344) | 10,664 | (708,940) | 43,835 |
| 606,068 | 1,481,154 | 417,111 | 344 | 523,883 | 2,159,390 | 4,177,987 |
| <u>\$616,780</u> | <u>\$1,532,387</u> | <u>\$453,431</u> | <u>\$0</u> | <u>\$534,547</u> | <u>\$1,450,450</u> | <u>\$4,221,822</u> |

(Continued)

CITY OF ALAMEDA
NON-MAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

| | DEBT SERVICE FUND | CAPITAL PROJECTS FUNDS | | | |
|--|--|-------------------------------|---------------------------|------------------------------------|--------------------------------------|
| | Alameda Point Improvement Project 2003 Revenue Bonds | Transportation Improvement | Library Construction | Urban Runoff Strom Drain Fee | Community Facility District #1 |
| REVENUES | | | | | |
| Taxes | | \$442,087 | | \$2,667,939 | |
| Licenses and permits | | | | | |
| Revenue from other agencies | | | | | |
| Charges for current services | | | | | |
| Fines and forfeitures | | | | | |
| Use of money and property | \$45,438 | 15,782 | \$12,627 | \$58,073 | \$4 |
| Affordable housing fees | | | | | |
| Other | | | | 4,485 | |
| Total Revenues | <u>45,438</u> | <u>457,869</u> | <u>12,627</u> | <u>2,730,497</u> | <u>4</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | | | | | |
| Public works | | | | | |
| Culture and leisure | | | | | |
| Housing and community services | | | | | |
| Capital outlay | | 404 | 167,947 | 1,101,533 | |
| Payment to other agencies | 275,377 | | | | |
| Debt service | | | | | |
| Principal repayment | | | | | |
| Interest and fiscal charges | 415,795 | | | | |
| Total Expenditures | <u>691,172</u> | <u>404</u> | <u>167,947</u> | <u>1,101,533</u> | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(645,734)</u> | <u>457,465</u> | <u>(155,320)</u> | <u>1,628,964</u> | <u>4</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 41,853 | | 26,286 | 65,000 | |
| Transfers (out) | | (1,695,902) | | (594,082) | |
| Total Other Financing Sources (Uses) | <u>41,853</u> | <u>(1,695,902)</u> | <u>26,286</u> | <u>(529,082)</u> | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(603,881)</u> | <u>(1,238,437)</u> | <u>(129,034)</u> | <u>1,099,882</u> | <u>4</u> |
| BEGINNING FUND BALANCES (DEFICITS) | <u>3,007,765</u> | <u>1,719,443</u> | <u>1,331,122</u> | <u>3,005,285</u> | <u>208</u> |
| ENDING FUND BALANCES (DEFICITS) | <u><u>\$2,403,884</u></u> | <u><u>\$481,006</u></u> | <u><u>\$1,202,088</u></u> | <u><u>\$4,105,167</u></u> | <u><u>\$212</u></u> |

CAPITAL PROJECTS FUNDS

| Community Facility District #2 | Alameda Reuse and Redevelopment Authority | Special Assessment District | | Citywide Development Fee | Wastewater Capital Reserve | Open Space Improvement |
|--------------------------------------|--|-----------------------------|---------------------------|--------------------------------|----------------------------------|------------------------------|
| | | Harbor Bay Isle 92-1 | Marina Village 89-1 | | | |
| | | \$482,369 | | (\$74,162) | | |
| \$9,532 | | \$18,449 | \$49,984 | 21,908 | \$15 | \$16,922 |
| <u>9,532</u> | | <u>500,818</u> | <u>49,984</u> | <u>(52,254)</u> | <u>15</u> | <u>16,922</u> |
| 18 | | 866,660 | | | | \$111,852 |
| <u>18</u> | | <u>866,660</u> | | | | <u>111,852</u> |
| 9,514 | | (365,842) | 49,984 | (52,254) | 15 | (94,930) |
| | | | | | 8,120 | |
| | | | | | 8,120 | |
| 9,514 | | (365,842) | 49,984 | (52,254) | 8,135 | (94,930) |
| 451,749 | | 1,453,012 | 2,488,572 | 1,100,123 | | 998,416 |
| <u>\$461,263</u> | <u>\$0</u> | <u>\$1,087,170</u> | <u>\$2,538,556</u> | <u>\$1,047,869</u> | <u>\$8,135</u> | <u>\$903,486</u> |

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CITY OF ALAMEDA
 BUDGETED NON-MAJOR FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | LIBRARY | | | GAS TAX | | |
|--|--------------------|--------------------|--|--------------------|--------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | |
| Taxes | \$1,000,000 | \$1,157,475 | \$157,475 | | | |
| Revenue from other agencies | 86,523 | 170,454 | 83,931 | \$1,417,500 | \$1,397,248 | (\$20,252) |
| Charges for current services | 74,000 | 81,868 | 7,868 | | | |
| Fines and forfeitures | | | | | | |
| Use of money and property | | | | 30,000 | 13,100 | (16,900) |
| Affordable housing fee | | | | | | |
| Other | | | | | | |
| Total Revenues | <u>1,160,523</u> | <u>1,409,797</u> | <u>249,274</u> | <u>1,447,500</u> | <u>1,410,348</u> | <u>(37,152)</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | | | | | | |
| Public works | | | | | | |
| Culture and recreation | 2,531,836 | 2,590,825 | (58,989) | | | |
| Housing and community services | | | | | | |
| Capital outlay | 15,900 | 7,438 | 8,462 | | | |
| Debt service | | | | | | |
| Principal retirements | | | | | | |
| Interest and fiscal charges | | | | | | |
| Total Expenditures | <u>2,547,736</u> | <u>2,598,263</u> | <u>(50,527)</u> | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(1,387,213)</u> | <u>(1,188,466)</u> | <u>198,747</u> | <u>1,447,500</u> | <u>1,410,348</u> | <u>(37,152)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 1,487,850 | 1,487,849 | (1) | | | |
| Transfers (out) | <u>(318,311)</u> | <u>(318,304)</u> | <u>7</u> | <u>(1,872,015)</u> | <u>(1,338,188)</u> | <u>533,827</u> |
| Total Other Financing Sources (Uses) | <u>1,169,539</u> | <u>1,169,545</u> | <u>6</u> | <u>(1,872,015)</u> | <u>(1,338,188)</u> | <u>533,827</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(\$217,674)</u> | <u>(18,921)</u> | <u>\$198,753</u> | <u>(\$424,515)</u> | <u>72,160</u> | <u>\$496,675</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | <u>89,276</u> | | | | |
| ENDING FUND BALANCES (DEFICITS) | | <u>\$70,355</u> | | | <u>\$72,160</u> | |

| TRAFFIC SAFETY | | | COUNTY MEASURE B | | | CHRPO LEAD | | |
|------------------|------------------|----------------------------------|----------------------|--------------------|----------------------------------|-------------------|-----------------|----------------------------------|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| | | | \$2,648,372 | \$2,573,617 | (\$74,755) | \$70,000 | \$55,000 | (\$15,000) |
| \$150,000 | \$190,052 | \$40,052 | | 58,015 | 58,015 | | 248 | 248 |
| <u>150,000</u> | <u>190,052</u> | <u>40,052</u> | <u>2,648,372</u> | <u>2,631,632</u> | <u>(16,740)</u> | <u>70,000</u> | <u>55,248</u> | <u>(14,752)</u> |
| | | | | | | 91,265 | 58,406 | 32,859 |
| | | | | | | <u>91,265</u> | <u>58,406</u> | <u>32,859</u> |
| <u>150,000</u> | <u>190,052</u> | <u>40,052</u> | <u>2,648,372</u> | <u>2,631,632</u> | <u>(16,740)</u> | <u>(21,265)</u> | <u>(3,158)</u> | <u>18,107</u> |
| <u>(150,000)</u> | <u>(190,052)</u> | <u>(40,052)</u> | <u>(4,964,984)</u> | <u>(3,091,786)</u> | <u>1,873,198</u> | | | |
| <u>(150,000)</u> | <u>(190,052)</u> | <u>(40,052)</u> | <u>(4,964,984)</u> | <u>(3,091,786)</u> | <u>1,873,198</u> | | | |
| | | | <u>(\$2,316,612)</u> | (460,154) | <u>\$1,856,458</u> | <u>(\$21,265)</u> | (3,158) | <u>\$18,107</u> |
| | | | | <u>3,613,670</u> | | | <u>25,128</u> | |
| | <u>\$0</u> | | | <u>\$3,153,516</u> | | | <u>\$21,970</u> | |

(Continued)

CITY OF ALAMEDA
 BUDGETED NON-MAJOR FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | <u>TIDELANDS</u> | | | <u>NARCOTICS ASSET SEIZURE</u> | | |
|--|------------------|------------------|---|--------------------------------|-------------------|---|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Revenue from other agencies | | | | \$20,000 | \$24,286 | \$4,286 |
| Charges for current services | | | | | | |
| Fines and forfeitures | | | | | | |
| Use of money and property | \$150,000 | \$291,974 | \$141,974 | | | |
| Affordable housing fee | | | | | | |
| Other | | | | | | |
| Total Revenues | <u>150,000</u> | <u>291,974</u> | <u>141,974</u> | <u>20,000</u> | <u>24,286</u> | <u>4,286</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | | 28,642 | (28,642) | | | |
| Public works | | | | | | |
| Culture and recreation | | | | | | |
| Housing and community services | | | | | | |
| Capital outlay | | | | | 1,005 | (1,005) |
| Debt service | | | | | | |
| Principal retirements | | | | | | |
| Interest and fiscal charges | | | | | | |
| Total Expenditures | | <u>28,642</u> | <u>(28,642)</u> | | <u>1,005</u> | <u>(1,005)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>150,000</u> | <u>263,332</u> | <u>113,332</u> | <u>20,000</u> | <u>23,281</u> | <u>3,281</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | <u>(146,819)</u> | <u>(101,012)</u> | <u>45,807</u> | <u>(5,000)</u> | <u>(46,000)</u> | <u>(41,000)</u> |
| Total Other Financing Sources (Uses) | <u>(146,819)</u> | <u>(101,012)</u> | <u>45,807</u> | <u>(5,000)</u> | <u>(46,000)</u> | <u>(41,000)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>\$3,181</u> | 162,320 | <u>\$159,139</u> | <u>\$15,000</u> | (22,719) | <u>(\$37,719)</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | <u>741,453</u> | | | <u>(60,554)</u> | |
| ENDING FUND BALANCES (DEFICITS) | | <u>\$903,773</u> | | | <u>(\$83,273)</u> | |

| SENIOR CITIZENS TRANSPORTATION ASSISTANCE | | | DWELLING UNIT | | | PARKING METER | | |
|--|-----------------|--|-------------------|------------------|--|--------------------|--------------------|--|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| | | | \$160,000 | \$157,717 | (\$2,283) | | | |
| | | | | | | \$450,000 | \$489,178 | \$39,178 |
| | 255 | 255 | | 781 | 781 | 15,000 | 27,427 | 12,427 |
| | <u>\$1,747</u> | <u>\$1,747</u> | | | | | | |
| | <u>2,002</u> | <u>2,002</u> | <u>160,000</u> | <u>158,498</u> | <u>(1,502)</u> | <u>465,000</u> | <u>516,605</u> | <u>51,605</u> |
| \$130,242 | 80,135 | 50,107 | | | | | 56,759 | (56,759) |
| <u>130,242</u> | <u>80,135</u> | <u>50,107</u> | | | | | <u>56,759</u> | <u>(56,759)</u> |
| <u>(130,242)</u> | <u>(78,133)</u> | <u>52,109</u> | <u>160,000</u> | <u>158,498</u> | <u>(1,502)</u> | <u>465,000</u> | <u>459,846</u> | <u>(5,154)</u> |
| <u>194,756</u> | <u>78,133</u> | <u>(116,623)</u> | <u>(185,492)</u> | <u>(163,344)</u> | <u>22,148</u> | <u>(1,412,453)</u> | <u>(1,405,024)</u> | <u>7,429</u> |
| <u>194,756</u> | <u>78,133</u> | <u>(116,623)</u> | <u>(185,492)</u> | <u>(163,344)</u> | <u>22,148</u> | <u>(1,412,453)</u> | <u>(1,405,024)</u> | <u>7,429</u> |
| <u>\$64,514</u> | | <u>(\$64,514)</u> | <u>(\$25,492)</u> | <u>(4,846)</u> | <u>\$20,646</u> | <u>(\$947,453)</u> | <u>(945,178)</u> | <u>\$2,275</u> |
| | <u>26,022</u> | | | <u>47,686</u> | | | <u>2,251,853</u> | |
| | <u>\$26,022</u> | | | <u>\$42,840</u> | | | <u>\$1,306,675</u> | |

(Continued)

CITY OF ALAMEDA
 BUDGETED NON-MAJOR FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | COMMERCIAL REVITALIZATION | | | COMMUNITY DEVELOPMENT BLOCK GRANT | | |
|--|------------------------------|------------------|--|--------------------------------------|------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Revenue from other agencies | | | | \$3,053,795 | \$1,489,748 | (\$1,564,047) |
| Charges for current services | 120,529 | | (\$120,529) | | | |
| Fines and forfeitures | | | | | | |
| Use of money and property | \$20,196 | 80,876 | 60,680 | | | |
| Affordable housing fee | | | | | | |
| Other | | | | | | |
| Total Revenues | 140,725 | 80,876 | (59,849) | 3,053,795 | 1,489,748 | (1,564,047) |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | | | | | | |
| Public works | | | | | | |
| Culture and recreation | | | | | | |
| Housing and community services | \$240,529 | 171,654 | 68,875 | 4,111,111 | 1,870,537 | 2,240,574 |
| Capital outlay | | | | 17,890 | 4,520 | 13,370 |
| Debt service | | | | | | |
| Principal retirements | | | | | | |
| Interest and fiscal charges | | | | | | |
| Total Expenditures | 240,529 | 171,654 | 68,875 | 4,129,001 | 1,875,057 | 2,253,944 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(99,804)</u> | <u>(90,778)</u> | <u>9,026</u> | <u>(1,075,206)</u> | <u>(385,309)</u> | <u>689,897</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | | | | 1,079,582 | 402,979 | (676,603) |
| Transfers (out) | <u>(3,885)</u> | <u>(3,885)</u> | | <u>(4,377)</u> | <u>(17,670)</u> | <u>(13,293)</u> |
| Total Other Financing Sources (Uses) | (3,885) | (3,885) | | 1,075,205 | 385,309 | (689,896) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(\$103,689)</u> | <u>(94,663)</u> | <u>\$9,026</u> | <u>(\$1)</u> | | <u>\$1</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | <u>604,301</u> | | | | |
| ENDING FUND BALANCES (DEFICITS) | | <u>\$509,638</u> | | | <u>\$0</u> | |

| HOME FUND | | | REHABILITATION REPAYMENT | | | HUMAN SERVICES | | |
|------------------|----------------|----------------------------------|--------------------------|------------------|----------------------------------|-------------------|-----------------|----------------------------------|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| \$1,674,653 | \$317,449 | (\$1,357,204) | | | | \$414,821 | \$249,753 | (\$165,068) |
| | | | \$170,000 | \$326,198 | \$156,198 | | | |
| | | | | 6,758 | 6,758 | 1,245 | 1,245 | |
| <u>1,674,653</u> | <u>317,449</u> | <u>(1,357,204)</u> | <u>170,000</u> | <u>332,956</u> | <u>162,956</u> | <u>416,066</u> | <u>250,998</u> | <u>(165,068)</u> |
| | | | | | | | 542 | (542) |
| 1,674,653 | 317,449 | 1,357,204 | | | | 499,613 | 316,962 | 182,651 |
| <u>1,674,653</u> | <u>317,449</u> | <u>1,357,204</u> | | | | <u>499,613</u> | <u>317,504</u> | <u>182,109</u> |
| | | | 170,000 | 332,956 | 162,956 | (83,547) | (66,506) | 17,041 |
| | | | (1,079,582) | (402,979) | 676,603 | 9,200 | 29,136 | 19,936 |
| | | | <u>(1,079,582)</u> | <u>(402,979)</u> | <u>676,603</u> | <u>9,200</u> | <u>29,136</u> | <u>19,936</u> |
| | | | <u>(\$909,582)</u> | <u>(70,023)</u> | <u>\$839,559</u> | <u>(\$74,347)</u> | <u>(37,370)</u> | <u>\$36,977</u> |
| | | | | 912,317 | | | 46,482 | |
| | <u>\$0</u> | | | <u>\$842,294</u> | | | <u>\$9,112</u> | |

(Continued)

CITY OF ALAMEDA
 BUDGETED NON-MAJOR FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | AFFORDABLE HOUSING | | | GARBAGE SURCHARGE | | |
|--|--------------------|------------------|--|-------------------|------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | |
| Taxes | | | | \$150,000 | \$175,000 | \$25,000 |
| Revenue from other agencies | | | | | | |
| Charges for current services | | | | | | |
| Fines and forfeitures | | | | | | |
| Use of money and property | | \$67,854 | \$67,854 | | 7,937 | 7,937 |
| Affordable housing fee | \$363,012 | 153,664 | (209,348) | | | |
| Other | | 380 | 380 | | | |
| Total Revenues | <u>363,012</u> | <u>221,898</u> | <u>(141,114)</u> | <u>150,000</u> | <u>182,937</u> | <u>32,937</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 104,975 | 67,555 | 37,420 | | | |
| Public works | | | | | | |
| Culture and recreation | | | | | | |
| Housing and community services | 196,973 | 2,530 | 194,443 | | | |
| Capital outlay | 2,000 | 1,257 | 743 | | | |
| Debt service | | | | | | |
| Principal retirements | | | | | | |
| Interest and fiscal charges | | | | | | |
| Total Expenditures | <u>303,948</u> | <u>71,342</u> | <u>232,606</u> | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>59,064</u> | <u>150,556</u> | <u>91,492</u> | <u>150,000</u> | <u>182,937</u> | <u>32,937</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 1,000 | 1,000 | | | | |
| Transfers (out) | (99,602) | (99,602) | | (238,116) | (141,495) | 96,621 |
| Total Other Financing Sources (Uses) | <u>(98,602)</u> | <u>(98,602)</u> | | <u>(238,116)</u> | <u>(141,495)</u> | <u>96,621</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(\$39,538)</u> | 51,954 | <u>\$91,492</u> | <u>(\$88,116)</u> | 41,442 | <u>\$129,558</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | <u>166,412</u> | | | <u>430,790</u> | |
| ENDING FUND BALANCES | | <u>\$218,366</u> | | | <u>\$472,232</u> | |

| BAYPORT MUNICIPAL SERVICE DISTRICT | | | ATHLETIC RECREATION | | | ISLAND CITY MAINTENANCE ASSESSMENT DISTRICT 84-2 | | |
|------------------------------------|-----------------|--|---------------------|----------------------|--|--|------------------|--|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| \$70,000 | \$55,185 | (\$14,815) | | | | \$968,950 | \$1,141,866 | \$172,916 |
| | | | 1,369,557 | \$8,632 1,357,738 | \$8,632 (11,819) | 78,000 | 50,420 | (27,580) |
| | 477 | 477 | | 230,705 | 230,705 | | 9,056 | 9,056 |
| <u>70,000</u> | <u>55,662</u> | <u>(14,338)</u> | <u>1,369,557</u> | <u>1,597,075</u> | <u>227,518</u> | <u>1,046,950</u> | <u>1,201,342</u> | <u>154,392</u> |
| | | | 1,250,417 | 1,470,452 | (220,035) | 1,026,200 | 966,712 | 59,488 |
| | | | | 5,250 | (5,250) | | | |
| | | | <u>1,250,417</u> | <u>1,475,702</u> | <u>(225,285)</u> | <u>1,026,200</u> | <u>966,712</u> | <u>59,488</u> |
| <u>70,000</u> | <u>55,662</u> | <u>(14,338)</u> | <u>119,140</u> | <u>121,373</u> | <u>2,233</u> | <u>20,750</u> | <u>234,630</u> | <u>213,880</u> |
| | | | (188,463) | 27,101 (59,389) | 27,101 129,074 | | 3,000 | 3,000 |
| | | | (188,463) | (32,288) | 156,175 | | 3,000 | 3,000 |
| <u>\$70,000</u> | <u>55,662</u> | <u>(\$14,338)</u> | <u>(\$69,323)</u> | <u>89,085</u> | <u>\$158,408</u> | <u>\$20,750</u> | <u>237,630</u> | <u>\$216,880</u> |
| | | | | 361,891 | | | 474,124 | |
| | <u>\$55,662</u> | | | <u>\$450,976</u> | | | <u>\$711,754</u> | |

(Continued)

CITY OF ALAMEDA
 BUDGETED NON-MAJOR FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | WASTE REDUCTION SURCHARGE | | | HOUSING DEVELOPMENT | | |
|--|---------------------------|--------------------|--|---------------------|------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Revenue from other agencies | \$343,400 | \$391,560 | \$48,160 | | | |
| Charges for current services | 353,500 | 350,887 | (2,613) | | | |
| Fines and forfeitures | | | | | | |
| Use of money and property | | 67,909 | 67,909 | | \$3,730 | \$3,730 |
| Affordable housing fee | | | | | | |
| Other | | | | \$20,000 | 15 | (19,985) |
| Total Revenues | <u>696,900</u> | <u>810,356</u> | <u>113,456</u> | <u>20,000</u> | <u>3,745</u> | <u>(16,255)</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | | | | 20,000 | | 20,000 |
| Public works | 602,410 | 337,178 | 265,232 | | | |
| Culture and recreation | | | | | | |
| Housing and community services | | | | | | |
| Capital outlay | | | | | | |
| Debt service | | | | | | |
| Principal retirements | | | | | | |
| Interest and fiscal charges | | | | | | |
| Total Expenditures | <u>602,410</u> | <u>337,178</u> | <u>265,232</u> | <u>20,000</u> | | <u>20,000</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>94,490</u> | <u>473,178</u> | <u>378,688</u> | | <u>3,745</u> | <u>3,745</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | <u>(126,648)</u> | <u>(126,648)</u> | | | | |
| Total Other Financing Sources (Uses) | <u>(126,648)</u> | <u>(126,648)</u> | | | | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(\$32,158)</u> | <u>346,530</u> | <u>\$378,688</u> | | <u>3,745</u> | <u>\$3,745</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | <u>3,813,327</u> | | | <u>100,991</u> | |
| ENDING FUND BALANCES (DEFICITS) | | <u>\$4,159,857</u> | | | <u>\$104,736</u> | |

DIKE MAINTENANCE

| <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------|------------------|---|
| \$20,000 | \$5,367 | (\$14,633) |
| <u>20,000</u> | <u>5,367</u> | <u>(14,633)</u> |
| | | |
| | | |
| <u>20,000</u> | <u>5,367</u> | <u>(14,633)</u> |
| | | |
| | | |
| <u>\$20,000</u> | <u>5,367</u> | <u>(\$14,633)</u> |
| | <u>312,797</u> | |
| | <u>\$318,164</u> | |

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments, which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

CENTRAL STORE

This fund accounts for the City central store's operation. The source of revenue is reimbursement of costs for items purchased by other departments.

CENTRAL GARAGE

This fund accounts for the maintenance and replacement of vehicles and equipment used by all City departments. Source of revenue for this fund is on reimbursement of costs for services and supplies purchased by other departments.

TECHNOLOGY SERVICES

This fund accounts for computer and telephone charges and information system upgrades.

WORKERS' COMPENSATION INSURANCE

This fund accounts for the administration of the City's workers' compensation program and payment of worker's compensation claim payments.

RISK MANAGEMENT INSURANCE

This fund accounts for the administration of the City's risk management program and payment of general liability claim payments.

DENTAL INSURANCE

This fund accounts for the administration of the City's dental insurance program and payment of dental claim payments.

UNEMPLOYMENT INSURANCE

This fund accounts for the administration of the City's unemployment insurance program and payment of unemployment claim payments.

CITY OF ALAMEDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2005

| | Central Store | Central Garage | Technology Services | Workers' Compensation Insurance |
|---|------------------|-------------------|------------------------|---------------------------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$251,024 | \$60,714 | \$355,736 | \$373,560 |
| Accounts receivable | | 12,968 | 48,716 | 32,032 |
| Prepays and deposits | | | 2,083 | 100,000 |
| Total Current Assets | <u>251,024</u> | <u>73,682</u> | <u>406,535</u> | <u>505,592</u> |
| Capital assets, depreciable, net | | | <u>853,234</u> | |
| Total Assets | <u>251,024</u> | <u>73,682</u> | <u>1,259,769</u> | <u>505,592</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 35,442 | 26,411 | 34,787 | 106,422 |
| Accrued payroll | | | | 2,053 |
| Claims payable | | | | 5,236,498 |
| Total Current Liabilities | <u>35,442</u> | <u>26,411</u> | <u>34,787</u> | <u>5,344,973</u> |
| Long term debt: | | | | |
| Due within one year | 36,344 | | 192,821 | |
| Due in more than one year | 141,984 | | 755,214 | |
| Total Long-Term Debt | <u>178,328</u> | | <u>948,035</u> | |
| Total Liabilities | <u>213,770</u> | <u>26,411</u> | <u>982,822</u> | <u>5,344,973</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | | | 853,234 | |
| Unrestricted | <u>37,254</u> | <u>47,271</u> | <u>(576,287)</u> | <u>(4,839,381)</u> |
| Total Net Assets (Deficits) | <u>\$37,254</u> | <u>\$47,271</u> | <u>\$276,947</u> | <u>(\$4,839,381)</u> |

| <u>Risk Management Insurance</u> | <u>Dental Insurance</u> | <u>Unemployment</u> | <u>Total</u> |
|--|-----------------------------|---------------------|----------------------------------|
| \$2,723,032 5,527 | \$103,809 | \$25,219 | \$3,893,094 99,243 102,083 |
| 2,728,559 | 103,809 | 25,219 | 4,094,420 853,234 |
| 2,728,559 | 103,809 | 25,219 | 4,947,654 |
| 99,430 4,510 1,557,767 | 90,950 47,100 | | 393,442 6,563 6,841,365 |
| 1,661,707 | 138,050 | | 7,241,370 |
| | | | 229,165 897,198 |
| | | | 1,126,363 |
| 1,661,707 | 138,050 | | 8,367,733 |
| 1,066,852 | (34,241) | 25,219 | 853,234 (4,273,313) |
| <u>\$1,066,852</u> | <u>(\$34,241)</u> | <u>\$25,219</u> | <u>(\$3,420,079)</u> |

CITY OF ALAMEDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2005

| | Central Store | Central Garage | Technology Services | Workers' Compensation Insurance |
|---|------------------|-------------------|------------------------|---------------------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$635,019 | \$285,618 | \$596,561 | \$1,214,615 |
| Total Operating Revenues | 635,019 | 285,618 | 596,561 | 1,214,615 |
| OPERATING EXPENSES | | | | |
| General administrative | | | 7,509 | 2,357 |
| Wages and benefits | | | | 199,115 |
| Insurance | | | | 569,411 |
| Contractual services | 298,381 | 39,834 | 515,879 | 86,997 |
| Supplies and maintenance | 339,917 | 260,304 | 3,865 | |
| Depreciation | 419 | | 94,804 | |
| Total Operating Expenses | 638,717 | 300,138 | 622,057 | 857,880 |
| Operating Income (Loss) | (3,698) | (14,520) | (25,496) | 356,735 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest (expense) | (12,423) | | (25,000) | |
| Total Nonoperating Revenues (Expenses) | (12,423) | | (25,000) | |
| Income (Loss) Before Transfers | (16,121) | (14,520) | (50,496) | 356,735 |
| Transfers in | 47,164 | 10,627 | 2,083 | 1,151 |
| Net Transfers | 47,164 | 10,627 | 2,083 | 1,151 |
| Change in Net Assets | 31,043 | (3,893) | (48,413) | 357,886 |
| BEGINNING NET ASSETS (DEFICITS) | 6,211 | 51,164 | 325,360 | (5,197,267) |
| ENDING NET ASSETS (DEFICITS) | <u>\$37,254</u> | <u>\$47,271</u> | <u>\$276,947</u> | <u>(\$4,839,381)</u> |

| Risk Management Insurance | Dental | Unemployment | Total |
|---------------------------------|------------|--------------|---------------|
| \$1,225,150 | \$857,664 | \$31,060 | \$4,845,687 |
| 1,225,150 | 857,664 | 31,060 | 4,845,687 |
| 24,650 | | 47,042 | 81,558 |
| 475,632 | | | 674,747 |
| 1,080,599 | 831,192 | | 2,481,202 |
| 488,127 | | 1,600 | 1,430,818 |
| | | | 604,086 |
| | | | 95,223 |
| 2,069,008 | 831,192 | 48,642 | 5,367,634 |
| (843,858) | 26,472 | (17,582) | (521,947) |
| | (1,076) | | (38,499) |
| | (1,076) | | (38,499) |
| (843,858) | 25,396 | (17,582) | (560,446) |
| 234,981 | 908 | 93 | 297,007 |
| 234,981 | 908 | 93 | 297,007 |
| (608,877) | 26,304 | (17,489) | (263,439) |
| 1,675,729 | (60,545) | 42,708 | (3,156,640) |
| \$1,066,852 | (\$34,241) | \$25,219 | (\$3,420,079) |

CITY OF ALAMEDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

| | Central Store | Central Garage | Technology Services |
|---|-------------------------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$635,019 | \$282,636 | \$547,845 |
| Payments to suppliers | (630,728) | (292,538) | (532,056) |
| Payments to employees | | | |
| Claims paid | | | |
| | <u>4,291</u> | <u>(9,902)</u> | <u>15,789</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Operating grants and contributions | | | |
| Interfund receipts | | | |
| Transfers in | 47,164 | 10,627 | 2,083 |
| | <u>47,164</u> | <u>10,627</u> | <u>2,083</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from long term debt | | | (167,768) |
| Principal payments on capital debt | (34,077) | | 167,815 |
| Interest paid on capital debt | (12,423) | | (25,000) |
| | <u>(46,500)</u> | | <u>(24,953)</u> |
| Cash Flows from Capital and Related Financing Activities | <u>(46,500)</u> | | <u>(24,953)</u> |
| Net Cash Flows | 4,955 | 725 | (7,081) |
| Cash and investments at beginning of period | <u>246,069</u> | <u>59,989</u> | <u>362,817</u> |
| Cash and investments at end of period | <u><u>\$251,024</u></u> | <u><u>\$60,714</u></u> | <u><u>\$355,736</u></u> |
| Reconciliation of operating income (loss) to net cash flows from operating activities: | | | |
| Operating income (loss) | (\$3,698) | (\$14,520) | (\$25,496) |
| Adjustments to reconcile operating income to cash flows from operating activities: | | | |
| Depreciation | 419 | | 94,804 |
| Change in assets and liabilities: | | | |
| Accounts receivable | | (2,982) | (48,716) |
| Prepays and deposits | | | (2,083) |
| Accounts payable | 7,570 | 7,600 | (2,720) |
| Claims payable | | | |
| Accrued payroll | | | |
| Deferred revenue | | | |
| | <u>4,291</u> | <u>(9,902)</u> | <u>15,789</u> |
| Cash Flows from Operating Activities | <u><u>\$4,291</u></u> | <u><u>(\$9,902)</u></u> | <u><u>\$15,789</u></u> |

| Workers' Compensation Insurance | Risk Management Insurance | Dental Insurance | Unemployment | Total |
|---------------------------------------|---------------------------------|---------------------|-------------------|----------------------|
| \$1,208,002 | \$1,276,192 | \$857,664 | \$31,060 | \$4,838,418 |
| (49,689) | (596,748) | 90,950 | (1,600) | (2,012,409) |
| (200,837) | (498,859) | | (47,042) | (746,738) |
| <u>(1,507,131)</u> | <u>(861,505)</u> | <u>(831,192)</u> | | <u>(3,199,828)</u> |
| <u>(549,655)</u> | <u>(680,920)</u> | <u>117,422</u> | <u>(17,582)</u> | <u>(1,120,557)</u> |
| 7,974 | | | 6,762 | 14,736 |
| | | (13,445) | | (13,445) |
| <u>1,151</u> | <u>234,981</u> | <u>908</u> | <u>93</u> | <u>297,007</u> |
| <u>9,125</u> | <u>234,981</u> | <u>(12,537)</u> | <u>6,855</u> | <u>298,298</u> |
| | | | | (167,768) |
| | | | | 133,738 |
| | | <u>(1,076)</u> | | <u>(38,499)</u> |
| | | <u>(1,076)</u> | | <u>(72,529)</u> |
| <u>(540,530)</u> | <u>(445,939)</u> | <u>103,809</u> | <u>(10,727)</u> | <u>(894,788)</u> |
| <u>914,090</u> | <u>3,168,971</u> | | <u>35,946</u> | <u>4,787,882</u> |
| <u>\$373,560</u> | <u>\$2,723,032</u> | <u>\$103,809</u> | <u>\$25,219</u> | <u>\$3,893,094</u> |
| \$356,735 | (\$843,858) | \$26,472 | (\$17,582) | (\$521,947) |
| | | | | 95,223 |
| (6,613) | 51,042 | | | (7,269) |
| | | | | (2,083) |
| 37,308 | (108,621) | 90,950 | | 32,087 |
| (937,720) | 219,094 | | | (718,626) |
| 635 | 1,423 | | | 2,058 |
| <u>(549,655)</u> | <u>(680,920)</u> | <u>\$117,422</u> | <u>(\$17,582)</u> | <u>(\$1,120,557)</u> |

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FIDUCIARY FUNDS

GASB Statement 34 requires that Pension Funds and Agency Funds be presented separately from the Government-wide and Fund financial statements.

PENSION TRUST FUNDS

Pension Trust Funds are used to report and account for resources that are required to be held in trust for the members and beneficiaries of the City's defined benefit pension plan.

POLICE AND FIRE PENSION #1079

This fund accounts for the resources accumulated for the payment of pension benefits enacted under plan #1079.

POLICE AND FIRE PENSION #1082

This fund accounts for the resources accumulated for the payment of pension benefits enacted under plan #1082.

AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

ASSESSMENT DISTRICTS

This fund accounts for cash and investments held on behalf of assessment districts formed within the City. The City is not obligated for repayment of any debt issued by these assessment districts.

WASTE MANAGEMENT JRRRC TRUST (JOINT REFUSE RATE REVIEW COMMITTEE)

This fund accounts for refuse charges collected to pay for operations of the committee.

CITY OF ALAMEDA
 FIDUCIARY FUNDS
 COMBINING BALANCE SHEET
 June 30, 2005

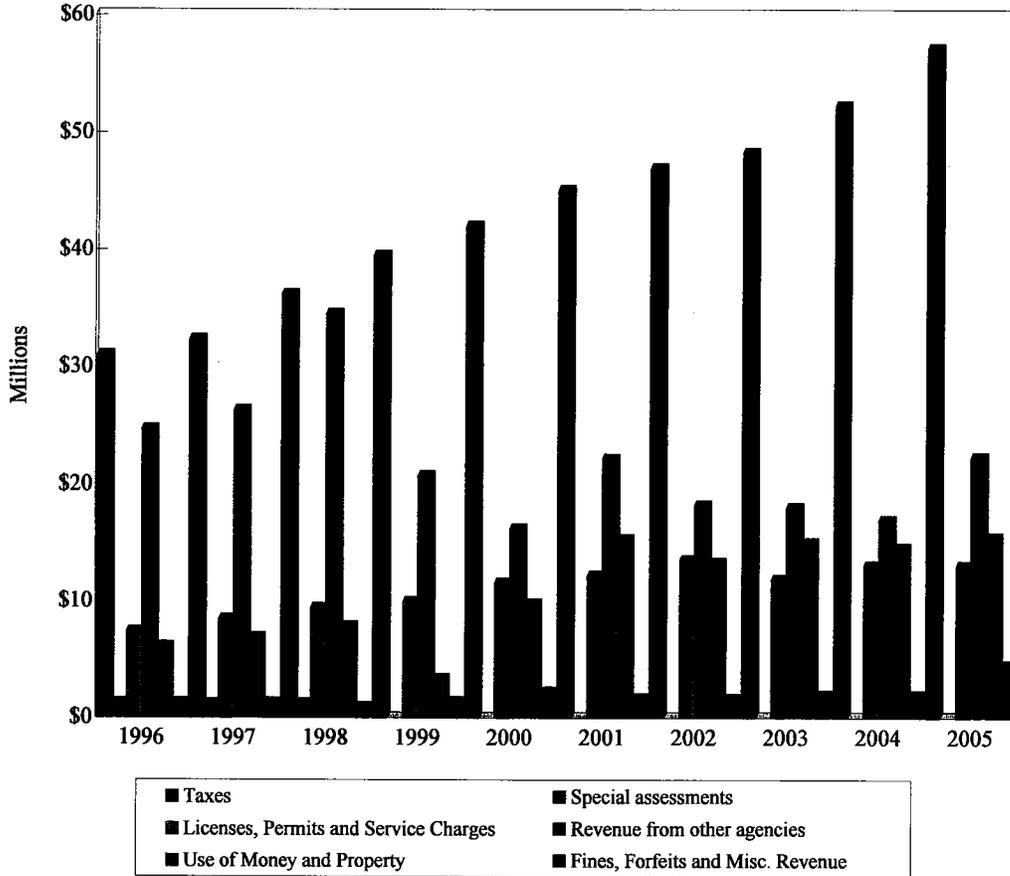
| | PENSION TRUST FUNDS | | AGENCY FUNDS | | Total |
|--------------------------------------|-------------------------------------|-------------------------------------|-------------------------|---------------------------------------|---------------------|
| | Police and Fire Pension #1079 | Police and Fire Pension #1082 | Assessment Districts | Waste Management JRRRC Trust | |
| ASSETS | | | | | |
| Restricted cash and investments | | \$15,540 | \$59,760,588 | \$130,972 | \$59,907,100 |
| Accounts receivable | | | | | |
| Total Assets | | \$15,540 | \$59,760,588 | \$130,972 | \$59,907,100 |
| LIABILITIES | | | | | |
| Accounts payable | | \$15,540 | | | \$15,540 |
| Refundable deposits | | | | \$130,972 | 130,972 |
| Due to bondholders | | | \$59,760,588 | | 59,760,588 |
| Total Liabilities | | 15,540 | 59,760,588 | 130,972 | 59,907,100 |
| FUND BALANCE | | | | | |
| Reserved for: | | | | | |
| Employees' pension benefits | | | | | |
| Total Fund Balances (Deficit) | | | | | |
| Total Liabilities and Equity | \$0 | \$15,540 | \$59,760,588 | \$130,972 | \$59,907,100 |

CITY OF ALAMEDA
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | Balance June 30, 2004 | Additions | Deductions | Balance June 30, 2005 |
|---|--------------------------|---------------------|---------------------|--------------------------|
| <hr/> <u>Assessment Districts</u> <hr/> | | | | |
| <u>Assets</u> | | | | |
| Restricted cash and investments | \$60,973,921 | \$13,527,131 | \$14,740,464 | \$59,760,588 |
| Accounts receivable | 14,522 | | 14,522 | |
| Total Assets | <u>\$60,988,443</u> | <u>\$13,527,131</u> | <u>\$14,754,986</u> | <u>\$59,760,588</u> |
| <u>Liabilities</u> | | | | |
| Due to bondholders | <u>\$60,988,443</u> | <u>\$13,527,131</u> | <u>\$14,754,986</u> | <u>\$59,760,588</u> |
| <hr/> <u>Waste Management JRRRC Trust</u> <hr/> | | | | |
| <u>Assets</u> | | | | |
| Restricted cash and investments | \$128,763 | \$2,209 | | \$130,972 |
| <u>Liabilities</u> | | | | |
| Refundable deposits | <u>\$128,763</u> | <u>\$2,209</u> | | <u>\$130,972</u> |
| <hr/> <u>Totals- All Agency Funds</u> <hr/> | | | | |
| <u>Assets</u> | | | | |
| Restricted cash and investments | \$61,102,684 | \$13,529,340 | \$14,740,464 | \$59,891,560 |
| Accounts receivable | 14,522 | | 14,522 | |
| Total Assets | <u>\$61,117,206</u> | <u>\$13,529,340</u> | <u>\$14,754,986</u> | <u>\$59,891,560</u> |
| <u>Liabilities</u> | | | | |
| Refundable deposits | \$128,763 | \$2,209 | | \$130,972 |
| Due to bondholders | 60,988,443 | 13,527,131 | 14,754,986 | 59,760,588 |
| Total Liabilities | <u>\$61,117,206</u> | <u>\$13,529,340</u> | <u>\$14,754,986</u> | <u>\$59,891,560</u> |

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CITY OF ALAMEDA
GENERAL REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES (1)
AND SIMILAR TRUST FUNDS
LAST TEN FISCAL YEARS



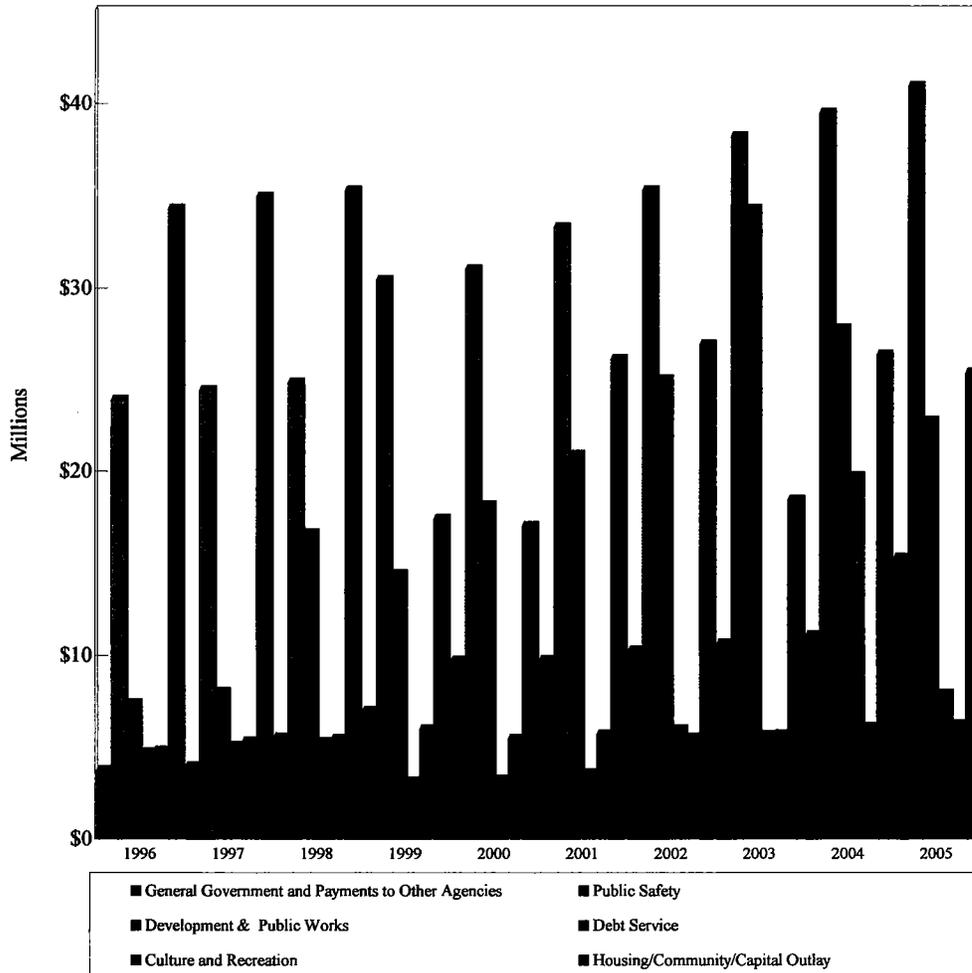
| Fiscal Year | Taxes | Special Assessments (2) | Licenses, Permits, Fees and Service Charges | Revenue from other Agencies | Use of Money and Property | Fines, Forfeits and Misc. Revenue | Total |
|-------------|--------------|-------------------------|---|-----------------------------|---------------------------|-----------------------------------|--------------|
| 1996 | \$30,926,929 | \$1,217,246 | \$7,335,536 | \$24,642,346 | \$6,041,083 | \$1,222,097 | \$71,385,237 |
| 1997 | 32,267,393 | 1,163,428 | 8,377,806 | 26,208,654 | 6,833,244 | 1,254,373 | 76,104,898 |
| 1998 | 36,103,356 | 1,177,270 | 9,352,826 | 34,460,730 | 7,799,601 | 902,574 | 89,796,357 |
| 1999 | 39,472,429 | | 9,900,845 | 20,669,135 | 3,300,005 | 1,336,089 | 74,678,503 |
| 2000 | 41,964,130 | | 11,511,238 | 16,161,085 | 9,738,505 | 2,178,457 | 81,553,415 |
| 2001 | 45,054,692 | | 12,122,071 | 22,093,419 | 15,266,502 | 1,612,856 | 96,149,540 |
| 2002 | 46,898,702 | | 13,469,696 | 18,175,600 | 13,243,485 | 1,567,190 | 93,354,673 |
| 2003 | 48,235,671 | | 11,810,524 | 17,955,265 | 14,965,122 | 1,905,145 | 94,871,727 |
| 2004 | 52,184,838 | | 13,008,310 | 16,905,698 | 14,517,984 | 1,850,113 | 98,466,943 |
| 2005 | 57,096,863 | | 12,955,413 | 22,233,324 | 15,444,762 | 4,457,258 | 112,187,620 |

Source: City of Alameda Annual Financial Report

(1) Includes all governmental fund types of the primary reporting entity

(2) Special Assessment debt with city commitment no longer outstanding after fiscal 1998

CITY OF ALAMEDA
 GENERAL EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES (1)
 AND SIMILAR TRUST FUNDS
 LAST TEN FISCAL YEARS

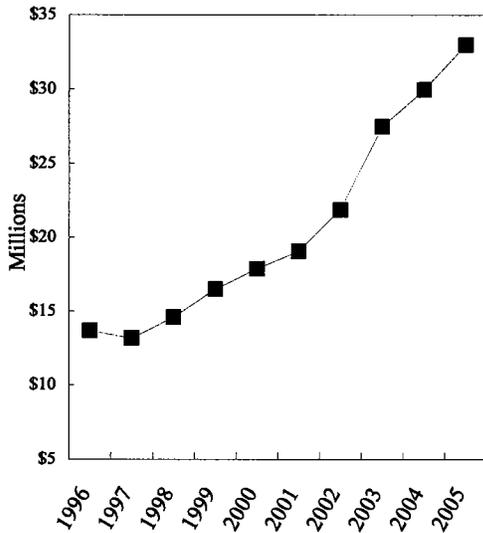


| Fiscal Year | General Government and Payments to Other Agencies | Public Safety | Development & Public Works | Debt Service | Culture and Recreation | Community Services and Capital Outlay | Total |
|-------------|---|---------------|----------------------------|--------------|------------------------|---------------------------------------|--------------|
| 1996 | \$3,673,519 | \$23,834,026 | \$7,312,740 | \$4,626,925 | \$4,743,881 | \$34,211,133 | \$78,402,224 |
| 1997 | 3,888,099 | 24,362,238 | 7,931,402 | 5,004,747 | 5,254,899 | 34,878,782 | 81,320,167 |
| 1998 | 5,460,818 | 24,776,348 | 16,545,432 | 5,213,181 | 5,386,965 | 35,215,215 | 92,597,959 |
| 1999 | 6,904,796 | 30,376,966 | 14,328,693 | 3,069,879 | 5,916,344 | 17,329,905 | 77,926,583 |
| 2000 | 9,653,488 | 30,952,762 | 18,079,503 | 3,153,881 | 5,401,146 | 16,952,530 | 84,193,310 |
| 2001 | 9,693,150 | 33,218,683 | 20,843,234 | 3,516,092 | 5,629,855 | 26,062,566 | 98,963,580 |
| 2002 | 10,200,520 | 35,225,559 | 24,942,438 | 5,899,911 | 5,465,872 | 26,871,805 | 108,606,105 |
| 2003 | 10,569,472 | 38,164,004 | 34,194,464 | 5,602,538 | 5,639,792 | 18,368,562 | 112,538,832 |
| 2004 | 11,020,370 | 39,433,919 | 27,731,865 | 19,651,508 | 6,034,698 | 26,310,443 | 130,182,803 |
| 2005 | 15,208,034 | 40,885,438 | 22,701,404 | 7,843,621 | 6,177,938 | 25,308,759 | 118,125,194 |

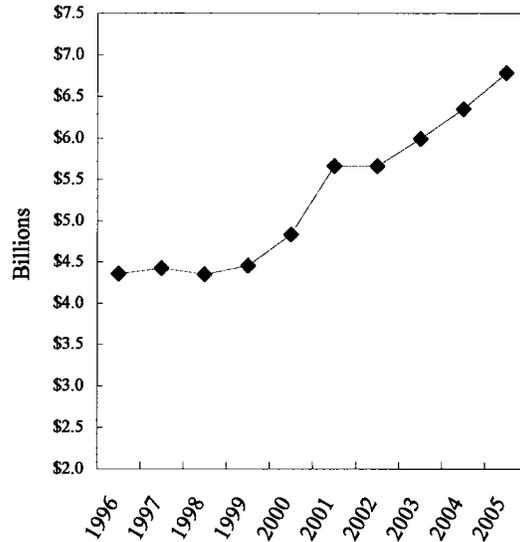
Source: City of Alameda Annual Financial Report

(1) Includes all governmental fund types of the primary reporting entity

**CITY OF ALAMEDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



■ Tax Levied

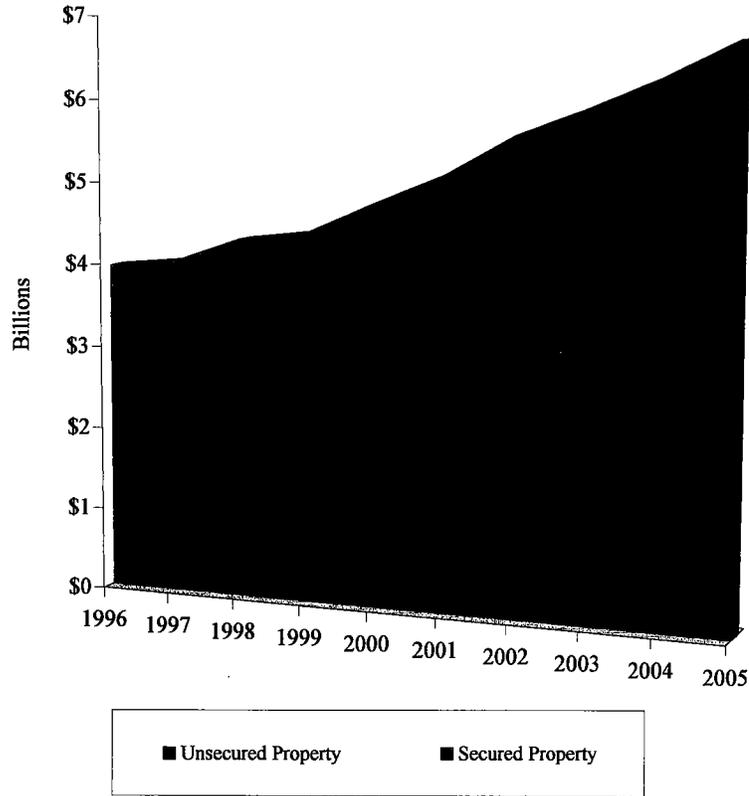


◆ Value of property

| Fiscal Year | City Property Tax Levied and Collected | Community Improvement Commission Property Tax Levied and Collected | Total Property Tax Levied and Collected | Value of City Property Subject to Local Tax Rate | Community Improvement Commission Property Subject to Local Tax Rate | Value of Property Subject to Local Tax Rate |
|-------------|--|--|---|--|---|---|
| 1996 | \$9,511,879 | \$4,153,951 | \$13,665,830 | \$3,972,223,822 | \$385,711,514 | \$4,357,935,336 |
| 1997 | 9,260,204 | 3,901,417 | 13,161,621 | 4,053,336,968 | 370,565,081 | 4,423,902,049 |
| 1998 | 10,163,815 | 4,427,375 | 14,591,190 | 3,939,574,715 | 411,091,692 | 4,350,666,407 |
| 1999 | 11,362,912 | 5,125,605 | 16,488,517 | 4,010,566,778 | 445,255,122 | 4,455,821,900 |
| 2000 | 12,081,634 | 5,775,291 | 17,856,925 | 4,308,910,137 | 524,708,026 | 4,833,618,163 |
| 2001 | 13,032,195 | 6,025,497 | 19,057,692 | 4,984,106,890 | 679,656,155 | 5,663,763,045 |
| 2002 | 14,744,510 | 7,115,468 | 21,859,978 | 4,984,106,890 | 679,656,155 | 5,663,763,045 |
| 2003 | 19,752,640 | 7,739,233 | 27,491,873 | 5,256,881,526 | 734,296,352 | 5,991,177,878 |
| 2004 | 21,954,598 | 7,993,280 | 29,947,878 | 5,587,897,684 | 762,817,880 | 6,350,715,564 |
| 2005 | 23,223,134 | 9,753,286 | 32,976,420 | 5,932,064,029 | 845,142,548 | 6,777,206,577 |

Source: Alameda County Auditor-Controller Office

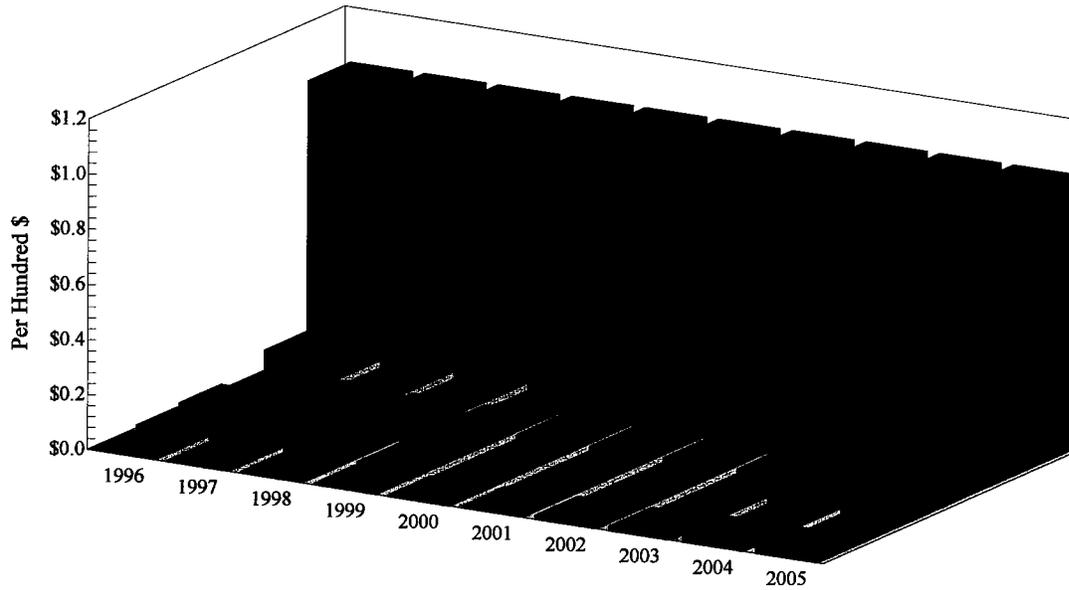
**CITY OF ALAMEDA
 ASSESSED AND ESTIMATED ACTUAL
 VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**



| <u>Fiscal Year</u> | <u>Secured Property</u> | <u>Percent Change</u> | <u>Unsecured Property</u> | <u>Percent Change</u> | <u>Total Assessed</u> | <u>Estimated Full Market</u> |
|--------------------|-------------------------|-----------------------|---------------------------|-----------------------|-----------------------|------------------------------|
| 1996 | \$3,696,181,912 | 2.77% | \$276,041,910 | 0.85% | \$3,972,223,822 | \$3,972,223,822 |
| 1997 | 3,783,315,882 | 2.36% | 270,021,086 | -2.18% | 4,053,336,968 | 4,053,336,968 |
| 1998 | 4,053,797,048 | 7.15% | 296,869,359 | 9.94% | 4,350,666,407 | 4,350,666,407 |
| 1999 | 4,148,921,979 | 2.35% | 306,899,921 | 3.38% | 4,455,821,900 | 4,455,821,900 |
| 2000 | 4,444,637,602 | 7.13% | 388,980,561 | 26.75% | 4,833,618,163 | 4,833,618,163 |
| 2001 | 4,734,149,408 | 6.51% | 448,218,363 | 15.23% | 5,182,367,771 | 5,182,367,771 |
| 2002 | 5,110,118,698 | 7.94% | 553,644,347 | 23.52% | 5,663,763,045 | 5,663,763,045 |
| 2003 | 5,426,195,345 | 6.19% | 564,982,533 | 2.05% | 5,991,177,878 | 5,991,177,878 |
| 2004 | 5,865,562,253 | 8.10% | 485,153,311 | -14.13% | 6,350,715,564 | 6,350,715,564 |
| 2005 | 6,316,942,645 | 7.70% | 460,263,932 | -5.13% | 6,777,206,577 | 6,777,206,577 |

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations

**CITY OF ALAMEDA
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

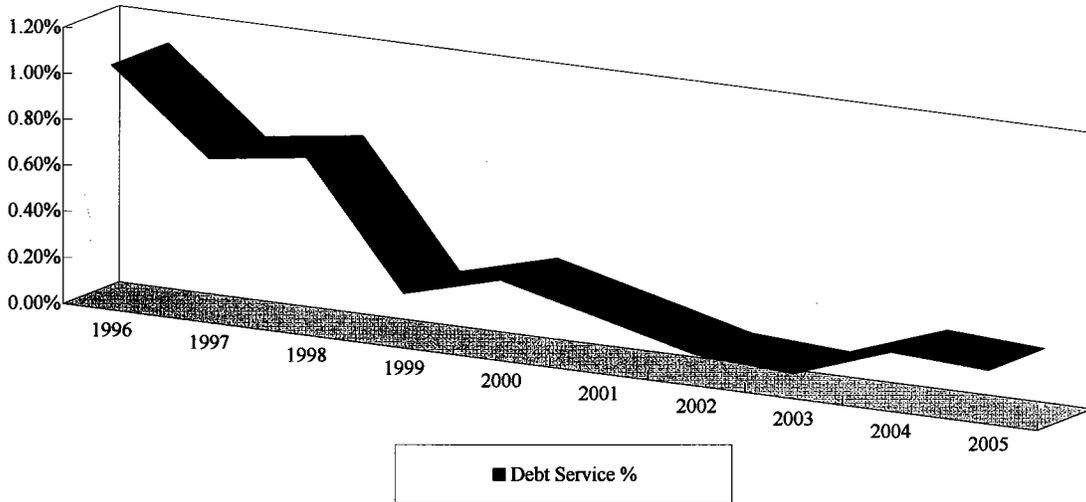


| | |
|-----------------------------------|--------------------------|
| ■ Peralta College | ■ BART |
| ■ Alameda Unified School District | ■ City |
| ■ Alameda Unified School Bonds | ■ Basic County Wide Levy |

| Fiscal Year | Basic County Wide Levy | City | Alameda Unified School Bonds | Alameda Unified School District | BART | Peralta College | Total |
|-------------|------------------------|--------|------------------------------|---------------------------------|--------|-----------------|--------|
| 1996 | 1.0000 | 0.0175 | 0.0912 | 0.0359 | 0.0230 | 0.0057 | 1.1733 |
| 1997 | 1.0000 | 0.0175 | N/A | 0.1184 | 0.0225 | 0.0041 | 1.1625 |
| 1998 | 1.0000 | 0.0175 | N/A | 0.0978 | 0.0220 | 0.0065 | 1.1438 |
| 1999 | 1.0000 | 0.0175 | N/A | 0.0705 | 0.0167 | 0.0056 | 1.1103 |
| 2000 | 1.0000 | 0.0175 | 0.0739 | flat rate | N/A | 0.0051 | 1.0965 |
| 2001 | 1.0000 | 0.0175 | 0.0691 | flat rate | N/A | 0.0077 | 1.0943 |
| 2002 | 1.0000 | 0.0175 | 0.0644 | flat rate | N/A | 0.0154 | 1.0973 |
| 2003 | 1.0000 | 0.0175 | 0.0610 | flat rate | N/A | 0.0176 | 1.0961 |
| 2004 | 1.0000 | 0.0318 | N/A | 0.1960 | N/A | 0.0280 | 1.2558 |
| 2005 | 1.0000 | 0.3330 | 0.0549 | 0.1960 | 0.0058 | 0.0280 | 1.6177 |

Source: Alameda County Assessors Office

CITY OF ALAMEDA
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL BONDED DEBT TO
 TOTAL GENERAL FUND EXPENDITURES
 LAST TEN FISCAL YEARS

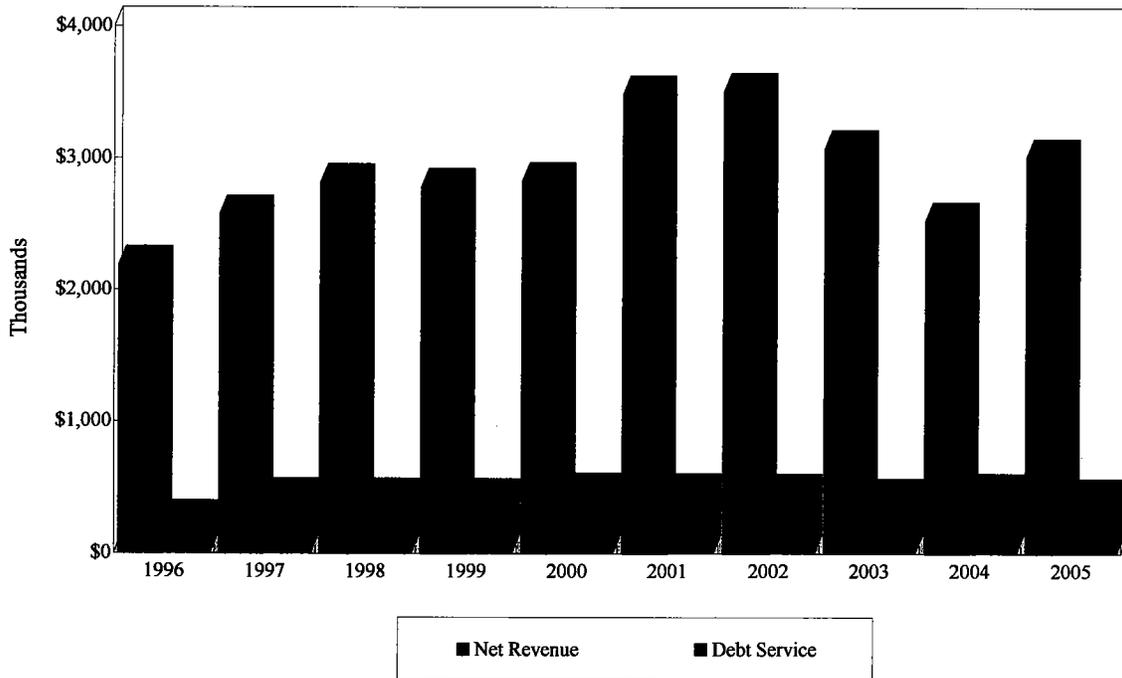


| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> | <u>Total General Fund Expenditures</u> | <u>Percent of Debt Service to General Fund Expenditures</u> |
|--------------------|------------------|-----------------|---------------------------|--|---|
| 1996 | \$43,188 | \$348,450 | \$391,638 | \$36,768,371 | 1.07% |
| 1997 | 47,487 | 221,143 | 268,630 | 37,733,433 | 0.71% |
| 1998 | 40,468 | 263,608 | 304,076 | 39,382,837 | 0.77% |
| 1999 | 96,648 | 11,377 | 108,025 | 45,229,520 | 0.24% |
| 2000 | 94,923 | 79,149 | 174,072 | 49,255,506 | 0.35% |
| 2001 | 101,336 | 25,951 | 127,287 | 51,736,435 | 0.25% |
| 2002 | 56,380 | 15,495 | 71,875 | 52,922,951 | 0.14% |
| 2003 | 60,172 | 3,192 | 63,364 | 57,356,629 | 0.11% |
| 2004 | 132,037 | 20,957 | 152,994 | 58,848,554 | 0.26% |
| 2005 | 112,218 | 29,611 | 141,829 | 60,416,224 | 0.23% |

Includes Capital Lease Obligations and Certificates of Participation Payable from General Fund Revenues

Source: City of Alameda Annual Financial Reports

**CITY OF ALAMEDA
SEWER FUND DEBT COVERAGE
LAST TEN FISCAL YEARS**



| Fiscal Year | Gross Revenue | Direct Operating Expenses (Excluding Depreciation) | Net Revenue Available for Debt Service | Debt Service | | | Coverage |
|-------------|---------------|--|--|--------------|----------|-----------|----------|
| | | | | Principal | Interest | Total | |
| 1996 | \$3,476,099 | \$1,287,584 | \$2,188,515 | \$205,000 | \$49,253 | \$254,253 | 8.61 |
| 1997 | 3,964,187 | 1,392,125 | 2,572,062 | 155,000 | 269,770 | 424,770 | 6.06 |
| 1998 | 4,293,156 | 1,478,968 | 2,814,188 | 160,000 | 263,880 | 423,880 | 6.64 |
| 1999 | 4,328,199 | 1,548,785 | 2,779,414 | 165,000 | 257,400 | 422,400 | 6.58 |
| 2000 | 4,397,860 | 1,574,600 | 2,823,260 | 175,000 | 290,702 | 465,702 | 6.06 |
| 2001 | 4,969,937 | 1,489,305 | 3,480,632 | 180,000 | 283,016 | 463,016 | 7.52 |
| 2002 | 5,145,229 | 1,644,439 | 3,500,790 | 185,000 | 274,870 | 459,870 | 7.61 |
| 2003 | 5,375,026 | 2,303,181 | 3,071,845 | 195,000 | 226,600 | 421,600 | 7.29 |
| 2004 | 5,200,564 | 2,676,271 | 2,524,293 | 205,000 | 256,945 | 461,945 | 5.46 |
| 2005 | 5,358,572 | 2,352,626 | 3,005,946 | 215,000 | 207,795 | 422,795 | 7.11 |

Sewer Revenue Bonds were issued in 1988/89

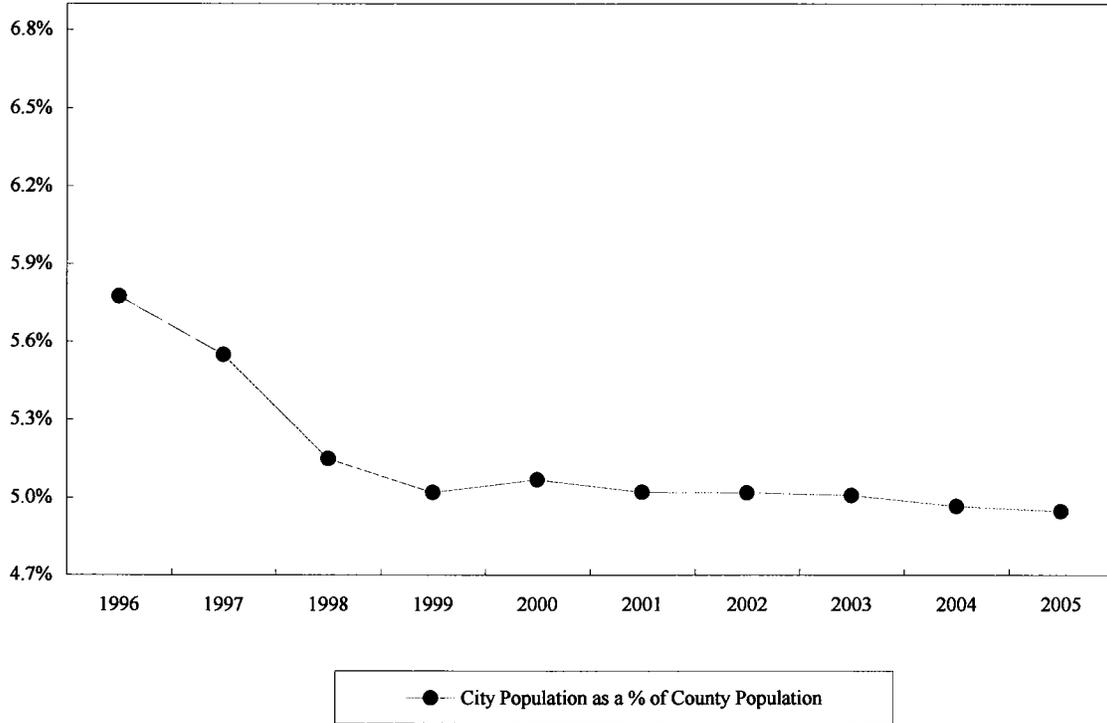
Sewer System Refinancing & Improvement Certificates of Participation were issued in 1995/96

1989-1995 includes the 1988 Sewer Revenue Bonds

1996 excludes the refunding of the 1988 Bonds

Source: Official Statements for Sewer Revenue Bond Funds
 Official Statements for Sewer System Refinancing & Improvement Certificates of Participation
 City of Alameda Annual Financial Reports

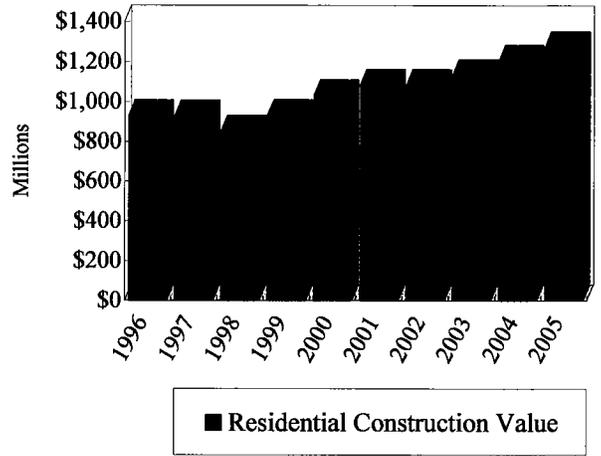
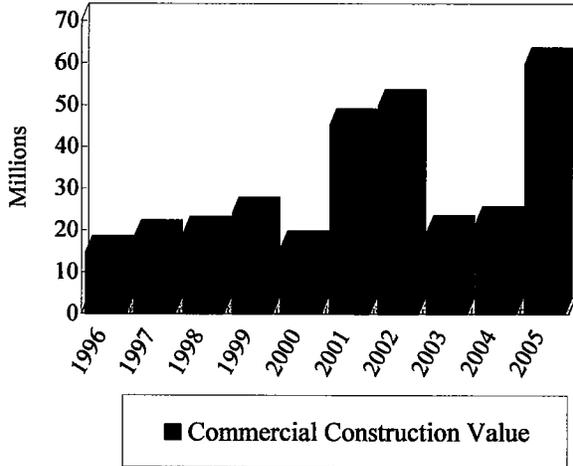
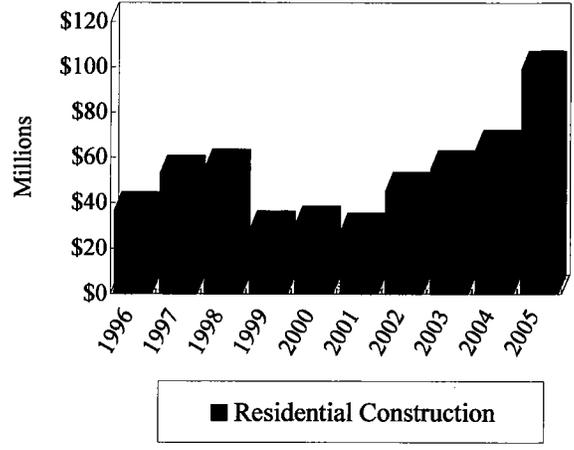
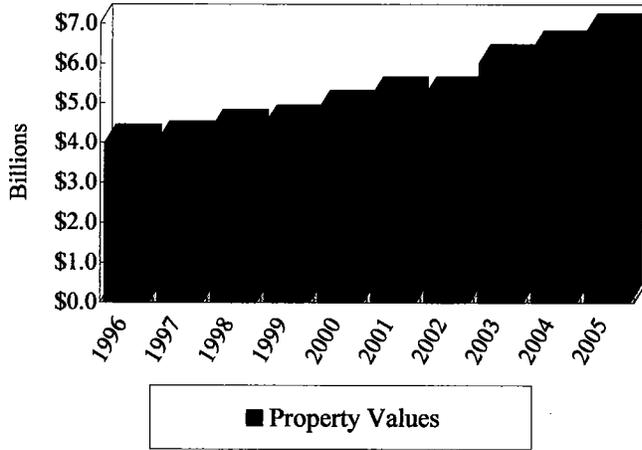
**CITY OF ALAMEDA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**



| <u>Fiscal Year</u> | <u>City Population</u> | <u>County Population</u> | <u>Population % of County</u> |
|--------------------|------------------------|--------------------------|-------------------------------|
| 1996 | 78,308 | 1,356,102 | 5.77% |
| 1997 | 76,349 | 1,375,850 | 5.55% |
| 1998 | 72,519 | 1,408,073 | 5.15% |
| 1999 | 71,735 | 1,428,955 | 5.02% |
| 2000 | 73,713 | 1,454,302 | 5.07% |
| 2001 | 74,259 | 1,479,054 | 5.02% |
| 2002 | 74,605 | 1,486,618 | 5.02% |
| 2003 | 74,940 | 1,496,218 | 5.01% |
| 2004 | 74,409 | 1,498,020 | 4.97% |
| 2005 | 74,581 | 1,507,500 | 4.95% |

Source: State of California Department of Finance - Population Research Unit

CITY OF ALAMEDA
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS



| Fiscal Year | Property Values | Commercial Construction | | Residential Construction | | Bank Deposits |
|-------------|-----------------|-------------------------|--------------|--------------------------|--------------|---------------|
| | | Number of Permits | Value | Number of Permits | Value | |
| 1996 | \$3,972,223,822 | 226 | \$14,593,734 | 1,487 | \$36,410,152 | \$928,975,000 |
| 1997 | 4,053,336,968 | 274 | 18,388,576 | 256 | 52,567,084 | 928,573,000 |
| 1998 | 4,350,666,407 | 287 | 19,308,004 | 268 | 55,195,438 | 850,970,000 |
| 1999 | 4,455,821,900 | 1,646 | 23,900,345 | 4,607 | 27,999,825 | 931,171,000 |
| 2000 | 4,833,618,163 | 640 | 15,838,070 | 5,149 | 30,291,358 | 1,030,514,000 |
| 2001 | 5,182,367,771 | 1,221 | 45,095,716 | 4,685 | 27,253,577 | 1,082,851,000 |
| 2002 | 5,182,367,771 | 1,042 | 49,748,456 | 3,140 | 45,104,633 | 1,082,851,000 |
| 2003 | 5,991,177,878 | 1,278 | 19,606,500 | 3,686 | 54,738,649 | 1,133,164,000 |
| 2004 | 6,350,715,564 | 1,098 | 21,755,652 | 4,033 | 63,863,098 | 1,205,307,000 |
| 2005 | 6,777,206,577 | 1,731 | 59,737,825 | 5,280 | 98,841,352 | 1,272,734,000 |

Source: City of Alameda Building Department
 Bank Deposits from Findley Reports

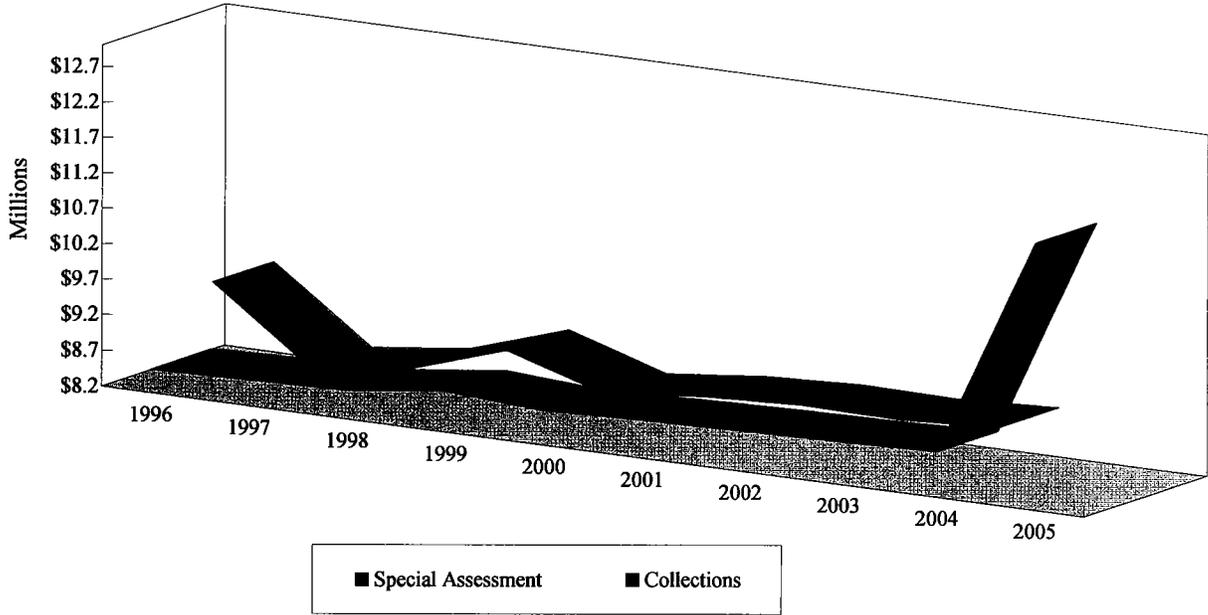
CITY OF ALAMEDA
 MISCELLANEOUS STATISTICS
 JUNE 30, 2005

| | | | |
|-----------------------------|-----------------|------------------------------|-------------|
| DATE OF INCORPORATION | April 19, 1854 | PARKS & RECREATION: | |
| FORM OF GOVERNMENT | Council-Manager | PARKS | 22 |
| EMPLOYEES | 976 | ACRES IN PARKS | 110 |
| AREA IN SQUARE MILES | 22.7 | ACRES OF GOLF COURSE | 328.23 |
| MILES OF STREETS | 121.5 | MILES OF BIKE PATHS | 14.5 |
| NUMBER OF STREET LIGHTS | 5,735 | MILES OF BIKE LANES | 10.6 |
| | | MILES OF BAY TRAIL | 9.4 |
| | | TAXABLE SALES (ESTIMATED)* | 562 million |
| FIRE PROTECTION : | | | |
| NUMBER OF STATIONS | 5 | | |
| NUMBER OF FIREFIGHTERS | 97 | | |
| | | NUMBER OF REGISTERED VOTERS | 40,968 |
| POLICE PROTECTION: | | | |
| NUMBER OF STATIONS | 1 | COMMUNITY FACILITIES: | |
| NUMBER OF POLICE OFFICERS | 100 | MASTICK SENIOR CENTER | 1 |
| NUMBER OF SUPPORT PERSONNEL | 56 | BOAT RAMPS | 2 |
| | | | |
| LENGTH OF STORM DRAINS | 36.1 | HOSPITALS: | |
| | | ALAMEDA HOSPITAL | 1 |
| LENGTH OF SEWER LINES | 115.6 | | |
| | | EDUCATION: | |
| BUILDING PERMITS ISSUED | 7,011 | STUDENT ENROLLMENT 04-05 | 10,383 |
| | | ELEMENTARY SCHOOLS | 12 |
| | | JUNIOR HIGH SCHOOLS | 3 |
| | | HIGH SCHOOLS | 2 |
| | | CONTINUATION SCHOOL | 1 |
| | | INDEPENDENT STUDY | 1 |
| | | TEACHERS (FULL- & PART-TIME) | 650 |

SOURCES: VARIOUS CITY RECORDS AND ALAMEDA UNIFIED SCHOOL DISTRICT

* STATE OF CALIFORNIA RESEARCH STATISTICS DIVISION

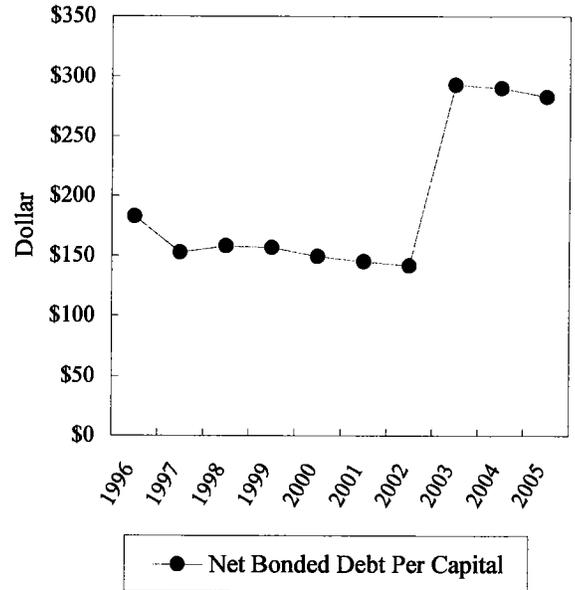
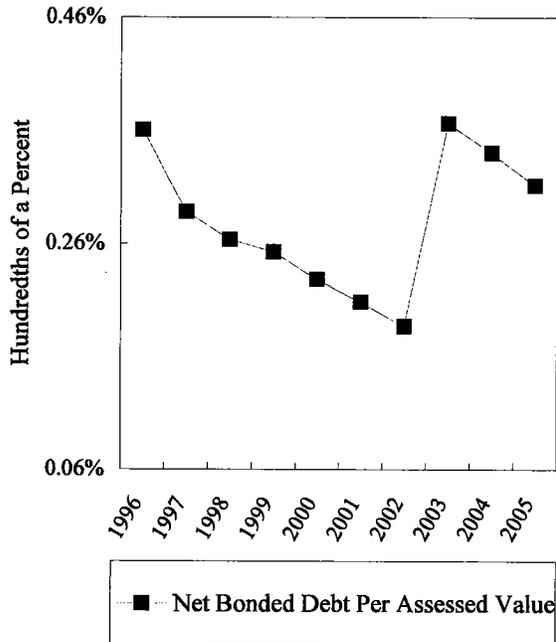
**CITY OF ALAMEDA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**



| Fiscal Year | Special Assessment Billings | Special Assessment Collections |
|-------------|-----------------------------|--------------------------------|
| 1996 | \$8,528,711 | \$9,465,678 |
| 1997 | 8,564,359 | 8,446,481 |
| 1998 | 8,608,286 | 8,614,429 |
| 1999 | 8,775,171 | 9,056,822 |
| 2000 | 8,688,922 | 8,628,483 |
| 2001 | 8,737,823 | 8,775,501 |
| 2002 | 8,771,895 | 8,841,713 |
| 2003 | 8,801,030 | 8,817,350 |
| 2004 | 8,842,354 | 8,891,159 |
| 2005 | 11,953,448 | 11,942,690 |

Source: City of Alameda Annual Financial Report

CITY OF ALAMEDA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

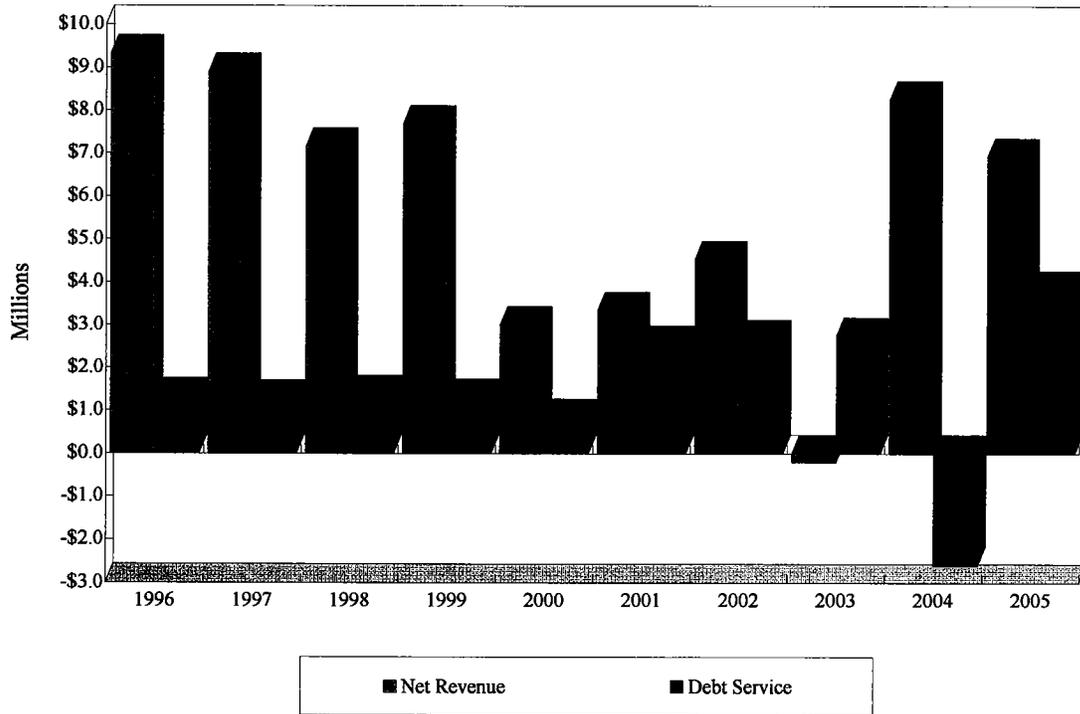


| Fiscal Year | Population | Assessed Value | Net Bonded Debt Per Assessed Value | Gross Bonded Debt (1) | Net Bonded Debt Per Capital |
|-------------|------------|-----------------|------------------------------------|-----------------------|-----------------------------|
| 1996 | 78,308 | \$3,972,223,822 | 0.3608% | \$14,332,500 | 183 |
| 1997 | 76,349 | 4,053,336,968 | 0.2880% | 11,672,500 | 153 |
| 1998 | 72,519 | 4,350,666,407 | 0.2635% | 11,465,000 | 158 |
| 1999 | 71,735 | 4,455,821,900 | 0.2524% | 11,247,500 | 157 |
| 2000 | 73,713 | 4,833,618,163 | 0.2280% | 11,020,000 | 149 |
| 2001 | 74,259 | 5,182,367,771 | 0.2080% | 10,780,000 | 145 |
| 2002 | 74,605 | 5,663,763,045 | 0.1865% | 10,565,000 | 142 |
| 2003 | 74,940 | 5,991,177,878 | 0.3667% | 21,970,000 | 293 |
| 2004 | 74,409 | 6,350,715,564 | 0.3404% | 21,620,000 | 291 |
| 2005 | 74,581 | 6,777,206,577 | 0.3116% | 21,115,000 | 283 |

(1) This Schedule only includes that Portion of 1995 Certificates of Participation which are being repaid from General Fund Sources.

Source: State of California - Department of Finance - Population Research Unit
 County Auditor Certificate of Assessed Valuation and City of Alameda Annual Financial Report

CITY OF ALAMEDA
ALAMEDA POWER AND TELECOM REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS



| Fiscal Year | Gross Revenue | Direct Operating Expenses (Excluding Depreciation) | Net Revenue Available for Debt Service, Renewals, Replacements and Additions | Debt Service | | | Coverage |
|-------------|---------------|--|--|--------------|-----------------------------|-------------|----------|
| | | | | Principal | Interest and Fiscal Charges | Total | |
| 1996 | \$45,051,052 | \$35,741,263 | \$9,309,789 | \$755,000 | \$557,339 | \$1,312,339 | 7.09 |
| 1997 | 40,905,467 | 32,022,413 | 8,883,054 | 800,000 | 473,656 | 1,273,656 | 6.97 |
| 1998 | 39,041,274 | 31,890,660 | 7,150,614 | 850,000 | 530,540 | 1,380,540 | 5.18 |
| 1999 | 40,688,865 | 33,013,893 | 7,674,972 | 905,000 | 396,487 | 1,301,487 | 5.90 |
| 2000 | 39,329,340 | 36,334,750 | 2,994,590 | | 839,551 | 839,551 | 3.57 |
| 2001 | 40,308,253 | 36,964,449 | 3,343,804 | | 2,548,203 | 2,548,203 | 1.31 |
| 2002 | 39,319,787 | 34,793,473 | 4,526,314 | | 2,690,245 | 2,690,245 | 1.68 |
| 2003 | 43,466,487 | 43,672,990 | (206,503) | | 2,742,561 | 2,742,561 | -0.08 |
| 2004 | 50,952,137 | 42,699,686 | 8,252,451 | | (2,597,425) | (2,597,425) | -3.18 |
| 2005 | 53,356,198 | 46,437,072 | 6,919,126 | | 3,831,742 | 3,831,742 | 1.81 |

Source: Alameda Power and Telecom Component Unit Financial Statements

CITY OF ALAMEDA
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2005

ASSESSED VALUATION:

| | | |
|---------------------------------|-----------------|------------------------------------|
| Secured property assessed value | \$5,865,562,253 | |
| Addback: exempt real property | 485,153,311 | <u> </u> |
| Total Assessed Valuation | \$6,350,715,564 | <u><u> </u></u> |

| | | |
|---|--|---------------|
| BONDED DEBT LIMIT (15% OF ASSESSED VALUE) | | \$952,607,335 |
|---|--|---------------|

AMOUNT OF DEBT SUBJECT TO LIMIT:

| | | |
|-------------------------------|---------------|-----------------------------|
| Total Long-term Debt | \$221,952,023 | |
| Less: | | |
| Notes payable | 17,632,483 | |
| Revenue bonds | 15,225,000 | |
| Certificates of participation | 95,160,000 | <u> </u> |

| | | |
|---------------------------------|--|-------------------|
| Amount of Debt subject to Limit | | <u>93,934,540</u> |
|---------------------------------|--|-------------------|

| | | |
|-------------------|--|-----------------------------|
| LEGAL DEBT MARGIN | | <u><u>\$858,672,795</u></u> |
|-------------------|--|-----------------------------|

SOURCE: CITY OF ALAMEDA FINANCE DEPARTMENT

CITY OF ALAMEDA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2005

| JURISDICTION | <u>NET DEBT OUTSTANDING</u> | <u>PERCENTAGE APPLICABLE TO CITIZENS OF ALAMEDA</u> | <u>AMOUNT APPLICABLE TO CITIZENS OF ALAMEDA</u> |
|--|---------------------------------|---|---|
| Alameda Community Facilities District #1 | \$15,130,000 | 100.000 | \$15,130,000 |
| Alameda Community Facilities District #2 | 1,525,000 | 100.000 | 1,525,000 |
| City of Alameda 1915 Act Bonds | 44,035,000 | 100.000 | 44,035,000 |
| City of Alameda General Fund Obligations | 17,183,735 | 100.000 | 17,183,735 |
| City of Alameda | 10,455,000 | 100.000 | 10,455,000 |
| Alameda Unified School District | 71,018,093 | 100.000 | 71,018,093 |
| Alameda Unified School District Certificates of Participation | 2,220,000 | 100.000 | 2,220,000 |
| Alameda County and Coliseum Authority General Fund Obligations | 637,323,005 | 4.512 | 28,756,014 |
| Alameda County Board of Education Certificates of Participation | 2,040,004 | 4.512 | 92,045 |
| Alameda County Pension Obligations | 306,863,187 | 4.512 | 13,845,667 |
| Alameda-Contra Costa Transit District Certificates of Participation | 20,735,000 | 5.380 | 1,115,543 |
| East Bay Regional Park District | 145,440,015 | 2.654 | 3,859,978 |
| Oakland Unified School District | 310,950,000 | 0.002 | 6,219 |
| Oakland Unified School District Certificates of Participation | 27,050,000 | 0.002 | 541 |
| Peralta Community College District | 146,130,001 | 14.093 | 20,594,101 |
| East Bay Municipal Utility District | 3,050,000 | 5.096 | 155,428 |
| East Bay Municipal Utility District, Special District No. 1 | 38,475,000 | 12.952 | 4,983,282 |
| TOTAL DIRECT & OVERLAPPING BONDS DEBT | <u>\$1,799,623,041</u> | | <u>\$234,975,646</u> (1) |

(1) Excludes tax and revenue anticipation notes, mortgage revenue bonds and non-bonded capital lease obligations, and all self-supporting overlapping debt.

Ratios to Assessed Valuation:

Direct Debt 0.15%

Total Gross Debt 2.53%

Total Net Debt 2.53%

THE STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: \$2
SOURCE: CALIFORNIA MUNICIPAL STATISTICS, INC.

CITY OF ALAMEDA
 PRINCIPAL TAXPAYERS
 JUNE 30, 2005

| Assessed Name | Assessed Value | Percent of Total Assessed Value |
|--|------------------------|---------------------------------|
| Alameda Real Estate Investments | \$216,729,655 | 3.13% |
| Harbor Way Acquisition LLC | 72,083,400 | 1.04% |
| Wind River Systems Inc. | 58,788,866 | 0.85% |
| Limar Realty Corporation | 50,127,837 | 0.72% |
| Harsch Investment Realty LLC | 42,465,263 | 0.61% |
| ARE-Harbor Bay LLC | 41,768,774 | 0.60% |
| Ballena Village LLC | 27,298,172 | 0.39% |
| SRM PCCP Harbor Associates LLC | 25,782,233 | 0.37% |
| South Shore Beach & Tennis Club | 25,508,624 | 0.37% |
| Comcast of California IX Inc. | 22,867,956 | 0.33% |
| Total Principal Taxpayers Assessed Valuation | <u>\$583,420,780</u> | <u>8.44%</u> |
| Total Assessed Valuation | <u>\$6,914,956,047</u> | |

SOURCE: HdL Coren & Cone