

**Community Improvement
Commission Of
The City Of Alameda, California**



**Component Unit Financial
Statements And Independent
Auditors' Reports**

**For The Fiscal Year
Ended June 30, 2011**

**Community
Improvement
Commission of the
City of Alameda**
Alameda, California

*Component Unit Basic Financial Statements
and Independent Auditors' Reports*

For the year ended June 30, 2011

Community Improvement Commission of the City of Alameda
Basic Financial Statements
For the year ended June 30, 2011

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
Table of Contents	i
Members and Administrative Personnel	iii
FINANCIAL SECTION:	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Component Unit Basic Financial Statements:	
Commission-Wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities and Changes in Net Assets	17
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	20
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide	
Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances.....	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures	
and Changes in Fund Balances to the Government-Wide Statement of Activities	
and Changes in Net Assets.....	27
Notes to Component Unit Basic Financial Statements.....	29
Required Supplementary Information:	
Budgets and Budgetary Accounting.....	57
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
West End Community Improvement Area:	
Community Improvement Special Revenue Fund.....	58
Low and Moderate Income Housing Special Revenue Fund	59
Business and Waterfront Improvement Project Area:	
Community Improvement Special Revenue Fund.....	60
Low and Moderate Income Housing Special Revenue Fund	61
Alameda Point Community Improvement Project Area:	
Community Improvement Special Revenue Fund.....	62
Low and Moderate Income Housing Special Revenue Fund	63
Theatre/Parking Structures Project Special Revenue Fund	64

Community Improvement Commission of the City of Alameda
Basic Financial Statements
For the year ended June 30, 2011

Table of Contents, Continued

	<u>Page</u>
FINANCIAL SECTION, Continued:	
Supplementary Information:	
Major Governmental Funds Other than the General Fund and Special Revenue Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Community Improvement Commission Subordinate Tax Allocation Bonds BWIP	
Debt Service Fund.....	67
Community Improvement Commission 2003 Tax Allocation Bonds BWIP	
Debt Service Fund.....	68
Community Improvement Commission 2003 Tax Allocation Bonds WECIP	
Debt Service Fund.....	69
Excess Surplus Computation as of July 1, 2010.....	71
Report on Internal Control over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial	
Statements Performed in Accordance with <i>Government Auditing Standards</i>	
	73
Independent Auditors’ Report on Compliance.....	75
Schedule of Finding and Response.....	77

COMMUNITY IMPROVEMENT COMMISSION

OF THE CITY OF ALAMEDA

COMMISSION MEMBERS AND ADMINISTRATIVE PERSONNEL

JUNE 30, 2011

MEMBERS

Chair	Marie Gilmore
Vice Chair	Robert Bonta
Member	Doug deHaan
Member	Beverly J. Johnson
Member	Lena Tam

ADMINISTRATIVE PERSONNEL

Executive Director	John A. Russo
Secretary	Irma Glidden



Community Improvement Commission – City of Alameda

Component Unit Financials - Fiscal Year 2010-11



INDEPENDENT AUDITORS' REPORT

Members of the Community Improvement Commission
of the City of Alameda
Alameda, California

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Community Improvement Commission of the City of Alameda (Commission), a component unit of the City of Alameda, California (City), as of and for the year ended June 30, 2011, which collectively comprise the Commission's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the basic financial statements, these basic financial statements present only the Commission and are not intended to present fairly the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America.

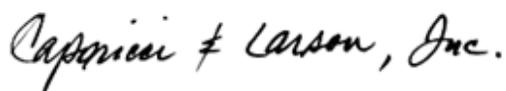
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Commission as of June 30, 2011, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As explained further in Note 17 of the basic financial statements, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 59 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements as a whole. The accompanying Introductory Section and the budgetary comparison information for major governmental funds other than the general fund and special revenue funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Excess Surplus Computation as of July 1, 2010 is not a required part of the basic financial statements, but is supplementary information required by the California State Controller's office. The budgetary comparison information for major governmental funds other than the general fund and special revenue fund and the Excess Surplus Computation as of July 1, 2010 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole. The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
November 23, 2011



The Community Improvement Commission of the City of Alameda

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

This section of the Commission's annual financial report presents management's overview and analysis of its financial activities and performance for the fiscal year ended June 30, 2011. The information presented here should be considered in conjunction with the Basic Financial Statements.

OVERVIEW OF THE BASIC COMPONENT UNIT FINANCIAL STATEMENTS

The Commission's Annual Financial Report is comprised of two parts:

- 1) Management's Discussion and Analysis, and
- 2) The Basic Component Unit Financial Statements, which include the Commission-wide and the Fund financial statements, as well as the Notes to these financial statements.

The Basic Component Unit Financial Statements

The Basic Component Unit Financial Statements are comprised of the Commission-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two views of the Commission's financial activities and financial position.

The Commission-wide Financial Statements provide a longer term view of the Commission's activities as a whole and include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the Commission as a whole, including its long-term liabilities on the full accrual basis, similar to that used by private corporations. The Statement of Activities provides information on all Commission revenues and all expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the Commission's programs. The Statement of Activities explains, in detail, the change in Net Assets for the year.

The Fund Financial Statements report the Commission's operations in more detail than the Commission-wide statements and focus primarily on the short-term activities of the Commission's Governmental Funds. The Fund Financial Statements measure only current revenues, current expenditures and fund balance. They exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for all the financial activities of the Commission and are presented individually.



The Community Improvement Commission of the City of Alameda

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

The Commission-wide Financial Statements

The Statement of Net Assets and the Statement of Activities present information about governmental activities. All of the Commission's basic services are considered to be governmental activities, including general government and development services. These services are supported by general revenues such as property tax increment, and by specific program revenues such as capital grants and developer fees.

Commission-wide financial statements are prepared on an accrual basis, which means they measure the flow of all economic resources of the Commission as a whole.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the Commission's most significant funds, defined as Major Funds. The concept of Major Funds, and the determination of which funds are defined as Major Funds, was established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually. Major Funds present the major activities of the Commission for the year, and may change from year to year as a result of changes in the pattern of the Commission's activities.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements. Comparisons of Budget and Actual financial information are presented only for the Governmental Special Revenue Funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Commission-wide and Fund Financial Statements. The notes to the financial statements follow the basic financial statements and can be found on pages 39-59 of this report.

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. This information can be found on pages 60-62 of this report.



**The Community Improvement Commission
of the City of Alameda**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

COMMISSION-WIDE FINANCIAL ACTIVITIES

A. Statement of Net Assets

Net assets may serve in time as a useful indicator of a government's financial position. Information on net assets is presented in the following summary table:

June 30, 2011 and 2010 (dollars in millions)			
	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2011</u>	<u>2010</u>	
Cash and Investments	\$36.62	\$26.80	36.6%
Other Assets	\$6.13	\$6.48	-5.4%
Capital Assets	\$19.35	\$19.52	-0.9%
Total assets	\$62.10	\$52.80	17.6%
Long-Term Debt Outstanding	\$83.61	\$75.68	10.5%
Other Liabilities	\$12.72	\$4.47	184.6%
Total Liabilities	\$96.33	\$80.15	20.2%
Net Assets			
Restricted	\$21.05	\$16.00	31.6%
Unrestricted	(55.28)	(\$43.35)	27.5%
Total net assets (Deficit)	(\$34.23)	(\$27.35)	25.2%

- Cash and Investments are comprised of \$18.0 million available to fund ongoing Commission operations and \$18.6 million legally restricted under terms of Commission debt instruments or agency agreements.
- Other Assets include \$6.66 million in loan receivables for housing rehabilitation and affordable housing loans, grants programs and for the renovation of the Historic Alameda Theatre and development of a multiplex cinema.
- Long-term debt is primarily Tax Allocation Bonds, Revenue Bonds, a HUD Section 108 Loan, and Educational Revenue Augmentation Fund (ERAF) Loan program bonds, the latter to assist in funding required pass-through payments to the State. Other Liabilities are primarily accounts payable, interest payable, and advances from the City.
- Restricted assets of \$25.4 million include \$17.1 million restricted for debt service and \$8.3 million restricted for housing set-aside projects. The \$59.0 million deficit reflects the use of debt and bond obligations to fund redevelopment projects that provide revenues for repayment in future periods, while creating capital assets for economic and community benefit.



**The Community Improvement Commission
of the City of Alameda**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

B. Statement of Activities and Changes in Net Assets

The Statement of Activities presents program revenues and expenses and general revenues in detail. All these are elements in the Changes in Governmental Net Assets summarized as follows:

**Summary of Changes in Net Assets
June 30, 2011 and 2010
(dollars in millions)**

	Governmental Activities		Percentage Change
	<u>2011</u>	<u>2010</u>	
Revenues			
Program revenues			
Charges for Services	\$ -	\$ 0.12	-100.0%
Operating Grants & Contributions	-	-	0.0%
Total Program Revenues	-	0.12	-100.0%
General revenues			
Incremental Property Taxes	14.71	15.49	-5.0%
Use of Money and Property	0.17	0.71	-76.1%
Other	0.10	0.37	-73.0%
Total General Revenues	14.98	16.57	-9.6%
Total Revenues	\$ 14.98	\$ 16.69	-10.2%
Program Expenses			
General Government / Housing	\$ 2.56	\$ 2.61	-1.9%
Pass Through / ERAF	6.14	11.62	-47.2%
Development Services	2.30	2.48	-7.3%
Interest on Long-Term Debt	3.71	4.13	-10.2%
Total Expenses	\$ 14.71	\$ 20.84	-29.4%
Change in net assets before transfers	\$ 0.27	\$ (4.15)	-106.5%
Transfers, net	(1.76)	(1.22)	44.3%
Change in net assets	(1.49)	(5.37)	-72.3%
Beginning Net Assets (Deficit)	(32.74)	(28.86)	13.4%
Ending Net Assets (Deficit)	\$ (34.23)	\$ (34.23)	0.0%



The Community Improvement Commission of the City of Alameda

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

- Total revenues were \$15.0 million in 2011. Incremental property tax is the largest revenue source providing \$14.7 million or 98% of revenues.
- Total expenditures were \$14.7 million for redevelopment projects and other pass-through obligations.
- The \$1.49 million decrease in net assets is primarily due to the decrease of property tax increment received from the prior fiscal year.

Financial Analysis of the Commission's Funds

At June 30, 2011, the Commission's governmental funds reported combined fund balances are legally restricted for low- and moderate- income housing development and debt service.

Governmental fund revenues totaled \$15.4 million. Governmental expenditures totaled \$16.7 million.

West End Community Improvement Area (WECIP) WECIP revenues consisted primarily of property tax increment of \$5.1 million or almost all of total fund revenue for the year ended June 30, 2011.

WECIP expenditures included tax-increment refunds of \$0.7 million, or 21% of total fund expenditures, to Marina Village property owners based on an Owner Participation Agreement that requires a refund of Alameda Marina Village Assessment District incremental property taxes as a partial offset of their assessment liability. Other expenditures consist of general government and development services of \$0.9 million or 29%, pass-through obligations and ERAF of \$0.5 million or 16%, rental subsidies to Independence Plaza of \$0.8 million or 25%, and debt service of \$0.3 million or 9% of expenditures.

At June 30, 2011, the WECIP Fund Balance comprised \$4.2 million, of which \$0.4 million is restricted for low and moderate-income housing.

Business and Waterfront Improvement Project Area (BWIP) BWIP fund revenues consisted primarily of property tax increment of \$9.4 million or 97% of total fund revenue at June 30, 2011. Twenty percent of these funds are obligated to be separately accounted for in BWIP's low and moderate-income housing fund.



The Community Improvement Commission of the City of Alameda

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

BWIP fund expenditures consisted primarily of development services and debt service of \$1.5 million or 19%, housing development costs of \$1.6 million or 19% and pass-through / ERAF obligations of \$4.8 million or 61%.

At June 30, 2011, the BWIP Fund Balance of \$2.6 million, of which \$3.5 million is restricted for expenditures on low and moderate-income housing projects and \$0.9 is an operating deficit in its Community Improvement Fund, to be replenished through future tax increment collections.

Alameda Point Improvement Project Area (APIP) APIP fund revenues consisted primarily of property tax increment that totaled \$0.3 million or 73% of total fund revenue for the year ended June 30, 2011.

APIP fund expenditures consisted primarily of pass-through and ERAF obligations to other taxing entities of \$0.2 million or 65% of total expenditures and development services and debt service of \$0.1 million or 35% of total expenditures.

At June 30, 2011, the APIP Fund Balance was comprised of \$0.4 million restricted for expenditures on low- and moderate-income housing projects and a deficit of \$1.8 million in undesignated fund balances, to be replenished through future tax increment collections.

Theater/Parking Structure Project Fund revenues consisted primarily of theater rental income that totaled \$0.2 million or all of total fund revenue for the year ended June 30, 2011. Fund expenditures consisted primarily of debt service of \$0.2 million. At June 30, 2011, the Fund Balance was comprised of \$0.2 million restricted for low and moderate income housing.

Islander Housing Debt Proceeds – Capital Projects Fund revenues consisted primarily of bond proceeds to be used on the Islander Affordable Housing project. No expenditures were incurred during the fiscal year, as the project will begin during Fiscal Year 2011-12. At June 30, 2011, the Fund Balance was comprised of \$8.6 million, restricted for capital projects.

Islander Housing Debt Service Fund revenues consisted primarily of bond proceeds to be used to retire existing debt, make initial interest payments on the new debt and as debt service reserves. At June 30, 2011, the Fund Balance was comprised of \$1.1 million, restricted for debt service.

Other Debt Service Funds Aggregate debt service fund balances are \$7.3 million, all reserved for debt service. Aggregate total fund revenues were \$0.1 million, all from interest income.

Aggregate expenditures of \$5.0 million are comprised of principal and interest payments and other fiscal charges. The portion attributable to debt retirement is \$1.3 million or 27%.



**The Community Improvement Commission
of the City of Alameda**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY10-11, the Commission had \$0.9 million in land, and \$18.5 million in buildings, net of depreciation, for a total of \$19.4 million.

Debt Administration

Each of the Commission's debt issues is discussed in detail in Note 9 to the financial statements found on pages 53-55. A summary of the debt outstanding for the Commission is shown below.

**Outstanding Debt
As of June 30, 2011 and 2010
(in millions)**

	Governmental Activities		Percentage Change
	2011	2010	
Revenue Bonds	\$ -	\$ 1.15	-100.0%
Tax Allocation Bonds	74.26	64.67	14.8%
SERAF/ERAF Loan Program	0.40	0.47	-14.9%
HUD Section 108 Loan	6.69	6.85	-2.3%
Total	\$ 81.35	\$ 73.14	11.2%

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Alameda Point

The Alameda Reuse and Redevelopment Authority (ARRA) is currently finalizing the transfer of the 918-acre portion of the former Naval Air Station Alameda (Alameda Point) from the United States Navy to the ARRA, which is expected to occur for significant parts of Alameda Point by the end of 2012. Additionally, the ARRA is finalizing an Exchange Agreement with the State Lands Commission, developing a disposition strategy for the private development of the base, and preparing an Economic Development Strategy for Alameda Point to assist in ARRA's efforts to attract jobs and increase lease revenues.



The Community Improvement Commission of the City of Alameda

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

Alameda Landing

In December 2006, the CIC approved a Disposition and Development Agreement (DDA) with Palmtree Acquisition Corporation for construction of a mixed-use project at FISC. Plans call for up to 300 residential units, of which 15% will be affordable to very low-, low- and moderate-income households, 300,000 square feet of retail, 400,000 square feet of office space, and a nine-acre waterfront park. In May 2011, the DDA was assigned to a new entity, Catellus Alameda Development LLC, and development is scheduled to get underway in FY 2011-12.

Park Street Streetscape (BWIP Project Area)

Phase Two of this project is in design stages. In addition to the \$700,000 federal grant for construction that was received in 2006, another federal grant was received for \$490,000. The environmental design work was completed in Fall 2010.

Historic Theater, Cineplex and Parking Garage

The Commission completed implementation of the historic Alameda Theater, including a seven screen Cineplex and new parking garage project to meet the goals of the Downtown Vision Plan and Economic Development Strategic Plan. In Fiscal Year 2010-11, the Commission completed the final task of waterproofing and abating lead in the historic portion of the facility. The Commission, and subsequently the City (once transferred from the CIC to the City), will only have ongoing property management expenses pertaining to this project.

Historic Garage Restoration

The CIC commissioned a Historic Structures Report (HSR) to facilitate the reuse of the Alameda Municipal Garage, constructed in 1915. It is a Romanesque Revival style unreinforced masonry structure designed to harmonize with City Hall built 20 years earlier. While the building is not individually listed on the National Register of Historic Places, due to its association with the National Register listed City Hall, the building is assumed to be historic. The HSR documents the historic significance and character-defining features of the garage; determines the work required to complete the necessary seismic upgrades and other upgrades for occupancy; and determines the work necessary to achieve the City's vision to preserve and rehabilitate the structure for use as a flexible retail/office/public use that is consistent with the Civic Center Vision.



The Community Improvement Commission of the City of Alameda

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

Jack Capon Villa

In January 2011 the CIC approved an OPA with the Housing Authority, Satellite Housing and the Housing Consortium of the East Bay (HCEB) for construction of 18 units of housing designed to be affordable for very low- and low-income developmentally disabled adults and one manager's unit. In July 2010 the CIC acquired the property at 2216 Lincoln Avenue from the City for this affordable housing project.

The CIC conveyed the property to the Housing Authority and the Housing Authority and its development partners secured planning approval. Construction will commence in FY 2012-13

Islander Motel

In March 2011, the CIC approved an OPA with the Housing Authority and Resources for Community Development (RCD) for acquisition and rehabilitation of the Islander Motel for housing affordable to very low and low-income households. The project consists of 61 studio apartments and one two bedroom manager's unit, a community room, office/lobby and an outdoor garden area.

Tax Allocation Bonds were issued in May 2011, which will be used along with other sources to fund this project. Rehabilitation of the Islander Motel will begin in January 2012.

REQUEST FOR INFORMATION

This Community Improvement Commission financial report is intended to provide community members, taxpayers, investors and creditors with a general overview of the Commission's finances. For the convenience of the public, a copy of this report is posted on the City's website (www.cityofalamedaca.gov). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department at 2263 Santa Clara Avenue, Room 220, Alameda, California, 94501.



Community Improvement Commission – City of Alameda

Component Unit Financials - Fiscal Year 2010-11



COMPONENT UNIT BASIC FINANCIAL STATEMENTS



Community Improvement Commission – City of Alameda

Component Unit Financials - Fiscal Year 2010-11



STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities summarize the entire Commission's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the Commission's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the Commission's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Commission funds have been eliminated. The Statement of Net Assets reports the difference between the Commission's total assets and the Commission's total liabilities, including all the Commission's capital assets and all its long-term debt. The Statement of Net Assets summarizes the activities of all the Commission's financial position in a single column.

The Statement of Activities and Changes in Net Assets reports increases and decreases in the Commission's net assets. It presents the Commission's expenses that are listed by program first. 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 program. The Commission's general revenues are then listed and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Community Improvement Commission of the City of Alameda
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 18,035,445
Restricted cash and investments	18,613,204
Accounts receivable	<u>27,800</u>
Total current assets	<u>36,676,449</u>
Noncurrent assets:	
Loans receivable	6,087,223
Capital assets:	
Depreciable	864,085
Non-depreciable	<u>18,475,541</u>
Total noncurrent assets	<u>25,426,849</u>
Total assets	<u>62,103,298</u>
LIABILITIES	
Current liabilities:	
Accounts payable	285,207
Accrued payroll	23,860
Interest payable	960,346
Pass-through obligations	9,398,496
Refundable deposits	33,113
Compensated absences	28,194
Long-term debt - due within one year	<u>1,992,000</u>
Total current liabilities	<u>12,721,216</u>
Noncurrent liabilities:	
Advances from the City of Alameda	4,258,995
Long-term debt - due in more than one year	<u>79,353,674</u>
Total noncurrent liabilities	<u>83,612,669</u>
Total liabilities	<u>96,333,885</u>
NET ASSETS	
Restricted for:	
Debt service	8,472,627
Housing set-aside projects	<u>3,980,660</u>
Total restricted net assets	<u>12,453,287</u>
Unrestricted	<u>(46,683,874)</u>
Total net assets (deficit)	<u>\$ (34,230,587)</u>

See accompanying Notes to Basic Financial Statements.

Community Improvement Commission of the City of Alameda
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
General government	\$ 212,312	\$ -	\$ -	\$ (212,312)
Development services	2,243,788	-	-	(2,243,788)
Marina village tax increment refunds	678,405	-	-	(678,405)
Pass-through obligation / ERAF	5,470,422	-	-	(5,470,422)
Housing development	2,396,566	-	-	(2,396,566)
Interest on long-term debt	3,708,377	-	-	(3,708,377)
Total governmental activities	\$ 14,709,870	\$ -	-	(14,709,870)
General revenues:				
Property tax increment				14,708,012
Use of money and property				164,581
Miscellaneous				103,993
Total general revenues				14,976,586
Transfers:				
Transfers to City of Alameda, net				(1,758,357)
Total general revenues and transfers				13,218,229
Change in net assets				(1,491,641)
Net assets (Deficit) - beginning of year, as restated				(32,738,946)
Net assets (Deficit) - end of year				\$ (34,230,587)

See accompanying Notes to Basic Financial Statements.



Community Improvement Commission – City of Alameda

Component Unit Financials - Fiscal Year 2010-11



FUND FINANCIAL STATEMENTS

Community Improvement Commission of the City of Alameda
Balance Sheet
Governmental Funds
June 30, 2011

	Special Revenue			
	West End Community Improvement Project Area		Business and Waterfront Improvement Project Area	
	Community Improvement	Low and Moderate Income Housing	Community Improvement	Low and Moderate Income Housing
ASSETS				
Cash and investments	\$ 775,743	\$ 161,286	\$ 7,249,576	\$ 7,330,062
Restricted cash and investments	3,093,446	245,640	-	-
Accounts receivable	-	-	19,203	4,801
Loans receivable	-	1,168,233	-	1,844,753
Due from other funds	-	-	-	808,781
Total assets	\$ 3,869,189	\$ 1,575,159	\$ 7,268,779	\$ 9,988,397
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 19,000	\$ 2,638	\$ 194,198	\$ 68,531
Accrued payroll	6,802	-	6,802	10,256
Deferred revenue	-	1,168,233	-	1,844,753
Pass-through obligations	64,274	-	4,740,451	4,556,641
Due to other funds	-	-	253,316	-
Refundable deposits	-	-	-	-
Advances from the City of Alameda	-	-	3,000,000	-
Total liabilities	90,076	1,170,871	8,194,767	6,480,181
Fund Balances:				
Restricted:				
Community improvement	3,779,113	-	-	-
Low and moderate income housing	-	404,288	-	3,508,216
Debt service	-	-	-	-
Unassigned	-	-	(925,988)	-
Total fund balances	3,779,113	404,288	(925,988)	3,508,216
Total liabilities and fund balances	\$ 3,869,189	\$ 1,575,159	\$ 7,268,779	\$ 9,988,397

See accompanying Notes to Basic Financial Statements.

Special Revenue			Capital Project	Debt Service		
Alameda Point Community Improvement Project Area						Community Improvement Commission Subordinate Tax Allocation Bonds BWIP
Community Improvement	Low and Moderate Income Housing	Theatre/Parking Structure Project	Islander Housing Bond Proceeds	Islander Housing Debt Service		
\$ 84,242	\$ 401,527	\$ 234,469	\$ -	\$ -	\$ -	\$ 461,045
-	-	-	8,600,031	1,112,696	-	161,504
2,884	721	191	-	-	-	-
-	-	3,074,237	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 87,126</u>	<u>\$ 402,248</u>	<u>\$ 3,308,897</u>	<u>\$ 8,600,031</u>	<u>\$ 1,112,696</u>		<u>\$ 622,549</u>
\$ -	\$ 840	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	3,074,237	-	-	-	-
37,130	-	-	-	-	-	-
555,465	-	-	-	-	-	-
-	-	33,113	-	-	-	-
1,258,995	-	-	-	-	-	-
<u>1,851,590</u>	<u>840</u>	<u>3,107,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	201,547	-	-	-	-
-	401,408	-	8,600,031	-	-	-
-	-	-	-	1,112,696	-	622,549
(1,764,464)	-	-	-	-	-	-
<u>(1,764,464)</u>	<u>401,408</u>	<u>201,547</u>	<u>8,600,031</u>	<u>1,112,696</u>		<u>622,549</u>
<u>\$ 87,126</u>	<u>\$ 402,248</u>	<u>\$ 3,308,897</u>	<u>\$ 8,600,031</u>	<u>\$ 1,112,696</u>		<u>\$ 622,549</u>

Community Improvement Commission of the City of Alameda
Balance Sheet
Governmental Funds
June 30, 2011

	Debt Service		Total Governmental Funds
	Community Improvement Commission 2003 Tax Allocation Bonds BWIP	Community Improvement Commission 2003 Tax Allocation Bonds WECIP	
ASSETS			
Cash and investments	\$ 477,662	\$ 859,833	\$ 18,035,445
Restricted cash and investments	1,262,079	4,137,808	18,613,204
Accounts receivable	-	-	27,800
Loans receivable	-	-	6,087,223
Due from other funds	-	-	808,781
Total assets	\$ 1,739,741	\$ 4,997,641	\$ 43,572,453
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 285,207
Accrued payroll	-	-	23,860
Deferred revenue	-	-	6,087,223
Pass-through obligations	-	-	9,398,496
Due to other funds	-	-	808,781
Refundable deposits	-	-	33,113
Advances from the City of Alameda	-	-	4,258,995
Total liabilities	-	-	20,895,675
Fund Balances:			
Restricted:			
Community improvement	-	-	3,980,660
Low and moderate income housing	-	-	12,913,943
Debt service	1,739,741	4,997,641	8,472,627
Unassigned	-	-	(2,690,452)
Total fund balances	1,739,741	4,997,641	22,676,778
Total liabilities and fund balances	\$ 1,739,741	\$ 4,997,641	\$ 43,572,453

Community Improvement Commission of the City of Alameda
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2011

Total Fund Balances - Total Governmental Funds \$ 22,676,778

Amounts reported for governmental activities in the Statement of Net Assets were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Fund Financial statements. 19,339,626

Deferred revenue recorded in the Fund Financial statements resulting from activities in which revenues were earned but funds were not available are classified as revenues in the Government-Wide Financial Statements. 6,087,223

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Fund Financial statements. (81,345,674)

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (960,346)

Compensated absences were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. (28,194)

Net Assets of Governmental Activities \$ (34,230,587)

See accompanying Notes to Basic Financial Statements.

Community Improvement Commission of the City of Alameda
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2011

	Special Revenue			
	West End Community Improvement Project Area		Business and Waterfront Improvement Project Area	
	Community Improvement	Low and Moderate Income Housing	Community Improvement	Low and Moderate Income Housing
REVENUES:				
Property tax increment	\$ 4,071,478	\$ 1,017,870	\$ 7,489,537	\$ 1,872,383
Use of money and property	666	278	92,794	159,124
Miscellaneous	17,581	-	-	100
Total revenues	4,089,725	1,018,148	7,582,331	2,031,607
EXPENDITURES:				
Current:				
General government	546	-	-	-
Development services	907,137	-	1,284,826	-
Marina Village tax increment refunds	678,405	-	-	-
Pass-through obligations/ERAF	514,488	-	3,325,578	1,479,021
Housing development costs	-	795,383	-	1,582,595
Capital outlay	-	-	52,965	-
Debt service:				
Principal	32,500	160,000	32,500	-
Interest	13,495	80,278	118,699	-
Total expenditures	2,146,571	1,035,661	4,814,568	3,061,616
REVENUES OVER (UNDER) EXPENDITURES	1,943,154	(17,513)	2,767,763	(1,030,009)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(2,661,543)	-	(1,927,049)	(214,570)
Transfers to the City of Alameda	-	-	(1,734,322)	-
Bond proceeds	-	-	-	-
Discount	-	-	-	-
Payment to escrow agent	-	-	-	-
Total other financing sources (uses)	(2,661,543)	-	(3,661,371)	(214,570)
Net change in fund balances	(718,389)	(17,513)	(893,608)	(1,244,579)
FUND BALANCES:				
Beginning of year, as restated	4,497,502	421,801	(32,380)	4,752,795
End of year	\$ 3,779,113	\$ 404,288	\$ (925,988)	\$ 3,508,216

See accompanying Notes to Basic Financial Statements.

Special Revenue			Capital Project	Debt Service		
Alameda Point Community Improvement Project Area						Community Improvement Commission Subordinate Tax Allocation Bonds BWIP
Community Improvement	Low and Moderate Income Housing	Theatre/Parking Structure Project	Islander Housing Bond Proceeds	Islander Housing Debt Service		
\$ 205,395	\$ 51,349	\$ -	\$ -	\$ -	\$ -	\$ -
1,105	8,047	210,964	31	4		9,916
86,312	-	-	-	-		-
292,812	59,396	210,964	31	4		9,916
-	-	-	-	-	-	-
34,570	-	17,255	-	-	-	-
-	-	-	-	-	-	-
151,335	-	-	-	-	-	-
-	18,588	-	-	-	-	-
-	-	-	-	-	-	-
-	-	157,000	-	-	-	760,000
108,876	-	-	-	211,982		125,887
294,781	18,588	174,255	-	211,982		885,887
(1,969)	40,808	36,709	31	(211,978)		(875,971)
-	-	-	-	-	-	883,144
-	-	-	-	-	-	-
-	-	(24,035)	-	-	-	-
-	-	-	8,600,000	2,435,000		-
-	-	-	-	(125,326)		-
-	-	-	-	(985,000)		-
-	-	(24,035)	8,600,000	1,324,674		883,144
(1,969)	40,808	12,674	8,600,031	1,112,696		7,173
(1,762,495)	360,600	188,873	-	-		615,376
\$ (1,764,464)	\$ 401,408	\$ 201,547	\$ 8,600,031	\$ 1,112,696		\$ 622,549

Community Improvement Commission of the City of Alameda
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2011

	Debt Service		
	Community Improvement Commission 2003 Tax Allocation Bonds BWIP	Community Improvement Commission 2003 Tax Allocation Bonds WECIP	Total Governmental Funds
REVENUES:			
Property tax increment	\$ -	\$ -	\$ 14,708,012
Use of money and property	9,678	64,945	557,552
Miscellaneous	-	-	103,993
Total revenues	9,678	64,945	15,369,557
EXPENDITURES:			
Current:			
General government	-	-	546
Development services	-	-	2,243,788
Marina Village tax increment refunds	-	-	678,405
Pass-through obligations/ERAF	-	-	5,470,422
Housing development costs	-	-	2,396,566
Capital outlay	-	-	52,965
Debt service:			
Principal	490,000	90,000	1,722,000
Interest	776,038	2,689,002	4,124,257
Total expenditures	1,266,038	2,779,002	16,688,949
REVENUES OVER (UNDER) EXPENDITURES	(1,256,360)	(2,714,057)	(1,319,392)
OTHER FINANCING SOURCES (USES):			
Transfers in	1,258,475	2,661,543	4,803,162
Transfers out	-	-	(4,803,162)
Transfers to the City of Alameda	-	-	(1,758,357)
Bond proceeds	-	-	11,035,000
Discount	-	-	(125,326)
Payment to escrow agent	-	-	(985,000)
Total other financing sources (uses)	1,258,475	2,661,543	8,166,317
Net change in fund balances	2,115	(52,514)	6,846,925
FUND BALANCES:			
Beginning of year, as restated	1,737,626	5,050,155	15,829,853
End of year	\$ 1,739,741	\$ 4,997,641	\$ 22,676,778

Community Improvement Commission of the City of Alameda
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets
For the year ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:	6,846,925
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	52,965
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(239,631)
Issuance of long term debt provides current financial resources to governmental funds but incurring debt increases long-term liabilities in the Statement of Net Assets. This is the amount of the debt issuance in the current year, net of \$125,326 discount.	(10,909,674)
Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	2,707,000
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represents the change in accrued interest from the prior year.	415,880
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Assets.	27,865
Revenues from new loans that are funded in this fiscal year that will not be collected for several months after the fiscal year ends are not considered "available" revenue and are classified as deferred revenue in the governmental funds.	(392,971)
Change in Net Assets of Governmental Activities	\$ (1,491,641)

See accompanying Notes to Basic Financial Statements.



Community Improvement Commission – City of Alameda

Component Unit Financials - Fiscal Year 2010-11



NOTES TO BASIC FINANCIAL STATEMENTS

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements
For the year ended June 30, 2011

1. BACKGROUND AND PROJECT AREAS

A. Description of the Reporting Entity

The Community Improvement Commission of the City of Alameda (CIC), California, was established under the provisions of the California Community Redevelopment Law to assist in the economic revitalization of areas located in the City of Alameda, which were determined to be in a blighted condition. The City Council serves as the Governing Board of the Commission, which is a component unit of the City and which is accounted in separate funds established by the City.

The West End Community Improvement Project Area (the WECIP Plan), was adopted in 1983. The Business and Waterfront Improvement Project Area (the BWIP Plan), was adopted in 1991. The WECIP and BWIP project areas were merged in 2003, and the combined areas can incur a maximum of \$210,000,000 in bonded debt, receiving no more than \$691,000,000 in tax increment during the life of the merged (and amended) Redevelopment Plan. Under the 1998 plan, the Alameda Point Improvement Project Area (the APIP Plan), the Commission can incur a maximum indebtedness of \$190,000,000 receiving no more than \$780,000,000 in tax increment through 2046.

The primary source of funds, other than advances from the City and bond proceeds, is derived from property tax increments, which are allocated in the following manner:

- a) The assessed valuation of all property within a Project Area is "frozen" on the date of adoption of the Plan.
- b) Property taxes related to any incremental increase in assessed values after adoption of the Plan are allocated to the CIC, and other taxing authorities receiving taxes from the Project Area. All taxes on the base ("frozen") assessed valuation of the property are allocated to the City and the other taxing entities in original proportion of the tax rate area at the time the Project Area was adopted.

The Commission has no power to levy and collect taxes; any legislative property tax reduction would lower the amount of tax revenues that would otherwise be available to pay the principal and interest on bonds or loans. Conversely, any increase in the tax rate or assessed valuation or any elimination of present exemptions would increase the amount of tax revenues available to pay principal and interest on indebtedness.

The Commission functions as an independent legal entity. The policies are determined by members of the City Council in their capacity as board members of the Commission. All staff work is performed by officials, staff or consultants of the City.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

1. BACKGROUND AND PROJECT AREAS, Continued

B. Project Areas

West End Community Improvement Project (WECIP)

In July 1983 the City Council approved the WECIP Redevelopment Project Area, which is located adjacent to and south of the Oakland Estuary, and east of Webster Street and the Webster Street Tube (as well as right of way contained in the commercial business street, known as Webster Street). The Project Area is an irregularly shaped area of approximately 256 acres of public and private land, divided into two segments separated by Constitution Way. The majority of the project area contains the 206 acre Marina Village Assessment District.

The Commission has an Owner Participation Agreement extending through 2014 by which it refunds a portion of Alameda Marina Village Assessment District property tax increment to the Alameda Marina Village property owners, as a partial offset of their assessment liability. These refunds have been reported as expenditures in the West End Community Improvement Project Area Special Revenue Fund and totaled \$678,405 for FY 10-11. As a result of the 2003 merger of the BWIP and WECIP project areas, the WECIP area, with no previously negotiated pass-through payments, became subject to AB 1290 pass-through payments. Payments of these pass-throughs amounted to \$94,219 at June 30, 2011.

The assessed valuation of real property within the West End Community Improvement Project Area was \$500,803,237 at June 30, 2011.

Business and Waterfront Improvement Project (BWIP)

In 1991 the Commission approved the Community Improvement Plan for the BWIP Project Area, which is an irregularly shaped area of approximately 756 acres of public and private land.

As part of the Community Improvement Plan adoption, the Commission entered into Pass-Through Agreements with various taxing entities, which require the Commission to pass through portions of Project Area property tax increment to each taxing entity. In certain cases the Commission retains these pass-through payments until certain projects have been identified. At June 30, 2011, the Commission held a total of \$105,458, representing funds held on demand in deposit accounts on behalf of the East Bay Regional Park District, and \$4,556,641 held on demand in a deposit account on behalf of the Alameda Unified School District.

The assessed valuation of real property in the Business and Waterfront Improvement Project Area was \$1,225,504,818 at June 30, 2011.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

1. BACKGROUND AND PROJECT AREAS, Continued

B. Project Areas, Continued

Alameda Point Improvement Project

In 1998, the Commission adopted the Community Improvement Plan for the Alameda Point Improvement Project (APIP), approximately 2,688 acres of land and water comprised of the former Alameda Naval Air Station and a portion of the Fleet Industrial Supply Center (FISC). The APIP was created after fundamental changes in state law. Assembly Bill 1290 changed the financing structure of redevelopment areas by eliminating negotiated pass-through agreements on a case-by-case basis in favor of pass-throughs made based on a pre-determined, legislatively set formula for all redevelopment areas statewide. Payments under these pass-through agreements totaled \$51,062 for FY 10-11.

The assessed valuation of real property in APIP was \$23,315,676 at June 30, 2011.

Merged Area Plan

In March 2003 the Merger/ Amendment Plans for BWIP and WECIP were approved. The changes allow the Commission additional legal and financial resources to better alleviate blight conditions and promote economic development in both areas. The revisions to each plan include an APIP/BWIP boundary adjustment to consolidate the East Housing site, which was previously located in the APIP, into the BWIP (exchange area). The fiscal merger of the WECIP and the BWIP was completed to enable funds from the WECIP to be used in the BWIP, and the funds from the BWIP to be used in the WECIP, to alleviate blight. Also, the minor technical amendments, such as extending eminent domain authority and re-establishing it in BWIP and WECIP, may assist the CIC in more effectively implementing its programs through site assemblage to alleviate adverse physical and economic conditions. Ultimately, both areas will become fiscally stronger and better able to eliminate blight.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Basis of Presentation, Continued

Commission-Wide Statements

The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Commission government. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission'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 Commission's various funds. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. The Commission considers all its funds to be 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. The Commissions has elected to treat all of its funds as major funds.

B. Major Funds

West End Community Improvement Project Area Community Improvement Fund

This fund accounts for the non-housing property tax increment proceeds and associated redevelopment project costs for the West End Community Improvement Project Area.

Revenues for this fund primarily consist of property tax increment; expenditures include pass-through obligations, project related and general government expenses.

West End Community Improvement Project Area Low and Moderate Income Housing Fund

This fund accounts for the required twenty percent low and moderate income housing set-aside from the property tax increment proceeds generated from the West End Community Improvement Project Area and related expenditures.

Revenues for this fund primarily consist of property tax increment set aside; expenditures include rental subsidies to the Independence Plaza senior living apartment complex, project related and general government expenses.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Major Funds, Continued

Business and Waterfront Improvement Project Area Community Improvement Fund

This fund accounts for the non-housing property tax increment proceeds and associated redevelopment projects costs for the Business and Waterfront Improvement Project Area.

Revenues for this fund primarily consist of property tax increment; expenditures include pass-through obligations, project related and general government expenses

Business and Waterfront Improvement Project Area Low and Moderate Income Housing Fund

This fund accounts for the required twenty percent low and moderate income housing set-aside from the tax increment proceeds generated from the Business and Waterfront Improvement Project Area and related expenditures, as well as related developer in-lieu fees and bond proceeds.

Revenues primarily consist of property tax increment set-aside funds. This fund's expenditures include housing rental assistance for Independence Plaza and general government expenses.

Alameda Point Community Improvement Project Area Community Improvement Fund

This fund accounts for the non-housing associated redevelopment project costs for the Alameda Point Improvement Project Area.

Revenues primarily consist of property tax increment; expenditures include pass-through obligations and general government expenses.

Alameda Point Community Improvement Project Area Low and Moderate Income Housing Fund

This fund accounts for the required twenty percent low and moderate income housing set-aside from the property tax increment proceeds generated from the Alameda Point Improvement Project Area and related expenditures.

Revenues primarily consist of property tax increment set-aside; expenditures primarily include project related expenses.

Theatre/Parking Structure Project Special Revenue Fund

This fund accounts for funding resources and expenditures for the reconstruction of the Historic Alameda Theatre and the construction of the multi-story Civic Center garage.

The fund's primary funding source consisted of proceeds from the CIC 2003 WECIP Subordinate Tax Allocation Bond and a HUD Section 108 loan. Expenditures include two loans (\$2.8 million of which \$1.4 million will be repaid with percentage rent and \$1.4 million due to be paid in year 7 after retirement of a furniture, fixtures, and equipment (FFE) Loan, construction costs for the projects and administrative expenses.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Major Funds, Continued

Islander Housing Bond Proceeds Fund

This fund accounts for bonds proceeds from the Islander Motel Housing Bond issued in 2011 for construction of a new affordable housing development at the former Islander Motel.

Islander Housing Debt Service Fund

This fund accounts for revenue transferred from CIC Housing Funds to pay for annual debt service due on the 2011 CIC Housing Bonds.

Community Improvement Commission Subordinate Tax Allocation Bonds BWIP Debt Service Fund

Bonds were issued on March 14, 2002 to finance various housing and other redevelopment purposes in accordance with the amended Community Improvement Plan for the Business and Waterfront Improvement Project. Bonds are secured by a first pledge of and lien on all tax increment revenue in the project area, except for any parity obligations.

The fund's primary funding source consists of transfers in from BWIP funds generated by the BWIP Exchange Area, and expenditures primarily consist of principal and interest payments for bond debt service.

Community Improvement Commission 2003 Tax Allocation Bonds BWIP Debt Service Fund

The 2003 CIC Tax Allocation Refunding Bonds were issued in October 2003 to refund the CIC BWIP Tax Allocation Bonds 2002, Series A. Bonds are secured by a first pledge of and lien on all tax increment revenues generated in the project area, except for any parity obligations.

The fund's primary revenue source consists of transfers in from BWIP; expenditures primarily consist of principal and interest payments for bond debt service.

Community Improvement Commission 2003 Tax Allocation Bonds WECIP Debt Service Fund

The 2003 Community Improvement Commission Subordinate Tax Allocation Bonds were issued December 2003 to finance certain development projects, repay an interfund loan from the City, and fulfill certain obligations contained in an Owner Participation Agreement. Bonds are secured by a first pledge of and lien on all tax increment revenue generated in the project area, except for any parity obligations.

The fund's primary revenue source consists of transfers in from the WECIP Community Improvement fund; expenditures primarily consist of principal and interest payments for bond debt service.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Accounting and Measurement Focus

The Commission-wide 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 flow takes place.

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 Commission considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general 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 property tax increment and interest income.

Non-exchange transactions, in which the Commission 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 Commission may fund programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The Commission's policy is first to 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.

D. Property Tax Increment

Alameda County assesses properties, bills, and collects property taxes, (less 2% pass-through payments (HSC 33676) if applicable to a project area) and distributes the taxes to the Commission. 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.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on 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 tax revenues are recognized by the Commission in the fiscal year they are assessed, provided they become available as defined above.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Cash and Investment

The Commission's cash, except cash on deposit with fiscal agents, is included in the City's cash and investment pool. 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.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Commission'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 Commission's name and places the Commission ahead of general creditors of the institution.

The Commission 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 Commission employs the Trust Department of a bank as the custodian of certain Commission managed investments, regardless of form.

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

E. Capital Assets

All capital assets 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 allocate 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 such time as the asset is fully depreciated.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets, Continued

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.

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

The Commissions has assigned the useful lives listed below to capital assets:

Building and improvements	20-80 Years
Machinery and equipment	5 Years
Infrastructure	30-75 Years

F. Long Term Obligation

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

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. New Pronouncements

In 2011, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* - This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

3. CASH AND INVESTMENTS

Cash and cash equivalents include the cash balance of monies deposited with the City of Alameda which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the Commissions' account based upon the Commissions' average daily deposit balance during the allocation period. Cash and cash equivalents are shown at fair value as of June 30, 2011.

Deposits and investments at June 30, 2011:

External investment pool - Cash in City of Alameda Treasury	
Cash on hand	\$ 18,035,445
Restricted cash and investments	<u>18,613,204</u>
Total Commission cash and investments	<u><u>\$ 36,648,649</u></u>

See the City of Alameda's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

4. LOANS RECEIVABLE

The following table summarizes the notes receivable outstanding as of June 30, 2011:

Housing rehabilitation and affordable housing loans	\$	3,012,986
Multiplex cinema		<u>3,074,237</u>
Total loan receivable	\$	<u>6,087,223</u>

A. Housing Rehabilitations and Affordable Housing Loans

The Commission 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 homeowners or developers who agree to spend these funds in accordance with the Commission'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. These loans are secured by deeds of trusts on the properties involved. 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 loans receivable arising from these programs at June 30, 2011 was \$3,012,986.

B. Multiplex Cinema

As part of a Disposition and Development Agreement as discussed in Note 10C, the Community Improvement Commission entered into a loan agreement with Alameda Entertainment Associates, L.P. in March 2007 for \$2,800,000 for the renovation of the Historic Alameda Theatre and development of a new multiplex cinema. Repayment of \$1,400,000 of this loan will begin in the seventh operating year for twenty years with equal monthly installments. The remaining \$1,400,000 will be repaid by percentage rental amounts from gross operating revenues as established in the Disposition and Development Agreement. An additional loan agreement for \$300,000 was entered into by both parties for furniture fixture and equipment purchases as part of the renovation project. This loan is secured by the lease payments and CIC tax increment revenue. As of June 30, 2011, the Commission has loans outstanding with Alameda Entertainment Associates totaling \$3,074,237.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

5. INTERFUND DUE TO/FROM AND ADVANCES

A. Due to/from other funds

Due to/from between funds during the fiscal year ended June 30, 2011 were as follows:

Due from other funds	Due to other funds	Amount
Business and Waterfront Improvement Project Area Low and Moderate Income Housing Fund	Business and Waterfront Improvement Project Area Community Improvement Fund	\$ 253,316
Business and Waterfront Improvement Project Area Low and Moderate Income Housing Fund	Alameda Point Community Improvement Project Area Community Improvement Fund	555,465
		<u>\$ 808,781</u>

B. Advance to/from other funds

The City has advanced \$1,258,995 to the Alameda Point Community Improvement Project Area Community Improvement Fund. The above advances are to be repaid in future years from the proceeds of property tax increment as funds become available. These advances bear interest at 6% for FY 10-11.

The Sewer Enterprise Fund advanced \$3,000,000 to the Business and Waterfront Improvement Project Area Community Improvement Fund as matching funds for construction of the Webster Street/Wilver "Willie" Stargell Avenue Intersection Project. The advance bears interest at 3%. The advance is expected to be repaid by April 2014.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

6. INTERFUND TRANSFERS TO AND FROM THE CITY

A. Transfers Between Funds

With Commission approval, resources may be transferred from one fund to another. Transfers between funds during the fiscal year ended June 30, 2011 were as follows:

Fund Receiving Transfers	Fund Making Transfer	Amount Transferred
Community Improvement Commission Subordinate Tax Allocation Bonds BWIP Fund	Business and Waterfront Improvement Project Area Community Improvement Fund	\$ 883,144
Community Improvement Commission 2003 Tax Allocation Bonds BWIP Fund	Business and Waterfront Improvement Project Area Community Improvement Fund	1,043,905
Community Improvement Commission 2003 Tax Allocation Bonds BWIP Fund	Business and Waterfront Improvement Project Area Low and Moderate Income Housing Fund	214,570
Community Improvement Commission 2003 Tax Allocation Bonds WECIP Fund	West End Community Improvement Project Area Community Improvement Fund	<u>2,661,543</u>
		<u>\$ 4,803,162</u>

B. Transfers To and From the City

During the fiscal year ended June 30, 2011, the Commission made cash transfers of \$1,915,357 to reimburse the City for housing-in-lieu fees, capital expenditures for infrastructure improvements and its pro rata share of operating expenditures incurred on behalf of the Commission, as determined by the City's approved Cost Allocation Plan.

7. LOW AND MODERATE INCOME HOUSING GRANTS

Between 1985 and 1989, the Commission expended \$1,114,065 in low and moderate income housing grants to Marina Village for the creation of affordable rental and for-sale housing. The for-sale housing grants allow low - and - moderate-income homeowners to acquire property at an affordable cost. Repayment of the grant is not required, provided the homeowner maintains the residence throughout the life of the Redevelopment Plan, or the homeowner sells the property to another buyer who qualifies under low - and - moderate-income rules, in which case the grant is transferred to the new buyer. The Commission did not record these grants as receivables because management believes repayment of the grants is unlikely.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

8. CAPITAL ASSETS

Capital assets at June 30 comprise:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 811,120	\$ 52,965	\$ -	\$ 864,085
Total capital assets not being depreciated	<u>811,120</u>	<u>52,965</u>	<u>-</u>	<u>864,085</u>
Capital assets, being depreciated:				
Building	19,170,491	-	-	19,170,491
Total capital assets being depreciated	<u>19,170,491</u>	<u>-</u>	<u>-</u>	<u>19,170,491</u>
Less accumulated depreciation:				
Building	(455,319)	(239,631)	-	(694,950)
Total accumulated depreciation	<u>(455,319)</u>	<u>(239,631)</u>	<u>-</u>	<u>(694,950)</u>
Governmental activity capital assets	<u>\$ 19,526,292</u>	<u>\$ (186,666)</u>	<u>\$ -</u>	<u>\$ 19,339,626</u>

9. LONG-TERM DEBT

The Commission's long-term debt issues and transactions were as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due within one year	Due more than one year
1992 Revenue Bonds	\$ 1,145,000	\$ -	\$ (1,145,000)	\$ -	\$ -	\$ -
2002 Series A & B Subordinate Taxable						
Tax Allocation Bonds	1,615,000	-	(760,000)	855,000	855,000	-
2003 Tax Allocation Refunding Bonds, Series	16,990,000	-	(490,000)	16,500,000	505,000	15,995,000
2003 Tax Allocation Bonds, Series A1, A2 & B	46,080,000	-	(90,000)	45,990,000	105,000	45,885,000
2011 Tax Allocation Bonds, Series A & B	-	11,035,000	-	11,035,000	295,000	10,740,000
Discount	-	(125,326)	-	(125,326)	-	(125,326)
Total bonds	<u>65,830,000</u>	<u>10,909,674</u>	<u>(2,485,000)</u>	<u>74,254,674</u>	<u>1,760,000</u>	<u>72,494,674</u>
2006 CRA/ERAF Loan Program	465,000	-	(65,000)	400,000	70,000	330,000
HUD Section 108 Loan	6,848,000	-	(157,000)	6,691,000	162,000	6,529,000
Total	<u>\$ 73,143,000</u>	<u>\$ 10,909,674</u>	<u>\$ (2,707,000)</u>	<u>\$ 81,345,674</u>	<u>\$ 1,992,000</u>	<u>\$ 79,353,674</u>

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

9. LONG-TERM DEBT, Continued

A. 1992 Revenue Bonds

On April 1, 1992, the Alameda Public Financing Authority issued revenue bonds in the principal amount of \$2,740,000. Proceeds from the bond sale were used to refund the West End Improvement Project 1985 Tax Allocation Bonds. Commission tax increment revenue is pledged as repayment for these bonds. Principal and interest are payable semi-annually, each April 1 and October 1 through 2016. During fiscal year 2011, the Commissions issued 2011 Tax Allocation Bonds Series A and B to refinance the outstanding balance of 1992 Revenue Bonds.

B. 2002 Subordinate Taxable Tax Allocation Bonds, Series A & B

On March 1, 2002, the Community Improvement Commission issued Tax Allocation Bonds in the principal amount of \$4,640,000. Bond proceeds 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 received by the project area. Principal and interest are payable semi-annually on February 1 and August 1 through February 2012. The interest rates on the bonds vary from 4.4% to 6.8% for Series A and 6.05% to 7.75% for the Series B. The outstanding balance as of June 30, 2011 was \$855,000.

The pledge of future tax increment revenues ends upon repayment of the \$2,652,107 in remaining debt service on the Tax Allocation Bonds, scheduled to occur in 2012. As disclosed in the bond indenture, pledged future tax increment revenues are expected to provide coverage over debt service of 1.25 over the life of the Bonds. For FY 10-11, tax increment revenues amounted to \$7,549,510, which represented coverage of 8.55 over the \$883,144 in current year debt service.

C. 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 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 proceeds were used to retire the 2002 Financing Authority Variable Rate Revenue Bonds. The Bonds are payable from tax increment revenues receivable by the Project Area. Principal is payable annually on February 1, with interest payable semi-annually on February 1 and August 1 through February 2032. The interest rates on the bonds vary from 2% to 4.75%. The outstanding balance as of June 30, 2011 was \$16,500,000.

D. 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 principal amount of \$37,390,000 and Series 2003 B Subordinated Tax Allocation Bonds in the principal amount of \$9,205,000, for a total original principal amount of \$46,595,000, for the Commission's merged improvement areas. The proceeds were used to finance certain redevelopment projects, to repay a loan of \$2,200,000 for the project area, and to finance \$12,200,000 of demolition costs incurred in the project area. The Series 2003 A1 and A2 are secured by a pledge of certain tax increment revenues for the 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 through 2033. The interest rates on the bonds vary between 2 to 6.25%. The outstanding balance as of June 30, 2011 was \$45,990,000.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

9. LONG-TERM DEBT, Continued

D. 2003 Community Improvement Commission Tax Allocation Bonds, continued

As disclosed in the official statements of the 2003 Community Improvement Commission Tax Allocation Refunding Bonds and 2003 Community Improvement Commission Tax Allocation Bonds, the two bond issues are considered parity bonds. The pledge of future tax increment revenues ends upon repayment of the \$119,200,776 in remaining debt service on the Community's Tax Allocation Bonds, scheduled to occur in 2033. As disclosed in the bond indenture, pledged future tax increment revenues are expected to provide coverage over debt service of 1.1 over the life of the Bonds. For FY 10-11, tax increment revenues amounted to \$2,035,739, which represented coverage of 0.50 over the \$4,074,385 in current year debt service.

E. 2011 Community Improvement Commission Tax Allocation Bonds

On May 1, 2011, the Community Improvement Commission issued Series 2011 A Subordinated Tax Allocation Housing Bonds in the principal amount of \$9,870,000 and Series 2011 B Subordinated Tax Allocation Housing Bonds in the principal amount of \$1,165,000, for a total original principal amount of \$11,035,000, for the Commission's merged improvement areas. Proceeds from the sale of the Bonds will be used to (a) finance certain housing activities of the Agency, (b) refinance the obligations of the Agency under a 1992 Loan Agreement, (c) make a deposit to the Reserve Account for the Bonds in an amount equal to the initial Reserve Requirement, and (d) pay the costs of issuing the Bonds. The Series 2011 A and B are secured by a subordinate pledge of tax revenues. Principal and interest are payable annually on September 1 through 2041. The interest rates on the bonds vary between 2 to 8.5%. The bond was issued with \$125,326 discount. The outstanding balance as of June 30, 2011 was \$10,909,674, net of discount.

The pledge of future tax increment revenues ends upon repayment of the \$2,652,107 in remaining debt service on the Tax Allocation Bonds, scheduled to occur in 2041. As disclosed in the bond indenture, pledged future tax increment revenues are expected to provide coverage over debt service of 1.25 over the life of the Bonds.

F. ERAF Loan Program

In April 2007, the Community Improvement Commission borrowed \$695,000 from the California Statewide Communities Development Authority to pay for Educational Revenue Augmentation Fund (ERAF) payments due to Alameda County. Both principal and interest payments are made semi-annually on November and March through March 2016. The loan carries a 6% interest rate. The outstanding balance as of June 30, 2011 was \$400,000.

G. HUD Section 108 Loan

On January 5, 2006, the City entered into an agreement to borrow \$7,000,000 from the Housing and Urban Development Department. In September 2006, the City drew down \$4,000,000 for the construction of the Alameda Theater Garage Project. In August 2007, the City drew down an additional \$3,000,000 for the same project. Principal and interest payments of both loans are due semi-annually in August and February through 2027. The loan carries a variable interest rate of 20 points above the LIBOR rate. Repayments of the loans are funded by a BEDI (Brownfields Economic Development Initiative) grant, parking garage and retail and cinema lease revenues. The outstanding balance as of June 30, 2011 is \$6,691,000.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

9. LONG-TERM DEBT, Continued

H. Debt Service Requirements

Annual debt service requirements for the Commission's long-term debt are shown below:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 1,992,000	\$ 4,120,502	\$ 6,112,502
2013	1,839,000	4,645,436	6,484,436
2014	1,919,000	4,561,919	6,480,919
2015	2,031,000	4,467,285	6,498,285
2016	2,201,000	4,364,734	6,565,734
2017-2021	12,780,000	20,005,560	32,785,560
2022-2026	18,460,000	15,929,563	34,389,563
2027-2031	22,744,000	10,170,304	32,914,304
2032-2036	13,755,000	3,654,507	17,409,507
2037-2041	3,135,000	938,400	4,073,400
2042	615,000	52,275	667,275
Subtotal	81,471,000	72,910,485	154,381,485
less discount	(125,326)	-	(125,326)
Subtotal	\$ 81,345,674	\$ 72,910,485	\$ 154,256,159

I. Compensated Absences

The Commissions recognizes the vested vacation and compensatory time as an expenditure in the current year to the extent it is paid during the year. Accrued vacation and compensatory time is included in the current liabilities and are payable from future resources. At June 30, 2011, the outstanding compensated absences balance was \$33,113.

10. DEVELOPMENT AGREEMENTS

A. Bayport/Alameda Landing

The Community Improvement Commission (CIC) and Master Developer (as discussed in Note 11 below) entered into a Disposition and Development Agreement (DDA) dated June 16, 2000, as amended, 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 the Master Developer, and the Master Developer agreed to acquire from the CIC, the Property, in Phases, under the Terms and Conditions set forth in the DDA. In December 2006, the CIC approved an amendment to the 2000 DDA reducing the scope of that DDA to East Housing and FISCA only (the Bayport Project), and approved a new DDA for the FISC property (the Alameda Landing Project). Therefore, there is one master developer pursuant to the 2000 DDA and a different master developer redeveloping Alameda Landing pursuant to the 2006 DDA.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

10. DEVELOPMENT AGREEMENTS, Continued

A. Bayport/Alameda Landing, Continued

Bayport involves the development of approximately 115 acres of land at the former East Housing and FISC property. Approved land uses include the development of 586 units of new residential housing, a joint use community park and a school. The inclusion of 25 percent affordable housing is in accordance with a requirement of a Settlement Agreement by and between the City, Renewed Hope Housing Advocates and Arc Ecology. Construction is completed on all 495 ownership units. Fifty-eight of the 495 ownership units at Bayport are affordable to moderate income households; fifty-two units of new rental housing for very-low and low-income households were completed in 2006. An additional 39 units of housing affordable to very-low and low-income families is substantially complete. Bayport has generated approximately \$28.5 million in net revenues from land sales proceeds. It is estimated that Bayport will generate a tax allocation bonding capacity of approximately between \$9,000,000 and \$10,500,000 supported by new tax increment generated by the Project, and generate \$19,300,000 in residential profit participation and approximately \$5,000,000 in reimbursements. These revenues will be used to pay for the Commission's obligations under the DDA, which total approximately \$75,100,000 and include demolition and the construction of major backbone infrastructure to support the Bayport project.

Alameda Landing is an approved mixed-use commercial/residential project including 300 residential units, of which 25 percent are affordable units, 300,000 square feet of retail space, 400,000 square feet of office space, parks and open space, and associated infrastructure.

In December 2007, the City Council and Community Improvement Commission approved an amendment to the DDA with Palmtree Acquisition Corporation (PAC) to modify the wharf design, among other changes.

On June 3, 2008, the City Council and Community Improvement Commission approved a second amendment to the Disposition and Development Agreement with PAC for redevelopment of the former Fleet Industrial Supply Center for the Alameda Landing project. The amendment also allows for the early expenditure of funds to secure the Stargell Avenue and Union Pacific rights of way. The expenditure is approximately \$10,000,000.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

10. DEVELOPMENT AGREEMENTS, Continued

B. Bridgeside Shopping Center Project, Continued

In fiscal year 2004, the City entered into an agreement with Regency Realty Group, Inc. (Developer) to develop the Bridgeside Shopping Center Project into an approximately 108,000 square foot addition to a new shopping center consisting of both retail space and office space. As of June 30, 2008, the Developer had completed construction of the project. In addition, as part of the Project, the Developer constructed a gas station and a car wash. Under this agreement, the Developer must expend construction costs of no less than \$10,000,000.

As part of the agreement, the Developer purchased the shopping center property from the Community Improvement Commission for the price paid to the owner by the Community Improvement Commission, plus \$170,000 in acquisition-related expenses. In return, the Community Improvement Commission will reimburse the Developer up to \$1,000,000 at 8% for certain acquisition costs in excess of \$7,000,000 from new tax increment generated from the Center. Groundbreaking was held on November 14, 2005. The Center held a grand opening February 21, 2007, for the center's major anchor tenant, Nob Hill Grocery Store. The Nob Hill gas station opened in summer 2007. A payment of \$273,677 was made toward the \$1,000,000 obligation as of June 30, 2011, with a remaining outstanding balance of \$324,252.

C. Downtown Historic Theatre Complex and Parking Garage Project.

On October 16, 2004, the Community Improvement Commission entered into a Disposition and Development Agreement (DDA) and a ground lease with Alameda Entertainment Associates Incorporated for the development of the Historic Alameda Theatre and related Cineplex and parking garage. The developer entered into an Option Purchase Agreement for one parcel of land to be used as the site of the project on Central and Oak Avenues in Alameda. As part of the DDA, the Community Improvement Commission entered into a loan agreement with the Alameda Entertainment Associates L.P., as discussed on Note 4C. In FY 04-05, the Community Improvement Commission purchased the land for the site of the project in accordance with the assigned purchase option for \$811,120. In FY 05-06, the Community Improvement Commission acquired the historic theatre by eminent domain. Project construction was completed in FY 07-08. There were also construction expenses in FY 10-11 resulting from loan disbursement to Alameda Entertainment Associates for the improvement of the Alameda Theatre balcony, reimbursement of tenant improvements for the Burgermeister restaurant pursuant to the lease between the CIC and Burgermeister, and payment of expenditures for final renovation improvements.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

11. NET ASSETS AND FUND BALANCE (DEFICIT)

A. Net Assets

Net Assets is the excess of all Commission assets over all its liabilities, regardless of fund. Net Assets are divided into two captions, determined at the Commission-wide level, and are described below:

Restricted describes that portion of Net Assets restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Commission cannot unilaterally alter. These primarily include debt service requirements and redevelopment funds restricted to low-and-moderate income purposes.

Unrestricted describes the portion of Net Assets (Deficit) which has no specific restrictions on it. As a result of specific restrictions on net assets as described above and outstanding debt the Commission has a net deficit for the year ended June 30, 2011.

B. Fund Balance

The City has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Nonspendable: Items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund. As of June 30, 2011, the Commission did not have any nonspendable fund balances.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

11. NET ASSETS AND FUND BALANCE (DEFICIT), Continued

B. Fund Balance, Continued

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The Members of the Community Improvement Commission of the City of Alameda are considered the highest authority for the Community Improvement Commission (CIC).

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Members of the Community Improvement Commission have the authority to assign funds in the Commission.

Unassigned: This category is for any balances that have no restrictions placed upon them. As of June 30, 2011, the Commission had an unassigned fund balance of in the Alameda Point Improvement Project Area Community Improvement Fund due to a fund deficit.

C. Net Assets and Fund Deficits

The Commission has a net deficit for the year ended June 30, 2011 as a result of outstanding debt. The Alameda Point Improvement Project Area Community Improvement Fund has a fund deficit in the amount of \$1,764,464 at June 30, 2011. The deficit fund balance is planned to be restored with future property tax increment revenue.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

12. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds had departmental expenditures in excess of budget. Sufficient fund balances were available to fund these expenditures:

Fund	Appropriations	Expenditures	Excess
Special Revenue Fund:			
Theatre/Parking Structure Project	\$ 12,000	\$ 174,255	\$ (162,255)
Debt Service Fund:			
2003 TAB BWIP	1,264,940	1,266,038	(1,098)
2003 TAB WECIP	2,775,000	2,779,002	(4,002)

13. RISK MANAGEMENT

The City and Commission participate in public entity risk pools which provide coverage against liability and workers' compensation claims. The City is member of the California Joint Power Risk Management Authority (CJPRMA) which covers general liability claims to a maximum of \$25,000,000. The City has self-insured retention of \$500,000 per claim. The City is member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) which covers workers' compensation claims up to statutory limits. The City has self-insured retention up to \$350,000 per claim.

14. COMMITMENTS AND CONTINGENCIES

The Commission participates in several Federal and State grant programs. These programs have been audited by the Commission'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 Commission expects such amounts, if any, to be immaterial.

The Commission is subject to litigation arising in the normal course of business. In the opinion of the Commission's General Counsel, there is no pending litigation, which is likely to have a material adverse effect on the financial position of the Commission.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

15. PRIOR PERIOD ADJUSTMENT

During the fiscal year 2011 the Commission made prior period adjustments to properly record funds held by the Commission on demand in deposit accounts on behalf of a private developer and the Alameda Unified School District.

The effects of the correction on the prior year's statement of activities and statement of revenues and expenditures were decreases of \$5,392,472 for both statements.

A. Government-Wide Financial Statements:

	Net Assets as Previously Reported	Pass-through Obligations		Net Assets Balances as Restated
		Business and Waterfront Improvement Project Area Community Improvement	Business and Waterfront Improvement Project Area Low and Moderate Income Housing	
Governmental Funds	\$ (27,346,474)	\$ (2,314,852)	\$ (3,077,620)	\$ (32,738,946)

B. Fund Financial Statements:

	Fund Balances as Previously Reported	Pass-through Obligations		Fund Balances as Restated
		Business and Waterfront Improvement Project Area Community Improvement	Business and Waterfront Improvement Project Area Low and Moderate Income Housing	
Governmental Funds	\$ 21,222,325	\$ (2,314,852)	\$ (3,077,620)	\$ 15,829,853

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The City intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Community Improvement Commission of the City of Alameda
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES, Continued

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

On August 9, 2011, City Ordinance No. 3034 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$5.2 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$1 million will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the state. In the event that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

REQUIRED SUPPLEMENTARY INFORMATION



Community Improvement Commission – City of Alameda

Component Unit Financials - Fiscal Year 2010-11



Community Improvement Commission of the City of Alameda
Required Supplementary Information
For the year ended June 30, 2011

1. BUDGETS AND BUDGETARY ACCOUNTING

The Commission annually adopts a budget for its special revenue funds to be effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the fund level, the amounts stated therein as proposed revenues and expenditures become appropriations. The Commission may amend the budget during the fiscal year. The Commission's Executive Director or his or her designee is authorized to transfer budgeted amounts within the fund; however, any revisions that alter the total expenditures must be approved by the Commission. All appropriations lapse at year end.

The annual budget is adopted on a basis consistent with generally accepted accounting principles in the United States of America.

Community Improvement Commission of the City of Alameda
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Budgetary Basis) - West End Community Improvement Project Area
Community Improvement Special Revenue Fund
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax increment	\$ 4,248,390	\$ 4,248,390	\$ 4,071,478	\$ (176,912)
Use of money and property	20,000	20,000	666	(19,334)
Miscellaneous	1,598,620	1,598,620	17,581	(1,581,039)
Total revenues	5,867,010	5,867,010	4,089,725	(1,777,285)
EXPENDITURES:				
Current:				
General government	-	-	546	(546)
Development services	2,012,860	2,051,230	907,137	1,144,093
Marina Village tax increment refunds	742,900	742,900	678,405	64,495
Pass-through obligations (ERAF)	165,000	542,137	514,488	27,649
Debt service:				
Principal	32,500	32,500	32,500	-
Interest	13,500	13,500	13,495	5
Total expenditures	2,966,760	3,382,267	2,146,571	1,235,696
REVENUES OVER (UNDER) EXPENDITURES	2,900,250	2,484,743	1,943,154	541,589
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,759,630)	(2,759,630)	(2,661,543)	98,087
Total other financing sources (uses)	(2,759,630)	(2,759,630)	(2,661,543)	98,087
Net change in fund balance	\$ 140,620	\$ (274,887)	(718,389)	\$ (443,502)
FUND BALANCE:				
Beginning of year			4,497,502	
End of year			\$ 3,779,113	

Community Improvement Commission of the City of Alameda
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Budgetary Basis) - West End Community Improvement Project Area
Low and Moderate Housing Special Revenue Fund
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax increment	\$ 1,057,100	\$ 1,057,100	\$ 1,017,870	\$ (39,230)
Use of money and property	5,000	5,000	278	(4,722)
Total revenues	<u>1,062,100</u>	<u>1,062,100</u>	<u>1,018,148</u>	<u>(43,952)</u>
EXPENDITURES:				
Current:				
Housing development costs	1,102,975	1,102,975	795,383	307,592
Debt service:				
Principal	-	-	160,000	(160,000)
Interest	-	-	80,278	(80,278)
Total expenditures	<u>1,102,975</u>	<u>1,102,975</u>	<u>1,035,661</u>	<u>67,314</u>
Net change in fund balance	<u>\$ (40,875)</u>	<u>\$ (40,875)</u>	(17,513)	<u>\$ (23,362)</u>
FUND BALANCE:				
Beginning of year			<u>421,801</u>	
End of year			<u>\$ 404,288</u>	

Community Improvement Commission of the City of Alameda
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Budgetary Basis) - Business and Waterfront Improvement Project Area
Community Improvement Special Revenue Fund
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Property tax increment	\$ 7,806,580	\$ 7,806,580	\$ 7,489,537	\$ (317,043)
Use of money and property	77,100	77,100	92,794	15,694
Total revenues	7,883,680	7,883,680	7,582,331	(301,349)
EXPENDITURES:				
Current:				
Development services	1,915,285	2,065,190	1,284,826	780,364
Pass-through obligations (ERAF)	2,141,580	2,175,690	3,325,578	(1,149,888)
Capital outlay	-	-	52,965	(52,965)
Debt service:				
Principal	32,500	32,500	32,500	-
Interest	118,700	133,904	118,699	15,205
Total expenditures	4,208,065	4,407,284	4,814,568	(407,284)
REVENUES OVER (UNDER) EXPENDITURES	3,675,615	3,476,396	2,767,763	708,633
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,757,890)	(3,475,805)	(1,927,049)	1,548,756
Transfers to the City of Alameda	-	-	(1,734,322)	(1,734,322)
Total other financing sources (uses)	(1,757,890)	(3,475,805)	(3,661,371)	(185,566)
Net change in fund balance	\$ 1,917,725	\$ 591	(893,608)	\$ (894,199)
FUND BALANCE:				
Beginning of year, as restated			(32,380)	
End of year			\$ (925,988)	

Community Improvement Commission of the City of Alameda
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Budgetary Basis) - Business and Waterfront Improvement Project Area
Low and Moderate Housing Special Revenue Fund
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax increment	\$ 1,951,640	\$ 1,951,640	\$ 1,872,383	\$ (79,257)
Use of money and property	119,580	118,580	159,124	40,544
Miscellaneous	-	-	100	100
Total revenues	<u>2,071,220</u>	<u>2,070,220</u>	<u>2,031,607</u>	<u>(38,613)</u>
EXPENDITURES:				
Current:				
Pass-through obligations/ERAF	-	-	1,479,021	(1,479,021)
Housing development costs	1,592,500	2,973,335	1,582,595	1,390,740
Total expenditures	<u>1,592,500</u>	<u>2,973,335</u>	<u>3,061,616</u>	<u>(88,281)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>478,720</u>	<u>(903,115)</u>	<u>(1,030,009)</u>	<u>126,894</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(214,570)	(214,570)	(214,570)	-
Total other financing sources (uses)	<u>(214,570)</u>	<u>(214,570)</u>	<u>(214,570)</u>	<u>-</u>
Net change in fund balance	<u>\$ 264,150</u>	<u>\$ (1,117,685)</u>	<u>(1,244,579)</u>	<u>\$ (126,894)</u>
FUND BALANCE:				
Beginning of year, as restated			<u>4,752,795</u>	
End of year			<u>\$ 3,508,216</u>	

Community Improvement Commission of the City of Alameda
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Budgetary Basis) - Alameda Point Community Improvement Project Area
Community Improvement Special Revenue Fund
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax increment	\$ 252,275	\$ 252,275	\$ 205,395	\$ (46,880)
Use of money and property	-	-	1,105	1,105
Miscellaneous	-	-	86,312	86,312
Total revenues	<u>252,275</u>	<u>252,275</u>	<u>292,812</u>	<u>40,537</u>
EXPENDITURES:				
Current:				
Development services	29,430	29,430	34,570	(5,140)
Pass-through obligations (ERAF)	57,300	160,507	151,335	9,172
Debt service:				
Interest	108,870	108,870	108,876	(6)
Total expenditures	<u>195,600</u>	<u>298,807</u>	<u>294,781</u>	<u>4,026</u>
Net change in fund balance	<u>\$ 56,675</u>	<u>\$ (46,532)</u>	(1,969)	<u>\$ 36,511</u>
FUND BALANCE:				
Beginning of year			<u>(1,762,495)</u>	
End of year			<u>\$ (1,764,464)</u>	

Community Improvement Commission of the City of Alameda
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Budgetary Basis) - Alameda Point Community Improvement Project Area
Low and Moderate Housing Special Revenue Fund
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax increment	\$ 63,070	\$ 63,070	\$ 51,349	\$ (11,721)
Use of money and property	2,500	2,500	8,047	5,547
Total revenues	<u>65,570</u>	<u>65,570</u>	<u>59,396</u>	<u>(6,174)</u>
EXPENDITURES:				
Current:				
Housing development costs	30,940	30,940	18,588	12,352
Total expenditures	<u>30,940</u>	<u>30,940</u>	<u>18,588</u>	<u>12,352</u>
Net change in fund balance	<u>\$ 34,630</u>	<u>\$ 34,630</u>	40,808	<u>\$ (6,178)</u>
FUND BALANCE:				
Beginning of year			<u>360,600</u>	
End of year			<u>\$ 401,408</u>	

Community Improvement Commission of the City of Alameda
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Budgetary Basis) - Theatre/Parking Structures Project Special Revenue Fund
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 376,365	\$ 376,365	\$ 210,964	\$ (165,401)
Total revenues	<u>376,365</u>	<u>376,365</u>	<u>210,964</u>	<u>(165,401)</u>
EXPENDITURES:				
Development services	14,460	12,000	17,255	(5,255)
Debt service:				
Principal	-	-	157,000	(157,000)
Total expenditures	<u>14,460</u>	<u>12,000</u>	<u>174,255</u>	<u>(162,255)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>361,905</u>	<u>364,365</u>	<u>36,709</u>	<u>327,656</u>
OTHER FINANCING SOURCES (USES):				
Transfers to the City of Alameda	(349,605)	(349,605)	(24,035)	325,570
Total other financing sources (uses)	<u>(349,605)</u>	<u>(349,605)</u>	<u>(24,035)</u>	<u>325,570</u>
Net change in fund balance	<u>\$ 12,300</u>	<u>\$ 14,760</u>	12,674	<u>\$ (2,086)</u>
FUND BALANCE:				
Beginning of year			188,873	
End of year			<u>\$ 201,547</u>	

SUPPLEMENTARY INFORMATION



Community Improvement Commission – City of Alameda

Component Unit Financials - Fiscal Year 2010-11



Community Improvement Commission of the City of Alameda
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Budgetary Basis) - Subordinate Tax Allocation Bonds BWIP Debt Service Fund
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,350	\$ 3,350	\$ 9,916	\$ 6,566
Total revenues	<u>3,350</u>	<u>3,350</u>	<u>9,916</u>	<u>6,566</u>
EXPENDITURES:				
Debt service:				
Principal	760,000	760,000	760,000	-
Interest	125,890	125,890	125,887	3
Total expenditures	<u>885,890</u>	<u>885,890</u>	<u>885,887</u>	<u>3</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(882,540)</u>	<u>(882,540)</u>	<u>(875,971)</u>	<u>(6,569)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	883,150	883,150	883,144	(6)
Total other financing sources (uses)	<u>883,150</u>	<u>883,150</u>	<u>883,144</u>	<u>(6)</u>
Net change in fund balance	<u>\$ 610</u>	<u>\$ 610</u>	7,173	<u>\$ 6,563</u>
FUND BALANCE:				
Beginning of year			615,376	
End of year			<u>\$ 622,549</u>	

Community Improvement Commission of the City of Alameda
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Budgetary Basis) - 2003 Tax Allocation Bonds BWIP Debt Service Fund
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,900	\$ 2,900	\$ 9,678	\$ 6,778
Total revenues	<u>2,900</u>	<u>2,900</u>	<u>9,678</u>	<u>6,778</u>
EXPENDITURES:				
Debt service:				
Principal	490,000	490,000	490,000	-
Interest	774,940	774,940	776,038	(1,098)
Total expenditures	<u>1,264,940</u>	<u>1,264,940</u>	<u>1,266,038</u>	<u>(1,098)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,262,040)</u>	<u>(1,262,040)</u>	<u>(1,256,360)</u>	<u>(5,680)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,258,475	1,258,475	1,258,475	-
Total other financing sources (uses)	<u>1,258,475</u>	<u>1,258,475</u>	<u>1,258,475</u>	<u>-</u>
Net change in fund balance	<u>\$ (3,565)</u>	<u>\$ (3,565)</u>	2,115	<u>\$ 5,680</u>
FUND BALANCE:				
Beginning of year			<u>1,737,626</u>	
End of year			<u>\$ 1,739,741</u>	

Community Improvement Commission of the City of Alameda
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
(Budgetary Basis) - 2003 Tax Allocation Bonds WECIP Debt Service Fund
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 45,250	\$ 45,250	\$ 64,945	\$ 19,695
Total revenues	<u>45,250</u>	<u>45,250</u>	<u>64,945</u>	<u>19,695</u>
EXPENDITURES:				
Debt service:				
Principal	90,000	90,000	90,000	-
Interest	2,685,000	2,685,000	2,689,002	(4,002)
Total expenditures	<u>2,775,000</u>	<u>2,775,000</u>	<u>2,779,002</u>	<u>(4,002)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,729,750)</u>	<u>(2,729,750)</u>	<u>(2,714,057)</u>	<u>(15,693)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,759,630	2,759,630	2,661,543	(98,087)
Total other financing sources (uses)	<u>2,759,630</u>	<u>2,759,630</u>	<u>2,661,543</u>	<u>(98,087)</u>
Net change in fund balance	<u>\$ 29,880</u>	<u>\$ 29,880</u>	(52,514)	<u>\$ (82,394)</u>
FUND BALANCE:				
Beginning of year			5,050,155	
End of year			<u>\$ 4,997,641</u>	



Community Improvement Commission – City of Alameda

Component Unit Financials - Fiscal Year 2010-11



Community Improvement Commission of the City of Alameda
Supplementary Information
For the year ended June 30, 2011

		Low and Moderate Housing Fund
Opening Fund Balance - July 1, 2010 per audit report		\$ 8,612,816
Less restatement for School District Required Setaside (Fund Balance Fund 204.6)	(3,077,620)	
Opening Fund Balance - July 1, 2010 as restated		\$ 5,535,196
Less Unavailable Amounts:		
Land held for resale	\$ -	
Encumbrances (Section 33334.12 (g)(2))	-	
SERAF Loan (Section 33334.12)	(808,781)	
Unspent debt proceeds (Section 33334.12 (g)(3)(B))	-	
	<u>-</u>	<u>(808,781)</u>
Available Low and Moderate Income Housing Funds		4,726,415
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
Prior Year 1 - 2010	3,098,979	
Prior Year 2 - 2009	3,126,879	
Prior Year 3 - 2008	2,807,537	
Prior Year 4 - 2007	2,453,312	
	<u>\$ 11,486,707</u>	
Base limitation	<u>\$ 1,000,000</u>	
Greater amount		\$ 11,486,707
Computed Excess/Surplus		<u>None</u>



Community Improvement Commission – City of Alameda

Component Unit Financials - Fiscal Year 2010-11





Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Community Improvement Commission
of the City of Alameda
Alameda, California

We have audited the financial statements of the Community Improvement Commission (Commission), a component unit of City of Alameda, California, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified a deficiency in internal control over financial reporting, described in the accompanying schedule of finding and response, as item FS2011-01, that we consider to be material weakness in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Commission's response to the finding identified in our audit is described in the accompanying schedule of finding and response. We did not audit Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Commission, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
November 23, 2011



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

Members of the Community Improvement Commission
of the City of Alameda
Alameda, California

Compliance

We have audited the Community Improvement Commission (Commission), a component unit of City of Alameda, California, compliance with the California Health and Safety Code as required by Section 33080.1 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Guidelines for Compliance Audits of California Redevelopment Agencies, June 2011*, issued by the State Controller and as interpreted in the *Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, August 2011*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Agency has occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that are applicable for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Commission's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Commission, management and others within the entity, and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.



Caporicci & Larson, Inc.

A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
November 23, 2011

Community Improvement Commission of the City of Alameda
Schedule of Findings and Responses
For the year ended June 30, 2011

FS2011-01 Restatement of Previously Issued Financials (Material Weakness)

Criteria: The Commission is responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Condition: The Commission has restated its previously issued financial statements to properly record funds held by the Commission on demand in deposit accounts on behalf of a private developer and the Alameda Unified School District. The effects of the correction on the prior year's statement of activities and statement of revenues and expenditures were decreases of \$5,392,472 for both statements.

Cause: These transactions and agreements with third parties were not properly evaluated in prior periods, resulting in the restatements.

Effect: These deposits were not fairly stated in conformity with accounting principles generally accepted in the United States of America.

Recommendation: We recommend that the Commission continue to review the financial reporting of future deposits to ensure that they are properly presented in the financial statements.

View of Responsible Officials and Planned Corrective Action:

The Commission will implement the recommendation noted above.