

**ALAMEDA REUSE AND
REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA**

BASIC COMPONENT UNIT FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

***M*AZE &
ASSOCIATES**

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**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA**

**Basic Component Unit Financial Statements
For the Year Ended June 30, 2005**

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ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY

**MEMBERS AND
ADMINISTRATIVE PERSONNEL**

JUNE 30, 2005

MEMBERS

City of Alameda Mayor, Beverly Johnson
City of Alameda Councilmember, Doug DeHaan
City of Alameda Councilmember, Tony Daysog
City of Alameda Councilmember, Marie Gilmore
City of Alameda Councilmember, Frank Matarrese

ADMINISTRATIVE PERSONNEL

Bill Norton, Acting Executive Director
Leslie Little, Development Service Director

ACCOUNTANCY CORPORATION
1931 San Miguel Drive - Suite 100
Walnut Creek, California 94596
(925) 930-0902 • FAX (925) 930-0135
E-Mail: maze@mazeassociates.com
Website: www.mazeassociates.com

INDEPENDENT AUDITOR'S REPORT

Members of the Alameda Reuse and Redevelopment Authority
of the City of Alameda
Alameda, California

We have audited the basic component unit financial statements of the governmental activities and each major fund of the Alameda Reuse and Redevelopment Authority of the City of Alameda California, a component unit of the City of Alameda, as of and for the year ended June 30, 2005, as listed in the Table of Contents. These basic component unit financial statements are the responsibility of the ARRA's management. Our responsibility is to express an opinion on these basic component unit financial statements based on our audit.

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

In our opinion, the basic component unit financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities and each major fund of the ARRA of the City of Alameda as of June 30, 2005, and the results of its operations and the respective budgetary comparisons listed as part of the basic financial statements thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic component unit financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic component unit financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic component unit financial statements taken as a whole.



October 14, 2005

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**ALAMEDA REUSE AND
REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

The Authority is required to provide this overview of its financial activities for the fiscal year. The information presented here should be considered in conjunction with the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

- At June 30, 2005, the Authority's net assets totaled \$79.4 million
- Total Authority's revenues including program and general revenues, were \$12.4 million while total expenses were \$15.4 million in fiscal 2005.
- Governmental Program Revenues were \$12.2 million in fiscal 2005
- Governmental General Revenues were \$0.2 million in fiscal 2005.

OVERVIEW OF BASIC COMPONENT UNIT FINANCIAL STATEMENTS

The Authority's Annual Financial report is in two parts:

- 1) Management's Discussion and Analysis (this part),
- 2) The Basic Component Unit Financial Statements, which include the Government-wide and the Fund financial statements, along with the Notes to these financial statements.

The Basic Component Unit Financial Statements

The Basic Component Unit Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Authority's financial activities and financial position.

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

**Alameda Reuse and Redevelopment Authority
Of the City of Alameda
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

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

Major funds account for all the financial activities of the Authority and are presented individually. Major Funds are explained below.

The Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities present information about the following:

- ***Governmental activities*** – All of the Authority's basic services are considered to be governmental activities, including general government and redevelopment services. These services are supported by revenues such as lease and rental revenue, capital grants and developer fees.

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

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the Authority's most significant funds, called major Funds. Each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major funds. Major Funds present the major activities of the Authority for the year, and may change from year to year as a result of changes in the pattern of Authority's activities.

Fund Financial Statements Include Only Governmental Funds.

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 General Funds.

**Alameda Reuse and Redevelopment Authority
Of the City of Alameda
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

FINANCIAL ACTIVITIES OF THE AUTHORITY AS A WHOLE

This analysis focuses on the net assets and changes in net assets of the Authority's Governmental Activities.

**SUMMARY OF NET ASSETS
JUNE 30, 2005 AND JUNE 30, 2004
(dollars in millions)**

	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Cash and investments	\$ 9.6	\$ 11.6	(17.2)
Other assets	1.7	0.2	800.0
Capital assets	<u>84.2</u>	<u>86.4</u>	(2.5)
Total assets	\$ 95.5	\$ 98.2	(2.6)
Long-term debt outstanding	13.4	13.4	0.0
Other liabilities	<u>2.6</u>	<u>1.2</u>	36.4
Total liabilities	\$ 16.1	\$ 14.6	2.8
Net assets:			
Invested in capital assets, net of debt	72.2	72.9	(0.9)
Restricted	3.7	6.2	(40.3)
Unrestricted	<u>3.5</u>	<u>4.4</u>	6.8
Total net assets	\$ <u>79.4</u>	\$ <u>83.6</u>	(3.6)

- Cash and investments consist of \$6.8 million available to fund ongoing Authority operations, the remaining \$2.8 million is legally restricted as to what it can be spent on, such as redevelopment projects funded with bond proceeds and bond reserves.
- Other assets consist primarily of accounts receivables and grants receivables.
- Long-term debt consisted of the 2003 ARRA Demand Revenue Bonds to refund the 1999 ARRA Revenue Bonds and provide financing for redevelopment tasks at Alameda Point.
- Other liabilities consisted primarily of accounts payable, advances from City and deposits payable.

**Alameda Reuse and Redevelopment Authority
Of the City of Alameda
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

- Restricted net assets consisted of net assets that are legally restricted to be spent on Authority's capital improvement projects and debt service reserves.
- Unrestricted net assets is the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements.

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

	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Expenses			
Administration	\$ 7.4	\$ 6.9	(10.1)
Leasing and Housing	5.2	5.1	2.0
Interest on long-term debt	<u>0.4</u>	<u>0.6</u>	(33.0)
Total expenses	\$ 13.0	\$ 12.6	(6.3)
Revenues			
Program revenues:			
Operating contributions and grants	1.7	1.8	(5.5)
Charges for services	<u>10.5</u>	<u>10.8</u>	(2.8)
Total program revenues	\$ 12.2	12.6	(3.2)
General revenues:			
Use of money and Property	0.2	0.03	566.7
Loss from disposal of capital assets	0.0	0.0	
Transfers	<u>(3.5)</u>	<u>(3.1)</u>	12.9
Total general revenues and transfers	(3.3)	(3.07)	6.5
Total revenues	<u>8.9</u>	<u>9.5</u>	(6.3)
Change in net assets	\$ <u>(4.1)</u>	\$ <u>(3.1)</u>	(6.5)

The Authority's major governmental revenue sources in fiscal 2005 were: \$10.5 million, or 86% from charges for services and \$1.7 million, or 14% from operating contributions and grants.

The Expenses above do not include capital expenditures, which are now added to the Authority's capital assets.

The Authority's primary governmental expense in fiscal 2005 was \$7.4 million, or 52% for administration and \$5.2 million, or 44% for leasing and housing services.

**Alameda Reuse and Redevelopment Authority
Of the City of Alameda
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

The following presents the net cost of each of the Authority's largest programs—general government, redevelopment services, and interest on long-term debt. Net cost is defined as total program cost less the revenues generated by those specific activities.

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

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	2005	2004	% Change	2005	2004	% Change
Administration	\$ 7.4	\$ 6.9	10.1	\$ (4.6)	\$ (5.1)	(9.8)
Housing and Leasing	5.2	5.1	(1.6)	5.4	5.7	(4.9)
Interest on long-term debt	<u>0.4</u>	<u>0.6</u>	33.3	<u>(0.4)</u>	<u>(0.6)</u>	(33.3)
Total	\$13.0	\$ 12.6	6.5	\$ 0.4	\$ 0.0	1563.0

Financial Analysis of the Authority's Funds

At June 30, 2005, the Authority's governmental funds reported combined fund balances of \$8.7 million. \$3.7 million is legally reserved and restricted to specific expenditures. \$5.0 million is available to fund ongoing Authority operations.

Governmental fund revenues totaled \$12.4 million. Governmental expenditures totaled \$10.8 million.

Analysis of Major Governmental Funds

General Fund

General Fund revenue consisted primarily of lease and rental revenue, which total \$10.5 million, or 14.6% and grants and contributions of \$1.6 million, or 13% of total fund revenue, for the year ended June 30, 2005.

General Fund expenditures consisted primarily of professional and administration services which total \$6.3 million, or 57%, and building/equipment repair and maintenance, which total \$1.8 million, or 20% for the year ended June 30, 2005.

At June 30, 2005, the General Fund Balance comprised \$5.0 million unreserved, undesignated fund balance.

Capital Project Fund

Capital Project Fund revenues consisted solely of interest income, which totaled \$49,819 at June 30, 2005.

**Alameda Reuse and Redevelopment Authority
Of the City of Alameda
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Capital Project Fund expenditures consisted solely of building/equipment repair and maintenance, which totaled \$76,572 at June 30, 2005.

At June 30, 2005, the Capital Project Fund fund balance comprised \$1.3 million reserved for expenditure on capital improvement projects.

Debt Service Fund

Debt Service Fund revenue consisted solely of interest income, which totaled \$45,438 for the year ended June 30, 2005.

Debt Service Fund expenditures consisted solely of debt service principal and interest payment on outstanding debt which totaled \$691,172 million for the year ended June 30, 2005.

At June 30, 2005, the Debt Service Fund fund balance comprised \$2.4 million reserved for debt service expenditures.

CAPITAL ASSETS

At the end of fiscal 2005, the Authority has \$84.2 million, net of depreciation, invested in a broad range of capital assets.

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

	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Governmental Activities			
Buildings	\$ 151.3	\$ 151.3	0.0
Machinery and equipment	0.9	0.9	0.0
Infrastructure	20.4	20.4	0.0
Less accumulated depreciation	<u>(88.4)</u>	<u>(86.2)</u>	2.6
Total	\$ 84.2	\$ 86.4	(2.5)

DEBT ADMINISTRATION

The Authority's debt issues are discussed in detail in Note 7 to the financial statements.

**Alameda Reuse and Redevelopment Authority
Of the City of Alameda
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Alameda Point

Alameda Point is the former Naval Air Station Alameda located at the western end of the Island. Alameda Point Community Partners (APCP), a consortium of five developers (operating members are Centex Homes, Shea Homes and Shea Properties and passive members are Industrial Realty Group and Morgan Stanley), was selected as the Master Developer in 2001. APCP will be developing a mixed-use project on approximately 800 acres. The proposed land use plan includes up to 1900 residential units, approximately 4 million square feet of commercial development (adaptive reuse and new construction), a 500-slip marina and public open space and parks. The City has also explored the feasibility of developing an 18-hole golf course and resort hotel on 215 acres to the northwest of the APCP footprint. Alameda Point will be built out over a 15-year period.

In November 2003, the City and APCP entered into a Conditional Acquisition Agreement (CAA) that calls for an 18 month City-led predevelopment period. During this time, the City is managing a land planning and conveyance effort that is funded from proceeds of a December 2003 bond sale. At the conclusion of the ARRA-led pre-development period, APCP will make a decision regarding an election to continue its involvement in redeveloping Alameda Point. Should APCP elect to go forward, it is anticipated that a Disposition and Development Agreement (DDA) would be executed within six months of that date and construction would begin shortly thereafter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Alameda Reuse and Redevelopment Authority Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this Report should be directed to the Finance Department, at 2263 Santa Clara Avenue, Room 220, Alameda, California, 94501.

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**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA**

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

The Statement of Net Assets reports the difference between the ARRA total assets and the ARRA total liabilities, including all the ARRA capital assets and all its long-term debt.

The Statement of Net Assets summarizes the financial position of all the ARRA Governmental Activities in a single column.

The Statement of Activities reports increases and decreases in the ARRA net assets. It is also prepared on the full accrual basis, which means it includes all the ARRA revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
ASSETS	
Cash and investments (Note 3)	\$6,761,800
Restricted cash and investments (Note 3)	2,800,173
Accounts receivable	242,857
Grants receivable:	
US Department of Commerce, Office of Economic Development Administration (EDA)	1,500,000
Capital assets, net of accumulated depreciation (Note 6)	84,183,494
Total Assets	95,488,324
LIABILITIES	
Accounts payable and accrued expenses	629,343
Accrued payroll	11,854
Due to the City of Alameda	1,021,674
Due to other agencies	100,000
Claims payable	61,955
Advances from City of Alameda (Note 5)	300,000
Deposits payable	484,994
Long-term debt (Note 7):	
Due in more than one year	13,440,000
Total Liabilities	16,049,820
NET ASSETS (Note 8)	
Invested in capital assets, net of related debt	72,206,023
Restricted for:	
Capital projects	1,281,576
Debt service	2,403,884
Total Restricted Net Assets	3,685,460
Unrestricted	3,547,021
Total Net Assets	\$79,438,504

See accompanying notes to financial statements

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Assets
				Governmental
				Activities
Governmental Activities:				
Administration	\$7,358,550		\$1,585,593	(\$5,772,957)
Housing	542,486	\$1,508,352		965,866
Leasing	4,642,055	9,039,297	86,204	4,483,446
Interest on long term debt	415,795			(415,795)
Total Governmental Activities	12,958,886	10,547,649	1,671,797	(739,440)
General revenues:				
Investment earnings				171,554
Transfer (out) to the City of Alameda (Note 5)				(3,543,664)
Total general revenues and transfers				(3,372,110)
Change in Net Assets				(4,111,550)
Net Assets-Beginning				83,550,054
Net Assets-Ending				\$79,438,504

See accompanying notes to financial statements

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**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA**

FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the ARRA in fiscal 2005.

GENERAL FUND

General Fund is the general operating fund of the ARRA. It is used to account for all financial resources. The major revenue sources for this Fund are leasing activities revenues and the Economic Development Administration (EDA). Expenditures are made for base reuse activities.

2003 AP REVENUE BOND PROJECT

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

2003 AP REVENUE BONDS

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

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

	General Fund	2003 AP Revenue Bond Project Capital Project Fund	2003 AP Revenue Bonds Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and investments (Note 3)	\$5,674,597	\$20,963	\$1,066,240	\$6,761,800
Restricted cash and investments		1,462,529	1,337,644	2,800,173
Accounts receivable	242,857			242,857
Grants receivable:				
US Department of Commerce, Office of Economic Development Administration (EDA)	1,500,000			1,500,000
Total Assets	\$7,417,454	\$1,483,492	\$2,403,884	\$11,304,830
LIABILITIES				
Accounts payable and accrued expenses	\$427,427	\$201,916		\$629,343
Accrued payroll	11,854			11,854
Due to the City of Alameda	1,021,674			1,021,674
Due to other agencies	100,000			100,000
Claims payable	61,955			61,955
Advances from City of Alameda (Note 5)	300,000			300,000
Deposits payable	484,994			484,994
Total Liabilities	2,407,904	201,916		2,609,820
FUND BALANCES				
Fund balance				
Reserved for:				
Debt service			\$2,403,884	2,403,884
Capital improvement		1,281,576		1,281,576
Unreserved:				
Undesignated, Reported in:				
General Fund	5,009,550			5,009,550
Total Fund Balances	5,009,550	1,281,576	2,403,884	8,695,010
Total Liabilities and Fund Balances	\$7,417,454	\$1,483,492	\$2,403,884	\$11,304,830

See accompanying notes to financial statements

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
Reconciliation of the
GOVERNMENTAL FUNDS -- FUND BALANCE
with the
GOVERNMENTAL ACTIVITIES NET ASSETS
JUNE 30, 2005

Total fund balances reported on the governmental funds balance sheet	\$8,695,010
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Amounts reported for Governmental Activities in the Statement of Net Assets
are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	84,183,494
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LONG TERM ASSETS AND LIABILITIES

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

Long-term debt	<u>(13,440,000)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$79,438,504</u></u>
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See accompanying notes to financial statements

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

	General Fund	2003 AP Revenue Bond Project Capital Project Fund	2003 AP Revenue Bonds Debt Service Fund	Total Governmental Funds
REVENUES				
U.S. Dept of Commerce, Office of Economic Development Administration (EDA) Grant (Note 4)	\$1,500,000			\$1,500,000
Miscellaneous grants and contributions	86,204			86,204
Lease revenue	9,037,607			9,037,607
Rent revenue	1,510,042			1,510,042
Interest	76,297	\$49,819	\$45,438	171,554
Other	85,593			85,593
Total Revenues	12,295,743	49,819	45,438	12,391,000
EXPENDITURES				
Staff salaries	885,707			885,707
Staff fringe benefits	191,020			191,020
Office expenditures	28,115			28,115
Travel expenditures	1,307			1,307
Professional and administrative services	6,260,993			6,260,993
Building/equipment repairs and maintenance	1,792,949	76,572		1,869,521
Utility	829,156			829,156
Office/heavy equipment	4,600			4,600
Payment to other agencies			275,377	275,377
Interest, fiscal charges and issuance costs			415,795	415,795
Total Expenditures	9,993,847	76,572	691,172	10,761,591
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,301,896	(26,753)	(645,734)	1,629,409
OTHER FINANCING SOURCES (USES)				
Transfer to the City of Alameda (Note 5)	(3,461,164)	(82,500)		(3,543,664)
Transfers in (Note 5)	1,764,758	10,095	41,853	1,816,706
Transfers (out) (Note 5)	(10,095)	(1,806,611)		(1,816,706)
Total Other Financing Sources (Uses)	(1,706,501)	(1,879,016)	41,853	(3,543,664)
NET CHANGE IN FUND BALANCES	595,395	(1,905,769)	(603,881)	(1,914,255)
BEGINNING FUND BALANCES	4,414,155	3,187,345	3,007,765	10,609,265
ENDING FUND BALANCES	\$5,009,550	\$1,281,576	\$2,403,884	\$8,695,010

See accompanying notes to financial statements

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	(\$1,914,255)
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Amounts reported for governmental activities in the Statement of Activities
are different because of the following:

CAPITAL ASSETS TRANSACTIONS

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

Depreciation expense is deducted from the fund balance	(2,169,743)
Net retirements of capital assets are deducted from fund balance	<u>(27,552)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(\$4,111,550)</u></u>
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See accompanying notes to financial statements

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
U.S. Dept of Commerce, Office of Economic Development Administration (EDA) Grant	\$1,646,100		\$1,500,000	\$1,500,000
Miscellaneous grants and contributions			86,204	86,204
Lease revenue	10,148,968	8,242,338	9,037,607	795,269
Rent revenue		1,802,590	1,510,042	(292,548)
Interest		104,040	76,297	(27,743)
Other			85,593	85,593
Total Revenues	11,795,068	10,148,968	12,295,743	2,146,775
EXPENDITURES:				
Staff salaries	1,071,500	1,117,602	885,707	231,895
Staff fringe benefits			191,020	(191,020)
Office expenditures	855,292	315,000	28,115	286,885
Travel expenditures			1,307	(1,307)
Professional and administrative services	3,760,100	1,439,938	6,260,993	(4,821,055)
Building/equipment repairs and maintenance	2,664,192	2,664,192	1,792,949	871,243
Utility	1,215,000	1,280,000	829,156	450,844
Office/heavy equipment			4,600	(4,600)
Total Expenditures	9,566,084	6,816,732	9,993,847	(3,177,115)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,228,984	3,332,236	2,301,896	(1,030,340)
OTHER FINANCING SOURCES (USES)				
Transfer to the City of Alameda	(3,545,000)	(4,051,792)	(3,461,164)	590,628
Transfers in	597,000		1,866,697	1,866,697
Transfers (out)			(112,034)	(112,034)
Total other financing sources (uses)	(2,948,000)	(4,051,792)	(1,706,501)	2,345,291
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$719,016)	(719,556)	595,395	1,314,951
Beginning fund balance			4,414,155	
Ending fund balance	(\$719,016)	(\$719,556)	\$5,009,550	\$1,314,951

See accompanying notes to financial statements

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 1 - ORGANIZATION AND PROGRAMS

The Alameda Reuse and Redevelopment Authority (ARRA) was formed in April 1994 between the City of Alameda and the County of Alameda. The purpose of the ARRA is to assure the effective transition of the Alameda Naval Air Station (NAS) from federal ownership to local ownership. The ARRA is responsible for the development of an Interim Reuse Strategy, taking title to base lands, and implementation of the Community Reuse Plan. The ARRA is recognized by the Department of Defense as the responsible entity for submitting and completing the Community Reuse Plan for the 1997 decommission of the NAS.

The ARRA is governed by a Governing Body which was restructured in January 2000 and is now composed of the members of the City Council of the City of Alameda acting in their separate capacity as board members of the Authority. All staff work is performed by the officials and staff of the City or by consultants. The City Council sits as the Governing Board of the Authority, which is a component unit of the City and is accounted for in separate funds established by the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the ARRA conform with generally accepted accounting principles applicable to governments. The following is a summary of the significant policies:

A. Basis of Presentation

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

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

Authority-wide Statements: The Statement of Net Assets and the Statement of Activities include the financial activities of the overall ARRA entity. 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 ARRA 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 ARRA funds. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. The ARRA considers all its funds to be major funds.

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Major Funds

GASB Statement 34 defines major funds and requires that the ARRA major funds be identified and presented separately in the fund financial statements. The ARRA has determined that all of its funds are major funds.

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

GENERAL FUND

General Fund is the general operating fund of the ARRA. It is used to account for all financial resources. The major revenue sources for this Fund are leasing activities revenues and the Economic Development Administration (EDA). Expenditures are made for base reuse activities.

2003 AP REVENUE BOND PROJECT

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

2003 AP REVENUE BONDS

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

C. Basis of Accounting

The government-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 flows take 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 ARRA considers all revenues reported in the governmental funds to be available if the revenues are collected within forty-five 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 grants and leases.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Grant Revenues

The ARRA obtains grants from public and private organizations. Under the terms of these grant agreements, funds are advanced to finance program expenditures. Revenues from grants are recognized over the grant period, or as allowable costs are incurred for the purposes specified in the grant. Deferred revenue constitutes the excess of advances over related program expenditures.

NOTE 3 - CASH AND INVESTMENTS

A. Policies

The ARRA's cash, except cash with fiscal agents, is included in a City-wide cash and investments pool, the details of which are presented in the City's basic financial statements.

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

The ARRA 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. Individual investments are generally made by the Authority's fiscal agents as required under its debt issues; the Authority's normally invests only in the California Local Agency Investment Fund pool administered by the State.

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

B. Classification

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

Cash and investments at June 30, 2005 are as follows:

Cash and investments available for operations	\$6,761,800
Restricted cash and investments	2,800,173
Total AARA Investments	<u>\$9,561,973</u>

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

The City's investment policy and the California Government Code allow the ARRA to invest in the following, provided the credit ratings of the issuers are acceptable to the ARRA; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's investment policy where the City's Investment Policy is more restrictive.

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

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

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

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

E. Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates.

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 3 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the ARRA's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the ARRA's investments by maturity:

Investment Type	12 Months or less
Mutual funds	\$6,761,800
California Local Agency Investment Fund	<u>2,800,173</u>
Total Investments	<u>\$9,561,973</u>

The ARRA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The ARRA reports its investment in LAIF at the fair value amounts provided by LAIF, which is the same as the value of the pool share. At June 30, 2005 the fair value approximated is the ARRA's cost. The balance available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2005, these investments have an average maturity of 151 days.

D. Credit Risk

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

Investment Type	AAA
Mutual Funds	\$6,761,800
<i>Not rated:</i>	
California Local Agency Investment Fund	<u>2,800,173</u>
Total Investments	<u>\$9,561,973</u>

NOTE 4 - REVENUES

In addition to rental and lease revenue and funding from the City of Alameda, the ARRA's activities are funded by one Building Renovation Grant from the Economic Development Administration (EDA) of the U.S. Department of Commerce.

The current year revenue received under the EDA grant is \$1,500,000. EDA Grant funds are earned as they are expended; during the fiscal year ended June 30, 2005, the ARRA expended a total of \$1,322,882 in EDA Grant funds in fiscal year 2005 and \$177,118 in prior year expenditures were deemed eligible by EDA in fiscal 2005.

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 4 – REVENUES (Continued)

The EDA Grants require local match in the form of cash contributions equal to 23% of the total amount of the cost of the project. During the fiscal year ended June 30, 2005, the ARRA's lease revenues and Alameda Point Bond proceeds contributed \$415,991 as eligible local match funds to the EDA Grant. In addition, in-kind services contributed by the City of Alameda, the Alameda Point Advisory Committee (APAC), and the ARRA itself in the form of personnel time valued at \$4,890 counted as local match.

The EDA program has been audited by the City's independent accountants in accordance with the provisions of the federal Single Audit Act of 1984 as amended in 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are subject to further examination by the grantor and the amount, if any, of expenditures which may be disallowed by the granting ARRA cannot be determined at this time. The ARRA expects such amounts, if any, to be immaterial.

ARRA collects lease revenues from a variety of tenants who occupy space at Alameda Point. A significant source of this revenue is generated from berthing fees received from the U.S. Department of Transportation whose fees are based on the number of days their ships are berthed.

A. Fund Deficits

The Alameda Point Administration Fund, a component of the General Fund, had a fund deficit of \$13,654,053. This deficit is expected to be repaid from future revenue.

NOTE 5 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Board approval, resources may be transferred from one ARRA fund to another. The purpose of the majority of transfers is to reimburse a fund, which has made an expenditure on behalf of another fund.

Transfers between funds during the fiscal year ended June 30, 2005 were as follows:

Fund Receiving Transfers	Fund Making Transfer	Amount Transferred
General Fund	2003 AP Revenue Bond Project	\$1,764,758 (A)
2003 AP Revenue Bond Project	Capital Projects Fund	10,095 (A)
2003 AP Revenue Bonds Debt Service Fund	2003 AP Revenue Bond Project	41,853 (B)
		<u>\$1,816,706</u>

The reasons for these transfers are set forth below:

(A) To fund capital projects

(B) Recurring transfers to fund indirect costs and debt service

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

B. Long-Term Interfund Advances

The Golf Course Enterprise Fund advanced the Leasing Activity Fund \$300,000 in fiscal year 2001 for predevelopment activities in connection with the Golf Course at Alameda Point. This loan is to be repaid upon the development of the golf course.

C. Transfers Between the City and the ARRA

During the year ended June 30, 2005 the ARRA made cash transfers of \$3,543,664 to reimburse the City for capital expenditures for infrastructure improvements and its prorata share of operating expenditures incurred on behalf of the ARRA, as determined by the City's approved Cost Allocation Plan.

NOTE 6 - 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 be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

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

Buildings	40 - 80 years
Machinery and Equipment	4 - 40 years
Infrastructure	15 - 75 years

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

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 6 - CAPITAL ASSETS (Continued)

A. Capital Asset Additions, Retirements and Transfers

Capital assets at June 30 comprise:

	Balance June 30, 2004	Additions	Retirements	Balance June 30, 2005
Buildings	\$151,306,351			\$151,306,351
Machinery and equipment	884,284		(\$27,552)	856,732
Infrastructure	20,367,548			20,367,548
Less Accumulated Depreciation:				
Buildings	(69,237,201)	(\$1,890,900)		(71,128,101)
Machinery and equipment	(639,690)	(19,607)		(659,297)
Infrastructure	(16,300,503)	(259,236)		(16,559,739)
Total	<u>\$86,380,789</u>	<u>(\$2,169,743)</u>	<u>(\$27,552)</u>	<u>\$84,183,494</u>

Depreciation expense of \$2,169,743 was added to the Administration function expenses on the statement of activities.

B. Capital Asset Contributions

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

NOTE 7 - LONG-TERM DEBT

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

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 7 - LONG-TERM DEBT (Continued)

Repayment requirements for the Revenue Bonds were as follows at June 30, 2005:

For the Year Ending June 30	Governmental Activities	
	Principal	Interest
2006		\$138,015
2007		138,015
2008	\$240,000	138,015
2009	300,000	135,552
2010	300,000	132,471
2011-2015	1,600,000	616,142
2016-2020	2,000,000	523,746
2021-2025	2,700,000	411,840
2026-2030	3,100,000	261,903
2031-2035	3,200,000	79,083
Total	<u>\$13,440,000</u>	<u>\$2,574,781</u>

NOTE 8 - NET ASSETS

A. Net Assets

Net Assets is the excess of all the ARRA's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions as described below:

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

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

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

NOTE 9 - RISK MANAGEMENT

The City and the Authority participate in public entity risk pools, which provide coverage against liability and workers' compensation claims. Coverage and terms are discussed in the City's basic financial statements at Note 10.

**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
OF THE CITY OF ALAMEDA
Component Unit Financial Statements**

NOTE 10 - COMMITMENTS AND CONTINGENCIES

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

The ARRA participates in Federal and State grant programs. These programs have been audited through the fiscal year ended June 30, 2004 by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The ARRA expects such amounts, if any, to be immaterial.

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

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
GENERAL FUND
BALANCE SHEET
JUNE 30, 2005

	Economic Development Administration	Alameda Point Administration	Housing Activities	Leasing Activities	Total 2005
ASSETS					
Cash and investments (Note 3)	(\$378,326)	(\$13,491,561)	\$6,593,252	\$12,951,232	\$5,674,597
Restricted cash and investments					
Accounts receivable		208,325		34,532	242,857
Grants receivable:					
US Department of Commerce, Office of Economic Development Administration (EDA)	1,500,000				1,500,000
Due from other funds					
Total Assets	<u>\$1,121,674</u>	<u>(\$13,283,236)</u>	<u>\$6,593,252</u>	<u>\$12,985,764</u>	<u>\$7,417,454</u>
LIABILITIES					
Accounts payable and accrued expenses		\$308,862		\$118,565	\$427,427
Accrued payroll				11,854	11,854
Due to the City of Alameda	1,021,674				1,021,674
Due to other agencies	100,000				100,000
Claims payable		61,955			61,955
Advances from City of Alameda (Note 5B)				300,000	300,000
Deposits payable			\$163,950	321,044	484,994
Compensated absences					
Total Liabilities	<u>1,121,674</u>	<u>370,817</u>	<u>163,950</u>	<u>751,463</u>	<u>2,407,904</u>
FUND BALANCES					
Fund balance					
Reserved for:					
Investments held to maturity					
Debt service					
Capital improvement					
Unreserved:					
Undesignated, Reported in:					
General Fund		(13,654,053)	6,429,302	12,234,301	5,009,550
Total Fund Balances		(13,654,053)	6,429,302	12,234,301	5,009,550
Total Liabilities and Fund Balances (Deficits)	<u>\$1,121,674</u>	<u>(\$13,283,236)</u>	<u>\$6,593,252</u>	<u>\$12,985,764</u>	<u>\$7,417,454</u>

See accompanying notes to the component unit financial statements

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GENERAL FUND - BY REVENUE SOURCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Economic Development Administration	Alameda Point Administration	Housing Activities	Leasing Activities	Total 2004
REVENUES (Note 4)					
U.S. Dept of Commerce, Office of Economic Development Administration (EDA) Grant	\$1,500,000				\$1,500,000
Miscellaneous grants and contributions				\$86,204	86,204
Lease revenue				9,037,607	9,037,607
Rent revenue			\$1,508,352	1,690	1,510,042
Interest			61	76,236	76,297
Other		85,593			85,593
Total Revenues	1,500,000	85,593	1,508,413	9,201,737	12,295,743
EXPENDITURES					
Staff salaries		420,850		464,857	885,707
Staff fringe benefits		88,495		102,525	191,020
Office expenditures	44	360		27,711	28,115
Travel expenditures				1,307	1,307
Professional and administrative services	1,424,777	2,070,699	542,486	2,223,031	6,260,993
Building/equipment repairs and maintenance		46,529		1,746,420	1,792,949
Utility		757,552		71,604	829,156
Office/ heavy equipment				4,600	4,600
Total Expenditures	1,424,821	3,384,485	542,486	4,642,055	9,993,847
EXCESS OF REVENUES OVER EXPENDITURES	75,179	(3,298,892)	965,927	4,559,682	2,301,896
OTHER FINANCING SOURCES (USES)					
Transfer from the City of Alameda					
Transfer to the City of Alameda				(3,461,164)	(3,461,164)
Operating transfers in	101,939	1,764,758			1,866,697
Operating transfers (out)		(101,939)		(10,095)	(112,034)
Total Other Financing Sources (Uses)	101,939	1,662,819		(3,471,259)	(1,706,501)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	177,118	(1,636,073)	965,927	1,088,423	595,395
Fund balances (deficit) at beginning of year	(177,118)	(12,017,980)	5,463,375	11,145,878	4,414,155
Fund balances (deficit) at end of year		(\$13,654,053)	\$6,429,302	\$12,234,301	\$5,009,550

See accompanying notes to the component unit financial statements

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