

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

City of Alameda, California



CITY OF ALAMEDA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY THE
FINANCE DEPARTMENT









City of Alameda, California

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017
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Finance Department
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December 29, 2017

Honorable Mayor and
Members of the City Council

We are pleased to present the City of Alameda (City) Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2017. The information in this Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes an unmodified opinion on the report by the City's independent certified public accountants. Although we rely on the standards and expertise of these external auditors, the responsibility for the accuracy and fairness of this report rests with the City.

For those readers interested in a more detailed review of the City's financial statements, a narrative section called the Management's Discussion and Analysis (MD&A) has been included as part of the Financial Section. The MD&A reports on the financial highlights of the City and provides additional analysis on the variances and trends reported as part of the financial statements. The MD&A also discloses significant items affecting the financial condition of the City and is designed to be read in conjunction with this letter of transmittal.



City Profile

The City was incorporated in 1854 and is located in Alameda County, a growing region in the eastern portion of the San Francisco Bay Area. The City has a permanent staff of 518 Full-time Equivalent (FTE) (including Alameda Municipal Power) and serves approximately 79,000 residents in a land area of 10.61 square miles, plus 12.3 square miles of water.

The City operates utilizing the Council-Manager form of government. The Mayor and four Council members are elected at large for staggered four-year terms to govern the City. The City Treasurer and City Auditor are also elected for four-year terms. The City Council is responsible for establishing policies, adopting a biennial budget, appointing commissions and committees, and hiring the City Manager, City Attorney and City Clerk. The City Manager is responsible for implementing the Council's policies, and overseeing the day-to-day operations and management of the City.

City departments and areas of responsibility are comprised of the following:

General Government includes staff and activities associated with the City Council, City Manager, City Clerk, City Attorney and Risk Management.

Administrative Services includes Central Services, Finance, Human Resources and Information Technology.

Community Services includes the City's Library Department and the Recreation and Parks Department, which operates the Senior Center and manages the contract for the Golf Complex.

Community Development includes Building, Economic Development, Housing and Planning.

Base Reuse and Transportation includes staff and activities associated with the redevelopment of the former Naval Air Station, known as Alameda Point, as well as activities that relate to long range planning of transportation infrastructure throughout the City.

Public Safety includes Police with its Communications, Patrol, Investigations, and Traffic and Parking Enforcement divisions, as well as Fire with its Emergency Services, Prevention Services and Ambulance Transport divisions.

Public Works includes Engineering, Transportation Operations, Street, Storm Drains and Sewer Maintenance.

Alameda Municipal Power includes staff and activities associated with operation of the electric system and the Alameda Point telephone system at the former Naval Base (known as Alameda Point).

Economic Condition and Outlook

The City has been able to maintain General Fund reserves in excess of the City Council's established level of 20% of expenditures during the past few fiscal years, and to present a balanced budget for the General Fund for FY 2017-18. This has been achieved through a blend of structural budget reductions in prior years and use of one-time funds combined with significant improvement in the economy. While the economy has been consistently strong and several General Fund revenue categories have steadily been improving, we continue to expect General Fund deficits in the foreseeable future. Factors contributing to those deficits include:



- New Miscellaneous / Safety Public Employees Retirement System (PERS) rates that include the projected effect of the recent changes made by CalPERS to their actuarial assumption related to mortality rates as well as rate “smoothing assumptions”, with the effect of further increasing employer contribution rates. CalPERS has implemented a 20-year rate amortization and a five-year phase-in beginning FY 2016-17 and are incorporated in the City's five year projections. Furthermore, in December 2016, CalPERS Board approved lowering its projected rate of return on investments from 7.5% to 7.0% phased in over a three year period beginning FY 2018-19. If future rates of return are further lowered, the City will see additional increases to its contribution rates for both Safety and Miscellaneous employees.
- The rising cost of health care albeit at a slower pace than previous years; and
- Agreed upon salary increases for Safety and Miscellaneous employees (with a minimum of 2% and 3%, respectively for 2018, 0% for 2019 and 3% for 2020) based upon increases realized in specified tax revenues for the General Fund.

As in years past, staff will be working with the City Council to address anticipated shortfalls as part of the review of the City's budget for Fiscal Year 2018-19 and preparation of the two year budget for Fiscal Years 2019-20 and 2020-21.

Internal Controls

The management of the City is responsible for establishing and maintaining internal controls designated to ensure that the assets of the City are protected from loss, theft or misuse, and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the stated framework. City management believes the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

As part of the City's internal controls, it maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. Every two years, departments work with the City Manager and Finance Department to submit operating budget requests for the next two fiscal years. This past year the City Council publicly reviewed the department requests along with the projected budget. After discussing in public the vision for the FY17-19 budget and the constraints, the City Manager and Assistant City Manager made recommendations to the City Council. After a second public discussion and consideration of their recommendations, the City Council adopted the budget for the next two fiscal years.

Expenditures are controlled at the fund level for all budgeted departments within the City. At this level, expenditures may not legally exceed appropriations. The City Manager or his designee is authorized to transfer funds between departments within the same fund, and to limit expenditures in response to lower than expected revenues whenever necessary. The budgets are adopted on a basis substantially consistent with GAAP. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the City Council.

Major Initiatives and Projects

As part of the budget preparation process, the City Council articulates goals and objectives for the next two years and evaluates the progress made on the goals established as part of the previous budget. The following represent some of the most significant goals established for Fiscal Years 2016-17 and 2017-18 as part of biennial budget process:

- Enforce fiscal sustainability in all City programs and services;
- Develop a plan to address and reduce the City's Other Post-Employment Benefits (OPEB) liability;
- Facilitate the reuse and redevelopment of former federal lands at Alameda Point;
- Address the growing housing crisis in Alameda and the Region; and
- Create 35 acres of new parks within Alameda.

Fiscal Sustainability – Alameda voters approved the Utility Modernization Act (UMA) that updated the existing Utility Users Tax Ordinance and confirmed the annual transfer of funds from the Alameda Municipal Power to the City. The Utility Users Tax is the fourth largest general tax in the City. The passage of the measure is projected to generate approximately \$1.5 million annually in new revenue and preserve \$3.7 million of existing revenues in the General Fund.

Post-Employment Benefits Liability - The City has worked hard to successfully enact Pension and OPEB reform. Those efforts include limiting retiree health care to former employees-only (spouses and families are now excluded), significant employee financial contributions to both pension and retirement health care benefits, and raising the age of retirement as a result of the State's own pension reform efforts. In addition to these actions, the City Council recently adopted a Pension Rate Stabilization and OPEB Funding Policy (Policy) that directs annual contributions to a Public Agencies Retirement Services (PARS) Trust for prefunding Pension and other Post-Employment Benefits Obligations. The Council further adopted a policy such that one-half of each fiscal year's General Fund surplus over the 25% available fund balance shall be put toward reducing the CalPERS unfunded liability for either pensions or post-employment benefits. The Council recently directed that 25% of the surplus fund balance be sent to the City's 115 Trust and the remaining 75% be sent directly to CalPERS to reduce the City's unfunded pension liability. The 115 Trust also restricts funds so they can only be used to address these long term obligations. Another notable feature of the Policy is to direct any unspent funds of the City's closed legacy pension plans (1079/1082 Pension Plans) toward the Trust which will also help fund these obligations.

Alameda Point Development - In June 2015, the City Council approved a Disposition and Development Agreement (DDA) related to development of a 68-acre mixed-use project at Alameda Point "Site A", which represents the first major public/private development since the former Naval Air Station closure in 1997. The proposed Site A development provides for:

- The community's vision of building high-quality mixed-use transit-oriented waterfront development that includes approximately 1,472 on-site permanent jobs and 2,570 direct construction jobs over the life of the project, retail amenities, a diversity of housing types for a wide range of income levels, and waterfront parks for the entire Alameda community;
- The stage for future job creation through the construction of amenities, gateway improvements into Alameda Point, and new utility infrastructure, all of which will help to support long-term employment-generation;
- Mitigation of traffic impacts by funding transit service to BART, free bus passes for all residents and employees, car- and bike-share stations, and a number of other alternative transportation programs;
- Contribution of \$18 million towards significant transportation infrastructure; and
- Commitment of \$36 million to 15 acres of publicly accessible parks and open spaces, including the regional sports complex and eight acres of waterfront promenades and parks along the Seaplane Lagoon.

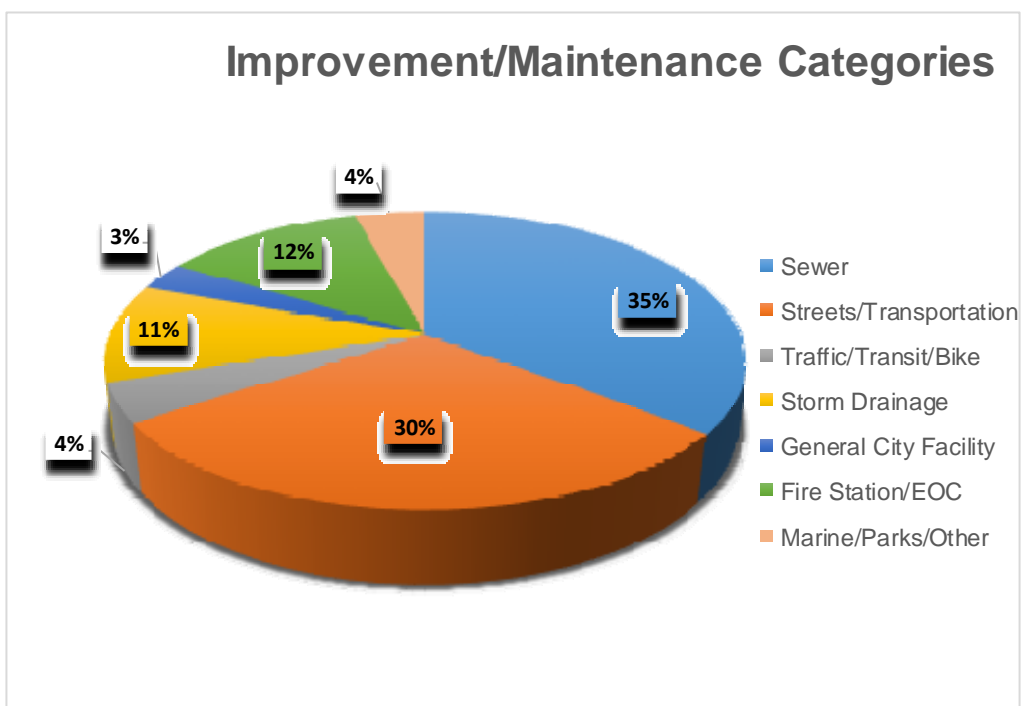
Housing - In March 2016, the City Council adopted Ordinance 3148, a rent stabilization measure that is designed to provide a level of protection for renters while allowing housing providers to operate their business without excessive regulatory burdens. In addition, the City is exploring ways in which to provide middle income housing, a segment of housing between affordable and market rate that is shrinking.

Recreation and Parks –The City completed Phase 1 of Estuary Park with eight acres of athletic fields and community park space for people of all ages and abilities. Phase 1 construction includes a synthetic turf baseball diamond and soccer field designed and prioritized for youth and adults of all physical and mental abilities, plus one lighted synthetic turf rectangular field. Phase 2 will include playgrounds, picnic areas, basketball courts and a dog park.

Jean Sweeney Open Space Park is a 27-acre park that was originally the Alameda Beltline Railroad switching yard. The park will include playgrounds, picnic areas, open lawn, natural open space, bicycle and pedestrian trails, a section of the Cross Alameda Trail, a community garden and demonstration area and historical components. Design of the entire park was completed in the fall of 2016 and construction of the Cross Alameda Trail began in summer 2017.

Other business development highlights – The City held community workshops for creating the citywide Economic Development Strategic Plan (EDSP) in September and December 2016. The EDSP will be the City's long-term (five to ten years) roadmap for business attraction, retention and workforce development activities, while improving the quality of life for Alameda residents and employees.

The City developed a Capital Improvement and Maintenance Plan detailing specific budgeted capital projects. Each of the projects is consistent with the overall goals and principles of the City. The FY 2016-17 adopted Capital Improvement Program Budget totaled \$24.4 million and was allocated to the following types of projects:



The largest portion of capital projects is for improvements to the City's sewer system, resulting from recent Consent Decree from the Environmental Protection Agency (EPA).

Some of the specific projects underway in Fiscal Year 2016-17 included the following:

- Cyclic Sewer Repair (\$5.8 million)
- Street Pavement Management Program (\$5.0 million)
- Sewer Pump Stations (\$2.8 million)
- Storm Water Pump Stations (\$2 million)
- Sidewalk Repair Program (\$1.5 million)
- City Buildings Renovations (\$0.7 million)
- Urban Forest Management (\$0.7 million)

Honorable Mayor and
Members of the City Council

December 29, 2017

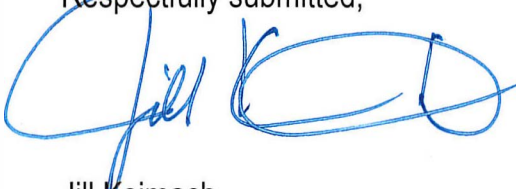
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the 27th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City was required to produce a report that met their high standards for reporting, as well as one that adhered to GAAP and other legal requirements. A Certificate of Achievement is valid for one year only. It is anticipated that the current CAFR will continue to meet the Certificate of Achievement Program's requirements.

The City also received the GFOA's Distinguished Budget Presentation Award for its two-year budget document for FY 2017 and 2018. In order to qualify for the Award, the City's budget document had to meet specific criteria as a policy document, a financial plan and a communications device.

This CAFR was prepared by the City's Finance Department staff, under the leadership of Assistant City Manager Liz Warmerdam, Finance Director Elena Adair and Finance Services Manager Edwin Gato. This report is representative of the staff's ongoing commitment to provide excellent service to Alameda residents. Thanks are also extended to the independent auditors of Vavrinek, Trine and Day & Co., LLP for their review of this report, and to the City Council, City Treasurer and City Auditor for their stewardship and commitment to assist in ensuring the long-term fiscal health of the City.

Respectfully submitted,



Jill Keimach
City Manager



Mayor Trish Herrera Spencer
Vice Mayor Malia Vella
Councilmember Frank Matarrese
Councilmember Marilyn Ezzy Ashcraft
Councilmember Jim Oddie

ELECTED OFFICIALS



Kevin R. Kearney, City Auditor



Kevin Kennedy, City Treasurer

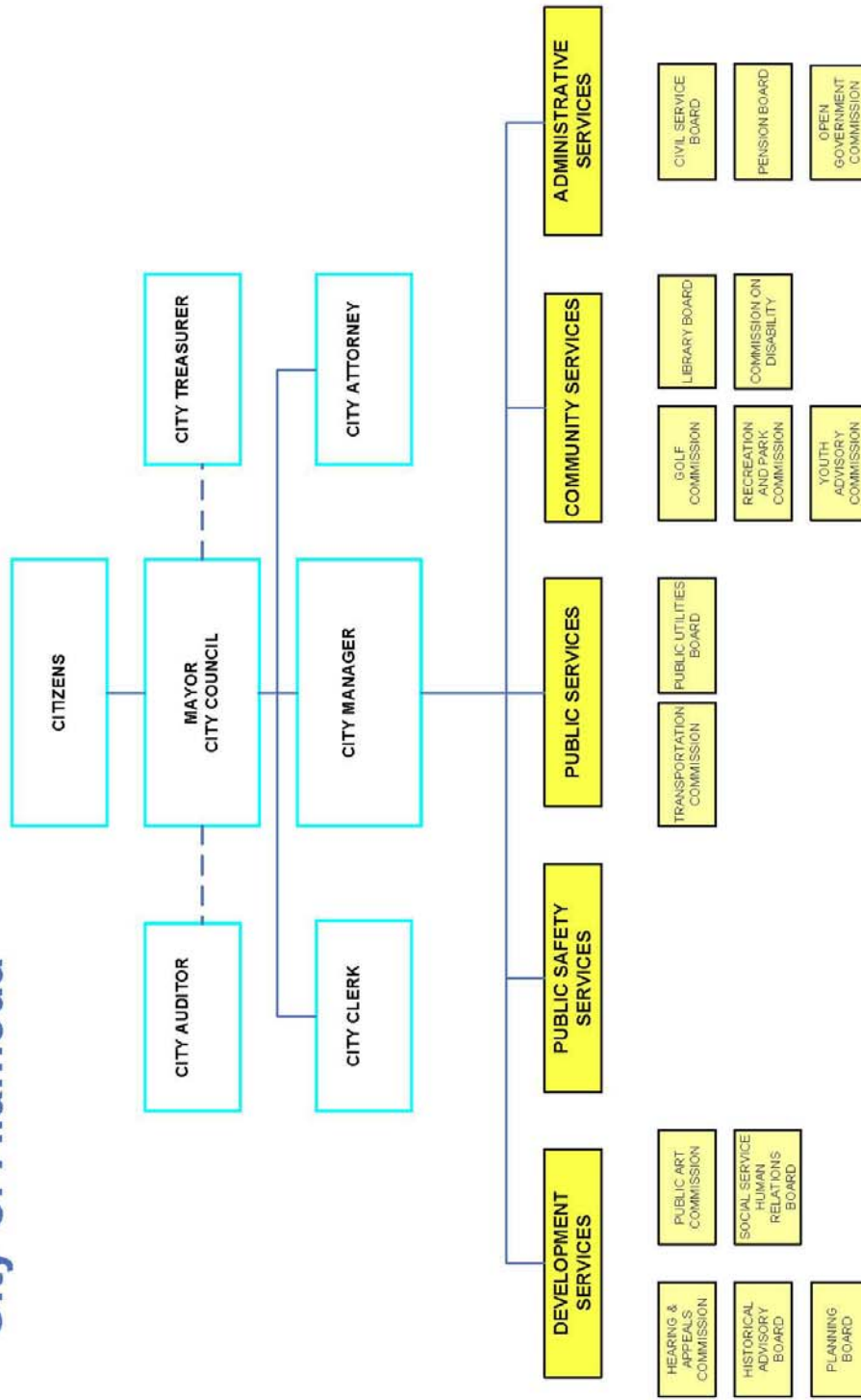
CHARTER OFFICERS

City Manager, Jill Keimach
City Attorney, Janet Kern
City Clerk, Lara Weisiger

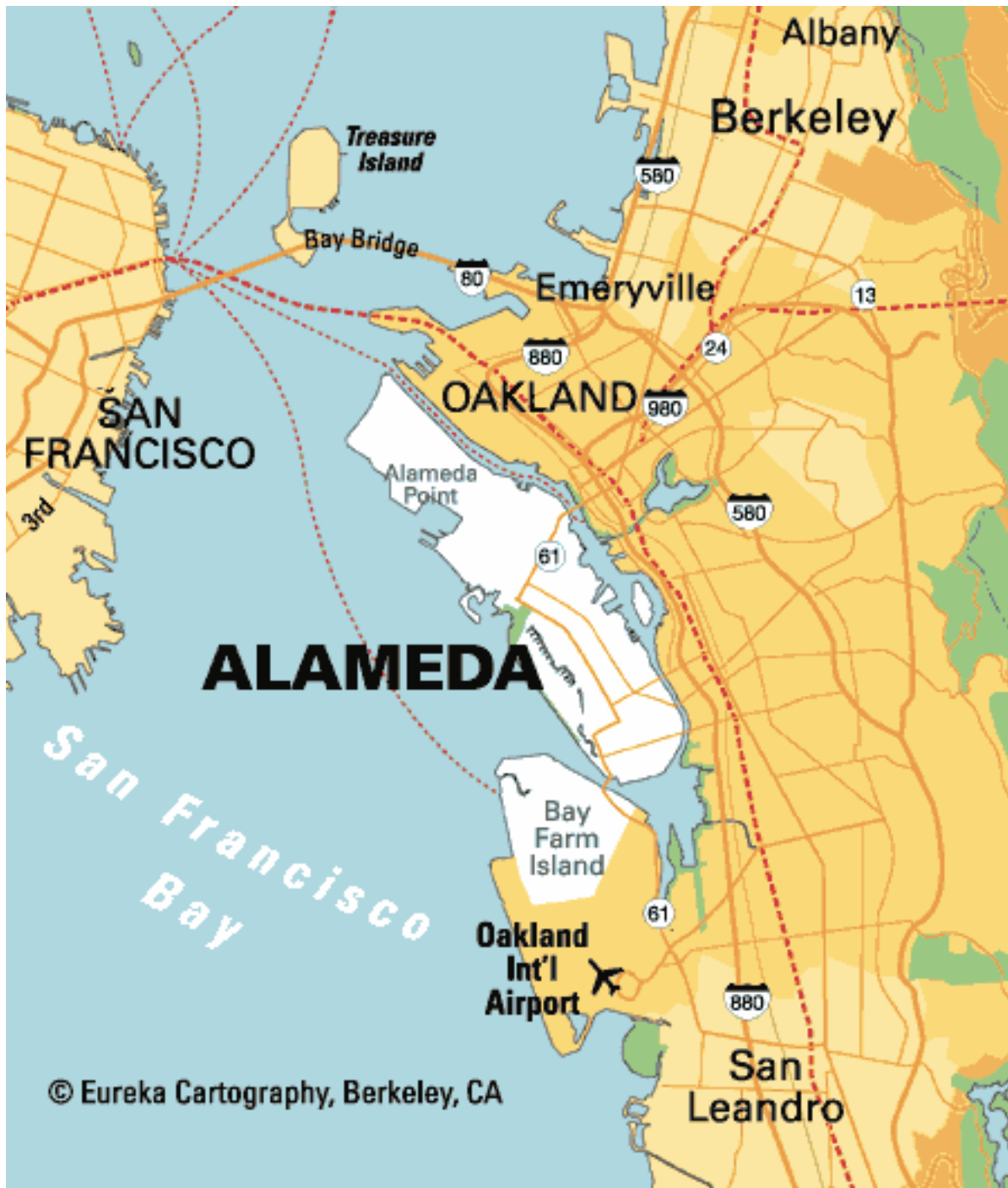
EXECUTIVE MANAGEMENT TEAM

Assistant City Manager, Elizabeth D. Warmerdam
Chief of Police, Paul Roller
Community Development Director, Debbie Potter
Director of Base Reuse and Transportation, Jennifer Ott
Finance Director, Elena Adair
Fire Chief, Douglas Long
General Manager, Alameda Municipal Power, Nicolos Procos
Human Resources Director, Nancy Bronstein
Information Technology Director, Carolyn Hogg
Library Director, Jane Chisaki
Public Information Officer, Sarah Henry
Public Works Director, Liam Garland
Recreation and Park Director, Amy Wooldridge

City of Alameda



The City of Alameda, incorporated April 19, 1854, is a 10.6 square mile island city located in San Francisco Bay. Alameda has a population of 79,277. The City of Alameda is seven miles east of San Francisco, situated within San Francisco Bay, and less than one mile west of the City of Oakland, directly west of Interstate 880. Alameda is a brief drive north of Oakland International Airport, which borders the City on the southeast.





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Alameda
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO









VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alameda, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, effective July 1, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in the net pension liability and related ratios, the schedules of contributions, schedule of changes in the total pension liability and related ratios, and the other post-employment benefits schedule of funding progress, as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
December 29, 2017



This discussion and analysis of the City of Alameda's ("the City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Letter of Transmittal, the basic financial statements as well as the accompanying notes to the basic financial statements.

Financial Highlights

- The assets and deferred outflows of the governmental activities of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by \$174 million of which unrestricted net position was a deficit of \$138 million. Excluding the \$253 million net pension liability and net Other Post-Employment Benefits (OPEB) recorded, which are not claims on current year financial assets, \$391 million of unrestricted net position is available to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$11 million from the prior year, with \$15 million attributable to business-type activities and offset with decrease of \$4 million on governmental activities.
- As of June 30, 2017, the City's governmental funds reported combined fund balances of \$122 million, an increase of \$12 million in comparison to the prior year. Of this amount, \$26 million of unassigned fund balance is available for spending at the City's discretion.
- At the close of the fiscal year, the General Fund reported total assets of \$56 million and total fund balance of \$50 million. This represents an increase in fund balance of \$10 million, or 24% from prior fiscal year. Of the total fund balance, \$28 million, or 57%, was unassigned.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the City. The City's basic financial statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements.

Government-Wide Financial Statements

The **Government-Wide Financial Statements** provide information about the activities of the City as a whole and about the overall financial condition of the City using accounting methods similar to those used by private-sector businesses. They include the Statement of Net Position and the Statement of Activities. The Statement of Net Position presents information on all of the government's assets, deferred outflows of resources, liabilities and deferred inflow of resources. Over time, increases or decreases in the City's net position may serve as an indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities provides information about the City's revenues and expenses, regardless of the timing of related cash flows. The Statement of Activities explains in detail the change in net position for the fiscal year.

The Government-Wide Financial Statements are divided into two categories:

Governmental Activities – most of the City's basic services are reported in this category including public safety, public works, planning and building, community services, housing, general government and parks. Property and sales taxes, state subventions, fees for services, interest income and franchise fees finance most of these activities.

Business-Type Activities – these services are intended to recover all or a significant portion of their costs through user fees and charges. City's sewer and electric utility systems are reported in this category.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money. All funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Most of the City's basic services are included in governmental funds, which focus on how money flows into and out these funds and the balance left at fiscal year-end that are available for spending. These funds' statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Governmental funds financial statements focus on near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's ability to meet its near-term financial requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to assist the reader with this comparison between governmental funds and governmental activities.

Proprietary Funds – When the City charges customers for services it provides, whether to outside customers or other units of the City, these monies are generally reported in proprietary funds. The City maintains two different types of proprietary funds: enterprise funds and internal service funds. These funds' statements are prepared on the full accrual basis of accounting, similar to that used by private sector companies. The City's proprietary funds are the same as the business-type activities reported in the Government-Wide Statements, but provide more detail and additional information, such as a statement of cash flows.

Fiduciary Funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The City's fiduciary activities are reported in separate statements including the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Fund Net Position. These activities are excluded from the Government-Wide Financial Statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are prepared on the full accrual basis, similar to the proprietary funds. The City has two types of fiduciary funds: the agency funds and the private purpose trust funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the Financial Statements follow the basic financial statements.

Other Information

In addition to the Basic Financial Statements and accompanying notes, this report also presents required supplementary information, including budgetary comparison schedules and information on the City's pension and OPEB plans. Required supplementary information can be found immediately following the Notes to the Basic Financial Statements.

Government-Wide Financial Analysis

This section focuses on the City's net position and changes in net position of its governmental and business-type activities. The net position, for the City as a whole, increased \$11 million or 4%, from \$311 million at June 30, 2016 to \$322 million at June 30, 2017. The increase in net position is primarily due to business-type activities revenues exceeding expenses by \$15 million offset by \$3 million in transfers to governmental funds, which accounts for the \$6 million increase in net position of the governmental funds.

Details of the net position are presented in the summary schedule on the following page.

Statement of Net Position
as of June 30, 2017 and 2016
(in thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------------|------------------------------------|------------------|-------------------------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Assets | | | | | | |
| Current and other assets | \$173,932 | \$160,648 | \$120,253 | \$117,053 | \$294,185 | \$277,701 |
| Capital assets | 289,747 | 289,811 | 110,525 | 101,097 | 400,272 | 390,908 |
| Total assets | <u>463,679</u> | <u>450,459</u> | <u>230,778</u> | <u>218,150</u> | <u>694,457</u> | <u>668,609</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred losses on refunding | - | - | 685 | 747 | 685 | 747 |
| Related to pensions | 38,186 | 16,733 | 5,451 | 1,449 | 43,637 | 18,182 |
| Total Deferred Outflows of Resources | <u>38,186</u> | <u>16,733</u> | <u>6,136</u> | <u>2,196</u> | <u>44,322</u> | <u>18,929</u> |
| Liabilities | | | | | | |
| Long-term Liabilities | 300,118 | 254,527 | 62,575 | 59,174 | 362,693 | 313,701 |
| Other Liabilities | 23,871 | 24,318 | 7,166 | 8,486 | 31,037 | 32,804 |
| Total Liabilities | <u>323,989</u> | <u>278,845</u> | <u>69,741</u> | <u>67,660</u> | <u>393,730</u> | <u>346,505</u> |
| Deferred Inflows of Resources | | | | | | |
| Related to pensions | 4,069 | 10,987 | 94 | 1,717 | 4,163 | 12,704 |
| Balancing account | - | - | 18,649 | 17,223 | 18,649 | 17,223 |
| Total Deferred Inflows of Resources | <u>4,069</u> | <u>10,987</u> | <u>18,743</u> | <u>18,940</u> | <u>22,812</u> | <u>29,927</u> |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 258,670 | 257,004 | 87,340 | 77,528 | 346,010 | 334,532 |
| Restricted | 53,494 | 49,089 | 29,830 | 32,370 | 83,324 | 81,459 |
| Unrestricted* | (138,357) | (128,733) | 31,260 | 23,848 | (107,097) | (104,885) |
| Total Net Position | <u>\$173,807</u> | <u>\$177,360</u> | <u>\$148,430</u> | <u>\$133,746</u> | <u>\$322,237</u> | <u>\$311,106</u> |

* Unrestricted net position for June 30, 2016 affected by recording the City's \$227 million net pension liabilities and \$40 million in Post-Employment Health Care Benefits, which are not claims on current year financial assets.

At June 30, 2017, the City reported positive balances in all categories of net position except for unrestricted net position primarily due to the inclusion of the net pension liabilities and OPEB. The largest portion of the City's net position, \$346 million, is its investment in capital assets less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to its residents and other stakeholders. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position, that portion of the City's net position (26%) subject to restrictions on how these resources may be used, increased \$2 million from \$81 million at June 30, 2016 to \$83 million at June 30, 2017. This was primarily a result of allocating funds to number of capital and transportation projects during the year. The corresponding increase is in the net investment in capital assets component of the net position.

Total liabilities increased by \$47 million due primarily to an increase in the City's net pension liability of \$38 million, from \$189 million at June 30, 2017 to \$227 million at June 30, 2017.

Information about changes in net position is presented in the summary schedule below:

Statement of Activities
for the years ended June 30, 2017 and 2016
(in thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 43,064 | \$ 38,218 | 73,139 | \$ 71,417 | \$ 116,203 | \$ 109,635 |
| Operating grants and contributions | 6,045 | 5,210 | - | - | 6,045 | 5,210 |
| Capital grants and contributions | 7,058 | 6,270 | 490 | 547 | 7,548 | 6,817 |
| General revenues | | | | | | |
| Property taxes | 45,652 | 43,666 | - | - | 45,652 | 43,666 |
| Sales taxes | 10,094 | 10,188 | - | - | 10,094 | 10,188 |
| Utility users tax | 9,061 | 8,368 | - | - | 9,061 | 8,368 |
| Other taxes | 18,249 | 17,012 | - | - | 18,249 | 17,012 |
| Use of money and properties | 6,958 | 5,136 | 508 | 685 | 7,466 | 5,821 |
| Miscellaneous | 2,312 | 1,161 | 1,813 | 1,191 | 4,125 | 2,352 |
| Total revenues | <u>148,493</u> | <u>135,229</u> | <u>75,950</u> | <u>73,840</u> | <u>224,443</u> | <u>209,069</u> |
| Expenses | | | | | | |
| General Government | 22,613 | 17,313 | - | - | 22,613 | 17,313 |
| Police | 34,250 | 31,230 | - | - | 34,250 | 31,230 |
| Fire | 34,380 | 33,701 | - | - | 34,380 | 33,701 |
| Public Works | 22,494 | 21,612 | - | - | 22,494 | 21,612 |
| Community Development | 20,854 | 19,926 | - | - | 20,854 | 19,926 |
| Community Services | 7,826 | 8,192 | - | - | 7,826 | 8,192 |
| Housing | 1,955 | 2,298 | - | - | 1,955 | 2,298 |
| Interest on Long-Term Debt | 984 | 1,105 | - | - | 984 | 1,105 |
| Sewer Services | - | - | 5,063 | 5,189 | 5,063 | 5,189 |
| Alameda Municipal Power | - | - | 53,312 | 54,131 | 53,312 | 54,131 |
| Total expenses | <u>145,356</u> | <u>135,377</u> | <u>58,375</u> | <u>59,320</u> | <u>203,731</u> | <u>194,697</u> |
| Change in Net Position Before | | | | | | |
| Transfers | 3,137 | (148) | 17,575 | 14,520 | 20,712 | 14,372 |
| Transfers, Net | <u>2,891</u> | <u>2,832</u> | <u>(2,891)</u> | <u>(2,832)</u> | <u>-</u> | <u>-</u> |
| Change in Net Position | 6,028 | 2,684 | 14,684 | 11,688 | 20,712 | 14,372 |
| Beginning Net Position, restated for 2016 | 167,779 | 174,676 | 133,746 | 122,058 | 301,525 | 296,734 |
| Ending Net Position | <u>\$ 173,807</u> | <u>\$ 177,360</u> | <u>148,430</u> | <u>\$ 133,746</u> | <u>\$ 322,237</u> | <u>\$ 311,106</u> |

Total revenues increased approximately \$15 million or 7%. The primary increases are in charges for services of \$7 million, property taxes of \$2 million and use of money in properties and miscellaneous of \$3 million. Governmental activities charges for services went up due to proceeds from sale of assets, cost recovery from AMP and an increase in lease revenues collected at Alameda Point. Business-type activities charges for services increased \$2 million mainly as a result of electric and sewer rate increases. Property taxes increased due to appreciation in the assessed property values and construction of new housing units. Additionally, increase in taxes, including sales taxes, is reflective of the continuing improvement of economic conditions.

Expenses increased approximately \$9 million or 5% compared to the prior year. This is primarily due to increases in General Government expenses by \$5 million and Public Safety by \$4.0 million as a result of the final construction phase of the Emergency Operations Center (EOC), increased salaries and benefits costs, and implementation of GASB 73 through consolidation of certain pension funds with the City's General Fund. Alameda Municipal Power expenses decreased \$0.8 million and were related to purchased power. In addition, rate stabilization account (balancing account) was increased by \$1.4 million, while last year a \$1.0 million increase was reported.

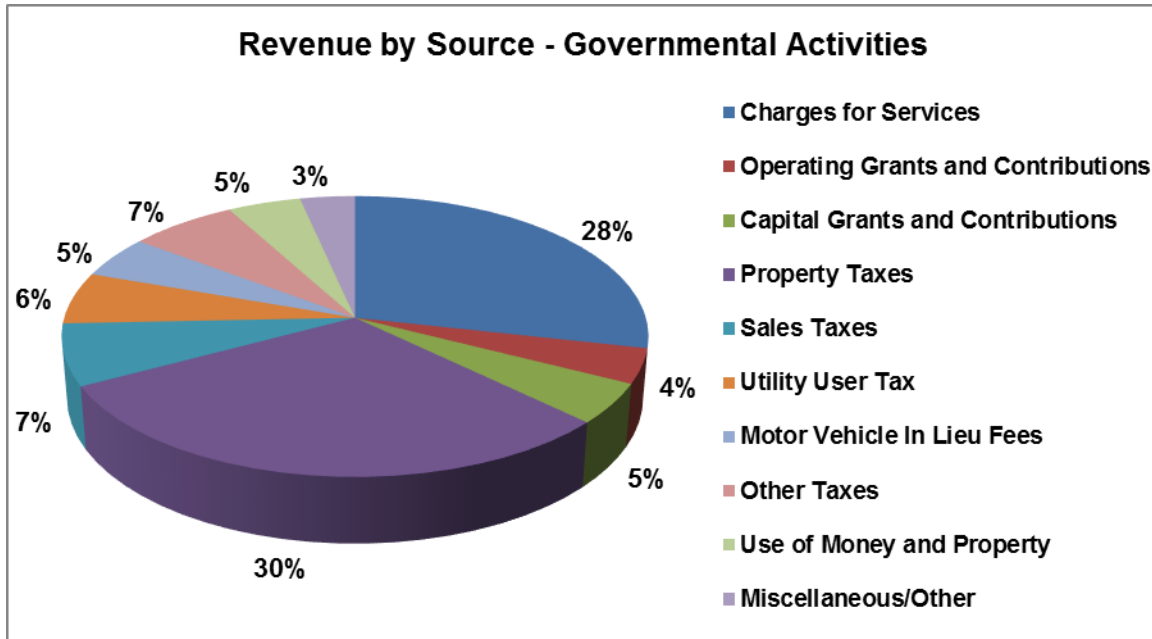
Governmental Activities

Program revenue associated with Governmental Activities total \$56.2 million, or 38.6% of program expenses. Expenses not covered by program revenues must be funded from non-program sources like general tax revenues. The table below illustrates the gap between program revenues and expenses by major activity. Public safety programs rely heavily on taxes to support operations. General government programs provide benefit to both business-type and governmental activities and receive some funding through internal indirect cost allocations to supplement program revenue and general tax revenue.

Expense and Program Revenue - Governmental Activities
for the year ended June 30, 2017
(in thousands)

| | <u>Expenses</u> | <u>Program Revenues</u> | <u>Net Revenue (Expense) of Activities</u> |
|--------------------------------|-------------------|-------------------------|--|
| Governmental Activities | | | |
| General Government | \$ 22,613 | \$ 11,400 | \$ (11,213) |
| Police | 34,250 | 1,474 | (32,776) |
| Fire | 34,380 | 4,290 | (30,090) |
| Public Works | 22,494 | 19,950 | (2,544) |
| Community Development | 20,854 | 14,154 | (6,700) |
| Community Services | 7,826 | 3,811 | (4,015) |
| Housing | 1,955 | 1,089 | (866) |
| Interest on Long-Term Debt | 984 | | (984) |
| | <u>\$ 145,356</u> | <u>\$ 56,167</u> | <u>\$ (89,188)</u> |

The pie chart on the next page illustrates the distribution of total revenue of \$151 million among its various sources. The largest revenue sources for governmental activities are property taxes of \$45.6 million or 30% and charges for services of \$43 million or 28% of total governmental revenues. Sales taxes and utility user tax are also significant individual revenue sources for the City's governmental activities, amounting to 7% and 6%, respectively. The remaining 29% of revenue for governmental activities comes from operating and capital grants and contributions, franchise fee revenues, and special taxes.



Business-Type Activities

The following table presents the same net program information for business-type activities. In these programs, annual surpluses or deficits are retained in the programs as an increase or decrease in the program's net position.

**Program and General Revenue and Expense - Business-Type Activity
for the year ended June 30, 2017
(in thousands)**

| | Revenue | Expense | Net |
|-------------------------|------------------|------------------|------------------|
| Sewer Services | \$ 10,215 | \$ 5,154 | \$ 5,061 |
| Alameda Municipal Power | 65,735 | 56,112 | 9,623 |
| | <u>\$ 75,950</u> | <u>\$ 61,266</u> | <u>\$ 14,684</u> |

Net position of the Sewer Services Fund at June 30, 2017 was \$78 million with the largest portion, \$53 million invested in capital assets less any related outstanding debt that was used to acquire those assets. The remaining \$25 million is available to fund debt service, sewer operations, and future improvements and maintenance projects. The Sewer Services Fund generated income of \$10 million and incurred \$5 million of expenses, for a net increase in net position of \$5 million.

Net position of AMP at June 30, 2017 was \$70 million with the largest portion, \$34 million invested in capital assets less any related outstanding debt that was used to acquire those assets. Of the remaining \$36 million, \$5 million is restricted for debt service and \$31 million is available to fund operations, maintenance projects and future capital improvements. The cost of AMP activities this year was \$50 million. The two largest sources of revenue of the enterprise were user charges for services of \$58 million and greenhouse gas related sales of \$4 million.

Revenues by Source - Business-Type Activities
for the years ended June 30, 2017 and 2016
(in thousands)

| | 2017 | 2016 | Difference |
|----------------------------------|------------------|------------------|-----------------|
| Charges for Services | \$ 73,139 | \$ 71,417 | \$ 1,722 |
| Capital Grants and Contributions | 490 | 547 | (57) |
| Investment Earnings/Rents | 508 | 685 | (177) |
| Miscellaneous Revenues | 1,813 | 1,191 | 622 |
| | <u>\$ 75,950</u> | <u>\$ 73,840</u> | <u>\$ 2,110</u> |

Financial Analysis of Governmental Funds

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

As of June 30, 2017, the City's governmental funds reported combined ending fund balances of \$122 million. Approximately \$26 million, or 21%, of the combined ending fund balance constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remaining balance is either *nonspendable*, *restricted*, *committed* or *assigned* to indicate that it is *not* available for new spending because it has been committed to liquidate contracts and purchase orders from the prior fiscal period, pay debt service, or fund future needs.

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

The *General Fund* is the chief operating fund of the City. At June 30, 2017, unassigned fund balance of the General Fund was \$28.7 million; the total fund balance, including nonspendable, restricted and committed resources, was \$50.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34% of total General Fund expenditures and transfers out.

The General Fund revenues increased \$3.9 million, or 5%, from the prior fiscal year to \$89.6 million in FY 2016-17. Property tax revenues for the fiscal year were \$36 million, an increase of \$2 million or 5% from prior year. This increase is primarily due to the rise in median home sale prices in the City of Alameda, new housing developments, and the receipt of residual property tax distributions as a result of redevelopment dissolution. Real property transfer tax increased \$0.9 million or 9% compared to the prior year due to home sales in an appreciating home value market.

Sales tax, the second largest revenue source for the City's General Fund, increased by \$0.5 million, or 6%, over the prior year for a total of \$10 million. This was a result of ongoing economic growth in the City as well as opening of new businesses.

General Fund expenditures totaled \$75 million for FY 2016-17 compared to \$72 million in the prior fiscal year. This amount excludes encumbrances outstanding at year end. The increase was \$3 million, or 4%, and was attributed to all functions primarily due to rising salary and benefit costs as well as an implementation of GASB Statement No. 73 through consolidation of certain pension funds with the City's General Fund.

Transfers out for FY 2016-17 were \$9.1 million compared to \$12.7 million in the prior year. This decrease of \$3.6 million was primarily due to one-time prior year transfers to pay for building maintenance costs and funding of other post-employment benefits recorded in the Internal Service Funds.

The fund balance of the City's General Fund increased by approximately \$10 million, or 24% during the FY 2016-17, compared to an increase of \$4.6 million in prior fiscal year. Revenues, proceeds from sale of assets and transfers in of \$94.3 million were \$5.5 million, or 6%, higher than FY 2015-16. Expenditures and transfers out leveled at \$84 million.

The *Base Reuse Special Revenue Fund* had a restricted fund balance of \$7.9 million at June 30, 2017. Fund balance increased by \$4.2 million primarily due to increase in lease revenues and proceeds from the sale of properties.

The *Home Special Revenue Fund* had a restricted fund balance of \$642 at June 30, 2017 and a Low and Moderate Income Housing Loans Receivable balance of \$6.4 million.

The *Capital Improvement Projects Fund* has a total fund balance of \$6.9 million as of June 30, 2017, all committed for current and future capital projects. The fund incurred expenditures of \$18.4 million for capital projects during FY 2016-17, including the following:

- Pavement Management
- Estuary Park Site Improvement
- Sidewalk Repair
- Urban Forest Management
- Jean Sweeney Park Design
- Park Street Pedestrian Safety

Financial Analysis of Proprietary Funds

The City of Alameda proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. During the FY 2016-17, there were two proprietary funds, the Sewer Services Fund and the Alameda Municipal Power Fund.

Internal Service Funds

The City of Alameda maintains nine internal service funds. The following table presents each funds' net position (deficit) at June 30, 2017:

Internal Service Fund Net Position
for the year ended June 30, 2017
(in thousands)

| | Net Position/ (Deficit) |
|---------------------------------|------------------------------------|
| Equipment Replacement | \$ 6,220 |
| Central Services | 86 |
| Fleet Maintenance | 122 |
| Technology Services | 1,926 |
| Facilities Maintenance | 4,449 |
| Workers' Compensation Insurance | (675) |
| Risk Management Insurance | 96 |
| Unemployment Insurance | 746 |
| OPEB/Vacation | 4,405 |
| Pension Stabilization | 250 |
| Total | <u><u>\$ 17,625</u></u> |

The Workers' Compensation Fund net position deficit reflects future claim liabilities maturing in five to ten years. The prior year fund deficit of \$0.8 million decreased by \$0.1 million to a current deficit of \$0.7 million. The City is steadily addressing the negative net position in the fund through annual rate recoveries.

General Fund Budgetary Highlights

In comparing the FY 2016-17 original budget to the final budget, there was a \$4.6 million increase, from \$84 million to \$90 million, made to the revenues and transfers in. The increase was primarily due to increased tax revenues and proceeds from sale of assets. There was an increase of \$0.4 million and \$2.2 million for services and transfers out, respectively, for total final appropriations of \$92 million. The \$0.4 million increase was attributed to the Fire Department. Appropriations for the transfers out were increased during the year as a result of the City Council desire to allocate additional resources to the OPEB Fund and capital projects programs.

During the fiscal year, the total actual revenue and transfers in for the General Fund were \$93 million, exceeding projections by \$4.2 million, or 5%. The total actual expenditures and transfers out for the General Fund were \$84.4 million. This was \$7.3 million, or 7.5%, less than final budget.

Revenues exceeded budget due primarily to increased home values resulting in property tax and transfer tax exceeding budget by \$3.1 million, combined. Additionally, revenue from charges for services exceeded projections by \$1.0 million due primarily to unanticipated receipt of ground emergency medical transportation reimbursements by the Fire Department. Overall, actual expenditures were \$7.2 million below appropriations. This is a result of departments being vigilant in reducing costs magnified by personnel vacancies, mainly in the Police Department.

The City Council established a 20% reserve policy and a 5% contingency reserve policy, measured in proportion to the budgeted expenditures and transfers out. At June 30, 2017, the General Fund available fund balance was \$28.7 million, or 31% of the year's appropriations, which is 6% higher than the City Council established reserves.

Capital Assets and Debt Administration

Capital Assets - The capital assets of the City are those assets which are used in the performance of the City's functions. At June 30, 2017, capital assets, net of accumulated depreciation, of the Governmental Activities totaled \$290 million. Capital assets, net of accumulated depreciation, of the Business-Type Activities totaled \$110 million. Depreciation on capital assets is recognized in the government-wide financial statements. Additional information about the City's capital assets can be found in Note 5 of this report.

City of Alameda
Capital Assets, Net of Depreciation
(in thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|------------------------------------|------------------|-------------------------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 5,995 | \$ 5,995 | \$ 154 | \$ 154 | \$ 6,149 | \$ 6,149 |
| Construction in progress | 18,228 | 14,775 | 20,274 | 7,260 | 38,502 | 22,035 |
| Buildings | 143,821 | 141,350 | 33,710 | 35,977 | 177,531 | 177,327 |
| Machinery and equipment | 9,215 | 9,616 | 2,479 | 2,464 | 11,694 | 12,080 |
| Infrastructure | 112,488 | 118,075 | 53,908 | 55,242 | 166,396 | 173,317 |
| Total | <u>\$289,747</u> | <u>\$289,811</u> | <u>\$110,525</u> | <u>\$101,097</u> | <u>\$400,272</u> | <u>\$390,908</u> |

Long-Term Debt - Long-term debt of Governmental Activities decreased in FY 2016-17 by \$3 million due to the current fiscal year's principal payments. Long-term debt of Business-Type Activities decreased \$1.8 million during the year as a result of annual debt service payments made. Per capita long-term debt outstanding decreased slightly from \$1,099 to \$1,043 compared with the prior fiscal year. Additional information about the City's long-term debt activity can be found in Note 6 of this report.

Long-Term Debt
(in thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------|------------------------------------|------------------|-------------------------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Certificates of Participation | \$9,537 | \$ 10,312 | | | \$ 9,537 | \$ 10,312 |
| Revenue Bonds | 10,200 | 10,600 | \$ 38,996 | \$ 40,460 | 49,196 | 51,060 |
| General Obligation Bonds | 7,995 | 8,346 | | | 7,995 | 8,346 |
| HUD Section 108 Loan | 5,499 | 5,764 | | | 5,499 | 5,764 |
| Other Long-Term Debt | 9,313 | 10,044 | 1,187 | 1,616 | 10,500 | 11,660 |
| | <u>\$ 42,544</u> | <u>\$ 45,066</u> | <u>\$ 40,183</u> | <u>\$ 42,076</u> | <u>\$ 82,727</u> | <u>\$ 87,142</u> |

Economic Outlook and Next Year's Budget

The City's economy continues to grow after years of recession. Property values assessed by the Alameda County Assessor as of January 1, 2017 have increased by 6.3% over the prior year and are expected to grow as a result of new residential construction in the City, as well as continuing appreciation of property values. For FY 2017-18 Budget, the City forecasts taxable retail sales to increase due to new retail developments within the City.

Sales tax collections have outperformed expectations in recent years due to improvement in regional and local economy. The City imposes a transfer tax on all real property sales that occur within the City limits. The revenue received from this tax is expected to increase between 0-3% due to construction of new residential homes. The City also imposes a Utility Users Tax (UUT) of 7.5% on all residential and commercial telephone, gas, electric and cable bills within the City. This revenue is expected to increase in the next five years. The growth is expected as a result of updating the City's UUT Ordinance for inclusion of modernized services and equipment.

However, the City's optimism is tempered by the increase in the cost of services. In particular, the California Public Employees Retirement System (CalPERS) employer pension contribution rates continue to increase to address the 2009 investment portfolio losses and changes in certain actuarial assumptions. Those assumptions include a change in participant demographics and in the discount rate which lowered the assumed rate of returns on investments, phased in over three year period beginning FY 2018-19 and amortized over 20 years instead of 30 year period and changes to the amortization and smoothing policies, which were utilized to level rate fluctuations over a five instead of a fifteen year period. The City's contribution rates are anticipated to significantly increase in the coming years for these reasons. In addition, the cost of Health and Other Post-Employment Benefits (OPEB) are projected to increase by an average of 3% per year. These funds will be supplemented by employee payroll contributions through the term of several negotiated labor contracts. While the City expects its revenue growth to be partially offset by growing labor costs, overall, the City strives to maintain a balanced budget.

Request for Information

This Comprehensive Annual Financial Report (CAFR) is designed to provide a general overview of the City of Alameda's finances. For the convenience of the public, a copy of this report is posted on the City's website (<http://alamedaca.gov/finance>). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Alameda, Attention: Finance Department, 2263 Santa Clara Avenue, Room 220, Alameda, California 94501.

The Statement of Net Position reports the difference between the City's total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources, including all the City's capital assets and all its long-term obligations. The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all of the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

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

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

Both of these Statements include the financial activities of the City and the blended component units: The Alameda Public Financing Authority and the City of Alameda Financing Authority, which are legally separate entities and are considered component units of the City because they are controlled by the City, which is financially accountable for the activities of the entities.



| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and investments | \$ 144,917,161 | \$ 58,846,187 | \$ 203,763,348 |
| Cash with fiscal agents | 5,743,301 | 5,391,907 | 11,135,208 |
| Accounts receivable, net | 11,395,259 | 7,562,285 | 18,957,544 |
| Due from other agencies | 13,751 | | 13,751 |
| Interest receivable | | 104,258 | 104,258 |
| Greenhouse gas related sales receivable | | 870,946 | 870,946 |
| Loans receivable | 10,699,199 | | 10,699,199 |
| Materials, parts and supplies | | 3,748,086 | 3,748,086 |
| Prepays and deposits | 876,665 | 64,700 | 941,365 |
| Internal balances | 286,805 | (286,805) | |
| Share of certain NCPA projects and reserve | | 9,819,690 | 9,819,690 |
| Investments designated for special purposes | | 34,132,548 | 34,132,548 |
| Capital assets: | | | |
| Non-depreciable | 24,223,482 | 20,427,733 | 44,651,215 |
| Depreciable, net of accumulated depreciation | 265,523,652 | 90,096,340 | 355,619,992 |
| Total Assets | 463,679,275 | 230,777,875 | 694,457,150 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount on refunding | | 685,096 | 685,096 |
| Deferred outflows related to pensions | 38,185,252 | 5,451,192 | 43,636,444 |
| Total Deferred Outflows of Resources | 38,185,252 | 6,136,288 | 44,321,540 |
| LIABILITIES | | | |
| Accounts payable | 5,838,214 | 2,263,728 | 8,101,942 |
| Accrued payroll | 2,905,225 | 45,362 | 2,950,587 |
| Interest payable | 274,627 | 888,445 | 1,163,072 |
| Unearned revenue | 1,774,713 | | 1,774,713 |
| Refundable deposits | 2,727,739 | 1,236,314 | 3,964,053 |
| Due to other agencies | 105,881 | | 105,881 |
| Claims payable: | | | |
| Due within one year | 4,162,591 | 170,000 | 4,332,591 |
| Due in more than one year | 7,192,157 | 1,171,958 | 8,364,115 |
| Compensated absences: | | | |
| Due within one year | 3,381,134 | 602,907 | 3,984,041 |
| Due in more than one year | | 61,381 | 61,381 |
| Long-term liabilities due in more than one year: | | | |
| Pension liability | 9,207,137 | | 9,207,137 |
| Net pension liability | 204,206,511 | 23,118,368 | 227,324,879 |
| Net OPEB obligation | 39,668,326 | | 39,668,326 |
| Long-term debt: | | | |
| Due within one year | 2,700,141 | 1,960,376 | 4,660,517 |
| Due in more than one year | 39,844,324 | 38,222,906 | 78,067,230 |
| Total Liabilities | 323,988,720 | 69,741,745 | 393,730,465 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Balancing account | | 18,648,533 | 18,648,533 |
| Deferred inflows related to pensions | 4,068,681 | 93,939 | 4,162,620 |
| Total Deferred Inflows of Resources | 4,068,681 | 18,742,472 | 22,811,153 |
| NET POSITION | | | |
| Net investment in capital assets | 258,670,492 | 87,340,526 | 346,011,018 |
| Restricted for: | | | |
| Capital projects | 15,181,304 | | 15,181,304 |
| Debt service | 1,436,494 | | 1,436,494 |
| Housing | 1,862,690 | | 1,862,690 |
| Public safety | 511,311 | | 511,311 |
| Community development | 12,107,540 | | 12,107,540 |
| Maintenance assessment districts | 6,934,258 | | 6,934,258 |
| Transportation | 8,366,112 | | 8,366,112 |
| Tidelands properties | 2,706,703 | | 2,706,703 |
| Waste reduction | 4,387,652 | | 4,387,652 |
| Debt service | | 5,391,907 | 5,391,907 |
| Sewer system replacement | | 24,437,937 | 24,437,937 |
| Total Restricted Net Position | 53,494,064 | 29,829,844 | 83,323,908 |
| Unrestricted | (138,357,430) | 31,259,576 | (107,097,854) |
| Total Net Position | \$ 173,807,126 | \$ 148,429,946 | \$ 322,237,072 |

See accompanying notes to financial statements.

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|----------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General government | \$ 22,613,362 | \$ 11,400,449 | | |
| Police | 34,249,563 | 1,378,632 | \$ 74,946 | \$ 20,166 |
| Fire | 34,380,486 | 3,134,509 | 1,155,962 | |
| Public works | 22,493,921 | 9,955,286 | 2,955,680 | 7,038,117 |
| Community development | 20,854,357 | 13,523,363 | 630,634 | |
| Community services | 7,825,636 | 3,671,588 | 139,048 | |
| Housing | 1,955,239 | | 1,089,131 | |
| Interest on long-term debt | 983,685 | | | |
| Total Governmental Activities | 145,356,250 | 43,063,827 | 6,045,401 | 7,058,283 |
| Business-type Activities: | | | | |
| Sewer services | 5,062,826 | 9,690,132 | | 489,751 |
| Alameda municipal power | 53,311,749 | 63,449,233 | | |
| Total Business-type Activities | 58,374,575 | 73,139,365 | | 489,751 |
| Total Primary Government | \$ 203,730,825 | \$ 116,203,192 | \$ 6,045,401 | \$ 7,548,034 |

General revenues:

Taxes

Property taxes

Sales taxes

Utility users tax

Transfer tax

Franchise tax

Transient occupancy tax

Property tax in-lieu

Other taxes

Use of money and properties

Miscellaneous

Transfers

Total general revenues and transfers

Change in Net Position

Net Position:

Beginning Net Position, as restated

Ending Net Position

Net (Expense) Revenue and
Changes in Net Position

| Primary Government | | |
|----------------------------|-----------------------------|-----------------|
| Governmental Activities | Business-type Activities | Total |
| \$ (11,212,913) | | \$ (11,212,913) |
| (32,775,819) | | (32,775,819) |
| (30,090,015) | | (30,090,015) |
| (2,544,838) | | (2,544,838) |
| (6,700,360) | | (6,700,360) |
| (4,015,000) | | (4,015,000) |
| (866,108) | | (866,108) |
| (983,685) | | (983,685) |
| (89,188,739) | | (89,188,739) |
| | \$ 5,117,057 | 5,117,057 |
| | 10,137,484 | 10,137,484 |
| | 15,254,541 | 15,254,541 |
| (89,188,739) | 15,254,541 | (73,934,198) |
| 45,651,646 | | 45,651,646 |
| 10,094,100 | | 10,094,100 |
| 9,061,296 | | 9,061,296 |
| 10,333,813 | | 10,333,813 |
| 2,473,634 | | 2,473,634 |
| 2,126,612 | | 2,126,612 |
| 1,167,072 | | 1,167,072 |
| 2,146,635 | | 2,146,635 |
| 6,957,802 | 507,799 | 7,465,601 |
| 2,312,459 | 1,813,296 | 4,125,755 |
| 2,891,411 | (2,891,411) | |
| 95,216,480 | (570,316) | 94,646,164 |
| 6,027,741 | 14,684,225 | 20,711,966 |
| 167,779,385 | 133,745,721 | 301,525,106 |
| \$ 173,807,126 | \$ 148,429,946 | \$ 322,237,072 |

See accompanying notes to financial statements.



The funds described below were determined to be major funds of the City of Alameda in FY 2016-2017. Individual non-major funds may be found in the Supplemental Information section.

General Fund

The General Fund accounts for all general revenues of the City not specifically levied or collected by other City funds, and related expenditures. The General Fund also accounts for all financial resources of the City, which are not accounted for in another fund.

Base Reuse Special Revenue Fund

This fund accounts for revenues from leasing activities and grants. Expenditures are made for base reuse activities.

HOME Program Special Revenue Fund

This fund accounts for funds received under the Home Investment Partnerships Program (HOME) designed to create affordable housing for low-income households.

Capital Improvement Projects Fund

This fund accounts for monies for major capital improvement projects not provided for in a separate and specific capital project fund.



City of Alameda
Governmental Funds
Balance Sheet
June 30, 2017

| | Major Funds | | |
|---|----------------------|-------------------------------|---------------------------------|
| | General | Base Reuse Special Revenue | HOME Program Special Revenue |
| ASSETS: | | | |
| Cash and cash equivalents | \$ 44,495,256 | \$ 9,638,040 | \$ 7,006 |
| Restricted cash and investments | 6,000 | | |
| Accounts receivable | 8,281,809 | 36,894 | 10,721 |
| Due from other agencies | | | |
| Prepays and deposits | 875,550 | | |
| Due from other funds | 2,120,217 | | |
| Loans receivable | | | 6,446,628 |
| Advances to other funds | 700,000 | | |
| Total Assets | <u>\$ 56,478,832</u> | <u>\$ 9,674,934</u> | <u>\$ 6,464,355</u> |
| LIABILITIES: | | | |
| Accounts payable | \$ 1,462,533 | \$ 622,540 | \$ 17,085 |
| Accrued payroll | 2,607,037 | 17,784 | |
| Accrued interest | | | |
| Due to other funds | | | |
| Due to other agencies | 15,253 | | |
| Unearned revenue | 1,329,721 | | |
| Refundable deposits | 668,489 | 1,090,651 | |
| Advances from other funds | | | |
| Total Liabilities | <u>6,083,033</u> | <u>1,730,975</u> | <u>17,085</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue - revolving loans receivable | | | 6,446,628 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>6,446,628</u> |
| FUND BALANCES: | | | |
| Nonspendable | 1,575,550 | | |
| Restricted | | 7,943,959 | 642 |
| Committed | 11,568,004 | | |
| Assigned | 8,525,868 | | |
| Unassigned | 28,726,377 | | |
| Total Fund Balances | <u>50,395,799</u> | <u>7,943,959</u> | <u>642</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 56,478,832</u> | <u>\$ 9,674,934</u> | <u>\$ 6,464,355</u> |

See accompanying notes to financial statements.

| Major Funds | | |
|------------------------------------|--------------------------------|--------------------------------|
| Capital Improvement Projects | Other Governmental Funds | Total Governmental Funds |
| \$ 7,205,986 | \$ 55,904,804 | \$ 117,251,092 |
| 593,755 | 5,143,546 | 5,743,301 |
| 1,105,628 | 1,931,895 | 11,366,947 |
| | 13,751 | 13,751 |
| | 1,115 | 876,665 |
| | | 2,120,217 |
| | 4,252,571 | 10,699,199 |
| | 700,000 | 1,400,000 |
| <u>\$ 8,905,369</u> | <u>\$ 67,947,682</u> | <u>\$ 149,471,172</u> |
| | | |
| \$ 1,894,540 | \$ 1,131,506 | \$ 5,128,204 |
| 49,721 | 230,683 | 2,905,225 |
| | 4,441 | 4,441 |
| | 1,833,412 | 1,833,412 |
| 2,855 | 87,773 | 105,881 |
| | 444,992 | 1,774,713 |
| 38,246 | 907,663 | 2,705,049 |
| | 2,147,881 | 2,147,881 |
| <u>1,985,362</u> | <u>6,788,351</u> | <u>16,604,806</u> |
| | | |
| | 4,252,571 | 10,699,199 |
| <u>-</u> | <u>4,252,571</u> | <u>10,699,199</u> |
| | | |
| | | 1,575,550 |
| | 44,407,608 | 52,352,209 |
| 6,920,007 | 15,018,784 | 33,506,795 |
| | | 8,525,868 |
| | (2,519,632) | 26,206,745 |
| <u>6,920,007</u> | <u>56,906,760</u> | <u>122,167,167</u> |
| | | |
| <u>\$ 8,905,369</u> | <u>\$ 67,947,682</u> | <u>\$ 149,471,172</u> |

See accompanying notes to financial statements.





**City of Alameda
Reconciliation of
Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017**

| | | |
|--|----|-------------|
| Total fund balances reported on the governmental funds balance sheet | \$ | 122,167,167 |
|--|----|-------------|

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

CAPITAL ASSETS

| | |
|---|-------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 284,463,656 |
|---|-------------|

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net position and liabilities of the internal service funds are therefore included in governmental activities in the statement of net position.

| | |
|-------------------------------------|--------------|
| Cash and cash equivalents | 27,666,069 |
| Accounts receivable | 28,312 |
| Advances | 747,881 |
| Capital assets, net of depreciation | 5,283,478 |
| Accounts payable | (710,010) |
| Interest payable | (81,437) |
| Refundable deposits | (22,690) |
| Claims payable | (11,354,748) |
| Long-term debt | (3,932,342) |

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

| | |
|--|------------|
| Unavailable revenue which are deferred inflows of resources in the Governmental Funds because they are not available currently are recognized as revenue in the Statement of Activities. | 10,699,199 |
|--|------------|

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

| | |
|--|------------|
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore are not reported in the funds. | 34,116,571 |
|--|------------|

LONG-TERM ASSETS AND LIABILITIES

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

| | |
|-----------------------|---------------|
| Interest payable | (188,749) |
| Long-term debt | (38,612,123) |
| Compensated absences | (3,381,134) |
| Pension liability | (9,207,137) |
| Net pension liability | (204,206,511) |
| Net OPEB obligation | (39,668,326) |

| | | |
|--|-----------|--------------------|
| NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ | 173,807,126 |
|--|-----------|--------------------|

See accompanying notes to financial statements.



City of Alameda
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2017

| | Major Funds | | |
|--|--------------------|---------------------------------------|-------------------------|
| | General | Base Reuse Special Revenue | Home Program |
| REVENUES | | | |
| Property taxes | \$ 36,090,128 | | |
| Other local taxes | 7,472,542 | | |
| Sales taxes | 10,094,100 | | |
| Transfer taxes | 10,333,813 | | |
| Utility user taxes | 9,061,296 | | |
| Licenses and permits | 2,237,489 | | |
| Revenues from other agencies | 719,554 | \$ 974,577 | \$ 216,524 |
| Charges for current services | 11,069,963 | | |
| Fines and forfeitures | 939,669 | | |
| Use of money and property | 1,316,175 | 14,055,054 | 16,284 |
| Other revenues | 274,143 | 2,894,541 | |
| Total Revenues | 89,608,872 | 17,924,172 | 232,808 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 11,013,383 | | |
| Police | 30,799,914 | | |
| Fire | 28,980,512 | | |
| Public works | 1,458,663 | | |
| Community development | | 12,765,106 | |
| Community services | 2,348,286 | | |
| Housing | | | 232,810 |
| Capital outlay | 522,996 | | |
| Debt service: | | | |
| Principal | 197,436 | | |
| Interest | | | |
| Total Expenditures | 75,321,190 | 12,765,106 | 232,810 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 14,287,682 | 5,159,066 | (2) |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of capital assets | 1,514,513 | | |
| Transfers in | 3,229,000 | | |
| Transfers (out) | (9,117,092) | (927,387) | |
| Total Other Financing Sources (Uses) | (4,373,579) | (927,387) | - |
| NET CHANGES IN FUND BALANCES | 9,914,103 | 4,231,679 | (2) |
| BEGINNING FUND BALANCES | 40,481,696 | 3,712,280 | 644 |
| ENDING FUND BALANCES | \$ 50,395,799 | \$ 7,943,959 | \$ 642 |

See accompanying notes to financial statements.

| Major Funds | | |
|------------------------------------|--------------------------------|--------------------------------|
| Capital Improvement Projects | Other Governmental Funds | Total Governmental Funds |
| | \$ 9,561,518 | \$ 45,651,646 |
| | 2,033,808 | 9,506,350 |
| | | 10,094,100 |
| | | 10,333,813 |
| | | 9,061,296 |
| \$ 82,497 | 3,033,685 | 5,353,671 |
| 2,101,202 | 9,449,640 | 13,461,497 |
| 2,682,516 | 5,576,275 | 19,328,754 |
| | 201,995 | 1,141,664 |
| 43,216 | 3,445,698 | 18,876,427 |
| 1,170,111 | 581,617 | 4,920,412 |
| <u>6,079,542</u> | <u>33,884,236</u> | <u>147,729,630</u> |
| | 10,757,360 | 21,770,743 |
| | 53,091 | 30,853,005 |
| | 1,672,191 | 30,652,703 |
| | 3,460,021 | 4,918,684 |
| | 5,312,502 | 18,077,608 |
| | 4,033,717 | 6,382,003 |
| | 1,722,429 | 1,955,239 |
| 18,422,288 | 3,202,678 | 22,147,962 |
| | 1,760,000 | 1,957,436 |
| | <u>1,163,030</u> | <u>1,163,030</u> |
| <u>18,422,288</u> | <u>33,137,019</u> | <u>139,878,413</u> |
| <u>(12,342,746)</u> | <u>747,217</u> | <u>7,851,217</u> |
| | | 1,514,513 |
| 12,921,640 | 8,499,560 | 24,650,200 |
| (389,968) | (11,866,342) | (22,300,789) |
| <u>12,531,672</u> | <u>(3,366,782)</u> | <u>3,863,924</u> |
| <u>188,926</u> | <u>(2,619,565)</u> | <u>11,715,141</u> |
| <u>6,731,081</u> | <u>59,526,325</u> | <u>110,452,026</u> |
| <u>\$ 6,920,007</u> | <u>\$ 56,906,760</u> | <u>\$ 122,167,167</u> |

See accompanying notes to financial statements.





City of Alameda
Reconciliation of the
Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2017

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

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 11,715,141

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.

| | |
|--|--------------|
| Capital outlay | 22,147,962 |
| Non-capitalized capital outlay expenditures were reclassified to various governmental activities | (12,021,048) |
| Depreciation expense | (9,520,508) |
| (Depreciation expense is net of internal service fund depreciation of \$1,181,533 which has already been allocated to internal service funds.) | |

LONG TERM DEBT ISSUANCES AND PAYMENTS

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

| | |
|-----------------------------|-----------|
| Repayment of debt principal | 1,957,436 |
|-----------------------------|-----------|

PENSION LIABILITY

Contributions to the net pension liability are recognized as expenditures in the governmental funds but are recognized as deferred outflows of resources when made subsequent to the measurement date. Additionally, other changes to the net pension liability are not recognized in the governmental fund statements because they do not use current financial resources.

| | |
|---------------------------------|-------------|
| Change in net pension liability | (4,050,267) |
|---------------------------------|-------------|

ACCRUAL OF NON-CURRENT ITEMS

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

| | |
|----------------------|-------------|
| Unavailable revenue | (555,823) |
| Interest payable | 179,344 |
| Pension liability | 1,059,720 |
| Net OPEB obligation | (6,371,266) |
| Compensated absences | (119,676) |

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

| | |
|---|-----------|
| Change in Net Position - All Internal Service Funds | 1,606,726 |
|---|-----------|

| | |
|---|--------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ 6,027,741 |
|---|--------------|

See accompanying notes to financial statements.



City of Alameda
General Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
Budget and Actual
For the year ended June 30, 2017

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|---------------|---|
| | Original | Final | Actual | |
| REVENUES: | | | | |
| Property taxes | \$ 33,134,000 | \$ 34,821,000 | \$ 36,090,128 | \$ 1,269,128 |
| Other local taxes | 9,577,000 | 10,252,000 | 7,472,542 | (2,779,458) |
| Sales taxes | 9,500,000 | 9,500,000 | 10,094,100 | 594,100 |
| Transfer taxes | 8,206,000 | 8,456,000 | 10,333,813 | 1,877,813 |
| Utility user taxes | 7,910,000 | 8,245,000 | 9,061,296 | 816,296 |
| Licenses and permits | 1,959,600 | 2,211,600 | 2,237,489 | 25,889 |
| Revenues from other agencies | 811,000 | 811,000 | 719,554 | (91,446) |
| Charges for current services | 9,998,358 | 10,031,358 | 11,069,963 | 1,038,605 |
| Fines and forfeitures | 1,120,200 | 920,200 | 939,669 | 19,469 |
| Use of money and property | 1,218,183 | 2,832,696 | 1,316,175 | (1,516,521) |
| Other revenue | 62,261 | 137,261 | 274,143 | 136,882 |
| Total Revenues | 83,496,602 | 88,218,115 | 89,608,872 | 1,390,757 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 12,601,698 | 12,820,280 | 11,013,383 | 1,806,897 |
| Police | 35,944,400 | 35,622,400 | 30,799,914 | 4,822,486 |
| Fire | 29,282,659 | 29,691,586 | 28,980,512 | 711,074 |
| Public works | 1,510,000 | 1,510,000 | 1,458,663 | 51,337 |
| Community services | 2,313,000 | 2,283,000 | 2,348,286 | (65,286) |
| Capital outlay | 375,700 | 535,934 | 522,996 | 12,938 |
| Debt service: | | | | |
| Principal | 31,011 | 31,011 | 197,436 | (166,425) |
| Total Expenditures | 82,058,468 | 82,494,211 | 75,321,190 | 7,173,021 |
| EXCESS OF REVENUES OVER EXPENDITURES | 1,438,134 | 5,723,904 | 14,287,682 | 8,563,778 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | | 1,514,513 | 1,514,513 | |
| Transfers in | 429,000 | 429,000 | 3,229,000 | 2,800,000 |
| Transfers (out) | (7,068,000) | (9,282,513) | (9,117,092) | 165,421 |
| Total other financing sources (uses) | (6,639,000) | (8,853,513) | (4,373,579) | 4,479,934 |
| NET CHANGE IN FUND BALANCE | \$ (5,200,866) | \$ (3,129,609) | 9,914,103 | \$ 13,043,712 |
| FUND BALANCE AT BEGINNING OF YEAR | | | 40,481,696 | |
| FUND BALANCE AT END OF YEAR | | | \$ 50,395,799 | |

See accompanying notes to financial statements.



City of Alameda
Base Reuse
Special Revenue Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
Budget and Actual
For the year ended June 30, 2017

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|--------------|---|
| | Original | Final | Actual | |
| REVENUES: | | | | |
| Revenue from other agencies | | \$ 204,400 | \$ 974,577 | \$ 770,177 |
| Use of money and property | \$ 12,504,000 | 12,504,000 | 14,055,054 | 1,551,054 |
| Other revenues | | | 2,894,541 | 2,894,541 |
| Total Revenues | 12,504,000 | 12,708,400 | 17,924,172 | 5,215,772 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 11,926,000 | 14,225,336 | 12,765,106 | 1,460,230 |
| EXCESS OF REVENUES OVER EXPENDITURES | 578,000 | (1,516,936) | 5,159,066 | 6,676,002 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (out) | (800,000) | (867,000) | (927,387) | (60,387) |
| NET CHANGE IN FUND BALANCE | \$ (222,000) | \$ (2,383,936) | 4,231,679 | \$ 6,615,615 |
| BEGINNING FUND BALANCE | | | 3,712,280 | |
| ENDING FUND BALANCE | | | \$ 7,943,959 | |

See accompanying notes to financial statements.



City of Alameda
 HOME Program
 Special Revenue Fund
 Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Budget and Actual
 For the year ended June 30, 2017

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|------------|---|
| | Original | Final | Actual | |
| REVENUES: | | | | |
| Revenue from other agencies | \$ 210,537 | \$ 210,537 | \$ 216,524 | \$ 5,987 |
| Use of money and property | 5,000 | 5,000 | 16,284 | 11,284 |
| Total Revenues | 215,537 | 215,537 | 232,808 | 17,271 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Housing | 273,029 | 273,029 | 232,810 | 40,219 |
| EXCESS OF REVENUES OVER EXPENDITURES | (57,492) | (57,492) | (2) | 57,490 |
| NET CHANGE IN FUND BALANCE | \$ (57,492) | \$ (57,492) | (2) | \$ 57,490 |
| BEGINNING FUND BALANCE | | | 644 | |
| ENDING FUND BALANCE | | | \$ 642 | |

See accompanying notes to financial statements.



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

Sewer Services Fund

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

Alameda Municipal Power Fund

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



City of Alameda
Statement of Net Position
Proprietary Funds
June 30, 2017

| | Business-Type Activities | | | Governmental Activities - Internal Service Funds |
|--|--------------------------|-------------------------------|------------------------------|---|
| | Sewer Services | Alameda Municipal Power | Total Enterprise Funds | |
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 27,171,384 | \$ 22,482,833 | \$ 49,654,217 | \$ 27,666,069 |
| Investments | | 9,191,970 | 9,191,970 | |
| Accounts receivable, net | 485,247 | 7,077,038 | 7,562,285 | 28,312 |
| Interest receivable | | 104,258 | 104,258 | |
| Greenhouse gas related sales receivable | | 870,946 | 870,946 | |
| Materials and supplies | | 3,748,086 | 3,748,086 | |
| Prepaid power costs and other deposits | | 64,700 | 64,700 | |
| Advances | | | | 747,881 |
| Total Current Assets | 27,656,631 | 43,539,831 | 71,196,462 | 28,442,262 |
| Non-Current Assets: | | | | |
| Restricted cash and investments | 782,984 | 4,608,923 | 5,391,907 | |
| Share of certain NCPA projects and reserve | | 9,819,690 | 9,819,690 | |
| Investments designated for special purposes | | 34,132,548 | 34,132,548 | |
| Capital Assets: | | | | |
| Non-depreciable | 13,821,766 | 6,605,967 | 20,427,733 | |
| Depreciable, net of accumulated depreciation | 53,974,732 | 36,121,608 | 90,096,340 | 5,283,478 |
| Total Non-Current Assets | 68,579,482 | 91,288,736 | 159,868,218 | 5,283,478 |
| Total Assets | 96,236,113 | 134,828,567 | 231,064,680 | 33,725,740 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Deferred amount on refunding | | 685,096 | 685,096 | |
| Deferred outflows related to pensions | 471,129 | 4,980,063 | 5,451,192 | |
| Total deferred outflows of resources | 471,129 | 5,665,159 | 6,136,288 | - |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 1,276,808 | 986,920 | 2,263,728 | 710,010 |
| Due to other funds | | 286,805 | 286,805 | |
| Accrued payroll and other liabilities | 23,529 | 21,833 | 45,362 | |
| Interest payable | 188,749 | 699,696 | 888,445 | 81,437 |
| Refundable deposits | 6,079 | 1,230,235 | 1,236,314 | 22,690 |
| Compensated absences | 65,908 | 536,999 | 602,907 | |
| Claims payable | | 170,000 | 170,000 | 4,162,591 |
| Long-term debt - current | 740,376 | 1,220,000 | 1,960,376 | 546,176 |
| Total Current Liabilities | 2,301,449 | 5,152,488 | 7,453,937 | 5,522,904 |
| Noncurrent Liabilities: | | | | |
| Compensated absences | | 61,381 | 61,381 | |
| Claims payable | | 1,171,958 | 1,171,958 | 7,192,157 |
| Net pension liability | 2,112,172 | 21,006,196 | 23,118,368 | |
| Long-term debt | 14,152,906 | 24,070,000 | 38,222,906 | 3,386,166 |
| Total Noncurrent Liabilities | 16,265,078 | 46,309,535 | 62,574,613 | 10,578,323 |
| Total Liabilities | 18,566,527 | 51,462,023 | 70,028,550 | 16,101,227 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Balancing account | | 18,648,533 | 18,648,533 | |
| Deferred inflows related to pensions | 16,578 | 77,361 | 93,939 | |
| Total deferred inflows of resources | 16,578 | 18,725,894 | 18,742,472 | - |
| NET POSITION: | | | | |
| Net investment in capital assets | 52,903,216 | 34,437,310 | 87,340,526 | 1,351,136 |
| Restricted | | | | |
| Debt service | 782,984 | 4,608,923 | 5,391,907 | |
| Sewer system replacement | 24,437,937 | | 24,437,937 | |
| Unrestricted | | 31,259,576 | 31,259,576 | 16,273,377 |
| Total Net Position | \$ 78,124,137 | \$ 70,305,809 | \$ 148,429,946 | \$ 17,624,513 |

See accompanying notes to financial statements.



City of Alameda
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2017

| | Business-Type Activities | | | Governmental |
|--|--------------------------|-------------------------------|------------------------------|---|
| | Sewer Services | Alameda Municipal Power | Total Enterprise Funds | Activities - Internal Service Funds |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 9,690,132 | \$ 57,963,794 | \$ 67,653,926 | \$ 10,919,916 |
| Greenhouse gas related sales | | 4,210,248 | 4,210,248 | |
| Miscellaneous | | 1,275,191 | 1,275,191 | 2,308,984 |
| Total Operating Revenues | 9,690,132 | 63,449,233 | 73,139,365 | 13,228,900 |
| OPERATING EXPENSES | | | | |
| General administrative | 524,833 | 7,425,117 | 7,949,950 | 493,493 |
| Operations and maintenance | | 38,075,293 | 38,075,293 | |
| Wages and benefits | 1,269,687 | | 1,269,687 | (199,466) |
| Insurance | | | | 8,174,014 |
| Contractual services | 493,805 | | 493,805 | 2,462,235 |
| Depreciation | 1,393,159 | 3,506,452 | 4,899,611 | 1,181,533 |
| Utilities | 96,795 | | 96,795 | |
| Supplies and maintenance | 129,989 | | 129,989 | 12,762 |
| Balancing account adjustment | | 1,425,636 | 1,425,636 | |
| Total Operating Expenses | 3,908,268 | 50,432,498 | 54,340,766 | 12,124,571 |
| Operating Income (Loss) | 5,781,864 | 13,016,735 | 18,798,599 | 1,104,329 |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| Interest income | 34,729 | 470,818 | 505,547 | 73,793 |
| Interest income on restricted investments | | 2,252 | 2,252 | |
| Interest (expense) | (441,770) | (1,461,042) | (1,902,812) | (113,396) |
| Payment in-lieu of taxes | (712,788) | (1,418,209) | (2,130,997) | |
| Miscellaneous non-operating revenue | | 1,813,296 | 1,813,296 | |
| Total Non-Operating Revenues (Expenses) | (1,119,829) | (592,885) | (1,712,714) | (39,603) |
| Income (Loss) Before Transfers and Capital Contributions | 4,662,035 | 12,423,850 | 17,085,885 | 1,064,726 |
| Transfers in | | | | 542,000 |
| Transfers (out) | (91,411) | (2,800,000) | (2,891,411) | |
| Capital contributions | 489,751 | | 489,751 | |
| CHANGES IN NET POSITION | 5,060,375 | 9,623,850 | 14,684,225 | 1,606,726 |
| NET POSITION: | | | | |
| Beginning of the year | 73,063,762 | 60,681,959 | 133,745,721 | 16,017,787 |
| End of year | \$ 78,124,137 | \$ 70,305,809 | \$ 148,429,946 | \$ 17,624,513 |

See accompanying notes to financial statements.



City of Alameda
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

| | Business-type Activities | | | Governmental |
|--|--------------------------|-------------------------------|------------------------------|---|
| | Sewer Services | Alameda Municipal Power | Total Enterprise Funds | Activities - Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 9,668,453 | \$ 56,739,777 | \$ 66,408,230 | \$ 13,265,876 |
| Receipts from Special Sales (C&T and REC) | | 6,516,598 | 6,516,598 | |
| Payments to suppliers | (1,263,668) | (37,323,763) | (38,587,431) | (2,719,548) |
| Payments to employees | (1,297,541) | (9,595,374) | (10,892,915) | 199,457 |
| Miscellaneous non-operating receipts | | 147,583 | 147,583 | |
| Due to City | | 23,728 | 23,728 | |
| Claims paid | | | | (7,253,339) |
| Net Cash Provided by (Used for) Operating Activities | 7,107,244 | 16,508,549 | 23,615,793 | 3,492,446 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Payments in-lieu of taxes | (712,788) | (1,418,209) | (2,130,997) | |
| Transfers in | | | | 542,000 |
| Transfers (out) | (91,411) | (2,800,000) | (2,891,411) | |
| Advances to other funds | | | | 31,011 |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | (804,199) | (4,218,209) | (5,022,408) | 573,011 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital contributions | 489,751 | | 489,751 | |
| Acquisition of capital assets | (8,298,676) | (6,028,346) | (14,327,022) | (511,670) |
| Proceeds from disposition of capital assets | | 86,420 | 86,420 | |
| Principal payments on capital debt | (722,471) | (1,170,000) | (1,892,471) | (542,459) |
| Interest paid | (452,516) | (1,424,032) | (1,876,548) | (113,396) |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | (8,983,912) | (8,535,958) | (17,519,870) | (1,167,525) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Decrease (increase) in restricted investments | 81,797 | (27,612) | 54,185 | |
| Investments reserved for special purposes | | (6,785,781) | (6,785,781) | |
| Investment in certain NCPA projects and reserves | | (719,802) | (719,802) | |
| Interest income | 34,729 | 428,383 | 463,112 | 73,793 |
| Net Cash Provided by (Used for) by Investing Activities | 116,526 | (7,104,812) | (6,988,286) | 73,793 |
| Net Increase (decrease) in cash and cash equivalents | (2,564,341) | (3,350,430) | (5,914,771) | 2,971,725 |
| Cash and cash equivalents at beginning of period | 29,735,725 | 25,833,263 | 55,568,988 | 24,694,344 |
| Cash and cash equivalents at end of period | \$ 27,171,384 | \$ 22,482,833 | \$ 49,654,217 | \$ 27,666,069 |
| Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities: | | | | |
| Operating Income (loss) | \$ 5,781,864 | \$ 13,016,735 | \$ 18,798,599 | \$ 1,104,329 |
| Adjustments to reconcile operating income to net cash flows provided by from operating activities: | | | | |
| Depreciation and amortization | 1,393,159 | 3,506,452 | 4,899,611 | 1,181,533 |
| Pension related amounts | (26,889) | (180,115) | (207,004) | |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable and refundable deposits | (21,679) | (192,858) | (214,537) | 36,976 |
| (Increase) decrease in materials and supplies | | (750,325) | (750,325) | |
| (Increase) decrease in prepaids | | 319,584 | 319,584 | |
| Increase (decrease) in accounts payable | 60,104 | (748,476) | (688,372) | 248,942 |
| Increase (decrease) in balancing account | | 1,425,636 | 1,425,636 | |
| Increase (decrease) in claims payable | | (109,567) | (109,567) | 920,675 |
| Increase (decrease) in accrued payroll and others | (69,995) | (880) | (70,875) | |
| Increase (decrease) in due general fund | | 23,728 | 23,728 | |
| Increase (decrease) in compensated absences | (9,320) | 51,052 | 41,732 | (9) |
| Miscellaneous non-operating income | | 147,583 | 147,583 | |
| Net Cash Provided by (Used For) Operating Activities | \$ 7,107,244 | \$ 16,508,549 | \$ 23,615,793 | \$ 3,492,446 |

See accompanying notes to financial statements.

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

Successor Agency Private Purpose Trust Fund is used to account for the activities of the Successor Agency to the former Community Improvement Commission of the City of Alameda.

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



City of Alameda
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2017

| | Successor Agency Private Purpose Trust Fund | Agency Funds |
|--|---|---------------------|
| ASSETS: | | |
| Cash and investments | \$ 8,505,909 | \$ 3,900,629 |
| Cash with fiscal agents | 32,953 | 2,401,596 |
| Accounts receivable | | 21,966 |
| Interest receivable | | 15 |
| Loans receivable | 1,468,157 | |
| | <u>10,007,019</u> | <u>\$ 6,324,206</u> |
| Total Assets | | |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred amount on refunding | 4,130,673 | |
| LIABILITIES: | | |
| Accounts payable | 5,797 | \$ 2,471 |
| Accrued payroll | 719 | |
| Interest payable | 600,629 | 305,957 |
| Payable to the Housing Authority | 26,567 | |
| Due to bondholders | | 6,015,778 |
| Long term debt: | | |
| Due within one year | 1,920,000 | |
| Due in more than one year | 58,053,831 | |
| | <u>60,607,543</u> | <u>\$ 6,324,206</u> |
| Total Liabilities | | |
| NET POSITION (DEFICIT): | | |
| Held in Trust | <u>\$ (46,469,851)</u> | |

See accompanying notes to financial statements.



City of Alameda
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

| | |
|---|---|
| | Successor Agency Private Purpose Trust Fund |
| ADDITIONS: | |
| Property taxes | \$ 10,698,058 |
| Use of money and property | 86,217 |
| Other | 468 |
| Total Additions | <u>10,784,743</u> |
| DEDUCTIONS: | |
| Administration | 87,918 |
| Contractual services | 4,971,424 |
| Interest and fiscal charges | <u>2,351,054</u> |
| Total Deductions | <u>7,410,396</u> |
| CHANGE IN NET POSITION | <u>3,374,347</u> |
| NET POSITION (DEFICIT) | |
| Net Position (Deficit), Beginning of Year | <u>(49,844,198)</u> |
| Net Position (Deficit), End of Year | <u>\$ (46,469,851)</u> |

See accompanying notes to financial statements.





City of Alameda
Notes to Basic Financial Statements
For the year ended June 30, 2017

| | |
|--|-----|
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Note 1 – Summary of Significant Accounting Policies

The City of Alameda, California (the “City”), occupies the island of Alameda situated in the San Francisco Bay. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire); streets and related improvements; development services; public improvements; planning and zoning, community services (parks, recreation and library), sewer services, electricity, and general administration services.

A. *Reporting Entity*

The City of Alameda is a charter city and is governed by a five-member City Council elected by City residents. The City is legally separate and fiscally independent, which means it can issue debt, adopt and modify budgets and fees, and sue or be sued. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations, thus data from these units are combined with that of the primary government.

Primary Government

The financial statements of the primary government of the City of Alameda include the activities of the City, as well as its blended component units, which are controlled by and dependent upon the City. While these blended component units are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed “blending”) with those of the primary government of the City in the accompanying financial statements.

Blended Component Units

The Alameda Public Financing Authority (APFA) is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the City’s financial statements. The Authority does not issue separate financial statements.

The City of Alameda Financing Authority (CAFA) is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the City’s financial statements. The Authority does not issue separate financial statements.

B. *Basis of Presentation*

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

Note 1 – Summary of Significant Accounting Policies (Continued)

These GASB Standards require that the financial statements described below be presented:

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

Eliminations have been made to minimize the double counting of internal activities. However, the interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

C. Major Funds

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Base Reuse Special Revenue Fund - This fund accounts for restricted revenues from leasing activities and grants. Expenditures are made for former naval base reuse activities.

HOME Program Special Revenue Fund - This fund accounts for funds received under the Home Investment Partnerships Program (HOME) restricted for affordable housing for low-income households.

Capital Improvement Projects Fund - This fund accounts for monies for major capital improvement projects not provided for in a separate and specific capital project fund transferred in from other funds and received from grants.

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

Sewer Services Fund - The City operates its own wastewater system. This fund, accounts for all financial transactions relating to this municipal activity including, but not limited to, operations, maintenance, capital financing and related debt service, billing and collection.

Alameda Municipal Power Fund - Alameda Municipal Power was established to provide electricity to the City of Alameda. This fund accounts for all financial transactions relating to this municipal activity including, but not limited to, operations, maintenance, capital financing and related debt services, billing and collection.

The City also reports the following fund types:

Internal Service Funds - The funds account for central stores, central garage, information technology projects, workers' compensation insurance and claims, risk management insurance and claims, unemployment insurance and post-employment benefits, all of which provides services to other City funds on a cost-reimbursement basis.

Fiduciary Funds - Trust Funds and Agency Funds are used to account for assets held by the City as custodian or agent.

Trust Funds - These funds account for assets held by the City as custodian for various functions. The Successor Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments due for the City's former Community Improvement Commission at appropriate amounts and times in the future. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

Agency Funds - These funds account for assets held by the City as an agent for certain assessment districts in the City. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

Note 1 – Summary of Significant Accounting Policies (Continued)

D. *Basis of Accounting*

The government-wide, proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers property taxes reported in the governmental funds to be available if the revenues are generally collected within 60 days after year-end. All other revenues reported in the governmental funds are considered to be available if the revenues are generally collected within 45 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on governmental long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

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

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

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized when incurred, except for revenues from electricity and sewer customers, which are recognized based on cycle billings.

Note 1 – Summary of Significant Accounting Policies (Continued)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

E. Budgets and Budgetary Accounting

The City adopts a budget annually for all funds. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted by the City Council, and controlled at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget during the fiscal year. The City Manager or his designee is authorized to transfer budgeted amounts between departments and between line items within any fund. However, any revisions which alter the total expenditures of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. All appropriations, except for capital projects, lapse at year end. Supplemental changes in appropriations that have been adopted by the City Council have been included in the budget versus actual statements.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except for the capital projects type funds. The capital projects funds are budgeted on a project length basis and, therefore, are not comparable on an annual basis.

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are reported as a component of assigned fund balance since they do not constitute expenditures or liabilities and are re-appropriated in the following year. Encumbrances outstanding at year end do not lapse and are included as part of the following year budget.

The following funds incurred expenditures in excess of their respective appropriations for the year ended June 30, 2017:

| Fund Name | Amount |
|---|-----------|
| Asset Seizure / Traffic Safety Special Revenue Fund | \$ 11,677 |
| Base Reuse Debt Service Fund | \$ 68,449 |

F. Materials, Parts and Supplies

General Fund supplies are recorded as expenditures at the time individual supply items are purchased.

Note 1 – Summary of Significant Accounting Policies (Continued)

G. *Deferred Compensation Plans*

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

The City has Deferred Compensation Plan administration agreements with ICMA, California Public Employees Retirement System, Nationwide Retirement Solutions, Inc., and Mass Mutual Retirement Services companies to provide for the administration and management of employees' deferred compensation plan assets. These agreements incorporate changes in the laws and IRS regulations governing deferred compensation plan assets, which require plan assets to be held for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

H. *Capital Assets*

Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$10,000. All capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their acquisition value on the date contributed.

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

I. *Compensated Absences*

The liability for compensated absences includes the vested portions of vacation, sick leave and compensated time off. For all governmental funds, a liability of these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. The remaining portion is recorded as a liability in the Statement of Net Position. Proprietary funds' liability for compensated absences is recorded in each proprietary fund. The liability for compensated absences is determined annually.

Compensated absences activity for the year ended June 30, 2017, is as follows:

| | Governmental Activities | Business-Type Activities | Total |
|-------------------|----------------------------|-----------------------------|---------------------|
| Beginning Balance | \$ 3,261,458 | \$ 622,556 | \$ 3,884,014 |
| Additions | 2,378,154 | 726,420 | 3,104,574 |
| Payments | (2,258,478) | (684,688) | (2,943,166) |
| Ending Balance | <u>\$ 3,381,134</u> | <u>\$ 664,288</u> | <u>\$ 4,045,422</u> |
| Current Portion | <u>\$ 3,381,134</u> | <u>\$ 602,907</u> | <u>\$ 3,984,041</u> |

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

J. *Pensions*

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees Retirement System (CalPERS) Plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. *Purchased Power Balancing Account*

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

L. *Net Position*

Net Position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three categories. These categories apply only to Net Position, which is determined at proprietary fund and the government-wide level, and are described as follows:

Note 1 – Summary of Significant Accounting Policies (Continued)

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets and related deferred inflows and outflows.

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

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

M. Fund Balances

The City's fund balances are classified based on spending constraints imposed on the use of resources. The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represent balances set aside to indicate items that do not represent available, spendable resources, even though they are a component of assets. Fund balances required to be maintained intact, such as permanent funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment, are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action used for specific purposes (through a resolution) of the City Council, which may be altered only by the same formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Manager or his designee as authorized by an adopted City Council resolution and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed through a Council resolution, the City Council has designated the City Manager or his designee to determine the amount of assigned fund balances.

Note 1 – Summary of Significant Accounting Policies (Continued)

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds.

N. *Property Tax*

Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. Property taxes are collected by the Auditor-Controller of the County of Alameda (County) and are remitted upon collection to the various taxing entities, including the City. Accordingly, the City accrues only those taxes that are received from the County within sixty days after year-end.

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property having a tax lien that is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Unsecured property comprises all taxable property not attached to land, such as personal property or business property. Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer.

Valuation of secured property and establishment of a statutory tax lien occur as of January 1 prior to the tax year of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 31 of the tax year by the County Assessor. The County assesses property values, levies bills, and collects taxes. Secured property tax is due in two installments on November 1 and February 1. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1 and become delinquent on August 31.

The City does not have the ability to control the levy rate or the amount of property taxes remitted by the County because these are governed by State law.

O. *Deferred Inflows / Outflows of Resources*

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category: 1) deferred charges on refunding debt reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price; this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt and 2) deferred outflows related to pensions.

Note 1 – Summary of Significant Accounting Policies (Continued)

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the governmental funds, the City has one item which qualifies for reporting in this category (under the modified accrual basis of accounting). Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet and represents unavailable revenues from revolving notes receivable, grant reimbursements, and other miscellaneous revenues not yet received. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. At the government-wide statements, this item is eliminated and recognized as revenue since “availability” of resources is not a criteria used in the government-wide statements. In addition, the City reports deferred inflows related to pensions and deferred inflows related to the Alameda Municipal Power Fund balancing account used to help stabilize rates. Specifically, the balancing account accumulates differences between the actual costs of providing a utility service with the related revenues designated for recovery of such costs.

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. Investment Valuation

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

R. Implementation of New GASB Pronouncements

In March 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Certain provisions of this statement are effective for periods beginning after June 15, 2016. The City adopted this statement as of July 1, 2016.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefits Other than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is effective for periods beginning after June 15, 2016. The implementation of the Statement did not have a material effect on the financial statements.

Note 1 – Summary of Significant Accounting Policies (Continued)

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. The implementation of the Statement did not have a material effect on the financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. The implementation of the Statement did not have a material effect on the financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The requirements of this statement are effective for reporting periods beginning after June 15, 2016. The implementation of the Statement did not have a material effect on the financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice or financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The City adopted this statement as of July 1, 2016.

S. Upcoming GASB Pronouncements

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. The City has not determined its effect on the financial statements.

Note 1 – Summary of Significant Accounting Policies (Continued)

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The City has not determined its effect on the financial statements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City has not determined its effect on the financial statements.

In January 2017, GASB issued Statement No. 84 *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City has not determined its effect on the financial statements.

In March 2017, GASB issued Statement No. 85 *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The City has not determined its effect on the financial statements.

In May 2017, GASB issued Statement No. 86 *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The City has not determined its effect on the financial statements.

Note 1 – Summary of Significant Accounting Policies (Continued)

In June 2017, GASB issued Statement No. 87 *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The City has not determined its effect on the financial statements.

Note 2 – Cash and Investments

The City's dependence upon property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash with Fiscal Agents and the Alameda Municipal Power Fund so that it can be invested at the maximum yield, consistent with safety and liquidity objectives. Individual funds can make expenditures at any time.

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

A. Policies

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

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

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

Cash and cash equivalents with maturities of three months or less are considered to be liquid assets for purposes of measuring cash flows. Restricted cash and investments are not included for cash flow purposes.

Note 2 – Cash and Investments (Continued)

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not its use is restricted under the terms of City debt instruments or agency agreements. Cash and investments as of June 30, 2017, as presented on the Statement of Net Position and Statement of Fiduciary Net Position are as follows:

Statement of Net Position:

| | | |
|---|----|-------------|
| Cash and investments | \$ | 203,763,348 |
| Cash with fiscal agents | | 11,135,208 |
| Investments designated for special purposes | | 34,132,548 |

Fiduciary Funds:

| | | |
|----------------------------|----|-------------|
| Cash and investments | | 12,406,538 |
| Cash with fiscal agents | | 2,434,549 |
| Total cash and investments | \$ | 263,872,191 |

Cash and investments as of June 30, 2017 are composed of the following categories:

| | | |
|--|----|-------------|
| Cash on hand (petty cash and change funds) | \$ | 10,225 |
| Deposits with financial institutions | | 64,047,228 |
| Investments | | 199,814,738 |
| Total Cash and Investments | \$ | 263,872,191 |

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

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

Note 2 – Cash and Investments (Continued)

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

| Authorized Investment Type | Maximum Maturity (A) | Minimum Credit Quality | Maximum Percentage of Portfolio | Maximum Investment In One Issuer |
|---|----------------------|--|---------------------------------|----------------------------------|
| Repurchase Agreements | 270 days | N/A | 20% | No Limit |
| Bank/Time Deposits | 5 Years | N/A | No Limit | No Limit |
| California Local Agency Investment Fund | N/A | N/A | \$65,000,000 per account | \$65,000,000 per account |
| U.S. Treasury Bonds, Notes and Bills | 5 Years | N/A | No Limit | No Limit |
| U.S. Agency and U.S. Government Sponsored Enterprise Securities | 5 Years | N/A | 75% | 25% |
| Bankers' Acceptances | 180 Days | A1, P1 | 30% | 5% |
| Commercial Paper | 270 Days | A1, P1 (A rated issuer) | 25% | 5% |
| Negotiable Certificates of Deposit | 5 Years | No rating for amount under FDIC insurance; A1, A for amounts greater than FDIC insurance | 30% | 5% |
| Medium-Term Corporate Notes | 5 Years | A | 30% | 5% |
| Money Market and Mutual Funds | 5 Years | Highest rating by 2 NRSROs | 20% | 10% |
| California Asset Management Program (CAMP)/Caltrust | N/A | N/A | No Limit | No Limit |
| CDs - non-negotiable / CDAR | 3 Years | N/A | 30% (Combined with NCDs) | 5% |
| Municipal Obligation | 5 Years | A (except City's own bonds) | 30% | 5% |
| Asset backed securities | 5 Years | AA (or higher, with issuer rated A or higher) | 15% | No Limit |
| Supranationals | 5 Years | AA | 10% (US Dollar denominated) | No Limit |

(A) The maximum of any investment shall not exceed five years unless expressly authorized by City Council.

Note 2 – Cash and Investments (Continued)

D. Investments Authorized by Debt Agreements

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

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum in Portfolio | Maximum Investment In One Issuer |
|---|------------------|---|--------------------------|---|
| Repurchase Agreements | 30 Days | Top Four Rating Categories | No Limit Per Account | No Limit Per Account |
| 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 | No Limit | No Limit | No Limit |
| State Obligations | No Limit | Not Lower Than Their Bond Rating | No Limit | No Limit |
| Commercial Paper | 180 - 270 Days | A-1+ | 20% - No Limit | 10% of outstanding issues (A rated issuer US organized and with operations in US with a total assets in excess of \$500 mil) - No Limit |
| Negotiable Certificates of Deposit | No Limit | N/A | No Limit | No Limit |
| Time Certificates | No Limit | N/A | No Limit | No Limit |
| Corporate Notes and Bonds | No Limit | Not Lower Than Their Bond Rating AA - Not Lower Than Their Bond Rating | No Limit | No Limit |
| Guaranteed Investment Contracts | No Limit | 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 - Highest Rating Category | 20% | No Limit |
| Bankers' Acceptances | 365 Days | A-1+ | 30% | 30% |
| Municipal Bonds | No Limit | AAA | No Limit | No Limit |
| California Local Agency Investment Fund (LAIF) | Upon Demand | N/A | \$65,000,000 Per Account | \$65,000,000 Per Account |
| Investments Agreements | No Limit | AA- | No Limit | No Limit |
| California State Warrants, Treasury Notes or Bonds | 3 Years | Top Two Highest Short-Term or Long-Term Rating Categories | No Limit | No Limit |

Note 2 – Cash and Investments (Continued)

Alameda Municipal Power Fund (AMP) 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 AMP fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with the City's ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

| Authorized Investment Type | Maximum Maturity (A) | Minimum Credit Quality | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|----------------------|------------------------|----------------------------------|----------------------------------|
| Local Agency Municipal Bonds | 5 years | N/A | No Limit | No Limit |
| U.S. Treasury Obligations | 5 years | N/A | 20% | No Limit |
| State of California Obligations (C) | 5 years | N/A | No Limit | No Limit |
| Other State Obligations (C) | 5 years | N/A | No Limit | No Limit |
| CA Local Agency Obligations | 5 years | N/A | No Limit | No Limit |
| U.S. Agency & US Government Sponsored Enterprise Securities (B) | 5 years | N/A | No Limit | No Limit |
| Bankers Acceptances | 180 days | N/A | 40% | 30% |
| Commercial Paper | 270 days | A1 | 25% | 10% |
| Negotiable Certificates of Deposit | 5 years | N/A | 30% | No Limit |
| Time Certificates of Deposit | 5 years | N/A | 30% | No Limit |
| Repurchase Agreements | 1 year | N/A | No Limit | No Limit |
| Reverse Repurchase Agreements (requires Board approval) | 92 days | N/A | 20% of market value of portfolio | No Limit |
| Medium Term Corporate Notes | 5 years | A | 30% | No Limit |
| Mutual Funds | 5 years | Top rating category | 20% | 10% |
| Money Market Mutual Funds | 5 years | Top rating category | 20% | 10% |
| Collateralized Bank Deposits | 5 years | N/A | 30% | No Limit |
| Mortgage Pass-Through Securities | 5 Years | Top rating category | 20% | No Limit |
| County Pooled Investment Funds | Upon Demand | N/A | 15% | No Limit |
| California Local Agency Investment Fund (LAIF) | Upon Demand | N/A | 90% | \$65,000,000 per account |
| California Asset Management Program (CAMP) | Upon Demand | N/A | No Limit | No Limit |

(A) The maximum of any investment shall not exceed five years unless expressly authorized by the Public Utilities Board.

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

(C) State Obligations such as registered treasury notes and bonds.

Note 2 – Cash and Investments (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in economic markets will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities, so that a portion of the portfolio is maturing or realizing maturity evenly over time as necessary in order to provide the cash flow and liquidity needed for operations. Information on the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity at June 30, 2017:

| Investment Type | 12 months or less | One to Five Years | Total |
|---|-----------------------|----------------------|-----------------------|
| U.S. Government-Sponsored | | | |
| Enterprise Agencies | \$ 678,092 | \$ 23,919,606 | \$ 24,597,698 |
| Medium Term Corporate Notes: | | | |
| Non-callable | 4,911,426 | 10,592,450 | 15,503,876 |
| Callable | 474,725 | 5,821,669 | 6,296,394 |
| Asset Backed Securities | 82,760 | 8,653,727 | 8,736,487 |
| Supranationals | | 4,356,230 | 4,356,230 |
| U.S. Treasury Notes and Bills | | 18,527,362 | 18,527,362 |
| Money Market Mutual Funds | 9,967,944 | | 9,967,944 |
| California Local Agency Investment Fund | 92,668,555 | | 92,668,555 |
| Certificates of Deposit | 10,847,580 | 6,011,000 | 16,858,580 |
| Commercial Paper | 1,412,582 | | 1,412,582 |
| Municipal Bonds | - | 889,030 | 889,030 |
| Total Investments | <u>\$ 128,412,456</u> | <u>\$ 78,771,071</u> | <u>199,814,738</u> |
| Cash deposits with banks and on hand | | | 64,057,453 |
| Total Cash and Investments | | | <u>\$ 263,872,191</u> |

The City is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investments in LAIF at the fair value amounts provided by LAIF, which is the same as the value of the pool share. At June 30, 2017, the fair value approximated cost of the investments of the City. The balance, available for withdrawal on demand, 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, 2017, these investments had an average maturity of 194 days. LAIF is not registered with the Securities and Exchange Commission.

Note 2 – Cash and Investments (Continued)

F. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment when an investment matures. This is measured by the assignment of a credit rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2017, for each City's investment type as provided by Standard and Poor's:

| Investment Type | AAA / Aam | AAAm | AA+ to AA- | A+ to A- | A-1+ to A-1 | BBB+ | Total |
|---|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|-----------------------|
| U.S. Government-Sponsored | | | | | | | |
| Enterprise Agencies | | | \$ 24,597,698 | | | | \$ 24,597,698 |
| Medium Term Corporate Notes: | | | | | | | |
| Non-callable | \$ 407,014 | | 5,742,688 | \$ 8,524,780 | | \$ 829,394 | 15,503,876 |
| Callable | 641,769 | | 1,678,726 | 3,343,490 | | 632,409 | 6,296,394 |
| Supranationals | 3,435,731 | | | | | | 3,435,731 |
| Asset Backed Securities | 5,288,440 | | | | | | 5,288,440 |
| Money Market Mutual Funds | | \$ 9,967,944 | | | | | 9,967,944 |
| Negotiable Certificates of Deposit | | | 3,043,250 | 4,156,691 | \$ 850,595 | | 8,050,536 |
| Commercial Paper | | | | | 1,412,582 | | 1,412,582 |
| Municipal Bonds | | | 889,030 | | | | 889,030 |
| Total | <u>\$ 9,772,954</u> | <u>\$ 9,967,944</u> | <u>\$ 35,951,392</u> | <u>\$ 16,024,961</u> | <u>\$ 2,263,177</u> | <u>\$ 1,461,803</u> | <u>75,442,231</u> |
| <i>Not rated:</i> | | | | | | | |
| California Local Agency Investment Fund | | | | | | | 92,668,555 |
| Asset Backed Securities | | | | | | | 3,448,047 |
| Certificates of Deposit | | | | | | | 8,808,044 |
| Supranationals | | | | | | | 920,499 |
| <i>Exempt:</i> | | | | | | | |
| U.S. Treasury Notes and Bills | | | | | | | 18,527,362 |
| Total Investments | | | | | | | <u>\$ 199,814,738</u> |

G. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As previously described, the City's deposits are collateralized in accordance with California Government Code. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

H. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Note 2 – Cash and Investments (Continued)

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2016. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.



City of Alameda
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

Note 2 – Cash and Investments (Continued)

As of June 30, 2017, the City has the following recurring fair value measurements:

| Investments by Fair Value Level | Balance at June 30, 2017 | Fair Value Measurements on a Recurring Basis Using | | |
|--|-----------------------------|---|--|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| U.S. Government-Sponsored | | | | |
| Enterprise Agencies | \$ 24,597,698 | | \$ 24,597,698 | |
| Medium-Term Notes | | | | |
| Non-callable | 15,503,876 | | 15,503,876 | |
| Callable | 6,296,394 | | 6,296,394 | |
| Asset Backed Securities | 8,736,487 | | 8,736,487 | |
| Supranationals | 4,356,230 | | 4,356,230 | |
| U.S. Treasury Notes and Bills | 18,527,362 | 18,527,362 | | |
| Certificates of Deposits | 15,531,536 | | 15,531,536 | |
| Commercial Paper | 1,412,582 | | 1,412,582 | |
| Municipal Bonds | 889,030 | | 889,030 | |
| Total Investments by Fair Value Level | <u>95,851,195</u> | <u>\$ 18,527,362</u> | <u>\$ 77,323,833</u> | <u>\$ -</u> |
| Investments Not Measured at Fair Value or Subject to Fair Value Hierarchy | | | | |
| Local Agency Investment Funds | 92,668,555 | | | |
| Money Market Mutual Funds | 9,967,944 | | | |
| Non-negotiable Certificates of Deposit | 1,327,044 | | | |
| Total Investments Not Measured at Fair Value | <u>103,963,543</u> | | | |
| Total Investments | <u>\$ 199,814,738</u> | | | |

Note 2 – Cash and Investments (Continued)

I. Concentration of Credit Risk

The City's investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the City is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, held by individual City funds in the securities of issuers other than U.S. Treasury securities, mutual funds, and external investment pools. As June 30, 2017, those investments consisted of:

| Issuer | Investment Type | Reported Amount |
|---------------------------------------|---|-----------------|
| Federal National Mortgage Association | US Government Sponsored Enterprise Agencies | \$ 12,265,892 |

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

The City's investments include corporate notes that have an embedded call feature. At June 30, 2017, those investments consisted of:

| Issuer | Maturity Date | Callable Date | Reported Amount |
|----------------------|---------------|---------------|-----------------|
| Ace Ina Holdings | 11/3/2020 | 10/3/2020 | \$ 573,249 |
| American Express MTX | 10/30/2019 | 7/30/2019 | \$ 537,089 |
| American Express MTX | 3/3/2020 | 2/1/2020 | \$ 256,214 |
| Bank NY Mellon MTN | 9/11/2019 | 8/11/2019 | \$ 560,472 |
| Chevron Corp | 12/5/2017 | 11/5/2017 | \$ 474,725 |
| Citigroup Inc | 1/10/2020 | 12/10/2019 | \$ 211,262 |
| Exxon Mobil | 3/1/2021 | 2/1/2021 | \$ 629,100 |
| Goldman Sachs Group | 12/13/2019 | 11/13/2019 | \$ 421,147 |
| JPMorgan Chase Co | 3/22/2019 | 2/22/2019 | \$ 599,370 |
| Microsoft Corp | 11/3/2020 | 10/3/2020 | \$ 230,828 |
| Microsoft Corp | 8/8/2021 | 7/8/2021 | \$ 410,941 |
| Oracle Corp | 9/15/2021 | 8/15/2021 | \$ 574,902 |
| US Bancorp MTN | 11/15/2018 | 10/15/2018 | \$ 70,360 |
| US Bancorp MTN | 4/25/2019 | 3/25/2019 | \$ 463,832 |
| US Bancorp MTN | 1/24/2022 | 12/23/2021 | \$ 282,903 |

Note 3 – Interfund Transactions

A. *Current Balances*

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The purpose of these balances is to eliminate negative cash balances at year end in various funds. At June 30, 2017, the amounts of current interfund balances were as follows:

| Due From Other Funds | Due To Other Funds | Amount |
|----------------------|------------------------------|---------------------|
| General Fund | Alameda Municipal Power | \$ 286,805 |
| | Non-Major Governmental Funds | 1,833,412 |
| | | <u>\$ 2,120,217</u> |

B. *Long-Term Advances*

Loan from Equipment Replacement Fund

In July 2014, the City Council authorized a long-term loan from the Equipment Replacement Internal Service Fund to the Fire Station 3/Emergency Operations Center Capital Projects Fund in the amount of \$809,000 for the construction of the new Fire Station. The note bears 3% simple interest rate and will be due in full in 20 years. The advance is secured by a promissory note where the City's General Fund is pledged as security for the repayment of the loan. The outstanding loan balance at June 30, 2017 was \$747,881.

Loan from General Fund and FISC Lease Revenue Fund

In June 2017, the City Council authorized long term loans from the General Fund (\$700,000) and FISC Lease Revenue Funds (\$700,000) to the Citywide Development Fee Fund for the construction of Estuary Park. The principal balances of the loans bear simple interest at a simple annual rate equivalent to the LAIF rate in effect at the time. The advances are secured by a promissory note where available funds from the City's Development Impact Fee Parks Fund are pledged as security for the repayment of the loans. The outstanding loan balances at June 30, 2017 is \$1,400,000.

Note 3 – Interfund Transactions (Continued)

C. *Transfers Between City Funds*

With Council approval, resources may be transferred from one City fund to another. Transfers between City funds during fiscal year 2016-17 were as follows:

| Fund Receiving Transfer | Fund Making Transfer | Amount Transferred |
|------------------------------|--------------------------------|----------------------|
| General Fund | Non-Major Governmental Funds | \$ 429,000 A |
| | Alameda Municipal Power | 2,800,000 B |
| Capital Improvement Fund | General Fund | 2,239,513 C |
| | Base Reuse Fund | 67,000 C |
| | Sewer Services Enterprise Fund | 91,411 C |
| | Non-Major Governmental Funds | 10,523,716 C |
| Non-Major Governmental Funds | General Fund | 6,335,579 A, C, D |
| | Base Reuse Fund | 860,387 C |
| | Non-Major Governmental Funds | 913,626 A, C, D, |
| | Capital Improvement Fund | 389,968 C |
| Internal Service Funds | General Fund | 542,000 A |
| Total | | <u>\$ 25,192,200</u> |

The reasons for these transfers are set forth as follows:

- (A) To fund library, recreation, debt service, deferred maintenance and OPEB costs
- (B) Transfer from Alameda Municipal Power Fund to the General Fund per Charter
- (C) To fund capital and storm drain projects
- (D) To fund housing projects

Note 4 – Loans Receivable

| Summary of Loans Receivable | Amount |
|---|----------------------|
| Housing Rehabilitation and Affordable Loans | \$ 10,699,199 |
| Total Loans Receivables | <u>\$ 10,699,199</u> |

Housing Rehabilitation and Affordable Housing Loans

The City and former CIC has engaged 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 expend these funds in accordance with the City's and former CIC's terms. Some of these loans may be forgiven at the completion of the loan term if all stipulated conditions are met. Other loans and notes are expected to be repaid in full.

The City's remaining outstanding balance of the loans receivable from these programs at June 30, 2017 was \$10,669,199, which has been offset with unavailable revenue. Included in the outstanding balance was a receivable for \$1,571,278 from the Alameda Housing Authority.

Note 5 – Capital Assets

A. Capital Asset Additions and Retirements

City capital asset activities for the year ended June 30, 2017 are as follows:

| | Balance at June 30, 2016 | Additions | Retirements | Transfers | Balance at June 30, 2017 |
|---|-----------------------------|--------------|-------------|----------------|-----------------------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 5,995,318 | | | | \$ 5,995,318 |
| Construction in progress | 14,774,922 | \$ 9,269,968 | \$ - | \$ (5,816,726) | 18,228,164 |
| Total capital assets not being depreciated | 20,770,240 | 9,269,968 | - | (5,816,726) | 24,223,482 |
| Capital assets being depreciated: | | | | | |
| Building | 253,793,640 | | | 5,816,726 | 259,610,366 |
| Machinery and equipment | 32,998,292 | 1,311,386 | (97,661) | | 34,212,017 |
| Infrastructure: | | | | | |
| Streets | 166,241,234 | 45,197 | | | 166,286,431 |
| Landscape | 21,323,234 | | | | 21,323,234 |
| Stormdrains | 22,638,842 | | | | 22,638,842 |
| Potable water systems | 1,353,939 | | | | 1,353,939 |
| Parks | 7,421,547 | | | | 7,421,547 |
| Marina facilities | 24,999,123 | 12,033 | | | 25,011,156 |
| Golf Improvements | 4,205,963 | | | | 4,205,963 |
| Total capital assets being depreciated | 534,975,814 | 1,368,616 | (97,661) | 5,816,726 | 542,063,495 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (112,443,644) | (3,345,003) | | | (115,788,647) |
| Machinery and equipment | (23,381,980) | (1,712,681) | 97,661 | | (24,997,000) |
| Infrastructure: | | | | | |
| Streets | (74,132,574) | (4,324,218) | | | (78,456,792) |
| Landscape | (18,183,218) | (141,079) | | | (18,324,297) |
| Stormdrains | (9,781,820) | (435,574) | | | (10,217,394) |
| Potable water systems | (1,192,885) | (7,851) | | | (1,200,736) |
| Parks | (3,174,661) | (268,638) | | | (3,443,299) |
| Marina facilities | (20,518,813) | (307,587) | | | (20,826,400) |
| Golf Improvements | (3,125,868) | (159,410) | | | (3,285,278) |
| Total accumulated depreciation | (265,935,463) | (10,702,041) | 97,661 | | (276,539,843) |
| Net capital assets being depreciated | 269,040,351 | (9,333,425) | - | 5,816,726 | 265,523,652 |
| Governmental activities capital assets, net | \$ 289,810,591 | \$ (63,457) | \$ - | \$ - | \$ 289,747,134 |

Note 5 – Capital Assets (Continued)

| | Balance at June 30, 2016 | Additions | Retirements | Transfers | Balance at June 30, 2017 |
|--|-----------------------------|---------------|--------------|--------------|-----------------------------|
| Business-type Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land and Rights | \$ 153,643 | | | | \$ 153,643 |
| Construction in progress | 7,259,549 | \$ 14,244,354 | \$ (396,648) | \$ (833,165) | 20,274,090 |
| Total capital assets not being depreciated | 7,413,192 | 14,244,354 | (396,648) | (833,165) | 20,427,733 |
| Capital assets being depreciated: | | | | | |
| Utility Plant | 84,548,411 | | (396,621) | 502,803 | 84,654,593 |
| Service Center Building | 7,850,886 | 220,781 | | | 8,071,667 |
| Machinery and Equipment | 9,439,316 | 71,062 | | | 9,510,378 |
| Transportation Equipment | 3,048,241 | 56,637 | | 135,541 | 3,240,419 |
| Computer Equipment | 3,832,459 | 325,657 | | | 4,158,116 |
| Furniture and Fixtures | 2,314,383 | | | | 2,314,383 |
| Sewer lines | 85,512,568 | | | | 85,512,568 |
| Easements | 185,500 | | | | 185,500 |
| Total capital assets being depreciated | 196,731,764 | 674,137 | (396,621) | 638,344 | 197,647,624 |
| Less accumulated depreciation for: | | | | | |
| Utility Plant | (52,537,186) | (2,821,912) | 396,621 | | (54,962,477) |
| Service Center Building | (3,885,450) | (169,885) | | | (4,055,335) |
| Machinery and Equipment | (8,661,056) | (111,819) | | | (8,772,875) |
| Transportation Equipment | (2,284,906) | (181,784) | | | (2,466,690) |
| Computer Equipment | (3,424,741) | (190,415) | | | (3,615,156) |
| Furniture and Fixtures | (1,799,318) | (88,710) | | | (1,888,028) |
| Sewer lines | (30,340,137) | (1,331,586) | | | (31,671,723) |
| Easements | (115,500) | (3,500) | | | (119,000) |
| Total accumulated depreciation | (103,048,294) | (4,899,611) | 396,621 | | (107,551,284) |
| Total depreciable assets | 93,683,470 | (4,225,474) | | 638,344 | 90,096,340 |
| Business activity capital assets, net | \$ 101,096,662 | \$ 10,018,880 | \$ (396,648) | \$ (194,821) | \$ 110,524,073 |

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 contributed capital in the proprietary funds at the time the capital assets are contributed.

C. Depreciation Allocation

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

| | |
|--|----------------------|
| Governmental Activities | |
| General Government | \$ 168,382 |
| Police | 126,252 |
| Fire | 202,842 |
| Public works | 5,496,405 |
| Community development, planning and building | 2,391,892 |
| Culture and recreation | 1,134,735 |
| Internal Service Funds | 1,181,533 |
| Total Governmental Activities | \$ 10,702,041 |
| Business-Type Activities | |
| Sewer services | \$ 1,393,159 |
| Alameda Municipal Power | 3,506,452 |
| Total Business-Type Activities | \$ 4,899,611 |

Note 6 – Long-Term Debt

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the term of the related debt. Bond discounts and premiums are amortized during the life of the related debt. Issuance costs are expenses when incurred.

A. City Long-Term Debt

The City's long-term debt activities for the year ended June 30, 2017 are as follows:

| | CUSIP Number | Balance June 30, 2016 | Additions | Retirements | Balance June 30, 2017 | Current Portion |
|--|-----------------|--------------------------|-------------|-----------------------|--------------------------|---------------------|
| Governmental Activities Debt: | | | | | | |
| Certificates of Participation: | | | | | | |
| 2008 Refinancing Project | 010762 | \$ 1,855,000 | \$ - | \$ (275,000) | \$ 1,580,000 | \$ 290,000 |
| 2013 Financing Project | 010762 | 8,105,000 | | (475,000) | 7,630,000 | 485,000 |
| Plus: Unamortized bond premium | | 352,307 | | (25,519) | 326,788 | |
| Total Certificates of Participation | | 10,312,307 | | (775,519) | 9,536,788 | 775,000 |
| 2003 ARRA Demand Revenue Bonds | 010808 | 10,600,000 | | (400,000) | 10,200,000 | 400,000 |
| 2013 General Obligation Refunding Bonds | 010752 | 8,270,000 | | (345,000) | 7,925,000 | 355,000 |
| Plus: Unamortized bond premium | | 75,704 | | (5,467) | 70,237 | |
| Leases Payable | not applicable | 4,465,248 | | (532,905) | 3,932,343 | 546,176 |
| HUD Section 108 Loan | not applicable | 5,764,000 | | (265,000) | 5,499,000 | 286,000 |
| I-Bank Loan | | 3,000,000 | | | 3,000,000 | 136,581 |
| Alameda County EMS Liability | | 2,578,533 | | (197,436) | 2,381,097 | 201,384 |
| Subtotal | | 34,753,485 | | (1,745,808) | 33,007,677 | 1,925,141 |
| Total Governmental Activities Debt | | 45,065,792 | | (2,521,327) | 42,544,465 | 2,700,141 |
| Business-Type Activities Debt: | | | | | | |
| State Water Resources Control Board | not applicable | 295,808 | | (145,862) | 149,946 | 149,946 |
| State Revolving Fund Loan, 1998 | not applicable | 423,103 | | (137,430) | 285,673 | 141,003 |
| State Revolving Fund Loan, 1999 | not applicable | 250,362 | | (60,130) | 190,232 | 61,753 |
| State Revolving Fund Loan, 2004 | not applicable | 646,897 | | (85,452) | 561,445 | 87,674 |
| Sewer Revenue Bonds, 2012, Series A | 010782 | 13,905,000 | | (290,000) | 13,615,000 | 300,000 |
| Revenue Bonds, Series 2010A | 010808CS0 | 8,700,000 | | | 8,700,000 | |
| Taxable Revenue Bonds, Series 2010B | 010808CS0 | 17,760,000 | | (1,170,000) | 16,590,000 | 1,220,000 |
| Plus: Unamortized bond premium | | 94,583 | | (3,597) | 90,986 | |
| Total Business-type Activities Debt | | 42,075,753 | | (1,892,471) | 40,183,282 | 1,960,376 |
| Total Debt | | \$ 87,141,545 | \$ - | \$ (4,413,798) | \$ 82,727,747 | \$ 4,660,517 |

Note 6 – Long-Term Debt (Continued)

B. Debt Service Requirements

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

| For the Year Ending June 30, | Governmental Activities | | Business-Type Activities | |
|---------------------------------|-------------------------|--------------|--------------------------|---------------|
| | Principal | Interest | Principal | Interest |
| 2018 | \$ 2,700,141 | \$ 1,202,716 | \$ 1,960,376 | \$ 1,821,683 |
| 2019 | 2,781,908 | 1,124,628 | 1,888,043 | 1,738,400 |
| 2020 | 2,648,283 | 1,042,903 | 1,872,351 | 1,650,572 |
| 2021 | 2,787,328 | 958,608 | 1,894,692 | 1,559,268 |
| 2022 | 3,027,801 | 867,239 | 9,037,154 | 4,808,765 |
| 2023-2027 | 15,223,196 | 2,944,993 | 13,804,680 | 3,110,276 |
| 2028-2032 | 9,590,328 | 935,122 | 2,530,000 | 1,294,487 |
| 2033-2037 | 3,388,455 | 88,129 | 2,930,000 | 891,030 |
| 2038-2042 | | | 3,420,000 | 404,097 |
| 2043 | | | 755,000 | 12,269 |
| Total | \$ 42,147,440 | \$ 9,164,338 | \$ 40,092,296 | \$ 17,290,847 |
| Plus unamortized bond premium | 397,025 | | 90,986 | |
| Total | \$ 42,544,465 | | \$ 40,183,282 | |

C. Description of the City's Long-Term Debt Issues

The balance of the City's debt is in various forms as follows:

Governmental Activities Debt

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

2008 Refinancing Project Certificates of Participation - In July 2008, the City Council authorized the issuance of the Certificates of Participation (2008 Refinancing Project) in the amount of \$4,575,000 to refinance the 1996 Police Building Refunding and Equipment Financing Certificates of Participation and the 1996 Library and Golf Course Upgrade and Renovation Certificates of Participation. The 2008 Certificates bear interest rates from 4% to 5%, which are payable semi-annually in May and November. The City's principal payments commenced on May 1, 2011.

Note 6 – Long-Term Debt (Continued)

2013 Financing Project Certificates of Participation - On September 17, 2013, the City of Alameda Financing Authority authorized the issuance of the Certificates of Participation (2013 Refinancing Project) in the amount of \$9,610,000 to repay the City of Alameda 2002 Certificates of Participation and to finance the costs of construction of a new City Emergency Operations Center and associated expenses. The 2013 Certificates bear interest from 3% to 4%, which is payable semi-annually in May and November. Principal payments are due annually and commenced on May 1, 2014.

General Obligation and Revenue Bonds

2013 General Refunding Obligation Bonds – On September 17, 2013, the voters and City Council approved the repayment of General Obligation Refunding Bonds originally issued in 2003. The Refunding Bonds were issued on November 1, 2013 in the principal amount of \$9,010,000 to refund, on a current basis, the City of Alameda General Obligation Bonds, Series 2003, and pay for costs of issuance of the Bonds. The 2003 Bonds were issued to finance the construction and renovation of various public libraries. The bonds bear interest between 3% and 3.4%. The repayment of the bonds is secured by all non-restricted revenues of the City. Principal payments are due annually on August 1. Interest payments are due semi-annually on February 1 and August 1 through August 1, 2033.

2003 Alameda Reuse and Redevelopment Authority (ARRA) Variable Rate Demand Lease Revenue Bonds – On December 1, 2003, the Alameda Public Financing Authority issued Variable Rate 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 were issued to finance the costs of certain improvements at Alameda Point (assigned to the Base Reuse Special Revenue Fund), and to finance professional services for land use planning and other activities required for the redevelopment process at Alameda Point. Repayment of these bonds is from lease revenues paid to ARRA from certain land, buildings, fixtures and equipment. Interest is payable on the first business day of each month, and principal is due December 1.

The pledge of sublease revenues ends upon repayment of the \$11,159,230 in remaining debt service on the Bonds, which is scheduled to occur in 2034. As disclosed in the bond indenture documents, pledged future sublease revenues are expected to provide coverage over debt service of 1.5 during the life of the Bonds. For fiscal year 2016-17, sublease revenues amounted to \$12,099,528, which represented coverage of 2,412% over the \$501,560 in debt service.

Leases and Loans Payable

Leases Payable – At June 30, 2017, the City held the following leases payable. Under the lease agreements, ownership of the capital assets reverts to the City at the end of the lease terms. Since the leases are in essence financing arrangements, the costs of the capital assets and the amounts of the lease terms have been included in the City's financial statements.

2011 Fire Apparatus Lease Payable – On October 19, 2011, the City entered into a lease agreement in the amount of \$1,750,000 with Oshkosh Capital to acquire two fire apparatus vehicles. The City agreed to pay the lease starting on October 19, 2012, in annual payments of \$147,122, which includes interest, for fifteen years. Balance of the lease as of June 30, 2017 was \$1,251,786.

2011 Radio Lease Payable – On October 1, 2011, the City entered into a lease agreement in the amount of \$1,507,194 with Holman Capital Corporation to acquire 206 hand-held radios and 124 vehicle radios. The City agreed to pay the lease starting on October 11, 2012, in annual payments of \$231,896, which includes interest, for 7 years. Balance of the lease as of June 30, 2017 was \$450,967.

Note 6 – Long-Term Debt (Continued)

2012 Fire Truck Lease Payable – On September 26, 2012, the City entered into a lease agreement in the amount of \$1,965,726 with Oshkosh Capital to acquire two fire apparatus vehicles. The City agreed to pay the lease starting on September 26, 2013, in annual payments of \$162,546, which includes interest, for fifteen years. Balance of the lease as of June 30, 2017 was \$1,518,939.

2013 Ambulance Lease Payable – On April 23, 2013, the City entered into a lease agreement in the amount of \$199,348 with Oshkosh Capital to acquire an ambulance vehicle. The City agreed to pay the lease starting on April 24, 2013, with the first payment of \$39,348 and annual payments thereafter of \$25,584 which includes interest, for eight years. Balance of the lease as of June 30, 2017 was \$72,508.

2013 Ambulance Lease Payable – On August 14, 2013, the City entered into a lease agreement in the amount of \$140,000 with US Bancorp to acquire an ambulance vehicle. The City agreed to pay the lease starting on October 24, 2013, with annual payments of \$21,779, which included interest for seven years. Balance of the lease as of June 30, 2017 was \$61,677.

2014 Fire Apparatus Lease Payable – On July 1, 2014, the City entered into a lease agreement in the amount of \$803,109 with Oshkosh Capital to acquire one fire apparatus vehicle. The City agreed to pay the lease starting on August 5, 2015, in annual payments of \$66,926, which includes interest, for ten years. Balance of the lease as of June 30, 2017 was \$576,466.

The leased equipment had book values at June 30, 2017 as follows:

| | 2011 Fire Apparatus | 2011 Radios | 2012 Fire Trucks | 2013 Ambulance | 2013 Ambulance | 2014 Fire Apparatus |
|--------------------------------|------------------------|----------------|---------------------|-------------------|-------------------|------------------------|
| Equipment | \$ 1,750,000 | \$ 1,523,271 | \$ 1,750,791 | \$ 197,288 | \$ 140,037 | \$ 673,799 |
| Less, Accumulated Depreciation | (670,833) | (1,523,271) | (352,814) | (134,814) | (77,020) | (196,525) |
| Book Value | \$ 1,079,167 | \$ - | \$ 1,397,977 | \$ 62,474 | \$ 63,017 | \$ 477,274 |

HUD Section 108 Loan – On January 5, 2006, the City entered into an agreement to borrow \$7,000,000 from the Department of Housing and Urban Development. 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 on 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, 2017 is \$5,499,000.

IBank Loan – On June 1, 2015, the City entered into an agreement to borrow \$3,000,000 from the California Infrastructure and Economic Development Bank. Loan proceeds were received in fiscal year 2015-16 and will be used to finance construction of a new fire station. Principal and interest payments are due semi-annually on August 1 and February 1 through 2034. The loan bears interest of 2.287%. The outstanding balance as of June 30, 2017 is \$3,000,000.

Alameda County EMS Liability – From 2005 to 2010, the County of Alameda provided Emergency Medical Services, First Responder Advanced Life Support, and Ambulance Transport Services to the City of Alameda. During this time, the City incurred an obligation of \$3,621,887 to the County. On November 1, 2011, the County of Alameda and the City of Alameda entered into an agreement to repay this obligation using First Responder Advanced Life Support funding until the debt is fully repaid. As of June 30, 2017, the outstanding balance is \$2,381,097.

Note 6 – Long-Term Debt (Continued)

D. Business-Type Activities Debt

Loans Payable

State Water Resources Control Board – On February 8, 1996, the City entered into a loan with the California State Water Resources Control Board for up to \$2,324,502 at 2.8% interest, of which all has been drawn down. The purpose of the loan is to provide funding to install sanitary sewer facilities. The loan is payable from Sewer Service Fund operating revenues. The City agreed to make annual payments of \$154,144 through August 5, 2017. The balance as of June 30, 2017 was \$149,946.

State Revolving Fund Loan 1998 – The City entered into a contract on July 1, 1998 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to correct infiltration and inflow. The maximum loan amount is \$2,292,025, of which all has been drawn down. This loan bears interest at 2.6% per year for a term of twenty years. The balance as of June 30, 2017 was \$285,673.

State Revolving Fund Loan 1999 – The City entered into a contract on September 29, 1999 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to correct infiltration and inflow. The maximum loan amount is \$1,193,529 that bears interest at 2.7% per year for a term of twenty years. The balance as of June 30, 2017 was \$190,232.

State Revolving Fund Loan 2004 – The City entered into a contract on August 12, 2004 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to correct infiltration and inflow. The maximum loan amount is \$1,840,292 that bears interest at 2.6% per year for a term of twenty years. The balance as of June 30, 2017 was \$561,445.

Revenue Bonds

Sewer Revenue Bonds 2012 Series A – On October 3, 2012, the City of Alameda Financing Authority issued Sewer Revenue Bonds 2012 Series A, in the original principal amount of \$14,715,000 to repay the 1995 Sewer System Refinancing and Improvement Certificates of Participation and to finance improvements to the City's municipal sewer system. The Bonds bear interest between 2% and 4%, which are payable semi-annually in February and August. Principal payments of the Bonds commenced on August 1, 2013.

The pledge of sublease revenues ends upon repayment of the \$19,801,797 in remaining debt service on the Bonds, which is scheduled to occur in 2042. As disclosed in the bond indenture documents, pledged future revenues are expected to provide coverage over debt service of 1.25 during the life of the Bonds. For fiscal year 2017, revenues amounted to \$10,179,883 which represented coverage of 1,414% over the \$720,069 in debt service.

Revenue Bonds, Series 2010A/B (AMP Refinancing) – On August 1, 2010, the City of Alameda Financing Authority issued Revenue Bonds, Series 2010A/B to provide funds, together with certain other available monies, to 1) prepay the obligations of AMP and City for the Electric System Revenue Certificates of Participation Series 2000A, 2) prepay the obligations of AMP for the Taxable Electric System Revenue Certificates of Participation, Series 2000AT, 3) fund a deposit to the Common Reserve Account, and 4) prepay the costs of issuance of the 2010 Bonds. Revenue Bonds, Series 2010A bear interest at 4.375% to 5.25%, payable January 1 and July 1 of each year.

Note 6 – Long-Term Debt (Continued)

Principal on the Series 2010B Bonds were payable beginning July 1, 2011 and each succeeding July 1 until defeased in 2027. Principal on the Series 2010A Bonds will be payable beginning July 1, 2027 and each succeeding July 1 until defeased in 2030. The 2010 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. The 2010 Bonds are special obligations payable solely from electric revenues, other amounts held in the bond funds and accounts established pursuant to the indenture, and amounts on deposit in the Common Reserve Account. The initial book-entry principal obligation for the Series 2010A is \$8,700,000 and \$22,985,000 for the Series 2010B. The combined principal obligation amount is \$31,685,000.

Note 7 - Special Assessment Debt Without City's Commitment

Special assessment districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2017 is as follows:

| Description | Maturity Date | June 30, 2017 |
|--|----------------------|----------------------|
| Harbor Bay Community Facilities District #1 | 9/1/2019 | \$ 4,270,000 |
| Alameda Landing Community Facilities District No. 13-1 | 9/1/2046 | \$ 15,415,000 |

Note 8 – Net Position and Fund Balances

Detailed classifications of the City's Fund Balances, as of June 30, 2017 are below:

| Classifications | General Fund | Base Reuse Special Revenue | HOME Special Revenue | Capital Improvement Projects | Other Governmental Funds | Total |
|--|----------------------|----------------------------|----------------------|------------------------------|--------------------------|-----------------------|
| Nonspendable: | | | | | | |
| Prepays and deposits | \$ 875,550 | | | | | \$ 875,550 |
| Advances from other funds | 700,000 | | | | | 700,000 |
| Total Nonspendable | <u>1,575,550</u> | | | | <u>-</u> | <u>1,575,550</u> |
| Restricted for: | | | | | | |
| Development activities | | \$ 7,943,959 | | | \$ 2,933,442 | 10,877,401 |
| Streets and roads | | | | | 13,569,054 | 13,569,054 |
| Affordable housing | | | \$ 642 | | 1,815,823 | 1,816,465 |
| Public safety | | | | | 2,093,562 | 2,093,562 |
| Waste reduction | | | | | 4,387,652 | 4,387,652 |
| Assessment district | | | | | 9,461,084 | 9,461,084 |
| Tidelands | | | | | 2,706,703 | 2,706,703 |
| Transportation | | | | | 6,025,027 | 6,025,027 |
| Debt service | | | | | 1,415,261 | 1,415,261 |
| Total Restricted | | <u>7,943,959</u> | <u>642</u> | | <u>44,407,608</u> | <u>52,352,209</u> |
| Committed to: | | | | | | |
| Capital projects | | | | \$ 6,920,007 | | 6,920,007 |
| Development activities | | | | | 5,514,631 | 5,514,631 |
| Community development | | | | | 905,104 | 905,104 |
| Culture and recreation | | | | | 2,460,728 | 2,460,728 |
| Library operations | | | | | 2,843,615 | 2,843,615 |
| Parking meter/garage | | | | | 3,294,706 | 3,294,706 |
| Long-term obligations | 11,568,004 | | | | | 11,568,004 |
| Total Committed | <u>11,568,004</u> | <u>-</u> | <u>-</u> | <u>6,920,007</u> | <u>15,018,784</u> | <u>33,506,795</u> |
| Assigned: | | | | | | |
| General government | 333,043 | | | | | 333,043 |
| Public safety | 257,325 | | | | | 257,325 |
| Economic uncertainty | 3,460,500 | | | | | 3,460,500 |
| Long-term obligations | 4,475,000 | | | | | 4,475,000 |
| Total Assigned | <u>8,525,868</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,525,868</u> |
| Unassigned: | | | | | | |
| Reserve policy | 21,140,724 | | | | | 21,140,724 |
| Residual fund balance in excess of policy or fund balance deficits | 7,585,653 | | | | (2,519,632) | 5,066,021 |
| Total Unassigned | <u>28,726,377</u> | | | | <u>(2,519,632)</u> | <u>26,206,745</u> |
| Total Fund Balances | <u>\$ 50,395,799</u> | <u>\$ 7,943,959</u> | <u>\$ 642</u> | <u>\$ 6,920,007</u> | <u>\$ 56,906,760</u> | <u>\$ 122,167,167</u> |

Note 8 – Net Position and Fund Balances (Continued)

Fund Balance/Net Position Deficits

At June 30, 2017, the funds below had fund balance deficits or deficit net position. Future revenues and repayment of long term debt are expected to offset these deficits.

Non-major Fund:

| | |
|---|--------------|
| Emergency Operation Center/ Fire Station #3 | \$ (483,151) |
|---|--------------|

Internal Service Fund:

| | |
|---------------------------------|--------------|
| Workers' Compensation Insurance | \$ (674,765) |
|---------------------------------|--------------|

Private Purpose Trust Fund:

| | |
|------------------|-----------------|
| Successor Agency | \$ (46,469,851) |
|------------------|-----------------|

Note 9 – Pension Plans

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple employer defined benefit pension plans administered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2017 are summarized on the following page:

Note 9 – Pension Plans (Continued)

| | Miscellaneous | |
|--------------------------------------|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire Date | | |
| Benefit Formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 55 | 62 |
| Benefits, as a % of annual salary | 2.000% | 2.000% |
| Required employee contribution rates | 8.868% | 6.750% |
| Required employer contribution rates | 19.265% | 21.133% |

| | Safety | |
|--------------------------------------|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire Date | | |
| Benefit Formula | 3% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 57 |
| Benefits, as a % of annual salary | 3.000% | 2.700% |
| Required employee contribution rates | 15.000% | 10.750% |
| Required employer contribution rates | 42.751% | 48.751% |

Employees Covered – At the June 30, 2016 measurement date, the following employees were covered by the benefit terms for each Plan:

| | Miscellaneous | Safety |
|--|----------------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 518 | 250 |
| Inactive employees entitled to but not yet receiving benefits | 375 | 44 |
| Active employees | 294 | 171 |
| Total | 1,187 | 465 |

Contributions – Section 20814(c) of the California Public Employees’ Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. For the year ended June 30, 2017, the active employee contribution rate for the miscellaneous plan was 6.982% of annual pay and for the safety plan was 9.103% percent of annual pay. The employer’s contribution rate was 21.133% of annual payroll for the miscellaneous plan and 48.751% of annual payroll for the safety plan. The employees pay a percentage of their salaries toward the City’s required contribution. Employees within the miscellaneous plan pay 1.868% of the employers’ contribution and employees within the safety plan pay 6.0% of the employers’ contribution. Total employer contribution amounts during the fiscal year ended June 30, 2017 were \$5,265,991 for the miscellaneous plan and \$10,530,166 for the safety plan.

Note 9 – Pension Plans (Continued)

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|---------------------------|-----------------------------------|------------------|
| Valuation Date | June 30, 2015 | June 30, 2015 |
| Measurement Date | June 30, 2016 | June 30, 2016 |
| Actuarial Cost Method | Entry-Age Normal Cost Method | |
| Actuarial Assumptions: | | |
| Discount Rate | 7.65% | 7.65% |
| Inflation | 2.75% | 2.75% |
| Payroll Growth | 3.0% | 3.0% |
| Projected Salary Increase | 3.3% - 14.2% (1) | 3.3% - 14.2% (1) |
| Investment Rate of Return | 7.65% (2) | 7.65% (2) |
| Mortality | Society of Actuaries Scale BB (3) | |

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based on CalPERS' specific data

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website: <http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports.xml>.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived

Note 9 – Pension Plans (Continued)

at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

| Asset Class | Target Allocation | Real Return Years 1 - 10 ¹ | Real Return Years 11+ ² |
|-------------------------------|-------------------|---------------------------------------|------------------------------------|
| Global Equity | 51% | 5.25% | 5.71% |
| Global Fixed Income | 20% | 0.99% | 2.43% |
| Inflation Sensitive | 6% | 0.45% | 3.36% |
| Private Equity | 10% | 6.83% | 6.95% |
| Real Estate | 10% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2% | 4.50% | 5.09% |
| Liquidity | 1% | -0.55% | -1.05% |
| Total | 100% | | |

1 – An expected inflation of 2.5% used for this period

2 – An expected inflation of 3.0% used for this period

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

Note 9 – Pension Plans (Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan measured as of June 30, 2016 is as follows:

Miscellaneous Plan:

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|--------------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2016 | \$ 250,938,066 | \$ 195,624,915 | \$ 55,313,151 |
| Changes in the year: | | | |
| Service cost | 3,760,714 | | 3,760,714 |
| Interest on the total pension liability | 18,828,640 | | 18,828,640 |
| Differences between expected and actual experience | 163,395 | | 163,395 |
| Contributions - employer | | 4,525,123 | (4,525,123) |
| Contributions - employee | | 2,159,065 | (2,159,065) |
| Net investment income | | 1,095,194 | (1,095,194) |
| Benefit payments, including refunds of employee contributions | (13,711,596) | (13,711,596) | - |
| Administrative expense | | (119,223) | 119,223 |
| Net changes | 9,041,153 | (6,051,437) | 15,092,590 |
| Balance at June 30, 2017 | \$ 259,979,219 | \$ 189,573,478 | \$ 70,405,741 |

Safety Plan:

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|--------------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2016 | \$ 375,952,409 | \$ 241,779,059 | \$ 134,173,350 |
| Changes in the year: | | | |
| Service cost | 6,047,019 | | 6,047,019 |
| Interest on the total pension liability | 28,386,449 | | 28,386,449 |
| Differences between expected and actual experience | 2,256,432 | | 2,256,432 |
| Contributions - employer | | 9,569,765 | (9,569,765) |
| Contributions - employee | | 3,329,883 | (3,329,883) |
| Net Investment Income | | 1,191,816 | (1,191,816) |
| Benefit payments, including refunds of employee contributions | (20,335,284) | (20,335,284) | - |
| Administrative expense | | (147,352) | 147,352 |
| Net changes | 16,354,616 | (6,391,172) | 22,745,788 |
| Balance at June 30, 2017 | \$ 392,307,025 | \$ 235,387,887 | \$ 156,919,138 |
| Total of Miscellaneous and Safety Plans | \$ 652,286,244 | \$ 424,961,365 | \$ 227,324,879 |

Note 9 – Pension Plans (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|-----------------------|----------------------|----------------|
| 1% Decrease | 6.65% | 6.65% |
| Net Pension Liability | \$ 102,516,125 | \$ 208,574,648 |
| Current Discount Rate | 7.65% | 7.65% |
| Net Pension Liability | \$ 70,405,741 | \$ 156,919,138 |
| 1% Increase | 8.65% | 8.65% |
| Net Pension Liability | \$ 43,648,253 | \$ 114,373,071 |

Pension Plan Fiduciary Net Position – Detailed information about each pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the City recognized pension expense of \$4,534,277 and \$15,105,142 for the Miscellaneous and Safety Plans respectively. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Miscellaneous</u> | |
|---|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Pension contributions subsequent to measurement date | \$ 5,265,991 | |
| Changes of Assumptions | | \$ 381,330 |
| Differences between expected and actual experiences | 89,125 | 171,247 |
| Net differences between projected and actual earnings on plan investments | 10,184,544 | |
| Total | <u>\$ 15,539,660</u> | <u>\$ 552,577</u> |

| | <u>Safety</u> | |
|---|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Pension contributions subsequent to measurement date | \$ 10,530,166 | |
| Changes of Assumptions | | \$ 3,610,043 |
| Differences between expected and actual experiences | 4,588,012 | |
| Net differences between projected and actual earnings on plan investments | 12,978,606 | |
| Total | <u>\$ 28,096,784</u> | <u>\$ 3,610,043</u> |

Note 9 – Pension Plans (Continued)

| | Total | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$ 15,796,157 | |
| Changes of Assumptions | | \$ 3,991,373 |
| Differences between expected and actual experiences | 4,677,137 | 171,247 |
| Net differences between projected and actual earnings on plan investments | 23,163,150 | |
| Total | <u>\$ 43,636,444</u> | <u>\$ 4,162,620</u> |

The amount of \$5,265,991 and \$10,530,166 for the Miscellaneous and Safety Plans reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year ended June 30 | Miscellaneous | Safety | Total |
|--------------------|----------------------|----------------------|----------------------|
| 2017 | 852,751 | 2,041,733 | \$ 2,894,484 |
| 2018 | 1,345,915 | 2,041,734 | 3,387,649 |
| 2019 | 4,809,454 | 6,418,386 | 11,227,840 |
| 2020 | 2,712,972 | 3,454,722 | 6,167,694 |
| Total | <u>\$ 9,721,092</u> | <u>\$ 13,956,575</u> | <u>\$ 23,677,667</u> |

E. Police and Fire Pension Plans

The City sponsors and administers two single employer defined benefit retirement plans for its police and fire department retirees. Police and fire employees who entered service before 1953 participate in Plan 1079, a closed plan consisting of 24 participants, all of whom are retired employees or beneficiaries. Employees with twenty-five or more years of service receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the retiree one year prior to the date of retirement. Employees retired after ten, but before twenty-five years of service receive monthly pension benefits in the proportion that the number of service years bears to twenty-five. Qualified surviving spouses receive the retirees' monthly pension benefits for life. Upon remarriage, the qualified surviving spouse receives one-half of the retiree's monthly pension benefits. Employees who became disabled from service-related causes receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the disabled employee on the date of their disability, reduced by any workers' compensation benefits received.

Plan 1082 is a closed plan, which consists of two retired employees. At June 30, 2017, their monthly pension benefits were \$1,556 and \$2,528, respectively, adjusted annually by a maximum of 2% per year cost-of-living adjustment. Upon the death of a retiree, the qualified spouse receives one-half of the retiree's monthly pension benefit for life or until remarriage.

Note 9 – Pension Plans (Continued)

F. Total Pension Liability

The City recognizes its total pension liability, rather than a net pension liability. In order for the City to recognize a net pension liability, assets must be accumulated in a trust that meets all of the following criteria:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

No assets are accumulated in a trust that meets all of the above criteria because the City's contributions are not irrevocable. Accordingly, the City's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the City must report its total pension liability.

The City's total pension liability was determined by an actuarial valuation as of June 30, 2017 (the measurement date). Changes in the City's total pension liability were as follows:

| | |
|---|----------------------|
| Total pension liability - June 30, 2016 | \$ 10,266,857 |
| Changes for the year | |
| Interest | 349,073 |
| Difference between expected and actual experience | 39,819 |
| Benefit payments | (1,448,612) |
| Net increase (decrease) in total pension liability | (1,059,720) |
| Total pension liability - June 30, 2017 | \$ 9,207,137 |

G. Actuarial Assumptions

Actuarial assumptions used to determine the total pension liability in the June 30, 2017, valuation were based on the results of an actuarial experience study covering the period from July 1, 2016 through June 30, 2017. Those assumptions, applied to all periods included in the measurement, are as follows:

| | |
|-----------------------|---|
| Actuarial cost method | Entry age normal |
| Inflation | 2.75% |
| Discount rate | 3.40% |
| Mortality | According to the pre-retirement mortality rates under the CalPERS pension plan updated to reflect the most recent experience study with mortality improvements using Mortality Improvement Scale MP 2014 with 15 year |

Note 9 – Pension Plans (Continued)

H. Discount Rate

A discount rate of 3.4% was applied in the measurement of the total pension liability. This discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.

I. Sensitivity of the total pension liability to changes in the discount rate

The following presents the total pension liability calculated using the discount rate of 3.4%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1% lower (2.4%) or 1% higher (4.4%) than the current rate at June 30, 2017:

| | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
|-------------------------|--------------------|----------------------|--------------------|
| Total pension liability | \$ 9,974,347 | \$ 9,207,137 | \$ 8,878,018 |

J. Pension Expense

For the year ended June 30, 2017, the City recognized pension expense of \$388,892.

K. Other Retirement Systems

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

Under PARS, employees contribute 6% and the City contributes 1.5% of the employee's salary each pay period. For the fiscal year ending June 30, 2017, total contributions of \$233,564 were made based on a total amount of covered compensation of \$3,114,185.

One of the City's part-time employees elected to be covered under Social Security, which requires this employee and the City to each contribute 6.2% of the employee's pay. Total contributions to Social Security during the year ended June 30, 2017, amounted to \$3,642 of which the City paid 50%

Note 10 – Post Employment Health Care Benefits

Plan Description

The City provides medical and dental benefits to retirees as specified below under the City of Alameda Other Post Employment Benefit Plan, offered by California Public Employee Retirements Systems (CALPERS), an agent multiple-employer defined benefit health care plan. The City is responsible for establishing and amending the funding policy of the Plan.

Note 10 – Post Employment Health Care Benefits (Continued)

Separately issued financial statements of the benefit Plan are available from CALPERS at P.O. Box 942709, Sacramento, California 94229-2709.

The City has an irrevocable trust with Public Agency Retirement Services (PARS) to fund its retiree health benefits. Contributions to the trust are made annually according to the City's Other Post-Employment Benefits (OPEB) funding policy. PARS issues a separate annual financial report and copies of the report may be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100, Newport Beach, CA 92660 or by calling 800-540-6369.

Eligibility

In order to be eligible for these benefits, an employee must retire directly from the City under CalPERS. They also must be at least 50 years old when they retire and have five years of CalPERS service or disability credits.

Eligible Miscellaneous Employees (including non sworn public safety employees)

The City pays the Public Employees' Medical and Hospital Care Act (PEHMCA) minimum employer contribution on their behalf, which is \$128 per month for 2017. These employees receive no other post-employment benefits from the City.

Sworn Public Safety Employees

A. *Hired before July 1, 1995 and Retired Before January 1, 2011*

If the employee had 15 years or more experience with the City as part of the Alameda Police Officers Association (APOA), the City pays the health care and dental premiums based upon the City's health employer rate for the employee and their spouse, which includes the PEHMCA minimum employer contribution discussed above.

If the employee had less than 15 years of experience with APOA, the City pays the PEHMCA minimum employer contribution on their behalf.

B. *Hired after July 1, 1995 and Retired Before January 1, 2011*

If the employee had 20 years or more experience with the City as part of APOA and the Alameda Police Managers Association (APMA), the City pays the health care and dental premiums based upon the City's health employer rate for the employee and their spouse, which includes the PEHMCA minimum employer contribution discussed above.

If the employee had less than 20 years of experience with APOA and APMA, the City pays the PEHMCA minimum employer contribution on their behalf.

C. *Hired before June 7, 2011 and Retired after January 1, 2011*

If the employee had 5 years or more experience with the City, the City pays the health care benefit based upon the higher of the City's health employer rate for Kaiser or Blue Shield Bay Area, as well as dental

Note 10 – Post Employment Health Care Benefits (Continued)

premiums for the employee and their spouse, which includes the PEHMCA minimum employer contribution discussed above.

If the employee had less than 5 years of experience with the City, the City only pays the PEHMCA minimum employer contribution on their behalf.

D. *Hired after June 7, 2011 and Retired after January 1, 2011*

If the employee had 10 years or more experience with the City, the City pays the health care benefit based upon the higher of City's health employer rate for Kaiser or Blue Shield Bay Area for the employee only, as well as dental premiums for the employee and their spouse, which includes the PEHMCA minimum employer contribution discussed above.

If the employee had less than 10 years of experience with the City, the City pays the PEHMCA minimum employer contribution on their behalf.

As of January 1, 2015, the latest actuarial study available, there were 474 active employees, 352 retired employees, and 186 employees who are retired but choose not to receive benefits for a total of 1,012 participants in the Plan.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with and additional amount to prefund benefits as determined annually by the City Council. For fiscal year 2016-17, the City contributed \$4,498,616 to the plan, including a contribution to the trust in the amount of \$670,616.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount determined as part of a January 1, 2015 actuarial valuation in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Note 10 – Post Employment Health Care Benefits (Continued)

| | |
|--|----------------------|
| Annual required contribution (ARC) | \$ 11,415,000 |
| Interest on Net OPEB obligation | 1,331,882 |
| Adjustment to annual required contribution | (1,877,000) |
| Annual OPEB Cost | <u>10,869,882</u> |
| Contributions made: | <u>(4,498,616)</u> |
| Increase in OPEB obligation | 6,371,266 |
| Net OPEB Obligation at June 30, 2016 | <u>33,297,060</u> |
| Net OPEB Obligation at June 30, 2017 | <u>\$ 39,668,326</u> |
| Percentage of ARC Contributed | <u>39%</u> |

The Plan's annual OPEB cost and actual contributions for fiscal years ended June 30, 2015, 2016 and 2017 are set forth below:

| Fiscal Year | Annual OPEB Cost | Actual Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|---------------|------------------------|------------------------|---|-----------------------------------|
| June 30, 2015 | \$ 8,010,000 | \$ 2,999,333 | 34% | \$ 31,654,120 |
| June 30, 2016 | 10,373,000 | 8,730,060 | 84% | 33,297,060 |
| June 30, 2017 | 10,869,882 | 4,498,616 | 41% | 39,668,326 |

As of June 30, 2017, approximately 538 participants were eligible to receive benefits.

Funded Status and Progress

As of January 1, 2015, the most recent valuation, the plan was .16 percent funded. The actuarial accrued liability for benefits was \$113.16 million, and the actuarial value of assets was \$177,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$112.99 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of .16 percent. The covered payroll (annual payroll of active employees covered by plan) was \$47.68 million, and the ratio of the UAAL to the covered payroll was 237 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Note 10 – Post Employment Health Care Benefits (Continued)

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7-7.2% initially, reduced by decrements of .5% per year to an ultimate rate of 5%. Both rates included a 3% inflation assumption. It is assumed the City's payroll will increase 3.25% per year. The City's OPEB unfunded actuarial accrued liability as of June 30, 2017, is being amortized using a 19-year closed amortization period using the level of payroll method. Assumption changes, plan changes and gains or losses are being amortized using a 15-year closed period.

Note 11 – Risk Management

The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

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

A. Risk Coverage

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA), which covers general liability, auto and property claims. The City has a self-insured retention of \$500,000 per claim. Once the self-insured retention is met, CJPRMA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2017, the City contributed \$544,435 for coverage during the current year.

The City is a 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 of up to \$350,000 per claim. During the fiscal year ended June 30, 2017, the City contributed \$612,760 for current year coverage.

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

| Type of Coverage | Coverage Limits | |
|--|------------------|---|
| | City | Alameda Municipal Power |
| Liability | \$ 40,000,000 | \$ 40,000,000 |
| Auto - Physical damage | \$ 5,000,000 | Actual cash value |
| Workers' Compensation | Statutory | Statutory w/ \$5,000,000 in employer's liability |
| All Risk Fire & Property except earthquake and flood | Replacement cost | Replacement cost |
| Boiler & Machinery | \$ 21,250,000 | Replacement cost |
| Computer Software | Self-Insured | Self-Insured |
| Terrorism | \$ 10,000,000 | \$ 10,000,000 |
| Vessel | \$ 2,000,000 | N/A |

Note 11 – Risk Management (Continued)

B. Claims Payable

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

The City's liability for uninsured general liability claims, including claims incurred but not reported, is reported in the City's General Liability Insurance Internal Service Fund and the Alameda Municipal Power Fund. The liability is based on an independent actuarial study prepared annually and was computed as follows for the years ended June 30:

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Beginning balance | \$ 3,601,309 | \$ 2,467,335 |
| Increase (decrease) in estimated liability for prior year claims | 432,987 | 1,302,729 |
| Claims paid in current year | (223,676) | (168,755) |
| Ending balance | <u>\$ 3,810,620</u> | <u>\$ 3,601,309</u> |
| Current portion | <u>\$ 1,499,414</u> | <u>\$ 1,831,821</u> |

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

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Beginning balance | \$ 8,261,599 | \$ 7,789,797 |
| Increase (decrease) in estimated liability for prior year claims | 2,569,574 | 2,135,337 |
| Claims paid in current year | (1,945,087) | (1,663,535) |
| Ending balance | <u>\$ 8,886,086</u> | <u>\$ 8,261,599</u> |
| Current portion | <u>\$ 2,833,177</u> | <u>\$ 2,561,948</u> |

The Alameda Municipal Power Fund (AMP) accounts for \$1,341,958 of the total claims liability. The remainder of the liability is accounted for in the General Liability Insurance and Workers' Compensation Insurance Internal Service Funds.

The City's claims settlements have not exceeded insurance coverage for the past three fiscal years.

Note 12 – Alameda Municipal Power Fund Joint Ventures

A. *General*

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

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

AMP is a member of the Northern California Power Agency (NCPA), a joint powers agency which operates under a joint powers agreement among 14 public agencies (AMP, BART, Biggs, Gridley, Healdsburg, Lompoc, Palo Alto, Ukiah, Lodi, Port of Oakland, Redding, Roseville, Silicon Valley Power, Truckee-Donner PUD). Turlock Irrigation District withdrew from NCPA on April 1, 2011. The purpose of NCPA is to use the combined strength of its members to purchase, generate, sell and interchange electric energy and capacity through the acquisition and use of electrical generation and transmission facilities, as well as to optimize the use of those facilities and the member's position in the industry. Each agency member has agreed to fund a pro rata share of certain assessments by NCPA and certain members have entered into take-or-pay power supply contracts with NCPA. While NCPA is governed by its members, none of its obligations are those of its members unless expressly assumed by them.

Amounts paid by AMP, net of refunds, to NCPA during the fiscal year ending June 30, 2017 for purchased power was \$28,201,607. Additionally, purchased power was reduced by a refund of \$656,325 for power exchange distribution and budget settlement monies returned to the NCPA General Operating Reserve (GOR), for the fiscal year ended June 30, 2017.

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

The changes in AMP's share in NCPA projects and reserves is set forth below:

| | June 30, 2017 |
|--|---------------------|
| Beginning balance | \$ 7,520,595 |
| Increase (decrease) in equity in NCPA projects | 2,299,095 |
| Ending balance | <u>\$ 9,819,690</u> |

Note 12 – Alameda Municipal Power Fund Joint Ventures (Continued)

AMP's interest in NCPA projects and reserve, as computed by NCPA as of June 30, 2017, is set forth below:

| | |
|--|---------------------|
| General Operating Reserve | \$ 3,138,623 |
| Purchased Power & Transmission | 83,220 |
| Share of Scheduling Coordination Balancing Account | 1,843,364 |
| Share of Congestion Revenue Rights (CRR) | 194,970 |
| Associated Member Services | 105,662 |
| Market Purchase Program (MPP) Deposit | 699,040 |
| | <u>6,064,879</u> |
| Alameda Municipal Power's share of NCPA Power Projects | |
| Geothermal Projects/Power Line | 2,207,763 |
| Calaveras Hydroelectric Project | 1,379,658 |
| Combustion Turbine Project No. 1 | 145,466 |
| Combustion Turbine Project No. 2 | 21,924 |
| | <u>\$ 9,819,690</u> |

The General Operating Reserve represents AMP's portion of funds which resulted from the settlement in prior years of issues with financial consequences and reconciliations of several prior years' budgets for programs. These funds are available on demand and earn interest.

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

B. *Projects in which Alameda Municipal Power Fund is a Participant*

Geothermal Projects

A power purchase agreement with NCPA obligates AMP for 17.05407% of the debt service and the operating costs for two geothermal steam powered generating plants, Plant Number 1 and Plant Number 2, located in the Geysers area in Northern California. In conjunction with these payments, AMP is entitled to receive 16.8825% of the output from these facilities. NCPA continues to pursue alternatives for improving and extending steam field reservoir performance, including supplemental water reinjection, plant equipment modifications, and changes in operating methodology. NCPA has increased steam production in the vicinity of reinjection wells and has evaluated a number of alternatives to increase water reinjection at strategic locations.

In 2009, NCPA issued the Refunding Series A for \$35,610,000 to improve the Unit 4 steam path, provide for the Middletown booster pump solar project, provide for the Southeast Treatment plant solar project, make a contribution to the Debt Service Reserve Account, and to pay the cost of issuance of the 2009 Series A bonds. In September 2012, the NCPA issued \$12,910,000 of fixed-rate tax-exempt Geothermal Project No. 3 bonds for the purpose of providing funds to finance the costs of acquisition and construction of certain improvements to the Geothermal project as well as make a contribution to the

Note 12 – Alameda Municipal Power Fund Joint Ventures (Continued)

Debt Service Reserve Account and to pay the costs of issuance of the 2012 Series A Bonds. In September 2016, NCPA issued Geothermal Revenue Refunding Bond 2016 Series A for \$17,530,000 to refund a portion of the Geothermal Revenue Bond 2009 Series A (\$15,705,000). The refunding was completed through the issuance of \$17,530,000 fixed rate tax exempt debt (2016 Series A) with a yield of 1.67% with varying principal maturities ranging from \$265,000 to \$3,425,000 through July 1, 2024. The refunding is estimated to have decreased project debt service by an estimated \$1.69 million over the next 8 years, which results in an estimated economic gain to NCPA of approximately \$1.03 million.

AMP is obligated to pay its contractual share of the debt until it is fully satisfied, regardless of resulting cost or availability of energy. At June 30, 2017, the book value of this Project's plant, equipment and other assets was \$90,776,615 while its long-term debt totaled \$32,765,001 and other liabilities totaled \$44,938,357. AMP's share of the Project's long-term debt was \$5,531,551 and other liabilities was \$7,586,718, which amounted to a total long-term debt and other liabilities of \$13,118,269 on that date.

Calaveras Hydroelectric Project

NCPA contracted to finance, manage, construct, and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, NCPA has the right to the electric output of the project for 50 years starting in February 1982 and also has an option to purchase power from the project in excess of the District's requirements for the subsequent 50 years, subject to regulatory approval. Debt service payments to NCPA began in February 1990 when the project was declared substantially complete and power was delivered to the participants.

During fiscal year 2009, NCPA reduced its obligations on the 1992 Refunding Series A by \$7,105,000 and reduced its 1993 Refunding Series A obligations by \$260,000. In March 2008, NCPA issued the 2008 Refunding Series A for \$85,160,000 and the 2008 Taxable Refunding Series B for \$3,165,000 in variable rate demand bonds for the purpose of providing funds, together with other available moneys, to refund a portion of outstanding Hydroelectric Project Number One Revenue Bonds, 1998 Refunding Series A and to pay costs of issuance of the 2008 Bonds and other costs relating to the refunding of the refunded 1998 Bonds. The refunding was done in order to realize debt service savings under the 2004 Swap Agreement.

Additionally, in response to credit market upheavals and to ensure debt service certainty, in July 2008 the Agency refunded (or purchased from the liquidity providers) the 2002 Hydroelectric Refunding Revenue Bonds Series A & B and the 2003 Hydroelectric Refunding Revenue Bonds Series A & B with outstanding principal of \$140,200,000. The associated interest rate swaps were terminated on July 9, 2008. The refunding was completed through the issuance of \$128,005,000 fixed rate tax exempt debt (2008 Series C) and \$9,505,000 fixed rate taxable debt (2008 Series D). The payment of principal and interest on these issues are covered by financial guaranty insurance policies issued by Assured Guaranty. In 2010, the NCPA issued the 2010 Refunding Series A for \$101,260,000 and 2010 Refunding Series B obligations for \$8,025,000 for the purpose of providing funds to refund the Refunded 1998 Bonds, to deposit the respective 2010 Series debt service reserve account and to pay the cost of issuance of the 2010 Bonds. In 2012, the NCPA issued the 2012 Refunding Series A for \$76,665,000 and 2012 Taxable Refunding Series B obligations for \$7,120,000 for the purpose of providing funds to refund the NCPA's outstanding Hydroelectric Project No. 1 Revenue Bonds, 1998 Refunding Series A, to make a deposit to the debt service reserve account for the 2012 Bonds and to pay cost of issuance of the 2012 Bonds.

Note 12 – Alameda Municipal Power Fund Joint Ventures (Continued)

Under its power purchase agreement with NCPA, AMP is obligated to pay 10.9774% of this Project's debt service and operating costs. The project entitlement share on the Hydroelectric Projects funded with the 2008 Refunding Series C and 2008 Taxable Refunding Series D obligations is 10%. At June 30, 2017, the book value of this Project's plant, equipment and other assets was \$412,237,290, while its long-term debt totaled \$354,298,371 and other liabilities totaled \$44,142,333. AMP's share of the Project's long-term debt and other liabilities amounted to \$39,844,070 on that date.

Combustion Turbine Project No. 1

In October 1984, NCPA financed a five-unit, 125-megawatt combustion turbine project. The project, built in three member cities including Alameda, began full commercial operation in June 1986 and provides reserve and peaking power. During August 2010, Phase 2 of the first amendment to the NCPA power purchase agreement finalized the transfer of ownership of two NCPA electricity generating units to the City of Roseville due to a misalignment of ISO control areas. The transfer reduced the generation output of the project to 74 MW, and increased the entitlement share to 21.82%. Although AMP's project percentage share increases, its resulting generating capacity entitlement remains constant at 16.05 MW. At June 30, 2017, the book value of this Project's plant, equipment and other assets was \$2,869,351 while its long-term debt totaled \$0, and other liabilities totaled \$2,768,875. AMP's share of the Project's long-term debt and other liabilities amounted to \$604,169 on that date.

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

AMP is a participant in NCPA's 49.8 megawatt Steam Injected Gas Turbine (STIG) project which was built under turnkey contract near the City of Lodi and declared substantially complete on April 23, 1996. In 2010, the NCPA issued 2010 Refunding Series A Revenue Bonds for \$ \$55,120,000 for the purpose refunding the 1999 Refunded Revenue Bonds, contribute to the Debt Service Reserve Account, and to pay costs of issuance of the 2010 Series A Bonds. Under the NCPA power purchase agreement, AMP is obligated to pay 19.00% of the debt service and operating costs for the STIG project.

AMP's participation in procurement of natural gas for fuel for existing and new combustion turbine units was approved in 1993. Although there is currently no additional debt financing, AMP and NCPA have committed to long-term payments for gas transmission pipeline capacity and entered into a purchase contract for natural gas. AMP is obligated to pay 19.00%.

At June 30, 2017, the book value of this Project's plant, equipment and other assets was \$41,211,265 while its long-term debt totaled \$38,163,048 and other liabilities totaled \$2,282,609. AMP's share of the Project's long-term debt and other liabilities amounted to \$7,684,675 on that date.

Graeagle Hydroelectric Project

AMP's participation in this small hydroelectric project was approved in 1993. Although this project does not involve any financing, it does involve a long-term contractual commitment to purchase the power produced by the project. AMP receives 100% of the power output from this small 440 kilowatt hydroelectric project.

Note 12 – Alameda Municipal Power Fund Joint Ventures (Continued)

Western Area Power Administration

AMP has an allocation of power from the Federal Central Valley Project generating resources contracted through the U.S. Department of Energy's Western Area Power Administration. This allocation has been temporarily assigned to NCPA for scheduling and delivery to AMP. AMP pays 1.08075% of the base resource costs and receives that same amount of the base resource, power generated in one federal fiscal year.

Other Power Purchase Agreements

AMP has also entered into a number of other power purchase agreements which are scheduled by or through NCPA.

- ***Highwinds Project Power Purchase***

In December 2004, AMP entered into a long-term power purchase agreement with PPM Energy, Inc. for power supplied by the Highwinds Project in Solano County, California. In 2008, Iberdrola Renewables succeeded PPM Energy as the seller counterparty for this power purchase agreement. AMP receives 6.17% of the output of the 162 megawatt project (nameplate rating) or 10 megawatts through June 30, 2028.

- ***Landfill Gas Projects Power Purchase***

Since 2004, AMP has entered into four long-term power purchase agreements for power supplied by multiple generating facilities. These facilities utilize combustible gaseous emissions from landfills, located in or near the San Francisco Bay area to create power. AMP began receiving nearly 3.45 megawatts of base-load power from the first 2 facilities in 2004 and early 2006. An additional 5.2 megawatts of base-load output was added to AMP's portfolio in April 2009 when the Ox Mountain facility commenced operation. An additional 1.9 megawatts of power was added to AMP's portfolio as the Keller Canyon facility commenced base-load operation in August 2009.

California Electric Industry Restructuring

In September 1996, the California State legislature signed into law Assembly Bill 1890 (AB 1890) deregulating the electric power supply market and restructuring the electric power industry in California. While the majority of the legislation was directed at investor-owned utilities (IOUs), AMP and other California publicly owned utilities were greatly affected by the restructuring of markets and the ensuing wild fluctuations in prices that resulted from a deficiency in generating capacity and an immature and flawed market structure. Because AMP has its own generating resources and is not heavily dependent on the wholesale market to purchase power, it was not significantly impacted by these price swings.

Note 12 – Alameda Municipal Power Fund Joint Ventures (Continued)

In April 2008, the California Independent System Operator (CAISO) launched a new wholesale market structure in the state which is referred to as the Market Redesign and Technology Upgrade (MRTU). While MRTU features a day-ahead energy market with a nodal locational marginal price calculation, both load and resources are currently priced as aggregated pricing. The MRTU initiative has introduced new risks and uncertainties for AMP because the Federal Energy Regulatory Commission (FERC) continues requiring CAISO to implement a disaggregated market that will negatively affect AMP because it is in a transmission constrained location. To establish the extent of the risk and identify its impact to rates, AMP continues to monitor changes that CAISO makes to its market structure and operations.

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

NCPA Financial Information

NCPA's financial statements can be obtained from NCPA, 651 Commerce Drive, Roseville, California 95678.

Transmission Agency of Northern California (TANC)

AMP is a member of a joint powers agreement with fifteen other entities in TANC. TANC's purpose is to provide electrical transmission or other facilities for the use of its members. While governed by its members, none of TANC's obligations are those of its members unless expressly assumed by them. The California-Oregon Transmission Project (COTP) is one of three high voltage transmission lines connecting Oregon and California. The 500 kV line is able to transmit 1,600 megawatts (MW) of electricity. The COTP participants include the Transmission Agency of Northern California, Western, Pacific Gas & Electricity (PG&E), City of Redding, Carmichael Water District, and the San Juan Water District. Currently, the COTP provides a transmission path for resources that is outside of the CAISO balancing authority. According to the 1985 Project Agreement with TANC for the development of the COTP and subsequent related project agreements, AMP is obligated to pay its share of the project's costs, including debt service and is entitled to the use of a percentage of the project's transmission or transfer capacity.

AMP's entitlement share on COTP is 1.2274% and AMP is obligated to pay 1.33% of the project's operating costs.

AMP is obligated to pay 1.33% of TANC's debt-service related to the California - Oregon Transmission Project (COTP). AMP's share on the 2009 Series A Bonds is 1.4496%. AMP is not obligated for any portion of the 2009 Series B bonds.

These obligations provide AMP with a COTP transfer capability of 17.05 MW. AMP is also obligated to pay for a portion of the debt associated with the South of Tesla transmission, which is provided under an agreement between TANC and PG&E.

Note 12 – Alameda Municipal Power Fund Joint Ventures (Continued)

In May 2009, TANC issued \$67.0 million of tax-exempt 2009 Series A Bonds and \$61.8 million of taxable 2009 Series B Bonds. The proceeds of the Series A Bonds were used to retire a bank loan that refinanced \$30.3 million of TANC's tax-exempt commercial paper and also to refund \$34.7 million of TANC's 2003 Series C Auction Rate Securities. The proceeds of the Series B Bonds were used to retire a bank loan that refinanced \$56.3 million of TANC's taxable commercial paper. The 2009 refunding increased future aggregate debt service payments by \$19.3 million, resulting in a total economic gain of \$6.5 million, the difference between present value of the old and new debt service payments. TANC has issued Revenue Bonds for \$435,790,000 and eliminated its obligations for the Tax Exempt Commercial Paper notes. As of June 30, 2017, AMP's share of this debt is \$0.

As of July 1, 2014, AMP and other NCPA members executed a multiparty Long-Term Layoff Agreement (the Agreement) that laid off their participating percentage share of the COTP to other TANC participants namely the Sacramento Municipal Utility District, the Turlock Irrigation District, and Modesto Irrigation District, for twenty-five (25) years, with the option to extend for an additional five years upon all parties approval. During the layoff period AMP and other NCPA members will not pay any debt service or operating costs. During the term of the Agreement, AMP would relinquish its voting rights on all short-term decisions and actions at TANC related to the COTP.

In 2016, TANC issued \$173.9 million of tax-exempt 2016 Series A Refunding Revenue Bonds. The proceeds of the bonds were used to refund certain outstanding bonds issued by TANC to finance or refinance a portion of the costs of the California – Oregon Transmission Project, fund the costs of terminating in full certain interest rate swap agreements relating to variable rate Refunded Bonds, and fund a Debt Service Reserve Account and pay costs of the issuance of the 2016 Series A Bonds. The 2016 Series A “small member” debt portion is \$2,576,451. AMP is obligated to pay \$54,209, or 2.104% of that debt.

TANC financial information and TANC's financial statements can be obtained from TANC, P.O. Box 15129, Sacramento, California 95851 or from their website at <http://www.tanc.us/financials.html>.

Note 13 – Commitments and Contingencies

A. *City of Alameda*

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

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

Note 13 – Commitments and Contingencies (Continued)

Encumbrances

Encumbrances outstanding as of June 30, 2017, were as listed below:

| | Amount |
|---|---------------------|
| Major Governmental Funds: | |
| General Fund | \$ 590,368 |
| Base Reuse Special Revenue | 390,404 |
| Capital Improvement Projects | 2,922,367 |
| Total Major Governmental Funds | <u>3,903,139</u> |
| Non-Major Governmental Funds: | |
| Special Revenue Funds | |
| Tidelands | 2,580 |
| Parking Meters | 399,089 |
| Maintenance Assessment Districts | 44,563 |
| Housing | 6,816 |
| FISC Lease Revenue | 85,853 |
| Commercial Revitalization | 175,512 |
| Garbage/Recycling Surcharge | 70,560 |
| Waste Reduction Surcharge | 70,327 |
| Athletic Recreation | 12,475 |
| Capital Projects Funds | |
| Emergency Operations Center/Fire Station #3 | 340,302 |
| Urban Runoff Storm Drain Fee | 62,623 |
| Total Non-Major Governmental Funds | <u>1,270,700</u> |
| Total Governmental Fund Encumbrances | <u>\$ 5,173,839</u> |

Operating Lease

In August 2012, the City Council approved a twenty year lease with an option of a five year extension between the City and Greenway Golf Associates, Inc. for the long-term maintenance and operations of the Chuck Corica Golf Complex. The agreement stipulates minimum rent payments to the City that escalate over time to \$350,000 or 10% of gross revenue up to \$4,000,000 and 12% of gross revenues in excess of \$12,000,000 in years 9-20.

B. Alameda Municipal Power Fund

i) Take or Pay Agreements

Under the terms of its NCPA and TANC joint venture agreements, AMP is liable for a portion of the bonded indebtedness issued by these agencies under take-or-pay or similar agreements, as discussed in Note 12. AMP's estimated share of such debt outstanding at June 30, 2017 was \$63,044,801. Under certain circumstances, AMP may also be responsible for a portion of the costs of operating these entities. Under certain circumstances, such as default or bankruptcy of other participants, AMP may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants. These "step up" provisions are generally capped at a 25 percent increase.

Note 13 – Commitments and Contingencies (Continued)

Take-or-Pay commitments expire upon final maturity of outstanding debt for each project. Final fiscal year debt expirations are as follows:

| Project | Debt Expiration | Entitlement Share % | Debt service % |
|---|-----------------|------------------------|----------------|
| NCPA - Geothermal Project (NGP) | Jul-2024 | 16.88250% | 17.05407% |
| NCPA - Calaveras Hydroelectric Project (NCHP) | Jul-2032 | 10.00000% | 10.97740% |
| NCPA - Capital Facilities Project (NCFP) | Jul-2026 | 19.00000% | 19.00000% |
| TANC - CA-OR Transmission Project (COTP) | May-2024 | 1.22740% | 1.33000% |

As of July 1, 2014, AMP and other NCPA members executed a multiparty Long- Term Layoff Agreement that laid off their participating percentage share of the COTP to other TANC participants.

A summary of AMP's "Take or Pay" contracts and related projects and its contingent liability for the debt service including principal and interest payments at June 30, 2017 is as follows:

| Fiscal Year | NGP | NCHP | NCFP | Total |
|-------------|--------------|---------------|--------------|---------------|
| 2018 | \$ 785,243 | \$ 3,862,951 | \$ 1,063,047 | \$ 5,711,241 |
| 2019 | 815,128 | 3,863,509 | 1,075,844 | 5,754,481 |
| 2020 | 815,322 | 3,673,924 | 1,080,363 | 5,569,609 |
| 2021 | 816,813 | 3,678,169 | 1,095,509 | 5,590,491 |
| 2022 | 817,612 | 3,662,968 | 1,068,208 | 5,548,788 |
| 2023-2027 | 1,992,381 | 15,928,125 | 3,530,947 | 21,451,453 |
| 2028-2032 | | 10,668,362 | | 10,668,362 |
| 2033 | | 2,521,093 | | 2,521,093 |
| Total | \$ 6,042,499 | \$ 47,859,101 | \$ 8,913,918 | \$ 62,815,518 |

ii) Lease Agreement with 1835 Alameda Property, LLC

In March 2016, AMP entered into a property lease agreement with the 1835 Alameda Property, LLC for warehousing/distributing space. The lease terms for the agreement started on May 1, 2016 and will expire on April 30, 2031. The base rent is \$24,700 per month.

| Fiscal Year | |
|-------------|--------------|
| 2018 | \$ 296,400 |
| 2019 | 297,882 |
| 2020 | 306,818 |
| 2021 | 316,023 |
| 2022 | 325,504 |
| 2023-2027 | 1,779,988 |
| 2028-2031 | 1,553,498 |
| Total | \$ 4,876,113 |

Note 14 – Redevelopment Agency Dissolution and Successor Agency Activities

A. *Redevelopment Dissolution*

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except action required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

In addition, ABx1 26 and AB1484 direct the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between the agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency.

Effective January 31, 2012 the Community Improvement Commission (CIC) was dissolved. Certain assets of the CIC Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining CIC assets and liabilities were distributed to a Successor Agency.

The City elected to become the Successor Agency and on February 1, 2012 the CIC's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including the City Manager and one former CIC employee appointed by the Mayor.

The activities of the Successor Agency are reported in the Successor Agency Private Purpose Trust Fund as the activities are under control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former CIC.

Cash and investments of the Successor Agency as of June 30, 2017 are discussed in Note 2. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2017.

Note 14 – Redevelopment Agency Dissolution and Successor Agency Activities (Continued)

B. Long-Term Debt

The Successor Agency assumed long-term debt from the Redevelopment Agency, including the following, which remained outstanding:

Current Year Transaction and Balances

| | CUSIP Number | Balance June 30, 2016 | Additions | Retirements | Balance June 30, 2017 | Due within one year |
|---|-----------------|--------------------------|----------------------|------------------------|--------------------------|------------------------|
| 2011 Tax Allocation Bonds, Series A & B | 010781DZ2 | \$ 10,740,000 | \$ - | \$ (10,740,000) | \$ - | \$ - |
| Discount | | (104,438) | | 104,438 | | |
| 2014 A SA CIC Tax Exempt Bonds | Not available | 23,495,000 | | | 23,495,000 | |
| 2014 B SA CIC Taxable Bonds | Not available | 22,625,000 | | (1,895,000) | 20,730,000 | 1,920,000 |
| Premium | | 3,269,295 | | (190,228) | 3,079,067 | |
| 2017 SA CIC Taxable Bonds | Not available | | 12,850,000 | | 12,850,000 | |
| Discount | | | (180,706) | 470 | (180,236) | |
| Total Bonds | | <u>\$ 60,024,857</u> | <u>\$ 12,669,294</u> | <u>\$ (12,720,320)</u> | <u>\$ 59,973,831</u> | <u>\$ 1,920,000</u> |

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 from 2% to 8.5%. The bonds were issued at a \$125,326 discount. These bonds were paid off during the current year.

2014 Community Improvement Commission Tax Allocation Refunding Bonds

On December 23, 2014, the Successor Agency issued Series 2014 A Subordinated Tax Allocation Refunding Bonds in the principal amount of \$23,495,000 and Series 2014 B Subordinated Tax Allocation Refunding Bonds in the principal amount of \$25,080,000, for a total original principal amount of \$48,575,000, for the former agency's merged improvement areas. Proceeds from the sale of the Bonds will be used to (a) refund certain outstanding bonds issued by the former Community Improvement Commission of the City of Alameda (Former Agency), the proceeds of which were used to finance redevelopment and low and moderate income housing activities within and for the benefit of the redevelopment project areas of the Former Agency, (b) purchase a municipal bond insurance policy in lieu of funding a debt service reserve account for the Bonds, and (c) provide for the costs of issuing the bonds. The Series 2014 A and B Bonds are secured by a first lien on tax revenues. Principal and interest are payable annually on September 1 through 2041. The interest rates on the bonds vary from 2% to 8.5%. The bonds were issued at a \$3,565,319 premium. The outstanding balance as of June 30, 2017 was \$47,304,068, net of premium.

Note 14 – Redevelopment Agency Dissolution and Successor Agency Activities (Continued)

2017 Community Improvement Commission Tax Allocation Refunding Bonds

On May 11, 2017, the Successor Agency issued Series 2017 Taxable Tax Allocation Refunding Bonds in the principal amount of \$12,850,000 for the former agency's merged improvement areas. Proceeds from the sale of the Bonds will be used to (a) refund certain outstanding bonds issued by the former Community Improvement Commission of the City of Alameda (Former Agency), the proceeds of which were used to finance redevelopment and low and moderate income housing activities within and for the benefit of the redevelopment project areas of the Former Agency, (b) purchase a debt service reserve insurance policy in lieu of funding a debt service reserve fund for the Bonds, and (c) pay the costs of issuing the Bonds. The Series 2017 Bonds are secured by a lien on tax revenues. Principal and interest are payable semiannually on March 1 and September 1 through 2041. The interest rates on the bonds vary from 1.5% to 4.2%. The bonds were issued at an \$180,706 discount. The outstanding balance as of June 30, 2017 was \$12,669,764 net of discount.

With the dissolution of the CIC discussed previously, tax increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the CIC, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes received by the Successor Agency in the current fiscal year were \$10,698,058, which represented coverage of 2.87 times the \$3,732,887 of debt service.

Debt Service Requirements

Annual debt service requirements are shown below.

| For the Year Ending June 30, | Principal | Interest |
|---------------------------------|---------------|---------------|
| 2018 | \$ 1,920,000 | \$ 2,167,970 |
| 2019 | 2,045,000 | 2,260,169 |
| 2020 | 2,200,000 | 2,210,941 |
| 2021 | 2,315,000 | 2,151,516 |
| 2022 | 2,405,000 | 2,082,211 |
| 2023-2027 | 13,875,000 | 9,034,267 |
| 2028-2032 | 18,160,000 | 5,533,297 |
| 2033-2037 | 12,355,000 | 1,352,234 |
| 2038-2042 | 1,800,000 | 206,763 |
| Subtotal | 57,075,000 | \$ 26,999,367 |
| Plus unamortized bond premium | 3,079,067 | |
| Less unamortized bond discount | (180,236) | |
| Total | \$ 59,973,831 | |

Note 14 – Redevelopment Agency Dissolution and Successor Agency Activities (Continued)

C. State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time.

Note 15 – Restatement

As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as of July 1, 2016. The impact of the implementation on the beginning net position is as follows:

| | June 30, 2016 | | July 1, 2016 |
|---------------------------------|----------------------|--------------|--------------|
| Governmental Activities | Previously Presented | Restatement | Restated |
| Pension Obligation | \$ 686,000 | \$ (686,000) | \$ - |
| Pension liability | - | 10,266,857 | 10,266,857 |
| Net position, beginning of year | 177,360,242 | (9,580,857) | 167,779,385 |

CALPERS AGENT-MULTIPLE EMPLOYER MISCELLANEOUS PLAN

Schedule of Changes in Net Pension Liability and Related Ratios

Last Ten Years*

| | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|
| Total pension liability | | | |
| Service cost | \$ 3,760,714 | \$ 3,766,998 | \$ 3,808,115 |
| Interest on the total pension liability | 18,828,640 | 18,158,298 | 17,592,705 |
| Changes of assumptions | | (4,194,628) | |
| Difference between expected and actual experience | 163,395 | (1,883,727) | |
| Benefit payments, including refunds of employee contributions | (13,711,596) | (12,934,211) | (12,081,658) |
| Net change in total pension liability | 9,041,153 | 2,912,730 | 9,319,162 |
| Total pension liability - beginning | 250,938,066 | 248,025,336 | 238,706,174 |
| Total pension liability - ending (a) | 259,979,219 | 250,938,066 | 248,025,336 |
| Plan fiduciary net position | | | |
| Contributions - employer | 4,525,123 | 3,713,053 | 3,088,658 |
| Contributions - employee | 2,159,065 | 2,094,771 | 2,206,769 |
| Net investment income | 1,095,194 | 4,478,705 | 30,399,751 |
| Benefit payments, including refunds of employee contributions | (13,711,596) | (12,934,211) | (12,081,658) |
| Plan to Plan Resource Movement | | (2,433,966) | |
| Administrative Expense | (119,223) | (222,927) | |
| Net change in fiduciary net position | (6,051,437) | (5,304,575) | 23,613,520 |
| Plan fiduciary net position - beginning | 195,624,915 | 200,929,490 | 177,315,970 |
| Plan fiduciary net position - ending (b) | 189,573,478 | 195,624,915 | 200,929,490 |
| Net pension liability - ending (a) - (b) | \$ 70,405,741 | \$ 55,313,151 | \$ 47,095,846 |
| Plan fiduciary net position as a percentage of the total pension liability | 72.92% | 77.96% | 81.01% |
| Covered payroll | \$ 26,437,131 | \$ 25,612,255 | \$ 24,479,720 |
| Net pension liability as a percentage of covered payroll | 266.31% | 215.96% | 192.39% |
| Measurement date | June 30, 2016 | June 30, 2015 | June 30, 2014 |

*Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

CALPERS AGENT-MULTIPLE EMPLOYER SAFETY PLAN
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Years*

| | 2017 | 2016 | 2015 |
|---|----------------|----------------|----------------|
| Total pension liability | | | |
| Service cost | \$ 6,047,019 | \$ 6,121,040 | \$ 6,141,031 |
| Interest on the total pension liability | 28,386,449 | 27,178,001 | 25,739,517 |
| Changes in assumptions | - | (6,618,407) | |
| Difference between expected and actual experience | 2,256,432 | 5,283,538 | |
| Benefit payments, including refunds of employee contributions | (20,335,284) | (19,108,175) | (17,814,345) |
| Net change in total pension liability | 16,354,616 | 12,855,997 | 14,066,203 |
| Total pension liability - beginning | 375,952,409 | 363,096,412 | 349,030,209 |
| Total pension liability - ending (a) | 392,307,025 | 375,952,409 | 363,096,412 |
| Plan fiduciary net position | | | |
| Contributions - employer | 9,569,765 | 9,071,332 | 8,190,138 |
| Contributions - employee | 3,329,883 | 2,920,035 | 3,115,074 |
| Net investment income | 1,191,816 | 5,399,063 | 36,726,928 |
| Benefit payments, including refunds of employee contributions | (20,335,284) | (19,108,175) | (17,814,345) |
| Administrative expense | (147,352) | (272,101) | |
| Net change in fiduciary net position | (6,391,172) | (1,989,846) | 30,217,795 |
| Plan fiduciary net position - beginning | 241,779,059 | 243,768,905 | 213,551,110 |
| Plan fiduciary net position - ending (b) | 235,387,887 | 241,779,059 | 243,768,905 |
| Net pension liability - ending (a) - (b) | \$ 156,919,138 | \$ 134,173,350 | \$ 119,327,507 |
| Plan fiduciary net position as a percentage of the total pension liability | 60.00% | 64.31% | 67.14% |
| Covered payroll | \$ 25,965,660 | \$ 25,200,216 | \$ 23,779,986 |
| Net pension liability as a percentage of covered payroll | 604.33% | 532.43% | 501.80% |
| Measurement date | June 30, 2016 | June 30, 2015 | June 30, 2014 |

*Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

CALPERS AGENT-MULTIPLE EMPLOYER PLAN - MISCELLANEOUS
Schedule of Contributions
Last Ten Years*

| | 2017 | 2016 | 2015 |
|--|--|--|--|
| Actuarially determined contributions | \$ 5,265,991 | \$ 4,527,506 | \$ 3,713,053 |
| Contributions in relation to the actuarially determined contribution | 5,265,991 | 4,527,506 | 3,713,053 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| Covered payroll | \$ 24,097,559 | \$ 26,437,131 | \$ 25,612,255 |
| Contributions as a percentage of covered payroll | 21.85% | 17.13% | 14.50% |
| Notes to Schedule | | | |
| Valuation date: | 6/30/2014 | 6/30/2013 | 6/30/2012 |
| Methods and assumptions used to determine contribution rates: | | | |
| Actuarial cost method | Entry Age Normal Cost Method | Entry Age Normal Cost Method | Entry Age Normal Cost Method |
| Amortization method | Level percent of payroll | Level percent of payroll | Level percent of payroll |
| Asset valuation method | Market value | Actuarial value of assets | Actuarial value of assets |
| Inflation | 2.75% | 2.75% | 2.75% |
| Salary increases | 3.3% to 14.20% depending on Age, Service, and type of employment | 3.3% to 14.20% depending on Age, Service, and type of employment | 3.3% to 14.20% depending on Age, Service, and type of employment |
| Investment rate of return | 7.50%, net of administrative expenses, includes inflation. | 7.50%, net of administrative expenses, includes inflation. | 7.50%, net of administrative expenses, includes inflation. |
| Retirement age | 50-67 years | 50-67 years | 50-67 years |
| Mortality | The probabilities of retirement and mortality are based on 2010 CalPERS experience study for the period from 1997 to 2007. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. | The probabilities of retirement and mortality are based on 2010 CalPERS experience study for the period from 1997 to 2007. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. | The probabilities of retirement and mortality are based on 2010 CalPERS experience study for the period from 1997 to 2007. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

*Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

CALPERS AGENT-MULTIPLE EMPLOYER PLAN - SAFETY
Schedule of Contributions
Last Ten Years*

| | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|
| Actuarially determined contributions | \$ 10,530,166 | \$ 9,572,502 | \$ 9,071,332 |
| Contributions in relation to the actuarially determined contribution | 10,530,166 | 9,572,502 | 9,071,332 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| Covered payroll | \$ 18,650,501 | \$ 25,965,660 | \$ 25,200,216 |
| Contributions as a percentage of covered payroll | 56.46% | 36.87% | 36.00% |

Notes to Schedule

| | | | |
|-----------------|-----------|-----------|-----------|
| Valuation date: | 6/30/2014 | 6/30/2013 | 6/30/2012 |
|-----------------|-----------|-----------|-----------|

Methods and assumptions used to determine contribution rates:

| | | | |
|---------------------------|--|--|--|
| Actuarial cost method | Entry Age Normal Cost Method | Entry Age Normal Cost Method | Entry Age Normal Cost Method |
| Amortization method | Level percent of payroll | Level percent of payroll | Level percent of payroll |
| Asset valuation method | Market value | Actuarial value of assets | Actuarial value of assets |
| Inflation | 2.75% | 2.75% | 2.75% |
| Salary increases | 3.3% to 14.20% depending on Age, Service, and type of employment | 3.3% to 14.20% depending on Age, Service, and type of employment | 3.3% to 14.20% depending on Age, Service, and type of employment |
| Investment rate of return | 7.50%, net of administrative expenses, includes inflation. | 7.50%, net of administrative expenses, includes inflation. | 7.50%, net of administrative expenses, includes inflation. |
| Retirement age | 50-67 years | 50-67 years | 50-67 years |
| Mortality | The probabilities of retirement and mortality are based on 2010 CalPERS experience study for the period from 1997 to 2007. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. | The probabilities of retirement and mortality are based on 2010 CalPERS experience study for the period from 1997 to 2007. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. | The probabilities of retirement and mortality are based on 2010 CalPERS experience study for the period from 1997 to 2007. Pre-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

*Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

1079 & 1082 PENSION PLAN
Schedule of Changes in Total Pension Liability and Related Ratios
Last Ten Years*

| | 2017 |
|---|---------------------|
| Total pension liability | |
| Interest on the total pension liability | \$ 349,073 |
| Difference between expected and actual experience | 39,819 |
| Benefit payments | (1,448,612) |
| Net change in total pension liability | (1,059,720) |
| Total pension liability - beginning | 10,266,857 |
| Total pension liability - ending | <u>\$ 9,207,137</u> |

Measurement date

June 30, 2017

Note to Schedule:

No assets are accumulated in a trust that meets all of the following criteria of GASBS No. 73, paragraph 4:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

The plan is a closed plan and there are no active employees participating in the Plan.

*Fiscal year 2017 was the first year of implementation, therefore, only one year is shown.

OTHER POST-EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Entry Age Actuarial Accrued Liability (B) | Unfunded Actuarial Accrued Liability (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | Unfunded Actuarial Liability as Percentages of Covered Payroll [(B-A)/C] |
|--------------------------------|--|---|--|--------------------------|---------------------------|---|
| 1/1/2011 | \$ - | \$ 86,416,000 | \$ 86,416,000 | 0.00% | \$ 45,825,000 | 189% |
| 1/1/2013 | - | 91,172,000 | 91,172,000 | 0.00% | 42,055,000 | 217% |
| 1/1/2015 | 177,000 | 113,164,000 | 112,987,000 | 0.16% | 47,679,000 | 237% |



Special Revenue Funds:***Community Development***

This fund accounts for the activities and services of the Planning and Building Divisions. Revenues are derived from fees, licenses, and fines collected in conjunction with the planning, permitting and enforcement activities of the department in accordance with state law, requiring fees not to exceed the cost of providing services. Expenditures are made in support of the administration of the divisions, the provision and enhancement of services, and the enforcement of municipal codes.

Library

This fund accounts for revenues received from a library tax, library grants and operating transfers from the General Fund for the operations of the City's three libraries.

Gas Tax

This fund accounts for revenues and expenditures received from the State of California under Street and Highways Code Sections 2105, 2106, 2107, 2107.5 and 7360. The allocations must be expended for street related maintenance and construction and a limited amount for engineering.

Asset Seizure/Traffic Safety

This fund accounts for restricted Asset Seizure/Traffic Safety funds to be used for eligible Public Safety Programs.

County Measure B/BB

This fund accounts for the City's share of the proceeds of a one-half cent sales tax increase approved by the voters in November 2000, which was renewed in November 2014. The program is administered by the Alameda County Transportation Commission. The tax provides funds for the maintenance of local streets, roads, bike paths and pedestrian walkways and paratransit operations.

Tidelands

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

Parking Meter

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

Commercial Revitalization

This fund accounts for funds to be used for the City's commercial revitalization programs.

Community Development Block Grant

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

Housing Special Revenue Fund - This fund accounts for funds received from developer impact fees to be used for affordable housing programs in the City.

Garbage/Recycling Surcharge

This fund accounts for revenues and expenditures of the City's waste management and recycling programs.

Athletic Recreation

This fund accounts for revenues and expenditures of the various City recreation fee based programs.

Grants

This fund accounts for revenues received from Federal, State, County and private grants.

Waste Reduction Surcharge

This fund accounts for revenues and expenditures related to the operation of the City's waste management and recycling programs.

Maintenance Assessment Districts

This fund accounts for special assessments collected and expended for various landscaping and maintenance areas throughout the City.

Vehicle Registration Fee

This fund accounts for vehicle registration fees collected by the County to be used to sustain the County's transportation network and reduce traffic congestion.

Parking

This fund accounts for restricted revenues from the Civic Center garage and City parking lots. Expenditures support parking and transportation related projects.

FISC Lease Revenue Special Revenue Fund

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

Debt Service Funds:***City Hall and Library Bonds***

This fund accounts for the repayment of two bonds that were issued to fund various improvements and the construction of a new library.

Base Reuse

The 2003 Variable Rate Demand Revenue Bonds were issued in December 2003 by the Alameda Public Financing Authority to refund the 1999 Base Reuse 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 lease revenues related to base reuse.

Capital Projects Funds:***Construction Impact Fee***

This fund accounts for revenues from development impact fees required from certain new developments. Funds are used to mitigate the impacts on public facilities and infrastructure caused by these developments.

Streets/Transportation

This fund accounts for expenditures for street and transportation projects.

Citywide Development Fee

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

Urban Runoff Storm Drain Fee

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

Maintenance Assessment Districts

This fund accounts for bond proceeds used to finance the construction and acquisition of public improvements in the District.

Emergency Operation Center/Fire Station #3

This fund accounts for the revenues and expenditures related to the construction of a new Emergency Operation Center and Fire Station #3.



City of Alameda
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2017

| | SPECIAL REVENUE FUNDS | | | |
|--|--------------------------|---------------------|---------------------|----------------------------------|
| | Community Development | Library | Gas Tax | Asset Seizure/ Traffic Safety |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 1,665,808 | \$ 2,836,749 | \$ - | \$ 77,532 |
| Restricted cash and investments | | | 1,345,777 | |
| Accounts receivable | 42,431 | 114,236 | | |
| Prepays and deposits | | | | |
| Due from other agencies | 13,751 | | | |
| Loans receivable | | | | |
| Advances to other funds | | | | |
| Total Assets | <u>\$ 1,721,990</u> | <u>\$ 2,950,985</u> | <u>\$ 1,345,777</u> | <u>\$ 77,532</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 94,934 | \$ 64,049 | \$ 20,706 | \$ 5,011 |
| Accrued payroll | 49,836 | 43,321 | 2,817 | |
| Accrued interest | | | | |
| Due to other funds | | | | |
| Due to other agencies | 4,956 | | | 15,440 |
| Unearned revenue | | | | |
| Refundable deposits | 667,160 | | | |
| Advances from other funds | | | | |
| Total Liabilities | <u>816,886</u> | <u>107,370</u> | <u>23,523</u> | <u>20,451</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable Revenue - revolving loans receivable | | | | |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS): | | | | |
| Restricted | | | 1,322,254 | 57,081 |
| Committed | 905,104 | 2,843,615 | | |
| Unassigned | | | | |
| Total Fund Balances | <u>905,104</u> | <u>2,843,615</u> | <u>1,322,254</u> | <u>57,081</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 1,721,990</u> | <u>\$ 2,950,985</u> | <u>\$ 1,345,777</u> | <u>\$ 77,532</u> |

SPECIAL REVENUE FUNDS

| County Measure B/BB | Tidelands | Parking Meter | Commercial Revitalization | Community Development Block Grant | Housing |
|------------------------|---------------------|---------------------|------------------------------|---|---------------------|
| \$ 5,072,984 | \$ 2,720,564 | \$ 3,321,235 | \$ 1,396,999 | \$ 692,590 | \$ 1,248,868 |
| 679,305 | | 6,188 | 712 | 132,612 | |
| | | | | 2,571,208 | 1,681,363 |
| <u>\$ 5,752,289</u> | <u>\$ 2,720,564</u> | <u>\$ 3,327,423</u> | <u>\$ 1,397,711</u> | <u>\$ 3,396,410</u> | <u>\$ 2,930,231</u> |
| \$ - | \$ 9,260 4,601 | \$ 29,305 3,412 | \$ 46,661 | \$ 97,462 232 4,441 | \$ 154,203 1,909 |
| <u>-</u> | <u>13,861</u> | <u>32,717</u> | <u>46,661</u> | <u>102,135</u> | <u>156,112</u> |
| | | | | 2,571,208 | 1,681,363 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,571,208</u> | <u>1,681,363</u> |
| 5,752,289 | 2,706,703 | 3,294,706 | 1,351,050 | 723,067 | 1,092,756 |
| <u>5,752,289</u> | <u>2,706,703</u> | <u>3,294,706</u> | <u>1,351,050</u> | <u>723,067</u> | <u>1,092,756</u> |
| <u>\$ 5,752,289</u> | <u>\$ 2,720,564</u> | <u>\$ 3,327,423</u> | <u>\$ 1,397,711</u> | <u>\$ 3,396,410</u> | <u>\$ 2,930,231</u> |

(Continued)

City of Alameda
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2017

| | SPECIAL REVENUE FUNDS | | | |
|--|------------------------------------|------------------------|---------------------|---------------------------------|
| | Garbage/ Recycling Surcharge | Athletic Recreation | Grants Fund | Waste Reduction Surcharge |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 1,407,544 | \$ 2,303,199 | \$ 685,259 | \$ 2,994,945 |
| Restricted cash and investments | | 467,384 | | |
| Accounts receivable | | 92,341 | 404,202 | 107,234 |
| Prepays and deposits | | 1,115 | | |
| Due from other agencies | | | | |
| Loans receivable | | | | |
| Advances to other funds | | | | |
| Total Assets | <u>\$ 1,407,544</u> | <u>\$ 2,864,039</u> | <u>\$ 1,089,461</u> | <u>\$ 3,102,179</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 316 | \$ 144,890 | \$ 1,803 | \$ 44,326 |
| Accrued payroll | 526 | 62,635 | 12,886 | 9,526 |
| Accrued interest | | | | |
| Due to other funds | | | | |
| Due to other agencies | | | | 67,377 |
| Unearned revenue | | 139,512 | 305,480 | |
| Refundable deposits | | 56,274 | | |
| Advances from other funds | | | | |
| Total Liabilities | <u>842</u> | <u>403,311</u> | <u>320,169</u> | <u>121,229</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable Revenue - revolving loans receivable | | | | |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS): | | | | |
| Restricted | 1,406,702 | | 769,292 | 2,980,950 |
| Committed | | 2,460,728 | | |
| Unassigned | | | | |
| Total Fund Balances | <u>1,406,702</u> | <u>2,460,728</u> | <u>769,292</u> | <u>2,980,950</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 1,407,544</u> | <u>\$ 2,864,039</u> | <u>\$ 1,089,461</u> | <u>\$ 3,102,179</u> |

| SPECIAL REVENUE FUNDS | | | | DEBT SERVICE FUNDS | |
|--|--------------------------------|-------------------|------------------------|-----------------------------------|--------------------|
| Maintenance Assessment Districts | Vehicle Registration Fee | Parking | FISC Lease Revenue | City Hall and Library Bonds | Base Reuse |
| \$ 6,737,323 357,131 80,609 | \$ 397,221 60,304 | \$ 487,342 | \$ 3,564,292 26,624 | \$ 484,385 898,241 32,635 | \$ 2,544 21,232 |
| | | | 700,000 | | |
| <u>\$ 7,175,063</u> | <u>\$ 457,525</u> | <u>\$ 487,342</u> | <u>\$ 4,290,916</u> | <u>\$ 1,415,261</u> | <u>\$ 23,776</u> |
| \$ 235,418 5,387 | \$ - | \$ - | \$ 23,790 6,640 | \$ - | \$ 2,543 |
| | | 33,112 | 96,905 | | |
| <u>240,805</u> | <u>-</u> | <u>33,112</u> | <u>127,335</u> | <u>-</u> | <u>2,543</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 6,934,258 | 457,525 | 454,230 | 4,163,581 | 1,415,261 | 21,233 |
| <u>6,934,258</u> | <u>457,525</u> | <u>454,230</u> | <u>4,163,581</u> | <u>1,415,261</u> | <u>21,233</u> |
| <u>\$ 7,175,063</u> | <u>\$ 457,525</u> | <u>\$ 487,342</u> | <u>\$ 4,290,916</u> | <u>\$ 1,415,261</u> | <u>\$ 23,776</u> |

(Continued)

City of Alameda
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2017

| | CAPITAL PROJECTS FUNDS | | | |
|--|-------------------------------|-----------------------------|--------------------------------|------------------------------------|
| | Construction Impact Fee | Streets / Transportation | Citywide Development Fee | Urban Runoff Storm Drain Fee |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 2,899,722 | \$ 2,166,845 | \$ 4,423,226 | \$ 5,702,540 |
| Restricted cash and investments | | | | 17,300 |
| Accounts receivable | 12,487 | 737 | | 113,408 |
| Prepays and deposits | | | | |
| Due from other agencies | | | | |
| Loans receivable | | | | |
| Advances to other funds | | | | |
| Total Assets | <u>\$ 2,912,209</u> | <u>\$ 2,167,582</u> | <u>\$ 4,423,226</u> | <u>\$ 5,833,248</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ - | \$ 10,794 | \$ - | \$ 93,604 |
| Accrued payroll | | 490 | | 26,465 |
| Accrued interest | | | | |
| Due to other funds | | | | |
| Due to other agencies | | | | |
| Unearned revenue | | | | |
| Refundable deposits | | | 1,500 | 52,712 |
| Advances from other funds | | | 1,400,000 | |
| Total Liabilities | <u>-</u> | <u>11,284</u> | <u>1,401,500</u> | <u>172,781</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable Revenue - revolving loans receivable | | | | |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS): | | | | |
| Restricted | 2,912,209 | 2,156,298 | 3,021,726 | 5,660,467 |
| Committed | | | | |
| Unassigned | | | | |
| Total Fund Balances | <u>2,912,209</u> | <u>2,156,298</u> | <u>3,021,726</u> | <u>5,660,467</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 2,912,209</u> | <u>\$ 2,167,582</u> | <u>\$ 4,423,226</u> | <u>\$ 5,833,248</u> |

CAPITAL PROJECTS FUNDS

| Maintenance Assessment Districts | Emergency Operation Center / Fire Station #3 | Total Non-Major Governmental Funds |
|--|--|---|
| \$ 2,524,376 | \$ 90,712 | \$ 55,904,804 |
| | 2,036,481 | 5,143,546 |
| 2,450 | 23,380 | 1,931,895 |
| | | 1,115 |
| | | 13,751 |
| | | 4,252,571 |
| | | 700,000 |
| <u>\$ 2,526,826</u> | <u>\$ 2,150,573</u> | <u>\$ 67,947,682</u> |
| \$ - | \$ 52,431 | \$ 1,131,506 |
| | | 230,683 |
| | | 4,441 |
| | 1,833,412 | 1,833,412 |
| | | 87,773 |
| | | 444,992 |
| | | 907,663 |
| | 747,881 | 2,147,881 |
| <u>-</u> | <u>2,633,724</u> | <u>6,788,351</u> |
| | | 4,252,571 |
| <u>-</u> | <u>-</u> | <u>4,252,571</u> |
| 2,526,826 | 2,036,481 | 44,407,608 |
| | | 15,018,784 |
| | (2,519,632) | (2,519,632) |
| <u>2,526,826</u> | <u>(483,151)</u> | <u>56,906,760</u> |
| <u>\$ 2,526,826</u> | <u>\$ 2,150,573</u> | <u>\$ 67,947,682</u> |



City of Alameda
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the year ended June 30, 2017

| | SPECIAL REVENUE FUNDS | | | |
|--|--------------------------|--------------|--------------|-----------------------------------|
| | Community Development | Library | Gas Tax | Asset Seizure / Traffic Safety |
| REVENUES: | | | | |
| Property taxes | | \$ 2,193,249 | | |
| Other local taxes | | | | |
| Licenses and permits | \$ 2,853,769 | | | |
| Revenue from other agencies | | 43,489 | \$ 1,504,429 | |
| Charges for current services | 1,316,559 | 57,495 | 2,863 | |
| Fines and forfeitures | 141,995 | | | |
| Use of money and property | 3,884 | 9,136 | (7,564) | \$ 669 |
| Other revenues | | | | |
| Total Revenues | 4,316,207 | 2,303,369 | 1,499,728 | 669 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | | | | 11,677 |
| Police | | | | |
| Fire | | | | |
| Public works | | | 592,670 | |
| Community development | 4,271,558 | | | |
| Community services | | 3,851,697 | | |
| Housing | | | | |
| Capital outlay | | 26,570 | | |
| Debt Service: | | | | |
| Principal | | | | |
| Interest | | | | |
| Total Expenditures | 4,271,558 | 3,878,267 | 592,670 | 11,677 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 44,649 | (1,574,898) | 907,058 | (11,008) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | | 2,097,000 | | |
| Transfers (Out) | | | (1,399,262) | |
| Total Other Financing Sources (Uses) | - | 2,097,000 | (1,399,262) | - |
| Net Changes in Fund Balances | 44,649 | 522,102 | (492,204) | (11,008) |
| BEGINNING FUND BALANCES | 860,455 | 2,321,513 | 1,814,458 | 68,089 |
| ENDING FUND BALANCES | \$ 905,104 | \$ 2,843,615 | \$ 1,322,254 | \$ 57,081 |

SPECIAL REVENUE FUNDS

| County Measure B/BB | Tidelands | Parking Meter | Commercial Revitalization | Community Development Block Grant | Housing |
|------------------------|--------------|------------------------|------------------------------|---|--------------|
| \$ 4,393,944 | | \$ 1,407,677 60,000 | | \$ 756,657 | |
| 20,170 | \$ 809,129 | 3,921 | \$ 47,100 | 225,938 | \$ 257,808 |
| | | 26,997 | 185,138 | 339 | 49,730 |
| 4,414,114 | 809,129 | 1,498,595 | 232,238 | 982,934 | 307,538 |
| | 940,461 | 709,058 | | | |
| | | | 91,486 | 756,656 | 783,292 |
| - | 940,461 | 709,058 | 91,486 | 756,656 | 783,292 |
| 4,414,114 | (131,332) | 789,537 | 140,752 | 226,278 | (475,754) |
| (5,543,347) | | (677,079) | | | 399,514 |
| (5,543,347) | - | (677,079) | - | - | 399,514 |
| (1,129,233) | (131,332) | 112,458 | 140,752 | 226,278 | (76,240) |
| 6,881,522 | 2,838,035 | 3,182,248 | 1,210,298 | 496,789 | 1,168,996 |
| \$ 5,752,289 | \$ 2,706,703 | \$ 3,294,706 | \$ 1,351,050 | \$ 723,067 | \$ 1,092,756 |

(Continued)



City of Alameda
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the year ended June 30, 2017

| | SPECIAL REVENUE FUNDS | | | |
|--|------------------------------------|------------------------|----------------|---------------------------------|
| | Garbage/ Recycling Surcharge | Athletic Recreation | Grants Fund | Waste Reduction Surcharge |
| REVENUES: | | | | |
| Property taxes | | | | |
| Other local taxes | \$ 178,240 | | | |
| Licenses and permits | | | \$ 1,250 | |
| Revenue from other agencies | | \$ 97,240 | 1,857,015 | \$ 275,886 |
| Charges for current services | | 2,325,019 | | 434,541 |
| Fines and forfeitures | | | | |
| Use of money and property | 2,551 | 629,628 | (2,332) | 4,398 |
| Other revenues | | 111,672 | 13,019 | 117,877 |
| Total Revenues | 180,791 | 3,163,559 | 1,868,952 | 832,702 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 81,647 | 4,641,869 | | |
| Police | | | 53,091 | |
| Fire | | | 1,672,191 | |
| Public works | | | | 929,153 |
| Community development | | | | |
| Community services | | | | |
| Housing | | | 90,995 | |
| Capital outlay | | | 145,247 | 3,974 |
| Debt Service: | | | | |
| Principal | | | | |
| Interest | | | | |
| Total Expenditures | 81,647 | 4,641,869 | 1,961,524 | 933,127 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 99,144 | (1,478,310) | (92,572) | (100,425) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | | 1,749,000 | 54,000 | |
| Transfers (Out) | (50,000) | (711,000) | | |
| Total Other Financing Sources (Uses) | (50,000) | 1,038,000 | 54,000 | - |
| Net Changes in Fund Balances | 49,144 | (440,310) | (38,572) | (100,425) |
| BEGINNING FUND BALANCES | 1,357,558 | 2,901,038 | 807,864 | 3,081,375 |
| ENDING FUND BALANCES | \$ 1,406,702 | \$ 2,460,728 | \$ 769,292 | \$ 2,980,950 |

| SPECIAL REVENUE FUNDS | | | | DEBT SERVICE FUNDS | |
|--|--------------------------------|------------|-----------------------|-----------------------------------|------------|
| Maintenance Assessment Districts | Vehicle Registration Fee | Parking | FISC Lease Revenue | City Hall and Library Bonds | Base Reuse |
| \$ 2,531,890 | | | | \$ 686,548 | |
| | \$ 336,579 | | \$ 184,401 | | |
| 15,307 | 486 | \$ 373,225 | 1,013,755 | 6,150 | \$ 28 |
| 43,992 | | | | 132 | |
| 2,591,189 | 337,065 | 373,225 | 1,198,156 | 692,830 | 28 |
| 434,922 | | | | 4,490 | |
| 1,438,198 | | | 1,040,944 | | |
| | | | 1,303 | | |
| | | | | 1,360,000 | 400,000 |
| | | | | 1,014,909 | 90,449 |
| 1,873,120 | - | - | 1,042,247 | 2,379,399 | 490,449 |
| 718,069 | 337,065 | 373,225 | 155,909 | (1,686,569) | (490,421) |
| | | | | 1,681,686 | 502,114 |
| (48,995) | (500,000) | (372,000) | | | |
| (48,995) | (500,000) | (372,000) | - | 1,681,686 | 502,114 |
| 669,074 | (162,935) | 1,225 | 155,909 | (4,883) | 11,693 |
| 6,265,184 | 620,460 | 453,005 | 4,007,672 | 1,420,144 | 9,540 |
| \$ 6,934,258 | \$ 457,525 | \$ 454,230 | \$ 4,163,581 | \$ 1,415,261 | \$ 21,233 |

(Continued)



City of Alameda
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the year ended June 30, 2017

| | CAPITAL PROJECTS FUNDS | | | |
|--|-------------------------------|----------------------------|--------------------------------|------------------------------------|
| | Construction Impact Fee | Streets/ Transportation | Citywide Development Fee | Urban Runoff Storm Drain Fee |
| REVENUES: | | | | |
| Property taxes | \$ 1,184,484 | \$ 553,518 | | \$ 2,117,695 |
| Other local taxes | | 94,539 | \$ 1,761,029 | |
| Licenses and permits | 178,666 | | | |
| Revenue from other agencies | | | | |
| Charges for current services | | 32,121 | | |
| Fines and forfeitures | | | | |
| Use of money and property | 10,853 | 1,087 | 6,036 | 7,715 |
| Other revenues | | | | 9,341 |
| Total Revenues | <u>1,374,003</u> | <u>681,265</u> | <u>1,767,065</u> | <u>2,134,751</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 2,532 | 15,873 | | |
| Police | | | | |
| Fire | | | | |
| Public works | | 500,000 | | |
| Community development | | | | |
| Community services | | 182,020 | | |
| Housing | | | | |
| Capital outlay | | 16,776 | | 2,593,740 |
| Debt Service: | | | | |
| Principal | | | | |
| Interest | | | | |
| Total Expenditures | <u>2,532</u> | <u>714,669</u> | <u>-</u> | <u>2,593,740</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>1,371,471</u> | <u>(33,404)</u> | <u>1,767,065</u> | <u>(458,989)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | | 160,626 | | 425,274 |
| Transfers (Out) | <u>(1,190,985)</u> | <u>(20,000)</u> | <u>(1,042,884)</u> | <u>(209,210)</u> |
| Total Other Financing Sources (Uses) | <u>(1,190,985)</u> | <u>140,626</u> | <u>(1,042,884)</u> | <u>216,064</u> |
| Net Changes in Fund Balances | 180,486 | 107,222 | 724,181 | (242,925) |
| BEGINNING FUND BALANCES | <u>2,731,723</u> | <u>2,049,076</u> | <u>2,297,545</u> | <u>5,903,392</u> |
| ENDING FUND BALANCES | <u>\$ 2,912,209</u> | <u>\$ 2,156,298</u> | <u>\$ 3,021,726</u> | <u>\$ 5,660,467</u> |

CAPITAL PROJECTS FUNDS

| <u>Maintenance Assessment District</u> | <u>Emergency Operations Center / Fire Station #3</u> | <u>Total Non-Major Governmental Funds</u> |
|--|--|---|
| \$ 294,134 | | \$ 9,561,518 |
| | | 2,033,808 |
| | | 3,033,685 |
| | | 9,449,640 |
| | | 5,576,275 |
| | | 201,995 |
| 6,620 | | 3,445,698 |
| | \$ 23,380 | 581,617 |
| <u>300,754</u> | <u>23,380</u> | <u>33,884,236</u> |
| | 3,914,831 | 10,757,360 |
| | | 53,091 |
| | | 1,672,191 |
| | | 3,460,021 |
| | | 5,312,502 |
| | | 4,033,717 |
| | | 1,722,429 |
| 401,964 | 13,104 | 3,202,678 |
| | | 1,760,000 |
| | 57,672 | 1,163,030 |
| <u>401,964</u> | <u>3,985,607</u> | <u>33,137,019</u> |
| <u>(101,210)</u> | <u>(3,962,227)</u> | <u>747,217</u> |
| | 1,430,346 | 8,499,560 |
| <u>(101,580)</u> | | <u>(11,866,342)</u> |
| <u>(101,580)</u> | <u>1,430,346</u> | <u>(3,366,782)</u> |
| (202,790) | (2,531,881) | (2,619,565) |
| <u>2,729,616</u> | <u>2,048,730</u> | <u>59,526,325</u> |
| <u>\$ 2,526,826</u> | <u>\$ (483,151)</u> | <u>\$ 56,906,760</u> |



City of Alameda
Budgeted Non-Major Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual
For the year ended June 30, 2017

| | SPECIAL REVENUE FUNDS | | | | | |
|---|-----------------------|-------------------|------------------------------------|---------------------|---------------------|------------------------------------|
| | COMMUNITY DEVELOPMENT | | | LIBRARY | | |
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES: | | | | | | |
| Property taxes | | | | \$ 2,040,000 | \$ 2,193,249 | \$ 153,249 |
| Other local taxes | | | | | | |
| Licenses and permits | \$ 2,943,000 | \$ 2,853,769 | \$ (89,231) | | | |
| Revenue from other agencies | | | | 76,000 | 43,489 | (32,511) |
| Charges for current services | 1,370,000 | 1,316,559 | (53,441) | 50,000 | 57,495 | 7,495 |
| Fines and forfeitures | 600,000 | 141,995 | (458,005) | | | |
| Use of money and property | 5,000 | 3,884 | (1,116) | 11,000 | 9,136 | (1,864) |
| Other revenues | | | | | | |
| Total Revenues | <u>4,918,000</u> | <u>4,316,207</u> | <u>(601,793)</u> | <u>2,177,000</u> | <u>2,303,369</u> | <u>126,369</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Police | | | | | | |
| Fire | | | | | | |
| Public works | | | | | | |
| Community development | 4,818,723 | 4,271,558 | 547,165 | | | |
| Community services | | | | 4,335,519 | 3,851,697 | 483,822 |
| Housing | | | | | | |
| Capital outlay | | | | 50,481 | 26,570 | 23,911 |
| Debt Service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Total Expenditures | <u>4,818,723</u> | <u>4,271,558</u> | <u>547,165</u> | <u>4,386,000</u> | <u>3,878,267</u> | <u>507,733</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>99,277</u> | <u>44,649</u> | <u>(54,628)</u> | <u>(2,209,000)</u> | <u>(1,574,898)</u> | <u>634,102</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | | | | 2,097,000 | 2,097,000 | |
| Transfers (Out) | | | | | | |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,097,000</u> | <u>2,097,000</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ 99,277</u> | <u>44,649</u> | <u>\$ (54,628)</u> | <u>\$ (112,000)</u> | <u>522,102</u> | <u>\$ 634,102</u> |
| Beginning Fund Balances (Deficits) | | <u>860,455</u> | | | <u>2,321,513</u> | |
| Ending Fund Balances (Deficits) | | <u>\$ 905,104</u> | | | <u>\$ 2,843,615</u> | |

| SPECIAL REVENUE FUNDS | | | | | | | | |
|-----------------------|-----------------------|------------------------------------|------------------------------|-----------|------------------------------------|---------------------|--------------|------------------------------------|
| GAS TAX | | | ASSET SEIZURE/TRAFFIC SAFETY | | | COUNTY MEASURE B/BB | | |
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$ 1,542,153 | \$ 1,504,429 2,863 | \$ (37,724) 2,863 | | | | \$ 4,186,050 | \$ 4,393,944 | \$ 207,894 |
| 9,000 | (7,564) | (16,564) | | \$ 669 | \$ 669 | 3,550 | 20,170 | 16,620 |
| 9,847 | | (9,847) | | | | | | |
| 1,561,000 | 1,499,728 | (61,272) | - | 669 | 669 | 4,189,600 | 4,414,114 | 224,514 |
| | | | | 11,677 | (11,677) | | | |
| 747,238 | 592,670 | 154,568 | | | | | | |
| 747,238 | 592,670 | 154,568 | - | 11,677 | (11,677) | - | - | - |
| 813,762 | 907,058 | 93,296 | - | (11,008) | (11,008) | 4,189,600 | 4,414,114 | 224,514 |
| (1,919,045) | (1,399,262) | 519,783 | | | | (10,288,356) | (5,543,347) | 4,745,009 |
| (1,919,045) | (1,399,262) | 519,783 | - | - | - | (10,288,356) | (5,543,347) | 4,745,009 |
| \$ (1,105,283) | (492,204) | \$ 613,079 | \$ - | (11,008) | \$ (11,008) | \$ (6,098,756) | (1,129,233) | \$ 4,969,523 |
| | 1,814,458 | | | 68,089 | | | 6,881,522 | |
| | \$ 1,322,254 | | | \$ 57,081 | | | \$ 5,752,289 | |

(Continued)



City of Alameda
Budgeted Non-Major Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual
For the year ended June 30, 2017

| | SPECIAL REVENUE FUNDS | | | | | |
|---|-----------------------|--------------|------------------------------------|---------------|--------------|------------------------------------|
| | TIDELANDS | | | PARKING METER | | |
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | | | | |
| REVENUES: | | | | | | |
| Property taxes | | | | | | |
| Other local taxes | | | | | | |
| Licenses and permits | | | | | | |
| Revenue from other agencies | | | | | | |
| Charges for current services | | | | \$ 1,522,493 | \$ 1,407,677 | \$ (114,816) |
| Fines and forfeitures | | | | 60,000 | 60,000 | |
| Use of money and property | \$ 807,000 | \$ 809,129 | \$ 2,129 | 9,000 | 3,921 | (5,079) |
| Other revenues | | | | (493) | 26,997 | 27,490 |
| Total Revenues | 807,000 | 809,129 | 2,129 | 1,591,000 | 1,498,595 | (92,405) |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | 1,047,207 | 940,461 | 106,746 | 935,231 | 709,058 | 226,173 |
| Police | | | | | | |
| Fire | | | | | | |
| Public works | | | | | | |
| Community development | | | | | | |
| Community services | | | | | | |
| Housing | | | | | | |
| Capital outlay | | | | | | |
| Debt Service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Total Expenditures | 1,047,207 | 940,461 | 106,746 | 935,231 | 709,058 | 226,173 |
| EXCESS OF REVENUES OVER EXPENDITURES | (240,207) | (131,332) | 108,875 | 655,769 | 789,537 | 133,768 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | | | | | | |
| Transfers (Out) | | | | (1,288,874) | (677,079) | 611,795 |
| Total Other Financing Sources (Uses) | - | - | - | (1,288,874) | (677,079) | 611,795 |
| Net Change in Fund Balance | \$ (240,207) | (131,332) | \$ 108,875 | \$ (633,105) | 112,458 | \$ 745,563 |
| Beginning Fund Balances (Deficits) | | 2,838,035 | | | 3,182,248 | |
| Ending Fund Balances (Deficits) | | \$ 2,706,703 | | | \$ 3,294,706 | |

| SPECIAL REVENUE FUNDS | | | | | | | | |
|---------------------------|--------------|------------------------------------|--------------------------------------|------------|------------------------------------|----------------|--------------|------------------------------------|
| COMMERCIAL REVITALIZATION | | | COMMUNITY DEVELOPMENT BLOCK GRANT | | | HOUSING | | |
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | \$ 2,074,104 | \$ 756,657 | \$ (1,317,447) | | | |
| \$ 79,000 | \$ 47,100 | \$ (31,900) | 150,000 | 225,938 | 75,938 | \$ 2,000 | \$ 257,808 | \$ 255,808 |
| 175,000 | 185,138 | 10,138 | | 339 | 339 | 172,000 | 49,730 | (122,270) |
| 254,000 | 232,238 | (21,762) | 2,224,104 | 982,934 | (1,241,170) | 174,000 | 307,538 | 133,538 |
| 327,000 | 91,486 | 235,514 | 2,568,702 | 756,656 | 1,812,046 | 2,118,316 | 783,292 | 1,335,024 |
| 327,000 | 91,486 | 235,514 | 2,568,702 | 756,656 | 1,812,046 | 2,118,316 | 783,292 | 1,335,024 |
| (73,000) | 140,752 | 213,752 | (344,598) | 226,278 | 570,876 | (1,944,316) | (475,754) | 1,468,562 |
| | | | 839,196 | | (839,196) | 543,000 | 399,514 | (143,486) |
| - | - | - | 839,196 | - | (839,196) | 543,000 | 399,514 | (143,486) |
| \$ (73,000) | 140,752 | \$ 213,752 | \$ 494,598 | 226,278 | \$ (268,320) | \$ (1,401,316) | (76,240) | \$ 1,325,076 |
| | 1,210,298 | | | 496,789 | | | 1,168,996 | |
| | \$ 1,351,050 | | | \$ 723,067 | | | \$ 1,092,756 | |

(Continued)



City of Alameda
Budgeted Non-Major Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual
For the year ended June 30, 2017

| | SPECIAL REVENUE FUNDS | | | | | |
|---|-----------------------------|--------------|------------------------------------|---------------------|--------------|------------------------------------|
| | GARBAGE/RECYCLING SURCHARGE | | | ATHLETIC RECREATION | | |
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES: | | | | | | |
| Property taxes | | | | | | |
| Other local taxes | \$ 175,000 | \$ 178,240 | \$ 3,240 | | | |
| Licenses and permits | | | | \$ 47,000 | \$ 97,240 | \$ (2,926,652) |
| Revenue from other agencies | | | | 2,159,250 | 2,325,019 | 2,325,019 |
| Charges for current services | | | | | | |
| Fines and forfeitures | | | | | | |
| Use of money and property | 4,000 | 2,551 | (1,449) | 795,900 | 629,628 | 628,628 |
| Other revenues | | | | 202,600 | 111,672 | 100,547 |
| Total Revenues | 179,000 | 180,791 | 1,791 | 3,204,750 | 3,163,559 | 127,542 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | 356,040 | 81,647 | 274,393 | 4,866,000 | 4,641,869 | 224,131 |
| Police | | | | | | |
| Fire | | | | | | |
| Public works | | | | | | |
| Community development | | | | | | |
| Community services | | | | | | |
| Housing | | | | | | |
| Capital outlay | | | | | | |
| Debt Service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Total Expenditures | 356,040 | 81,647 | 274,393 | 4,866,000 | 4,641,869 | 224,131 |
| EXCESS OF REVENUES OVER EXPENDITURES | (177,040) | 99,144 | 276,184 | (1,661,250) | (1,478,310) | 351,673 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | | | | 1,749,000 | 1,749,000 | |
| Transfers (Out) | (50,000) | (50,000) | | (1,265,267) | (711,000) | 554,267 |
| Total Other Financing Sources (Uses) | (50,000) | (50,000) | - | 483,733 | 1,038,000 | 554,267 |
| Net Change in Fund Balance | \$ (227,040) | 49,144 | \$ 276,184 | \$ (1,177,517) | (440,310) | \$ 905,940 |
| Beginning Fund Balances (Deficits) | | 1,357,558 | | | 2,901,038 | |
| Ending Fund Balances (Deficits) | | \$ 1,406,702 | | | \$ 2,460,728 | |

| SPECIAL REVENUE FUNDS | | | | | | | | |
|-----------------------|-----------|------------------------------|---------------------------|------------|------------------------------|----------------------------------|--------------|------------------------------|
| GRANTS FUND | | | WASTE REDUCTION SURCHARGE | | | MAINTENANCE ASSESSMENT DISTRICTS | | |
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | | | | \$ 2,397,898 | \$ 2,531,890 | \$ 133,992 |
| \$ 1,875 | \$ 1,250 | \$ (625) | | | | | | |
| 3,023,892 | 1,857,015 | (1,166,877) | \$ 210,000 | \$ 275,886 | \$ 65,886 | | | |
| | | | 350,000 | 434,541 | 84,541 | | | |
| 1,000 | (2,332) | (3,332) | 4,000 | 4,398 | 398 | 12,265 | 15,307 | 3,042 |
| 11,125 | 13,019 | 1,894 | 125,000 | 117,877 | (7,123) | 46,169 | 43,992 | |
| 3,037,892 | 1,868,952 | (1,168,940) | 689,000 | 832,702 | 143,702 | 2,456,332 | 2,591,189 | 137,034 |
| | | | | | | | | |
| | | | | | | 855,800 | 434,922 | 420,878 |
| 121,000 | 53,091 | 67,909 | | | | | | |
| 3,661,310 | 1,672,191 | 1,989,119 | 1,153,000 | 929,153 | 223,847 | 1,827,966 | 1,438,198 | 389,768 |
| | | | | | | | | |
| 118,770 | 90,995 | 27,775 | | | | | | |
| 182,917 | 145,247 | 37,670 | 4,000 | 3,974 | 26 | | | |
| | | | | | | | | |
| 4,083,997 | 1,961,524 | 2,122,473 | 1,157,000 | 933,127 | 223,873 | 2,683,766 | 1,873,120 | 810,646 |
| | | | | | | | | |
| (1,046,105) | (92,572) | 953,533 | (468,000) | (100,425) | 367,575 | (227,434) | 718,069 | 947,680 |
| | | | | | | | | |
| 54,000 | 54,000 | | | | | | | |
| | | | | | | (352,100) | (48,995) | 303,105 |
| 54,000 | 54,000 | - | - | - | - | (352,100) | (48,995) | 303,105 |
| \$ (992,105) | (38,572) | \$ 953,533 | \$ (468,000) | (100,425) | \$ 367,575 | \$ (579,534) | 669,074 | \$ 1,250,785 |
| | 807,864 | | | 3,081,375 | | | 6,265,184 | |
| \$ 769,292 | | | \$ 2,980,950 | | | \$ 6,934,258 | | |

(Continued)



City of Alameda
Budgeted Non-Major Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual
For the year ended June 30, 2017

| | SPECIAL REVENUE FUNDS | | | | | |
|---|--------------------------|-------------------|------------------------------------|------------------|-------------------|------------------------------------|
| | VEHICLE REGISTRATION FEE | | | PARKING | | |
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | | | | |
| REVENUES: | | | | | | |
| Property taxes | | | | | | |
| Other local taxes | | | | | | |
| Licenses and permits | | | | | | |
| Revenue from other agencies | \$ 344,000 | \$ 336,579 | \$ (7,421) | | | |
| Charges for current services | | | | | | |
| Fines and forfeitures | | | | | | |
| Use of money and property | 1,000 | 486 | (514) | \$ 372,000 | \$ 373,225 | \$ 1,225 |
| Other revenues | | | | | | |
| Total Revenues | <u>345,000</u> | <u>337,065</u> | <u>(7,935)</u> | <u>372,000</u> | <u>373,225</u> | <u>1,225</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Police | | | | | | |
| Fire | | | | | | |
| Public works | | | | | | |
| Community development | | | | | | |
| Community services | | | | | | |
| Housing | | | | | | |
| Capital outlay | | | | | | |
| Debt Service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>345,000</u> | <u>337,065</u> | <u>(7,935)</u> | <u>372,000</u> | <u>373,225</u> | <u>1,225</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | | | | | | |
| Transfers (Out) | (969,272) | (500,000) | 469,272 | (372,000) | (372,000) | |
| Total Other Financing Sources (Uses) | <u>(969,272)</u> | <u>(500,000)</u> | <u>469,272</u> | <u>(372,000)</u> | <u>(372,000)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ (624,272)</u> | <u>(162,935)</u> | <u>\$ 461,337</u> | <u>\$ -</u> | <u>1,225</u> | <u>\$ 1,225</u> |
| Beginning Fund Balances (Deficits) | | <u>620,460</u> | | | <u>453,005</u> | |
| Ending Fund Balances (Deficits) | | <u>\$ 457,525</u> | | | <u>\$ 454,230</u> | |

| SPECIAL REVENUE FUNDS | | | DEBT SERVICE FUNDS | | | | | |
|-----------------------|--------------|------------------------------------|-----------------------------|--------------|------------------------------------|-------------------------|-----------|------------------------------------|
| FISC LEASE REVENUE | | | CITY HALL AND LIBRARY BONDS | | | BASE REUSE DEBT SERVICE | | |
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | \$ 608,000 | \$ 686,548 | \$ 78,548 | | | |
| \$ 188,241 | \$ 184,401 | \$ (3,840) | | | | | | |
| 1,012,000 | 1,013,755 | 1,755 | 1,000 | 6,150 | 5,150 | | \$ 28 | \$ 28 |
| | | | | 132 | 132 | | | |
| 1,200,241 | 1,198,156 | (2,085) | 609,000 | 692,830 | 83,830 | - | 28 | 28 |
| | | | | | | | | |
| | | | 13,000 | 4,490 | 8,510 | | | |
| | | | | | | | | |
| 1,845,582 | 1,040,944 | 804,638 | | | | | | |
| | 1,303 | (1,303) | | | | | | |
| | | | 1,488,000 | 1,360,000 | 128,000 | \$ 400,000 | 400,000 | |
| | | | 1,050,160 | 1,014,909 | 35,251 | 22,000 | 90,449 | (68,449) |
| 1,845,582 | 1,042,247 | 803,335 | 2,551,160 | 2,379,399 | 171,761 | 422,000 | 490,449 | (68,449) |
| | | | | | | | | |
| 3,045,823 | 155,909 | 801,250 | (1,942,160) | (1,686,569) | 255,591 | (422,000) | (490,421) | (68,421) |
| | | | | | | | | |
| | | | 2,008,000 | 1,681,686 | (326,314) | 425,000 | 502,114 | 77,114 |
| | | | | | | | | |
| - | - | - | 2,008,000 | 1,681,686 | (326,314) | 425,000 | 502,114 | 77,114 |
| \$ 3,045,823 | 155,909 | \$ 801,250 | \$ 65,840 | (4,883) | \$ (70,723) | \$ 3,000 | 11,693 | \$ 8,693 |
| | 4,007,672 | | | 1,420,144 | | | 9,540 | |
| | \$ 4,163,581 | | | \$ 1,415,261 | | | \$ 21,233 | |



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

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

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

Equipment Replacement

This fund accumulates funds for the replacement of worn and obsolete equipment.

Central Services

This fund accounts for the City's central services operations, reimbursed through charges assessed to other City departments.

Fleet Maintenance

This fund accounts for the maintenance and replacement of vehicles and equipment used by all City departments. Reimbursements occur through charges assessed to other City departments.

Technology Services

This fund accounts for information technology. Reimbursements occur through administrative charges assessed to other departments based upon their proportional share of program costs.

Facilities Maintenance

This fund accumulates funds for the costs associated with the maintenance of the City's facilities.

Workers' Compensation Insurance

This fund accounts for the expenditures for administration of the City's workers' compensation program, payment of workers' compensation claim payments, and related insurance premiums.

General Liability Insurance

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

Unemployment Insurance

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

Other Post Employment Benefits (OPEB)/Vacation

This fund accounts for expenditures for other post-employment benefits (OPEB) and accumulates funds for future payoffs of accrued leave balances.

Pension Stabilization Fund

This fund accounts for expenditures for the City's pension obligation in future periods when unforeseen changes or adjustments to required contributions requires additional funding beyond anticipated expenditures.



City of Alameda, California
Internal Service Funds
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

| | Equipment Replacement | Central Services | Fleet Maintenance | Technology Services |
|----------------------------------|--------------------------|---------------------|----------------------|------------------------|
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 4,259,835 | \$ 86,228 | \$ 122,104 | \$ 1,934,798 |
| Accounts receivable | 52,108 | | | |
| Advances | 747,881 | | | |
| Total Current Assets | 5,059,824 | 86,228 | 122,104 | 1,934,798 |
| Noncurrent Assets: | | | | |
| Capital assets, depreciable, net | 5,207,979 | | | 75,499 |
| Total Non-current Assets | 5,207,979 | - | - | 75,499 |
| Total Assets | 10,267,803 | 86,228 | 122,104 | 2,010,297 |
| LIABILITIES: | | | | |
| Current Liabilities | | | | |
| Accounts payable | 34,090 | | | 84,365 |
| Interest payable | 81,437 | | | |
| Refundable deposits | | | | |
| Claims payable: | | | | |
| Due within one year | | | | |
| Equipment lease payable: | | | | |
| Due within one year | 546,176 | | | |
| Total Current Liabilities | 661,703 | - | - | 84,365 |
| Long-Term Liabilities | | | | |
| Claims payable: | | | | |
| Due in more than one year | | | | |
| Equipment lease payable: | | | | |
| Due in more than one year | 3,386,166 | | | |
| Total Long-Term Liabilities | 3,386,166 | - | - | - |
| NET POSITION: | | | | |
| Net investment in capital assets | 1,275,637 | | | 75,499 |
| Unrestricted | 4,944,297 | 86,228 | 122,104 | 1,850,433 |
| Total Net Position (Deficit) | \$ 6,219,934 | \$ 86,228 | \$ 122,104 | \$ 1,925,932 |

| Facilities Maintenance | Workers' Compensation Insurance | General Liability Insurance | Unemployment Insurance | OPEB/Vacation | Pension Stabilization Fund | Total |
|---------------------------|---------------------------------------|-----------------------------------|---------------------------|-----------------------|----------------------------------|------------------------------------|
| \$ 4,620,246 | \$ 7,700,967 (36,920) | \$ 3,539,908 11,338 | \$ 745,958 | \$ 4,406,025 1,786 | \$ 250,000 | \$ 27,666,069 28,312 747,881 |
| <u>4,620,246</u> | <u>7,664,047</u> | <u>3,551,246</u> | <u>745,958</u> | <u>4,407,811</u> | <u>250,000</u> | <u>28,442,262</u> |
| | | | | | | 5,283,478 |
| - | - | - | - | - | - | 5,283,478 |
| <u>4,620,246</u> | <u>7,664,047</u> | <u>3,551,246</u> | <u>745,958</u> | <u>4,407,811</u> | <u>250,000</u> | <u>33,725,740</u> |
| 171,500 | 102,009 | 314,964 | 405 | 2,677 | | 710,010 81,437 22,690 |
| | 2,663,177 | 1,499,414 | | | | 4,162,591 |
| | | | | | | 546,176 |
| <u>171,500</u> | <u>2,765,186</u> | <u>1,837,068</u> | <u>405</u> | <u>2,677</u> | | <u>5,522,904</u> |
| | 5,573,626 | 1,618,531 | | | | 7,192,157 |
| | - | - | | | | 3,386,166 |
| <u>-</u> | <u>5,573,626</u> | <u>1,618,531</u> | <u>-</u> | <u>-</u> | | <u>10,578,323</u> |
| 4,448,746 | (674,765) | 95,647 | 745,553 | 4,405,134 | 250,000 | 1,351,136 16,273,377 |
| <u>\$ 4,448,746</u> | <u>\$ (674,765)</u> | <u>\$ 95,647</u> | <u>\$ 745,553</u> | <u>\$ 4,405,134</u> | <u>\$ 250,000</u> | <u>\$ 17,624,513</u> |



City of Alameda, California
Internal Service Funds
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
For the Year Ended June 30, 2017

| | Equipment Replacement | Central Services | Fleet Maintenance | Technology Services |
|--|--------------------------|---------------------|----------------------|------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | | | | \$ 219,217 |
| Miscellaneous | \$ 1,517,168 | \$ 81 | | |
| Total Operating Revenues | 1,517,168 | 81 | - | 219,217 |
| OPERATING EXPENSES | | | | |
| General administrative | 56,456 | | | 187,037 |
| Wages and benefits | | | | |
| Insurance | | | | |
| Contractual services | 135,529 | | | 63,479 |
| Supplies and maintenance | 8,674 | | | |
| Depreciation | 1,122,074 | | | 59,459 |
| Total Operating Expenses | 1,322,733 | - | - | 309,975 |
| Operating Income (Loss) | 194,435 | 81 | - | (90,758) |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 24,210 | 140 | \$ 199 | 3,676 |
| Interest (expense) | (113,396) | | | |
| Total Non-Operating Revenue (Expenses) | (89,186) | 140 | 199 | 3,676 |
| Income (Loss) Before Transfers | 105,249 | 221 | 199 | (87,082) |
| Transfers in | 117,000 | | | |
| Changes in Net Position | 222,249 | 221 | 199 | (87,082) |
| Beginning Net Position (Deficit) | 5,997,685 | 86,007 | 121,905 | 2,013,014 |
| Ending Net Position (Deficit) | \$ 6,219,934 | \$ 86,228 | \$ 122,104 | \$ 1,925,932 |



City of Alameda, California
Internal Service Funds
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
For the Year Ended June 30, 2017

| Facilities Maintenance | Workers' Compensation Insurance | General Liability Insurance | Unemployment Insurance | OPEB/Vacation | Pension Stabilization Fund | Total |
|---------------------------|---------------------------------------|-----------------------------------|---------------------------|---------------|----------------------------------|---------------|
| | \$ 4,571,300 | \$ 2,012,720 | \$ 106,956 | \$ 4,009,723 | | \$ 10,919,916 |
| \$ 791,279 | 456 | | | | | 2,308,984 |
| 791,279 | 4,571,756 | 2,012,720 | 106,956 | 4,009,723 | | 13,228,900 |
| | | | | 250,000 | | 493,493 |
| | | | 8,484 | (207,950) | | (199,466) |
| | 4,345,067 | 848,845 | | 2,980,102 | | 8,174,014 |
| 1,023,583 | 124,061 | 1,113,963 | 1,620 | | | 2,462,235 |
| 153 | | 3,935 | | | | 12,762 |
| | | | | | | 1,181,533 |
| 1,023,736 | 4,469,128 | 1,966,743 | 10,104 | 3,022,152 | | 12,124,571 |
| (232,457) | 102,628 | 45,977 | 96,852 | 987,571 | | 1,104,329 |
| 21,096 | 14,490 | 5,919 | 1,656 | 2,407 | | 73,793 |
| | | | | | | (113,396) |
| 21,096 | 14,490 | 5,919 | 1,656 | 2,407 | | (39,603) |
| (211,361) | 117,118 | 51,896 | 98,508 | 989,978 | | 1,064,726 |
| | | | | 175,000 | \$ 250,000 | 542,000 |
| (211,361) | 117,118 | 51,896 | 98,508 | 1,164,978 | 250,000 | 1,606,726 |
| 4,660,107 | (791,883) | 43,751 | 647,045 | 3,240,156 | | 16,017,787 |
| \$ 4,448,746 | \$ (674,765) | \$ 95,647 | \$ 745,553 | \$ 4,405,134 | \$ 250,000 | \$ 17,624,513 |



City of Alameda
Internal Service Funds
Combining Statement of Cash Flows
For the year ended June 30, 2017

| | Equipment Replacement | Central Services | Fleet Maintenance | Technology Services |
|---|--------------------------|---------------------|----------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 1,510,571 | \$ 81 | | \$ 219,217 |
| Payments to suppliers | (347,979) | | | (192,742) |
| Payments to employees | (9) | | | |
| Claims paid | | | | |
| Net cash flows provided (used) by operating activities | 1,162,583 | 81 | - | 26,475 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfer In | 117,000 | | | |
| Advances to other funds | 31,011 | | | |
| Net cash flows provided (used) by non-capital financing activities | 148,011 | - | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets, net | (511,670) | | | |
| Interest expense | (113,396) | | | |
| Principal payments on capital debt | (542,459) | | | |
| Net cash flows provided (used) by capital and related financing activities | (1,167,525) | - | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest income | 24,210 | 140 | \$ 199 | 3,676 |
| Net cash flows provided (used) by investing activities | 24,210 | 140 | 199 | 3,676 |
| Net increase (decrease) in cash and cash equivalents | 167,279 | 221 | 199 | 30,151 |
| Cash and Investments at beginning of period | 4,092,556 | 86,007 | 121,905 | 1,904,647 |
| Cash and investments at end of period | \$ 4,259,835 | \$ 86,228 | \$ 122,104 | \$ 1,934,798 |
| Reconciliation of operating income (loss) to net cash flows provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ 194,435 | \$ 81 | | \$ (90,758) |
| Adjustments to reconcile operating income (loss) to net cash flows provided (used) by operating activities: | | | | |
| Depreciation | 1,122,074 | | | 59,459 |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable and refundable deposits | (6,597) | | | |
| Increase (decrease) accounts payable | (147,320) | | | 57,774 |
| Increase (decrease) claims payable | | | | |
| Unearned Revenues | (9) | | | |
| Net cash flows provided (used) by operating activities | \$ 1,162,583 | \$ 81 | \$ - | \$ 26,475 |

| Facilities Maintenance | Workers' Compensation Insurance | General Liability Insurance | Unemployment Insurance | OPEB/Vacation | Pension Stabilization | Total |
|---------------------------|---------------------------------------|-----------------------------------|----------------------------------|---|--------------------------|--|
| \$ 791,279 (852,741) | \$ 4,585,265 (82,983) | \$ 2,037,565 (994,565) | \$ 108,112 (1,215) (8,484) | \$ 4,013,786 (247,323) 207,950 (2,980,102) | | \$ 13,265,876 (2,719,548) 199,457 (7,253,339) |
| (61,462) | 1,076,808 | 195,237 | 98,413 | 994,311 | - | 3,492,446 |
| | | | | 175,000 | \$ 250,000 | 542,000 |
| | | | | | | 31,011 |
| - | - | - | - | 175,000 | 250,000 | 573,011 |
| | | | | | | (511,670) |
| | | | | | | (113,396) |
| | | | | | | (542,459) |
| - | - | - | - | - | - | (1,167,525) |
| 21,096 | 14,490 | 5,919 | 1,656 | 2,407 | | 73,793 |
| 21,096 | 14,490 | 5,919 | 1,656 | 2,407 | - | 73,793 |
| (40,366) | 1,091,298 | 201,156 | 100,069 | 1,171,718 | 250,000 | 2,971,725 |
| 4,660,612 | 6,609,669 | 3,338,752 | 645,889 | 3,234,307 | - | 24,694,344 |
| \$ 4,620,246 | \$ 7,700,967 | \$ 3,539,908 | \$ 745,958 | \$ 4,406,025 | \$ 250,000 | \$ 27,666,069 |
| \$ (232,457) | \$ 102,628 | \$ 45,977 | \$ 96,852 | \$ 987,571 | | \$ 1,104,329 |
| | | | | | | 1,181,533 |
| | 13,509 | 24,845 | 1,156 | 4,063 | | 36,976 |
| 170,995 | 41,078 | 123,333 | 405 | 2,677 | | 248,942 |
| | 919,593 | 1,082 | | | | 920,675 |
| | | | | | | (9) |
| \$ (61,462) | \$ 1,076,808 | \$ 195,237 | \$ 98,413 | \$ 994,311 | \$ - | \$ 3,492,446 |



Agency Funds

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

Assessment Districts

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



City of Alameda, California
Agency Funds
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2017

| | Balance June 30, 2016 | Additions | Deductions | Balance June 30, 2017 |
|---------------------------------|--------------------------|---------------------|---------------------|--------------------------|
| Assessment Districts | | | | |
| Assets: | | | | |
| Restricted cash and investments | \$ 6,106,718 | \$ 6,302,225 | \$ 6,106,718 | \$ 6,302,225 |
| Accounts receivable | 12,953 | 21,966 | 12,953 | 21,966 |
| Interest receivable | 14 | 15 | 14 | 15 |
| Total Assets | <u>\$ 6,119,685</u> | <u>\$ 6,324,206</u> | <u>\$ 6,119,685</u> | <u>\$ 6,324,206</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 1,696 | \$ 2,471 | \$ 1,696 | \$ 2,471 |
| Interest payable | 288,302 | 305,957 | 288,302 | 305,957 |
| Due to bondholders | 5,829,687 | 6,015,778 | 5,829,687 | 6,015,778 |
| Total Liabilities | <u>\$ 6,119,685</u> | <u>\$ 6,324,206</u> | <u>\$ 6,119,685</u> | <u>\$ 6,324,206</u> |





This section of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information presents with respect to the City's overall financial health. In contrast to the Financial Section, the Statistical Section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances of Governmental Funds
5. Balanced Revenue Index

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Direct and Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Ratio of General Bonded Debt Outstanding
3. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin
5. Sewer Services Fund Debt Coverage
6. Alameda Municipal Power Fund (AMP) Debt Coverage
7. Bonded Debt Pledged Revenue Coverage, CIC Revenue Bonds and Tax Allocation Bonds

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



City of Alameda
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$169,776,636 | \$169,927,104 | \$179,200,175 | \$173,302,089 | \$249,436,223 | \$234,318,345 | \$248,976,617 | \$259,298,585 | \$257,003,558 | \$258,670,492 |
| Restricted | 86,336,351 | 86,483,930 | 81,018,431 | 81,525,686 | 57,906,023 | 65,063,180 | 64,148,556 | 47,340,040 | 49,089,375 | 53,494,064 |
| Unrestricted | 8,764,362 | 16,106,522 | 17,744,797 | 21,985,164 | 17,632,805 | 27,586,926 | 22,934,963 | (132,097,358) | (128,732,691) | (138,357,430) |
| Total governmental activities net position | <u>\$264,877,349</u> | <u>\$272,517,556</u> | <u>\$277,963,403</u> | <u>\$276,812,939</u> | <u>\$324,975,051</u> | <u>\$326,968,451</u> | <u>\$336,060,136</u> | <u>\$174,541,267</u> | <u>\$177,360,242</u> | <u>\$173,807,126</u> |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$42,515,505 | \$44,928,147 | \$45,131,483 | \$39,458,176 | \$44,169,706 | \$32,309,753 | \$36,408,147 | \$72,843,612 | \$77,527,656 | \$87,340,526 |
| Restricted | | | | | | 29,374,748 | 29,591,239 | 31,979,615 | 32,369,845 | 29,829,844 |
| Unrestricted | 20,318,503 | 17,184,286 | 18,336,223 | 19,025,625 | 18,085,254 | | | 17,235,250 | 23,848,220 | 31,259,576 |
| Total business-type activities net position | <u>\$62,834,008</u> | <u>\$62,112,433</u> | <u>\$63,467,706</u> | <u>\$58,483,801</u> | <u>\$62,254,960</u> | <u>\$61,684,501</u> | <u>\$65,999,386</u> | <u>\$122,058,477</u> | <u>\$133,745,721</u> | <u>\$148,429,946</u> |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$212,292,141 | \$214,855,251 | \$224,331,658 | \$213,414,695 | \$283,605,929 | \$266,628,098 | \$285,384,764 | \$332,142,197 | \$334,531,214 | \$346,011,018 |
| Restricted | 86,336,351 | 86,483,930 | 81,018,431 | 81,525,686 | 57,906,023 | 94,437,928 | 93,739,795 | 79,319,655 | 81,459,220 | 83,323,908 |
| Unrestricted | 29,082,865 | 33,290,808 | 36,081,020 | 39,344,911 | 35,718,059 | 27,586,926 | 22,934,963 | (114,862,108) | (104,884,471) | (107,097,854) |
| Total primary government net position | <u>\$327,711,357</u> | <u>\$334,629,989</u> | <u>\$341,431,109</u> | <u>\$334,285,292</u> | <u>\$387,230,011</u> | <u>\$388,652,952</u> | <u>\$402,059,522</u> | <u>\$296,599,744</u> | <u>\$311,105,963</u> | <u>\$322,237,072</u> |

Source: City Finance Department



City of Alameda
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | For the Fiscal Year Ended June 30, | | | |
|--|------------------------------------|-----------------------|-----------------------|-----------------------|
| | 2008 | 2009 | 2010 | 2011 |
| Expenses | | | | |
| Governmental Activities: | | | | |
| General Government | \$13,942,578 | \$11,725,432 | \$15,456,715 | \$18,188,575 |
| Police | 26,769,167 | 26,137,009 | 26,798,928 | 26,889,284 |
| Fire | 24,645,039 | 22,123,701 | 22,861,254 | 24,532,288 |
| Public Works | 12,628,974 | 18,746,655 | 10,939,983 | 18,950,456 |
| Community Development | 19,189,329 | 22,163,130 | 19,248,260 | 16,550,661 |
| Community Services | 8,275,998 | 8,125,339 | 8,749,436 | 9,296,269 |
| Housing | 6,668,775 | 7,415,214 | 7,975,615 | 7,261,310 |
| Interest on Long-Term Debt | 6,351,470 | 6,100,624 | 5,764,642 | 5,677,260 |
| Total Governmental Activities Expenses | 118,471,330 | 122,537,104 | 117,794,833 | 127,346,103 |
| Business-Type Activities: | | | | |
| Ferry Services | 4,469,475 | 3,756,857 | 4,200,933 | 3,357,896 |
| Golf Course | 5,009,337 | 4,380,267 | 3,914,763 | 3,917,153 |
| Sewer Service | 4,320,760 | 4,726,773 | 4,359,415 | 4,598,661 |
| Alameda Municipal Power (a) | | | | |
| Total Business-Type Activities Expenses | 13,799,572 | 12,863,897 | 12,475,111 | 11,873,710 |
| Total Primary Government Expenses | <u>\$132,270,902</u> | <u>\$135,401,001</u> | <u>\$130,269,944</u> | <u>\$139,219,813</u> |
| Component Units: | | | | |
| Housing Authority | \$25,717,763 | \$26,750,656 | \$30,114,145 | 31,077,746 |
| Alameda Municipal Power | 61,075,579 | 61,522,873 | 56,686,475 | 50,902,652 |
| Total Component Units | <u>\$86,793,342</u> | <u>\$88,273,529</u> | <u>\$86,800,620</u> | <u>\$81,980,398</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| General Government | \$5,244,071 | \$6,202,753 | \$7,065,225 | \$8,378,706 |
| Police | 918,369 | 1,211,316 | 1,196,533 | 1,248,344 |
| Fire | 1,917,703 | 2,528,403 | 2,459,169 | 1,875,008 |
| Public Works | 7,149,848 | 7,135,253 | 5,234,368 | 6,743,825 |
| Community Development | 12,520,166 | 12,050,332 | 9,628,742 | 9,628,742 |
| Community Services | 2,396,147 | 2,328,111 | 2,600,886 | 2,643,386 |
| Housing | 438,278 | | | |
| Operating Grants and Contributions | 12,969,596 | 6,816,299 | 7,401,177 | 7,753,440 |
| Capital Grants and Contributions | 5,535,687 | 4,307,127 | 6,703,662 | 8,305,292 |
| Total Government Activities Program Revenues | 49,089,865 | 42,579,594 | 42,289,762 | 46,576,743 |
| Business-Type Activities: | | | | |
| Charges for Services: | | | | |
| Ferry Services | | | | 222 |
| Golf Course | 4,187,705 | 4,161,463 | 3,768,555 | 3,546,251 |
| Sewer Service | 5,826,652 | 5,901,599 | 6,068,908 | 6,936,223 |
| Operating Grants and Contributions | 3,000,763 | 2,356,878 | 2,245,111 | 2,245,111 |
| Capital Grants and Contributions | | | | |
| Alameda Municipal Power (a) | | | | |
| Total Business-Type Activities Program Revenue | 13,015,120 | 12,419,940 | 12,082,574 | 12,727,807 |
| Total Primary Government Program Revenues | <u>\$62,104,985</u> | <u>\$54,999,534</u> | <u>\$54,372,336</u> | <u>\$59,304,550</u> |
| Component Units: | | | | |
| Charges for Services: | | | | |
| Housing Authority | \$3,294,371 | \$3,369,634 | \$2,957,381 | 2,959,697 |
| Alameda Municipal Power | 61,857,720 | 54,987,323 | 49,284,110 | 51,237,727 |
| Operating Grants and Contributions | 21,419,640 | 21,595,495 | 28,796,857 | 29,390,234 |
| Total Component Units Program Revenues | <u>\$86,571,731</u> | <u>\$79,952,452</u> | <u>\$81,038,348</u> | <u>\$83,587,658</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (\$69,381,465) | (\$79,957,511) | (\$75,505,071) | (75,504,996) |
| Business-Type Activities | (784,452) | (443,957) | (392,537) | 1,027,225 |
| Component Units Activities | (221,611) | (8,321,077) | (5,762,272) | 1,607,260 |
| Total Primary Government Net Expense | <u>(\$70,387,528)</u> | <u>(\$88,722,545)</u> | <u>(\$81,659,880)</u> | <u>(\$72,870,511)</u> |

(a) Reclassified as Enterprise Fund

Source: City Finance Department

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$15,237,357 | \$13,569,619 | \$15,040,701 | \$15,566,704 | \$17,312,864 | \$22,613,362 |
| 25,904,606 | 30,431,546 | 30,848,485 | 30,310,509 | 31,230,359 | 34,249,563 |
| 23,970,035 | 27,374,670 | 27,866,089 | 30,247,841 | 33,701,192 | 34,380,486 |
| 13,738,143 | 12,664,895 | 14,344,311 | 20,576,356 | 21,611,732 | 22,493,921 |
| 5,718,100 | 20,805,104 | 15,947,090 | 21,707,219 | 19,926,259 | 20,854,357 |
| 8,741,325 | 8,296,495 | 6,995,080 | 6,808,162 | 8,192,325 | 7,825,636 |
| 14,452,825 | 1,222,077 | 2,004,958 | 1,883,617 | 2,298,345 | 1,955,239 |
| 4,142,152 | 1,409,201 | 2,307,691 | 984,165 | 1,104,604 | 983,685 |
| 111,904,543 | 115,773,607 | 115,354,405 | 128,084,573 | 135,377,680 | 145,356,250 |
| 3,814,979 | | | | | |
| 3,864,222 | 5,125,508 | 5,339,491 | 6,069,959 | 5,189,080 | 5,062,826 |
| | | | 47,958,639 | 54,131,601 | 53,311,749 |
| 7,679,201 | 5,125,508 | 5,339,491 | 54,028,598 | 59,320,681 | 58,374,575 |
| \$119,583,744 | \$120,899,115 | \$120,693,896 | \$182,113,171 | \$194,698,361 | \$203,730,825 |
| 54,520,590 | 53,896,090 | 50,466,129 | | | |
| \$54,520,590 | \$53,896,090 | \$50,466,129 | | | |
| \$6,899,450 | \$7,507,538 | \$9,820,809 | \$9,928,486 | \$9,914,050 | \$11,400,449 |
| 1,181,455 | 1,125,359 | 1,772,066 | 1,557,542 | 1,461,077 | 1,378,632 |
| 2,156,989 | 2,625,040 | 2,242,200 | 2,902,627 | 3,161,928 | 3,134,509 |
| 6,694,970 | 7,329,147 | 6,915,488 | 8,048,038 | 8,869,421 | 9,955,286 |
| 9,261,637 | 9,717,218 | 10,267,249 | 10,900,322 | 11,261,739 | 13,523,363 |
| 2,771,489 | 3,477,649 | 3,238,812 | 3,273,681 | 3,550,181 | 3,671,588 |
| | 45 | | 2,500 | | |
| 9,898,631 | 7,434,721 | 6,416,506 | 5,806,249 | 5,209,502 | 6,045,401 |
| 5,111,573 | 3,504,228 | 3,188,964 | 6,156,043 | 6,270,247 | 7,058,283 |
| 43,976,194 | 42,720,945 | 43,862,094 | 48,575,488 | 49,698,145 | 56,167,511 |
| 3,958,933 | | | | | |
| 7,447,477 | 8,966,628 | 9,734,164 | 9,906,045 | 9,404,120 | 9,690,132 |
| | | | | 546,768 | 489,751 |
| | | | 58,759,497 | 62,012,528 | 63,449,233 |
| 11,406,410 | 8,966,628 | 9,734,164 | 68,665,542 | 71,963,416 | 73,629,116 |
| \$55,382,604 | \$51,687,573 | \$53,596,258 | \$117,241,030 | \$121,661,561 | \$129,796,627 |
| 51,526,195 | 56,157,469 | 59,774,933 | | | |
| \$51,526,195 | \$56,157,469 | \$59,774,933 | | | |
| (67,928,349) | (73,052,662) | (71,492,311) | (79,509,085) | (85,679,535) | (89,188,739) |
| 3,727,584 | 3,841,120 | 4,394,673 | 14,636,944 | 12,642,735 | 15,254,541 |
| (\$64,200,765) | (\$69,211,542) | (\$67,097,638) | (\$64,872,141) | (\$73,036,800) | (\$73,934,198) |



City of Alameda
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Continued)

| | For the Fiscal Year Ended June 30, | | | |
|---|------------------------------------|--------------|---------------|--------------|
| | 2008 | 2009 | 2010 | 2011 |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Taxes: | | | | |
| Property Taxes | \$27,413,398 | \$28,056,019 | \$30,779,575 | \$30,205,060 |
| Incremental property tax | 14,043,703 | 15,634,394 | 11,631,272 | 11,868,722 |
| Urban runoff special assessments | 1,738,422 | 1,857,611 | 1,897,652 | 1,886,557 |
| Sales Taxes | 5,140,774 | 5,412,461 | 4,880,379 | 5,077,031 |
| Utility Users Tax | 9,301,200 | 9,049,473 | 8,822,075 | 9,182,248 |
| Transfer Tax | 3,389,197 | 3,124,066 | 4,647,057 | 5,896,294 |
| Franchise Tax | 1,605,512 | 1,626,089 | 4,403,092 | 4,451,081 |
| Transient Occupancy Tax | 1,088,342 | 1,178,705 | 1,084,850 | 1,118,732 |
| Property Tax In-Lieu | 1,654,175 | 1,672,842 | 1,278,940 | 1,255,240 |
| Other Taxes | 2,392,876 | 1,956,106 | 891,109 | 1,197,746 |
| Motor Vehicle In-Lieu, Unrestricted | 5,748,775 | 5,994,956 | 6,041,729 | 6,120,156 |
| Use of Money and properties | 8,066,247 | 6,843,179 | 3,836,073 | 5,059,361 |
| Gain/Loss from disposal of capital assets | | | | |
| Miscellaneous | 1,427,356 | 4,090,462 | 742,404 | 4,080,095 |
| Transfers | (596,677) | 1,101,353 | (1,114,750) | (1,628,137) |
| Extraordinary item | | | | |
| Total Government Activities | 82,413,300 | 87,597,716 | 79,821,457 | 85,770,186 |
| Business-Type Activities: | | | | |
| Use of Money and properties | 1,126,277 | 730,441 | 348,032 | |
| Miscellaneous | 147,375 | 93,294 | 285,028 | (230,894) |
| Transfers | 596,677 | (1,101,353) | 1,114,750 | 1,628,137 |
| Total Business-Type Activities | 1,870,329 | (277,618) | 1,747,810 | 1,397,243 |
| Total Primary Government | \$84,283,629 | \$87,320,098 | \$81,569,267 | \$87,167,429 |
| Component Units Activities: | | | | |
| Use of Money and properties | \$2,974,858 | \$1,744,742 | \$356,673 | \$1,965,040 |
| Miscellaneous | | | 506,590 | 249,207 |
| Increase in value of certain NPCA projects and reserves | | | | |
| Net Extraordinary Items | (32,097,496) | 25,251,400 | | |
| Total Component Units Activities | (\$29,122,638) | \$26,996,142 | \$863,263 | \$2,214,247 |
| Change in Net Position | | | | |
| Governmental Activities | \$13,031,835 | \$7,640,205 | \$4,316,386 | \$2,828,006 |
| Business-Type Activities | 1,085,877 | (721,575) | 1,355,273 | 3,473,803 |
| Total Primary Government | \$14,117,712 | \$6,918,630 | \$5,671,659 | \$6,301,809 |
| Changes in Net Position | | | | |
| Component units Activities | (\$29,344,249) | \$18,675,065 | (\$4,899,009) | \$3,821,507 |

Source: City Finance Department

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------|---------------|--------------|--------------|--------------|--------------|
| \$27,965,276 | \$26,937,823 | \$38,088,577 | \$39,057,776 | \$43,665,977 | \$45,651,646 |
| 5,748,695 | | | | | |
| 1,844,180 | 1,842,568 | | | | |
| 6,035,950 | 5,932,043 | 6,260,057 | 9,340,828 | 10,187,902 | 10,094,100 |
| 8,787,016 | 9,095,600 | 8,500,351 | 8,330,638 | 8,368,125 | 9,061,296 |
| 4,921,032 | 5,582,337 | 6,730,655 | 8,258,516 | 9,451,755 | 10,333,813 |
| 4,477,426 | 4,439,185 | 3,919,351 | 1,496,491 | 2,396,918 | 2,473,634 |
| 1,294,691 | 1,396,432 | 1,612,283 | 1,928,731 | 2,174,973 | 2,126,612 |
| 1,271,253 | 1,112,896 | 1,382,336 | 1,002,871 | 1,157,160 | 1,167,072 |
| 1,489,036 | 2,788,444 | 4,175,348 | 4,460,633 | 1,831,805 | 2,146,635 |
| 5,874,386 | 5,897,923 | | | | |
| 617,852 | 4,039,370 | 5,068,924 | 4,465,916 | 5,136,494 | 6,957,802 |
| 5,803,134 | 1,531,218 | 4,428,117 | 2,787,194 | 1,160,517 | 2,312,459 |
| 207,258 | 269,538 | 417,997 | 3,027,004 | 2,831,684 | 2,891,411 |
| 40,764,726 | | | 1,007,196 | | |
| 117,101,911 | 70,865,377 | 80,583,996 | 85,163,794 | 88,363,310 | 95,216,480 |
| 192,687 | 33,149 | 337,908 | 279,817 | 685,463 | 507,799 |
| 58,146 | 5,495 | 301 | 90,277 | 1,190,730 | 1,813,296 |
| (207,258) | (269,538) | (417,997) | (3,027,004) | (2,831,684) | (2,891,411) |
| 43,575 | (230,894) | (79,788) | (2,656,910) | (955,491) | (570,316) |
| \$117,145,486 | \$70,634,483 | \$80,504,208 | \$82,506,884 | \$87,407,819 | \$94,646,164 |
| \$119,699 | \$98,920 | \$86,293 | | | |
| 54,142 | 176,225 | 1,548,129 | | | |
| | 1,447,092 | (789,918) | | | |
| \$173,841 | \$1,722,237 | \$844,504 | | | |
| \$49,173,562 | (\$2,187,285) | \$9,091,684 | 5,654,709 | \$2,683,775 | 6,027,741 |
| 3,771,159 | 3,610,226 | 4,314,885 | 11,980,034 | 11,687,244 | 14,684,225 |
| \$52,944,721 | \$1,422,941 | \$13,406,569 | \$17,634,743 | \$14,371,019 | \$20,711,966 |
| (\$2,820,554) | \$3,983,616 | \$10,153,308 | | | |



City of Alameda
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Pre-GASB 54 Classifications: | | | | | | | | | | |
| Reserved | \$9,441,392 | \$6,152,052 | \$5,426,061 | | | | | | | |
| Unreserved | 10,252,721 | 15,362,069 | 16,223,164 | | | | | | | |
| GASB 54 Classifications: | | | | | | | | | | |
| Nonspendable | | | | | \$2,685,205 | \$2,200,000 | \$2,261,871 | \$2,591,009 | \$872,617 | \$1,575,550 |
| Restricted | | | | \$400,000 | | | | | | |
| Committed | | | | 603,629 | 400,000 | | | | 6,043,000 | 11,568,004 |
| Assigned | | | | 16,693,535 | 315,045 | | | 3,000,000 | 6,281,684 | 8,525,868 |
| Unassigned | | | | | 19,618,518 | 21,293,014 | 29,071,830 | 30,165,670 | 27,284,395 | 28,726,377 |
| Total General Fund | \$19,694,113 | \$21,514,121 | \$21,649,225 | \$17,697,164 | \$23,018,768 | \$23,493,014 | \$31,333,701 | \$35,756,679 | \$40,481,696 | \$50,395,799 |
| All Other Governmental Funds | | | | | | | | | | |
| Pre-GASB 54 Classifications: | | | | | | | | | | |
| Reserved | \$34,104,927 | \$31,746,036 | \$33,900,970 | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 20,831,848 | 36,849,864 | 32,037,363 | | | | | | | |
| Capital project funds | 28,887,337 | 17,242,412 | 14,178,257 | | | | | | | |
| GASB 54 Classifications: | | | | | | | | | | |
| Nonspendable | | | | \$45,639,192 | \$8,894 | | \$9,395 | | | |
| Restricted | | | | 36,594,620 | 24,442,662 | \$21,293,253 | 23,349,158 | \$50,922,259 | \$48,736,806 | \$52,352,209 |
| Committed | | | | 10,965 | 35,055,243 | 36,907,806 | 40,790,003 | 17,909,767 | 21,233,524 | 21,938,791 |
| Assigned | | | | | | | | | | |
| Unassigned | | | | (9,200) | (1,600,776) | (657,163) | \$64,148,556 | (14,081) | \$69,970,330 | (2,519,632) |
| Total all other governmental funds | \$83,824,112 | \$85,838,312 | \$80,116,590 | \$82,235,577 | \$57,906,023 | \$57,543,896 | \$64,148,556 | \$68,817,945 | \$69,970,330 | \$71,771,368 |

Source: City of Alameda Finance Department



City of Alameda
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | 2008 | 2009 | 2010 | 2011 |
|---|--------------------|--------------------|----------------------|--------------------|
| Revenues | | | | |
| Property taxes | \$43,189,504 | \$45,548,024 | \$44,308,500 | \$44,304,076 |
| Other local taxes | 25,463,825 | 24,588,234 | 27,032,505 | 29,209,243 |
| Licenses and permits | 3,792,899 | 3,361,091 | 3,172,848 | 3,389,609 |
| Revenue from other agencies | 24,321,452 | 19,408,936 | 19,354,972 | 18,584,868 |
| Charges for current services | 11,987,586 | 10,264,260 | 12,252,283 | 12,102,124 |
| Fines and forfeitures | 1,239,607 | 1,463,269 | 1,434,684 | 1,350,974 |
| Use of money and property | 20,264,478 | 20,329,314 | 17,208,171 | 17,595,184 |
| Other | 1,795,035 | 4,516,237 | 791,233 | 5,454,018 |
| Total Revenues | 132,054,386 | 129,479,365 | 125,555,196 | 131,990,096 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 11,315,409 | 13,114,355 | 9,756,226 | 4,130,188 |
| Police | 26,544,338 | 25,770,329 | 26,749,247 | 27,612,111 |
| Fire | 24,338,086 | 22,932,133 | 22,589,195 | 24,297,287 |
| Public Works | 9,255,632 | 10,198,469 | 4,682,917 | 6,324,136 |
| Community Development | 24,230,719 | 19,673,992 | 19,288,336 | 22,899,662 |
| Community Services | 7,258,611 | 7,006,083 | 7,738,644 | 8,292,609 |
| Culture and recreation | | | | |
| Housing | 7,075,267 | 8,117,536 | 10,060,973 | 8,460,735 |
| Capital outlay | 11,845,020 | 11,212,641 | 15,527,159 | 17,392,517 |
| Debt service: | | | | |
| Principal repayment | 2,533,420 | 7,479,565 | 2,569,040 | 3,169,360 |
| Interest and fiscal charges | 6,375,793 | 6,099,165 | 5,675,982 | 5,732,593 |
| Total Expenditures | 130,772,295 | 131,604,268 | 124,637,719 | 128,311,198 |
| Excess (deficiency) of revenues over (under) expenditures | 1,282,091 | (2,124,903) | 917,477 | 3,678,898 |
| Other Financing Sources (Uses) | | | | |
| Contribution from (to) other entities | | | | (1,347,013) |
| Transfers in | 29,641,624 | 39,525,272 | 16,789,896 | 20,625,790 |
| Transfers (out) | (30,614,587) | (38,281,393) | (23,293,991) | (24,690,492) |
| Sale of capital assets | 25,769 | 21,507 | | 735,000 |
| Payment to escrow agent | | | | (985,000) |
| Bond issuance premium (discount) on debt | | 118,725 | | (125,326) |
| Issuance of long-term debt | 3,000,000 | 4,575,000 | | 11,035,000 |
| Total other financing sources (uses) | 2,052,806 | 5,959,111 | (6,504,095) | 5,247,959 |
| Extraordinary item | | | | |
| Net Change in fund balances | \$3,334,897 | \$3,834,208 | (\$5,586,618) | \$8,926,857 |
| Debt service as a percentage of noncapital expenditures | 8.0% (a) | 10.9% (a) | 7.4% (a) | 7.6% |

NOTE:

(a) Calculation of percentage only includes non-capitalized expenditures that is not being reflected on the capital outlay line.

Source: City Finance Department

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$36,215,189 | \$30,299,428 | \$40,030,928 | \$41,511,670 | \$43,665,978 | \$45,651,646 |
| 28,731,775 | 29,441,266 | 31,532,635 | 34,307,623 | 36,600,031 | 38,995,559 |
| 2,962,194 | 3,220,082 | 3,649,220 | 4,834,523 | 4,599,669 | 5,353,671 |
| 15,017,173 | 15,017,173 | 8,383,901 | 10,472,056 | 11,799,727 | 13,461,497 |
| 16,992,163 | 16,992,163 | 16,881,772 | 16,601,934 | 18,801,604 | 19,328,754 |
| 1,498,967 | 1,712,558 | 1,940,326 | 1,579,608 | 1,505,913 | 1,141,664 |
| 16,284,321 | 16,284,321 | 17,130,340 | 17,472,748 | 18,278,665 | 18,876,427 |
| 3,716,012 | 1,366,611 | 4,638,439 | 2,898,060 | 1,088,097 | 4,920,412 |
| 121,417,794 | 114,333,602 | 124,187,561 | 129,678,222 | 136,339,684 | 147,729,630 |

| | | | | | |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 8,505,007 | 13,996,654 | 14,807,500 | 17,213,207 | 22,246,735 | 21,770,743 |
| 27,697,939 | 28,538,108 | 28,767,165 | 28,682,826 | 28,816,779 | 30,853,005 |
| 23,735,534 | 23,262,699 | 24,269,387 | 27,961,054 | 28,529,688 | 30,652,703 |
| 5,045,594 | 4,320,452 | 4,432,334 | 4,558,311 | 4,742,674 | 4,918,684 |
| 17,959,889 | 17,828,779 | 14,920,522 | 16,145,736 | 17,686,827 | 18,077,608 |
| 8,358,813 | 6,704,716 | 5,755,718 | 5,797,562 | 6,453,987 | 6,382,003 |
| | 1,178,313 | | | | |
| 14,513,011 | 2,051,269 | 2,282,435 | 1,883,479 | 2,298,345 | 1,955,239 |
| 12,969,550 | 13,306,766 | 12,836,513 | 16,402,343 | 17,408,895 | 22,147,962 |
| 2,844,360 | 1,710,214 | 17,866,047 | 1,906,000 | 2,149,564 | 1,957,436 |
| 3,700,852 | 1,431,642 | 2,398,072 | 791,566 | 1,128,676 | 1,163,030 |
| 125,330,549 | 114,329,612 | 128,335,693 | 121,342,084 | 131,462,170 | 139,878,413 |
| (3,912,755) | 3,990 | (4,148,132) | 8,336,138 | 4,877,514 | 7,851,217 |

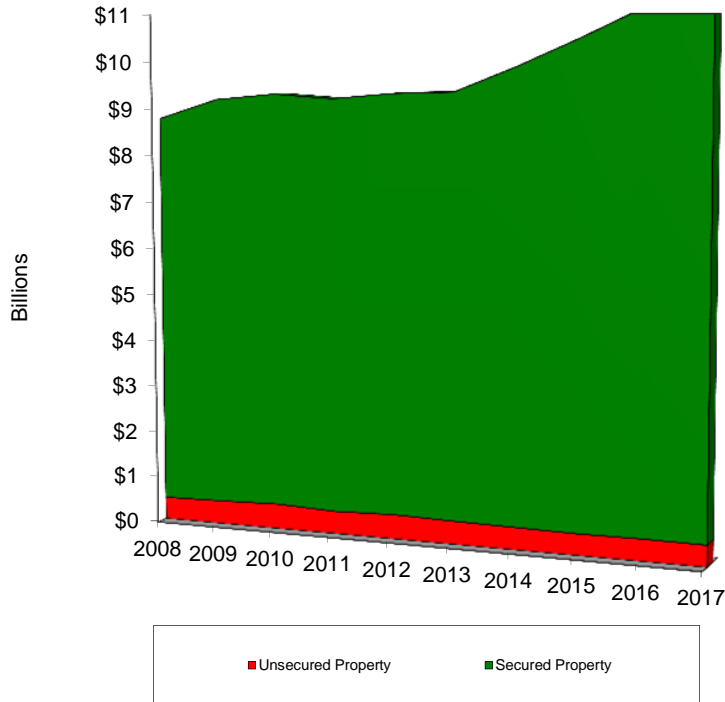
| | | | | | |
|----------------|--------------|--------------|--------------|--------------|--------------|
| 22,598,326 | 13,236,792 | 19,087,597 | 18,842,178 | 20,777,712 | 24,650,200 |
| (25,611,556) | (14,172,654) | (19,626,956) | (19,093,145) | (22,913,024) | (22,300,789) |
| 8,213 | | | | | 1,514,513 |
| | | 512,838 | | | |
| | | 18,620,000 | | 3,000,000 | |
| (3,005,017) | (935,862) | 18,593,479 | (250,967) | 864,688 | 3,863,924 |
| (20,454,496) | | | 1,007,196 | | |
| (\$27,372,268) | (\$931,872) | \$14,445,347 | \$9,092,367 | \$5,742,202 | \$11,715,141 |

(a) 5.5% (a) 2.9% (a) 17.5% (a) 2.6% (a) 2.9% (a) 2.7% (a)

| Object Series | Revenue Type | Calendar Year 2017 Wage Increase | | | Calendar Year 2018 Wage Increase | | | |
|--|---------------------------|----------------------------------|---------------------|--------------------|----------------------------------|---------------------|--------------------|--------------|
| | | FY14-15 | FY15-16 | Value Change | % Change | FY16-17 | Value Change | % Change |
| 31000/36801 | General Fund Property Tax | \$ 34,093,132 | \$ 34,388,154 | \$ 295,022 | 0.87% | \$ 36,090,128 | \$ 1,701,974 | 4.95% |
| 32100 | Bradley Burns Sales Tax | 6,632,164 | 9,565,291 | 2,933,127 | 44.23% | 10,094,100 | 528,809 | 5.53% |
| 32200 | Property Transfer Tax | 8,258,516 | 9,451,755 | 1,193,239 | 14.45% | 10,333,813 | 882,058 | 9.33% |
| 32300 | Utility Users Tax | 8,330,638 | 8,368,124 | 37,486 | 0.45% | 9,061,296 | 693,172 | 8.28% |
| 32400 | Transient Occupancy Tax | 1,928,731 | 2,174,973 | 246,242 | 12.77% | 2,126,612 | (48,361) | -2.22% |
| | TOTALS | <u>\$59,243,181</u> | <u>\$63,948,297</u> | <u>\$4,705,116</u> | <u>7.94%</u> | <u>\$67,705,949</u> | <u>\$3,757,652</u> | <u>5.88%</u> |
| 50% Of Total Increase applicable to Wage Increases | | | | | 3.97% | | | 2.94% |
| Minimum/Maximum per MOUs | | | | 2.0% to 5% | | | 2.0% to 5% | |
| BRI WAGE INCREASE EFFECTIVE JANUARY | | | | | 3.97% | | | 2.94% |



City of Alameda
Assessed and Estimated Actual
Value of Taxable Property
Last Ten Fiscal Years



| Fiscal Year | Secured Property | Percent Change | Unsecured Property | Percent Change | Total Assessed |
|-------------|------------------|----------------|--------------------|----------------|-----------------|
| 2008 | \$8,299,483,280 | 9.20% | \$477,194,312 | -3.27% | \$8,776,677,592 |
| 2009 | 8,699,660,252 | 4.82% | 501,285,753 | 5.05% | 9,226,664,742 |
| 2010 | 8,796,462,645 | 1.11% | 536,786,045 | 7.08% | 9,436,632,497 |
| 2011 | 8,767,561,741 | -0.33% | 486,282,942 | -9.41% | 9,284,599,251 |
| 2012 | 8,851,986,300 | 0.96% | 524,614,003 | 2.00% | 9,387,095,373 |
| 2013 | 8,927,046,504 | 0.85% | 496,000,269 | -5.45% | 9,423,046,773 |
| 2014 | 9,472,636,207 | 6.11% | 476,558,073 | -3.92% | 9,949,194,280 |
| 2015 | 10,074,322,282 | 6.35% | 457,262,328 | -4.05% | 10,531,584,610 |
| 2016 | 10,688,573,728 | 6.10% | 466,708,505 | 2.07% | 11,155,282,233 |
| 2017 | 11,404,111,189 | 6.69% | 454,198,686 | -2.68% | 11,858,309,875 |

NOTE: California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. Estimated full market information is not available. See the following page for the total direct rate applied to the assessed valuation base for each year.

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations



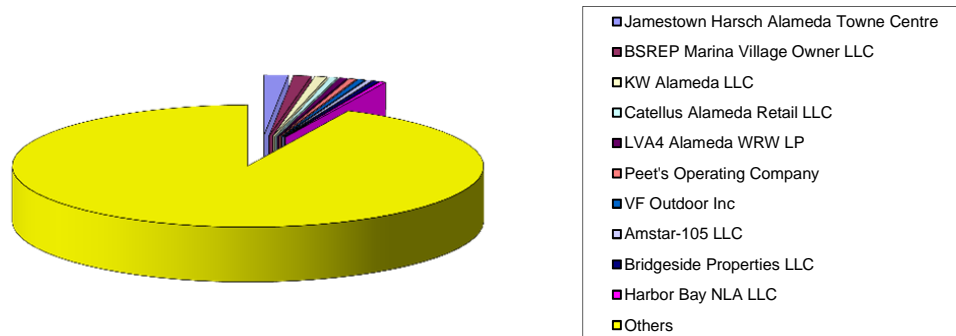
City of Alameda
Property Tax Rates
All Direct and Overlapping Governments
Last Ten Fiscal Years

| Fiscal Year | Basic County Wide Levy (a) | City | Alameda Unified School Bonds | East Bay Regional Park | EBMUD Special District 1 | Oakland Unified School Dist. Bonds | BART | Peralta College | Total |
|-------------|----------------------------|--------|------------------------------|------------------------|--------------------------|------------------------------------|--------|-----------------|--------|
| 2008 | 1.0000 | 0.0247 | 0.0469 | 0.0080 | 0.0065 | 0.0806 | 0.0076 | 0.0223 | 1.1966 |
| 2009 | 1.0000 | 0.0245 | 0.0479 | 0.0100 | 0.0064 | 0.0835 | 0.0090 | 0.0362 | 1.2175 |
| 2010 | 1.0000 | 0.0245 | 0.0498 | 0.0108 | 0.0065 | 0.1259 | 0.0057 | 0.0430 | 1.2662 |
| 2011 | 1.0000 | 0.0244 | 0.0520 | 0.0084 | 0.0067 | 0.0000 | 0.0031 | 0.0430 | 1.1376 |
| 2012 | 1.0000 | 0.0249 | 0.0527 | 0.0071 | 0.0067 | 0.0000 | 0.0041 | 0.0436 | 1.1391 |
| 2013 | 1.0000 | 0.0260 | 0.0553 | 0.0051 | 0.0068 | 0.0000 | 0.0043 | 0.0434 | 1.1409 |
| 2014 | 1.0000 | 0.0260 | 0.0534 | 0.0078 | 0.0066 | 0.0000 | 0.0075 | 0.0419 | 1.1432 |
| 2015 | 1.0000 | 0.0250 | 0.0503 | 0.0085 | 0.0047 | 0.0000 | 0.0045 | 0.0412 | 1.1342 |
| 2016 | 1.0000 | 0.0240 | 0.1043 | 0.0067 | 0.0034 | 0.0000 | 0.0026 | 0.0337 | 1.1747 |
| 2017 | 1.0000 | 0.0230 | 0.0967 | 0.0032 | 0.0028 | 0.0000 | 0.0080 | 0.0256 | 1.1593 |

Source: Alameda County Assessors Office

(a) The City of Alameda is .3331, Alameda County is .3293, Alameda USD is .1956 and other government agencies represent .142 of the basic county wide levy

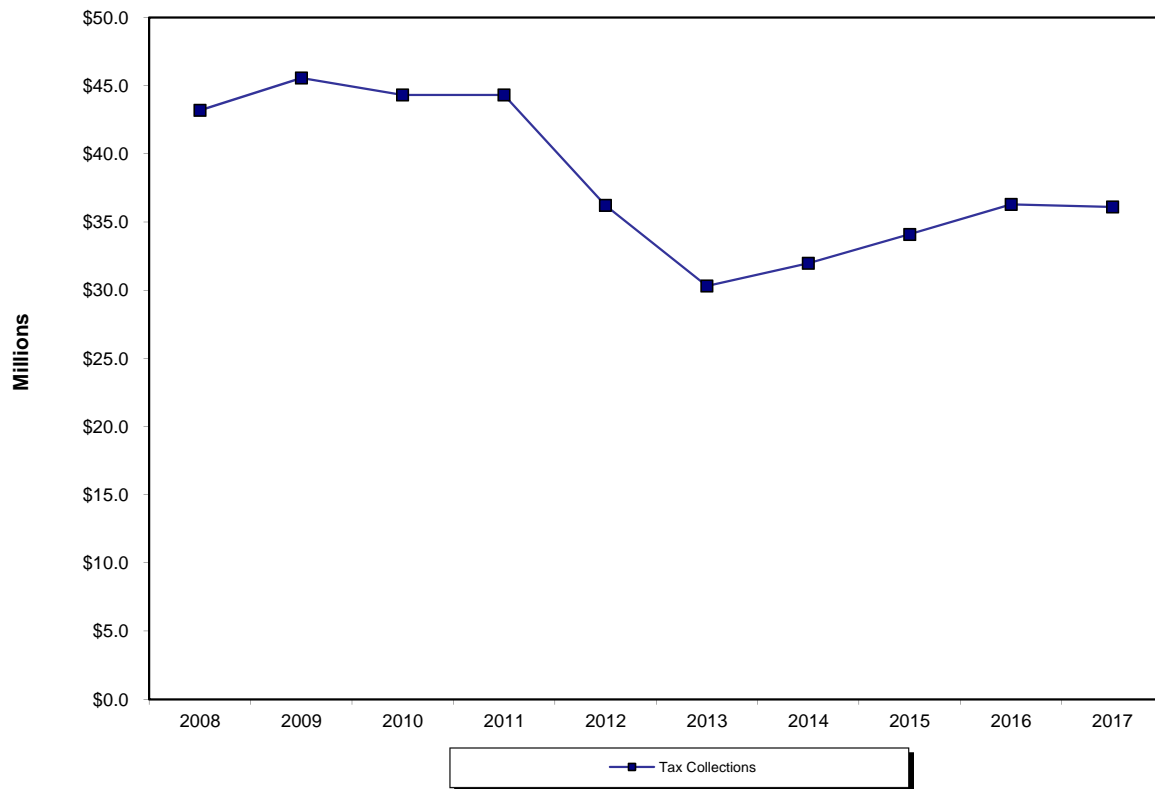
Current Year Taxpayers



| Taxpayer | 2016-17 | | | 2007-08 | | |
|---------------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Jamestown Harsch Alameda Towne Centre | \$196,346,829 | 1 | 1.66% | | | |
| BSREP Marina Village Owner LLC | 142,074,698 | 2 | 1.20% | | | |
| KW Alameda LLC | 99,206,453 | 3 | 0.84% | \$88,958,550 | 2 | 1.02% |
| Catellus Alameda Retail LLC | 65,367,896 | 4 | 0.55% | | | |
| LVA4 Alameda WRW LP | 64,143,845 | 5 | 0.54% | | | |
| Peet's Operating Company | 60,076,573 | 6 | 0.51% | | | |
| VF Outdoor Inc | 59,772,387 | 7 | 0.50% | | | |
| Amstar-105 LLC | 48,849,174 | 8 | 0.41% | | | |
| Bridgeside Properties LLC | 46,244,025 | 9 | 0.39% | | | |
| Harbor Bay NLA LLC | 44,659,384 | 10 | 0.38% | | | |
| Legacy Partners I Alameda LLC | | | | 211,985,841 | 1 | 2.43% |
| Alameda Waterfront Investors LLC | | | | 64,515,000 | 3 | 0.74% |
| Wind River Systems Inc | | | | 62,177,560 | 4 | 0.71% |
| Harsch Investment Realty LLC | | | | 53,580,337 | 5 | 0.62% |
| SKS Harbor Bay Associates LLC | | | | 36,173,811 | 6 | 0.42% |
| Ballena Village LLC | | | | 28,923,930 | 7 | 0.33% |
| Woodstock Homes Corporation | | | | 28,574,455 | 8 | 0.33% |
| South Shore Beach and Tennis Club | | | | 27,025,352 | 9 | 0.31% |
| Comcast of California IX Inc | | | | 25,394,523 | 10 | 0.29% |
| Subtotal | \$826,741,264 | | 6.98% | \$627,309,359 | | 7.20% |
| Total Net Assessed Valuation: | | | | | | |
| Fiscal Year 2016-17 | \$11,858,309,875 | | | | | |
| Fiscal Year 2007-08 | \$8,708,727,219 | | | | | |

Source: Alameda County Assessor Fiscal Year Combined Tax Rolls.

City of Alameda Property Tax Levies and Collections Last Ten Fiscal Years



| Fiscal Year | Total Tax Levy (a) | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collections (a) | Total Tax Collections | Percent of Total Tax Collections to Tax Levy |
|-------------|--------------------|-------------------------|---------------------------|--------------------------------|-----------------------|--|
| 2008 | \$43,189,504 | \$43,189,504 | 100% | 0 | \$43,189,504 | 100% |
| 2009 | 45,548,024 | 45,548,024 | 100% | 0 | 45,548,024 | 100% |
| 2010 | 44,308,500 | 44,308,500 | 100% | 0 | 44,308,500 | 100% |
| 2011 | 44,304,076 | 44,304,076 | 100% | 0 | 44,304,076 | 100% |
| 2012 (b) | 36,215,189 | 36,215,189 | 100% | 0 | 36,215,189 | 100% |
| 2013 | 30,299,428 | 30,299,428 | 100% | 0 | 30,299,428 | 100% |
| 2014 | 31,960,530 | 31,960,530 | 100% | 0 | 31,960,530 | 100% |
| 2015 | 34,093,132 | 34,093,132 | 100% | 0 | 34,093,132 | 100% |
| 2016 | 36,292,959 | 36,292,959 | 100% | 0 | 36,292,959 | 100% |
| 2017 | 36,090,128 | 36,090,128 | 100% | 0 | 36,090,128 | 100% |

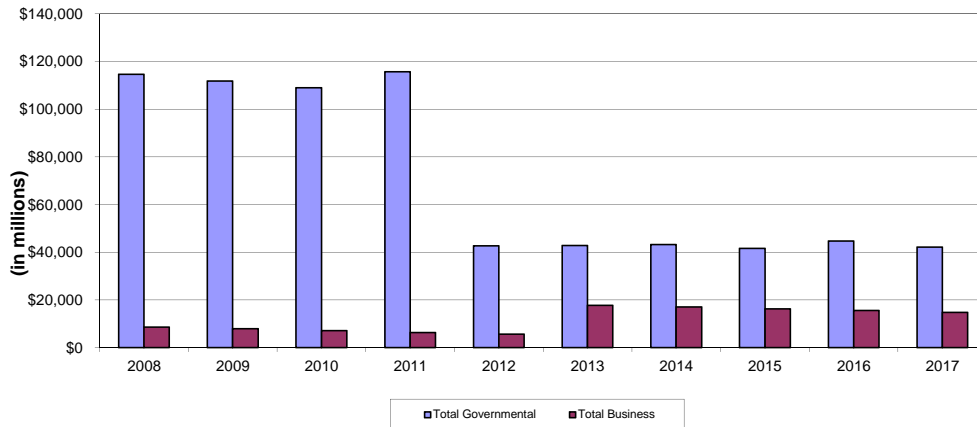
Source: City of Alameda Records

NOTE: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement (Teeter Plan) which allows the County to keep all interest and delinquency charges collected.

(b) Upon the dissolution of the Community Improvement Commission effective January 31, 2012, a Successor Agency assumed the revenues of the former Community Improvement Commission.

City of Alameda
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



| Governmental Activities | | | | | | |
|-------------------------|----------------------|-------------------------------|-------------------------|---------------|-------------------------|---------------|
| Fiscal Year | Tax Allocation Bonds | Certificates of Participation | General Obligation Bond | Revenue Bonds | Loans & Lease Purchases | Total |
| 2008 | \$67,005,000 | \$14,595,000 | \$9,960,000 | \$14,630,000 | \$8,666,301 | \$114,644,787 |
| 2009 | 65,900,000 | 13,715,000 | 9,775,000 | 14,195,000 | 8,139,871 | 111,724,871 |
| 2010 | 64,685,000 | 13,305,000 | 9,580,000 | 13,745,000 | 7,620,380 | 108,935,380 |
| 2011 | 74,254,674 | 12,470,000 | 9,375,000 | 12,300,000 | 7,291,020 | 115,690,694 |
| 2012 | - | (b) 11,600,000 | 9,155,000 | 12,000,000 | 9,878,854 | 42,633,854 |
| 2013 | - | (b) 10,700,000 | 8,925,000 | 11,700,000 | 11,440,764 | 42,765,764 |
| 2014 | - | (b) 11,855,000 | 9,010,000 | 11,400,000 | 10,963,100 | 43,228,100 |
| 2015 | - | (b) 10,930,000 | 8,610,000 | 11,000,000 | 10,995,218 | 41,535,218 |
| 2016 | - | (b) 9,960,000 | 8,270,000 | 10,600,000 | 15,807,781 | 44,637,781 |
| 2017 | - | (b) 9,210,000 | 7,925,000 | 10,200,000 | 14,812,440 | 42,147,440 |

| Business-Type Activities | | | | | | |
|--------------------------|----------------------|-------------------------|-------------|--------------------------|-----------------------------------|----------------|
| Fiscal Year | COPS & Revenue Bonds | Loans & Lease Purchases | Total | Total Primary Government | Percentage of Personal Income (a) | Per Capita (a) |
| 2008 | \$3,295,000 | \$5,305,043 | \$8,600,043 | \$123,513,227 | 3.94% | 1,683.68 |
| 2009 | 3,030,000 | 4,813,515 | 7,843,515 | 119,568,386 | 3.82% | 1,629.91 |
| 2010 | 2,755,000 | 4,304,311 | 7,059,311 | 115,994,691 | 3.73% | 1,552.06 |
| 2011 | 2,465,000 | 3,776,678 | 6,241,678 | 121,932,372 | 4.48% | 1,616.95 |
| 2012 | 2,160,000 | 3,498,778 | 5,658,778 | 48,292,632 | 1.78% | 640.41 |
| 2013 | 14,715,000 | 2,956,277 | 17,671,277 | 60,437,041 | 2.14% | 804.48 |
| 2014 | 14,465,000 | 2,542,379 | 17,007,379 | 60,235,479 | 1.77% | 788.29 |
| 2015 | 14,190,000 | 2,033,841 | 16,223,841 | 57,759,059 | 1.87% | 760.38 |
| 2016 | 13,905,000 | 1,616,170 | 15,521,170 | 60,158,951 | 1.88% | 758.84 |
| 2017 | 13,615,000 | 1,187,296 | 14,802,296 | 56,949,736 | 1.66% | 712.51 |

NOTE: Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources City of Alameda

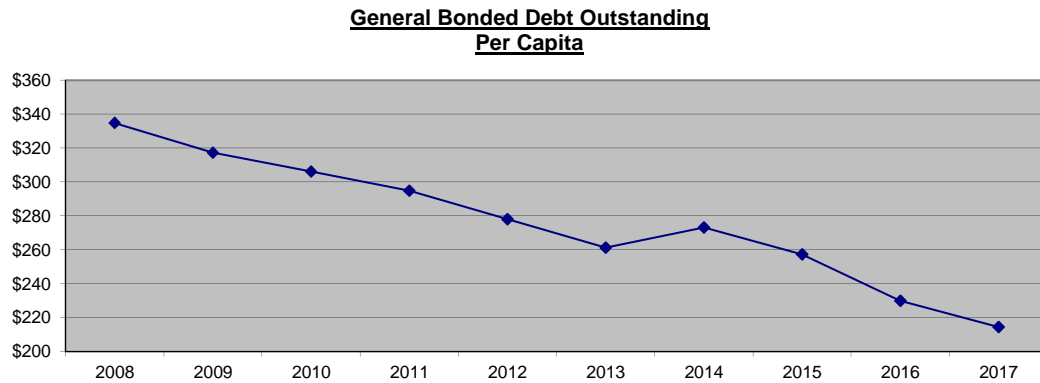
State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (income)

(a) See page 160 (Demographic Statistics) for personal income and population data.

(b) Upon the dissolution of the Community Improvement Commission effective January 31, 2012, a Successor Agency assumed the liabilities of the former Community Improvement Commission, including the Tax Allocation Bonds.

City of Alameda
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years



| General Bonded Debt Outstanding | | | | Percentage of Actual Taxable Value of Property | Per Capita |
|---------------------------------|--|----------------------------|--------------|---|---------------|
| Fiscal Year | Certificates of Participation Governmental Activities | General Obligation Bond | Total | | |
| 2008 | \$14,595,000 | \$9,960,000 | \$24,555,000 | 0.28% | 334.72 |
| 2009 | 13,715,000 | 9,775,000 | 23,490,000 | 0.25% | 317.30 |
| 2010 | 13,305,000 | 9,580,000 | 22,885,000 | 0.24% | 306.21 |
| 2011 | 12,470,000 | 9,375,000 | 21,845,000 | 0.24% | 294.88 |
| 2012 | 11,600,000 | 9,155,000 | 20,755,000 | 0.22% | 278.07 |
| 2013 | 10,700,000 | 8,925,000 | 19,625,000 | 0.21% | 261.23 |
| 2014 | 11,855,000 | 9,010,000 | 20,865,000 | 0.21% | 273.06 |
| 2015 | 10,930,000 | 8,610,000 | 19,540,000 | 0.19% | 257.24 |
| 2016 | 9,960,000 | 8,270,000 | 18,230,000 | 0.16% | 229.95 |
| 2017 | 9,210,000 | 7,925,000 | 17,135,000 | 0.14% | 214.38 |

Source: City of Alameda Finance Department



City of Alameda
Computation of Direct and Overlapping Debt
June 30, 2017

2016-17 Assessed Valuation: \$11,858,309,875

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | Total Debt 6/30/16 | % Applicable (a) | City's Share of Debt 6/30/16 |
|---|-----------------------|------------------|---------------------------------|
| Bay Area Rapid Transit District | \$891,135,000 | 1.835% | \$16,352,327 |
| Peralta Community College District | 394,480,000 | 13.074% | 51,574,315 |
| Alameda Unified School District | 135,566,829 | 100.000% | 135,566,829 |
| East Bay Regional Park District | 123,590,000 | 2.831% | 3,498,833 |
| East Bay Municipal Utility District, Special District No. 1 | 3,515,000 | 12.169% | 427,740 |
| City of Alameda | 7,925,000 | 100.000% | 7,925,000 |
| City of Alameda Facilities District No. 1 | 4,270,000 | 100.000% | 4,270,000 |
| City of Alameda Facilities District No. 13-1 | 15,415,000 | 100.000% | 15,415,000 |
| TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$235,030,044 |

Ratios to 2016-17 Assessed Valuation:

| | |
|--|--------------|
| Direct Debt (\$17,135,000) | 0.07% |
| Total Direct and Overlapping Tax Assessment Debt | 1.98% |

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

| | | | |
|---|------------------|-------------|---------------------|
| Alameda County and Coliseum Authority General Fund Obligations | \$856,742,500 | 4.667% | \$39,984,172 |
| Alameda County Pension Obligations | 27,719,489 | 4.667% | 1,293,669 |
| Alameda-Contra Costa Transit District Certificates of Participation | 17,625,000 | 5.527% | 974,134 |
| Peralta Community College District Pension Obligations | 159,637,846 | 13.074% | 20,871,052 |
| City of Alameda General Fund Obligations | 9,210,000 | 100% | 9,210,000 |
| TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT | | | \$72,333,027 |

| | | | |
|---|--------------|------|--------------|
| <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u> | \$57,075,000 | 100% | \$57,075,000 |
|---|--------------|------|--------------|

| | |
|----------------------------|--------------------------|
| Total Direct Debt | \$17,135,000 |
| Total Overlapping Debt | \$347,303,071 |
| COMBINED TOTAL DEBT | \$364,438,071 (b) |

(a) Percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

(b) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2016-17 Assessed Valuation:

| | |
|---|--------------|
| Total Direct Debt (\$18,230,000) | 0.07% |
| Combined Total Debt | 3.07% |

NOTE: The overlap is calculated based upon information by the City and the County of Alameda.



City of Alameda
Computation of Legal Bonded Debt Margin
June 30, 2017

ASSESSED VALUATION:

| | |
|---|-------------------------|
| Secured property assessed value, net of exempt real property | <u>\$11,396,899,575</u> |
|---|-------------------------|

| | |
|--|-------------------------------|
| BONDED DEBT LIMIT (15% OF ASSESSED VALUE) | <u>\$1,709,534,936</u> |
|--|-------------------------------|

AMOUNT OF DEBT SUBJECT TO LIMIT:

| | |
|-----------------------|--------------|
| Total Bonded Debt (a) | \$40,950,000 |
|-----------------------|--------------|

Less:

| | |
|---------------|------------|
| Revenue Bonds | 23,815,000 |
|---------------|------------|

| | |
|--------------------------------|------------------|
| Certificates of Participations | <u>9,210,000</u> |
|--------------------------------|------------------|

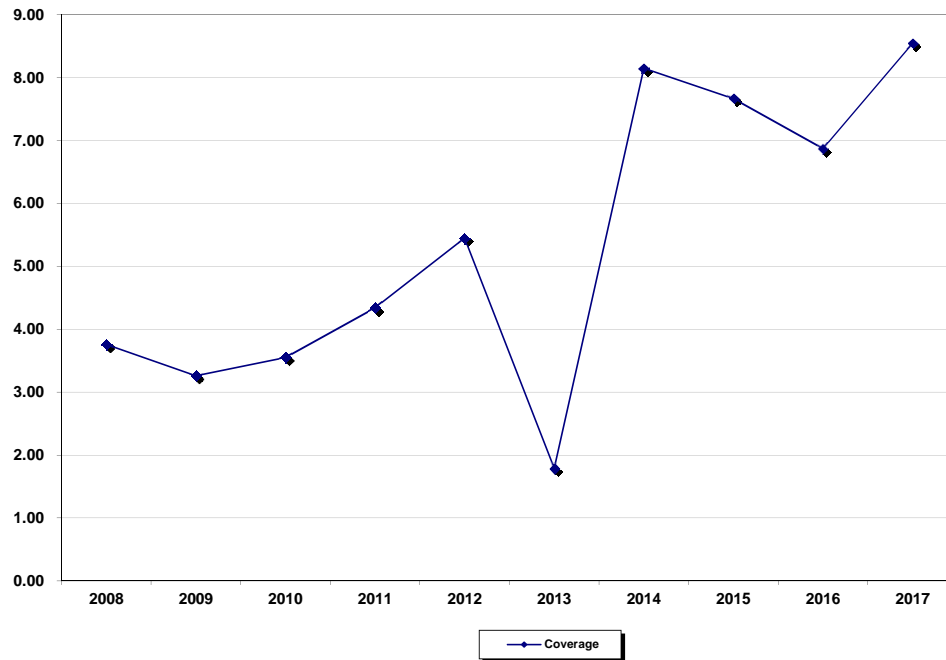
| | |
|---------------------------------|------------------|
| Amount of debt subject to limit | <u>7,925,000</u> |
|---------------------------------|------------------|

| | |
|---------------------------------|-------------------------------|
| LEGAL BONDED DEBT MARGIN | <u>\$1,701,609,936</u> |
|---------------------------------|-------------------------------|

| Fiscal Year | Debt Limit | Total Net Debt Applicable to Limit | Legal Debt Margin | Total net debt applicable to the limit as a percentage of debt limit |
|----------------|-----------------|--|-------------------------|---|
| 2007 | \$1,140,090,450 | \$42,466,779 | \$1,097,623,671 | 3.87% |
| 2008 | 1,244,922,492 | 9,960,000 | 1,234,962,492 | 0.81% |
| 2009 | 1,304,949,038 | 9,775,000 | 1,295,174,038 | 0.75% |
| 2010 | 1,319,469,397 | 9,580,000 | 1,309,889,397 | 0.73% |
| 2011 | 1,315,134,261 | 9,375,000 | 1,276,577,544 | 3.02% |
| 2012 | 1,327,797,945 | 9,155,000 | 1,318,642,945 | 0.69% |
| 2013 | 1,413,457,016 | 8,925,000 | 1,404,532,016 | 0.64% |
| 2014 | 1,478,724,777 | 9,090,000 | 1,469,634,777 | 0.62% |
| 2015 | 1,510,066,600 | 8,610,000 | 1,501,456,600 | 0.57% |
| 2016 | 1,602,204,317 | 8,270,000 | 1,501,456,600 | 0.55% |
| 2017 | 1,709,534,936 | 7,925,000 | 1,701,609,936 | 0.47% |

Source: City Finance Department

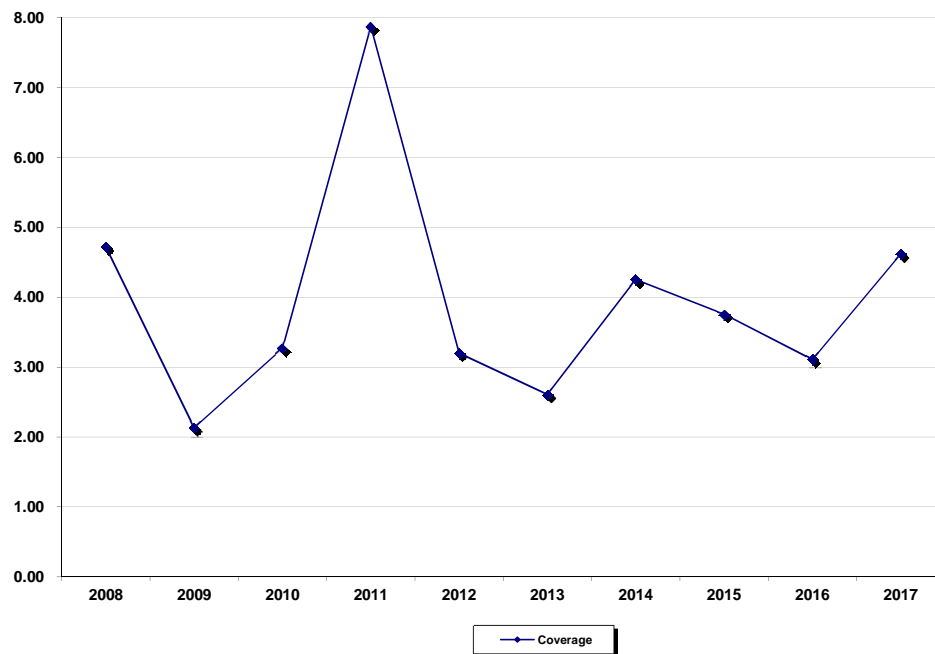
(a) Upon the dissolution of the Community Improvement Commission effective January 31, 2012, a Successor Agency assumed the liabilities of the former Community Improvement Commission, therefore the total bonded debt and revenue bonds have decreased.



| Fiscal Year | Gross Revenue (a) | Operating Expenses (b) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|------------------------|--|---------------------------|-----------|-----------|----------|
| | | | | Principal | Interest | Total | |
| 2008 | \$6,802,936 | \$3,344,067 | \$3,458,869 | \$607,573 | \$312,675 | \$920,248 | 3.76 |
| 2009 | 6,540,313 | 3,432,587 | 3,107,726 | 632,247 | 322,293 | 954,540 | 3.26 |
| 2010 | 6,362,273 | 3,075,856 | 3,286,417 | 652,237 | 272,959 | 925,196 | 3.55 |
| 2011 | 7,322,938 | 3,328,747 | 3,994,191 | 677,500 | 242,891 | 920,391 | 4.34 |
| 2012 | 7,638,530 | 2,609,730 | 5,028,800 | 703,047 | 219,274 | 922,321 | 5.45 |
| 2013 | 8,972,123 | 3,748,512 | 5,223,611 | 2,571,399 | 346,976 | 2,918,375 | 1.79 |
| 2014 | 10,072,496 | 3,702,154 | 5,757,611 | 250,000 | 456,319 | 706,319 | 8.15 |
| 2015 | 10,011,701 | 4,475,317 | 5,536,384 | 275,000 | 447,069 | 722,069 | 7.67 |
| 2016 | 10,278,327 | 5,305,530 | 4,972,797 | 285,000 | 438,719 | 723,719 | 6.87 |
| 2017 | 10,197,953 | 4,043,407 | 6,154,546 | 290,000 | 430,069 | 720,069 | 8.55 |

NOTE: (a) Includes all Sewer Operating Revenues, Non-operating Interest Revenue, Connection Fees, other Non-operating Revenue
(b) Includes all Sewer Operating Expenses less Depreciation and Interest

Source: City of Alameda Annual Financial Statements



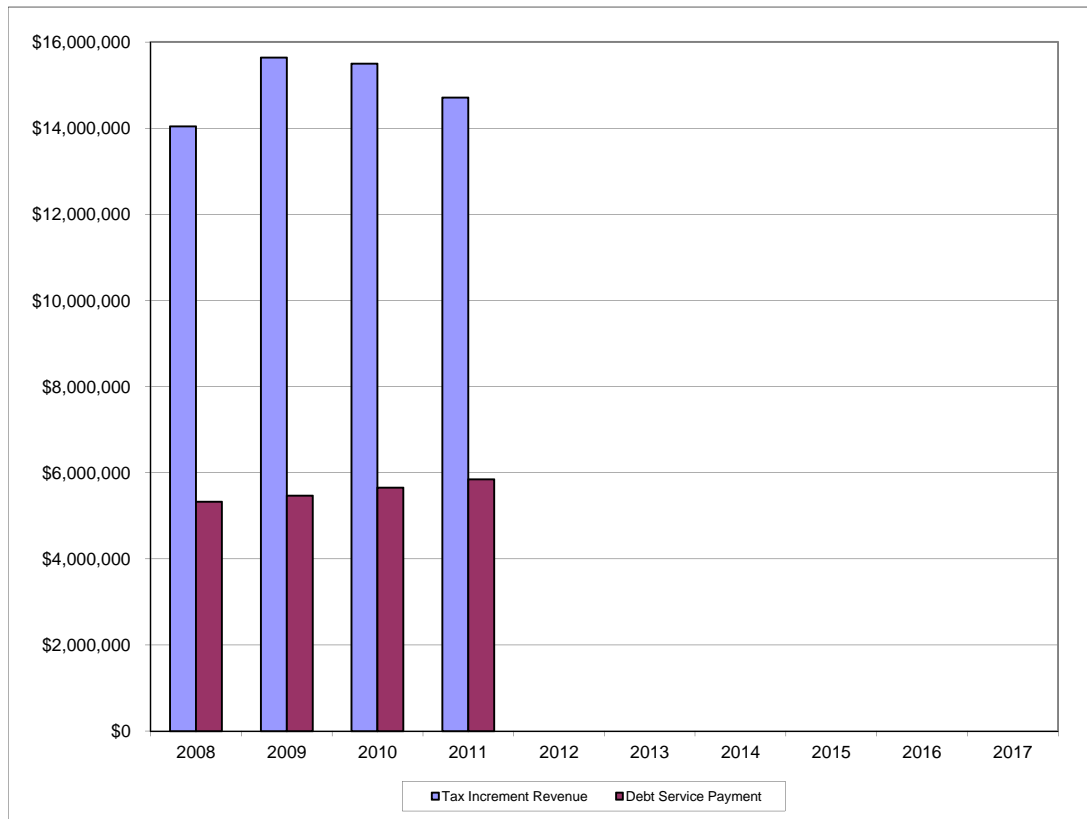
| Fiscal Year | Gross Revenue (a) | Revenues Not Available for Debt Service (b) | Operating Expenses (c) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|---|------------------------|--|---------------------------|-------------|-------------|----------|
| | | | | | Principal | Interest | Total | |
| 2008 | \$52,012,671 | | \$40,319,750 | \$11,692,921 | | \$2,476,808 | \$2,476,808 | 4.72 |
| 2009 | 51,552,840 | | 45,315,677 | 6,237,163 | \$48,603 | 2,877,163 | 2,925,766 | 2.13 |
| 2010 | 49,540,502 | | 39,750,159 | 9,790,343 | 51,495 | 2,945,095 | 2,996,590 | 3.27 |
| 2011 | 50,482,874 | | 37,590,949 | 12,891,925 | 54,526 | 1,582,668 | 1,637,194 | 7.87 |
| 2012 | 51,698,976 | | 43,284,441 | 8,414,535 | 952,770 | 1,677,854 | 2,630,624 | 3.20 |
| 2013 | 56,431,462 | \$4,283,423 | 44,964,882 | 7,183,157 | 1,101,205 | 1,651,892 | 2,753,097 | 2.61 |
| 2014 | 59,435,371 | 6,938,783 | 40,809,073 | 11,687,515 | 1,129,824 | 1,617,655 | 2,747,479 | 4.25 |
| 2015 | 59,005,393 | 6,824,069 | 41,987,012 | 10,194,312 | 1,158,581 | 1,554,056 | 2,712,637 | 3.76 |
| 2016 | 62,437,408 | 6,362,947 | 47,864,751 | 8,209,710 | 1,130,000 | 1,510,325 | 2,640,325 | 3.11 |
| 2017 | 64,156,296 | 5,071,175 | 46,926,046 | 12,159,075 | 1,170,000 | 1,461,044 | 2,631,044 | 4.62 |

NOTE: (a) Includes all Municipal Power operating revenues, non-operating interest revenue, other non-operating revenue
(b) GHG / C&T related sales
(c) Includes all Municipal Power operating expenses, less depreciation and interest

Source: City of Alameda Annual Financial Statements



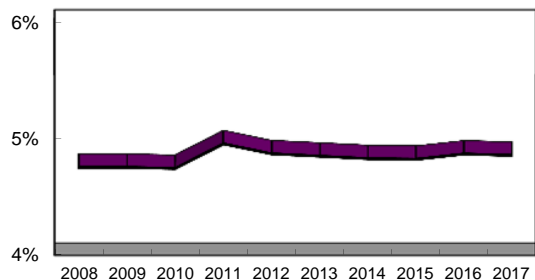
City of Alameda
Bonded Debt Pledged Revenue Coverage
CIC Revenue Bonds and Tax Allocation Bonds
Last Ten Fiscal Years



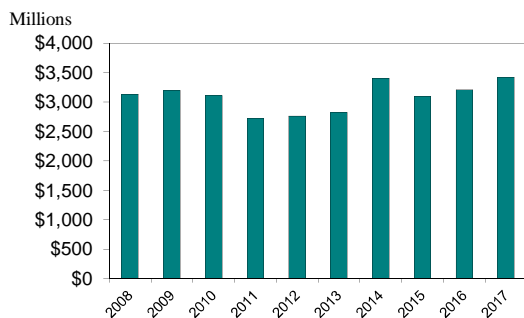
| Fiscal Year | Tax Increment Revenue | Debt Service Requirements | | | | Coverage |
|-------------|-----------------------|---------------------------|-------------|-------------|-------|----------|
| | | Principal | Interest | Total | | |
| 2008 | \$14,037,684 | \$1,190,000 | \$4,137,493 | \$5,327,493 | | 2.63 |
| 2009 | 15,634,394 | 1,300,000 | 4,165,670 | 5,465,670 | | 2.86 |
| 2010 | 15,494,892 | 1,582,000 | 4,070,898 | 5,652,898 | | 2.74 |
| 2011 | 14,708,012 | 1,722,000 | 4,124,257 | 5,846,257 | | 2.52 |
| 2012 | - (a) | - (a) | - (a) | - (a) | - (a) | - (a) |
| 2013 | - (a) | - (a) | - (a) | - (a) | - (a) | - (a) |
| 2014 | - (a) | - (a) | - (a) | - (a) | - (a) | - (a) |
| 2015 | - (a) | - (a) | - (a) | - (a) | - (a) | - (a) |
| 2016 | - (a) | - (a) | - (a) | - (a) | - (a) | - (a) |
| 2017 | - (a) | - (a) | - (a) | - (a) | - (a) | - (a) |

(a) Upon the dissolution of the Community Improvement Commission effective January 31, 2012, a Successor Agency assumed the liabilities of the former Community Improvement Commission, including the Tax Allocation Bonds.

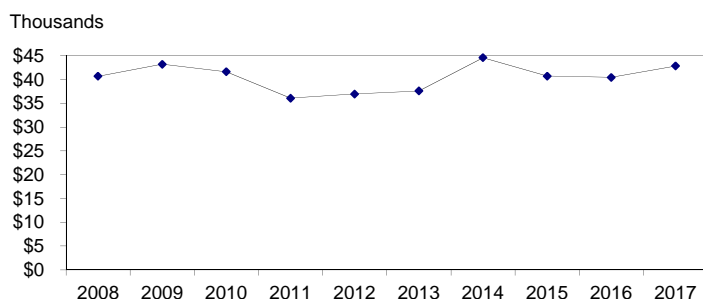
Source: City of Alameda Annual Financial Statements



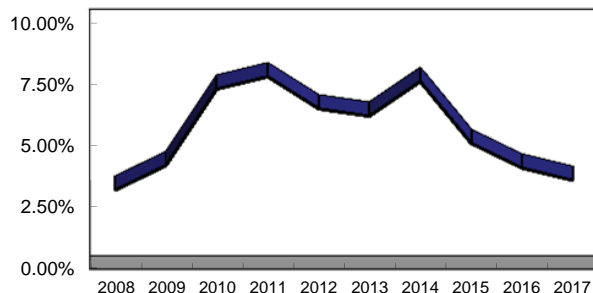
■ Graph City Population



■ Graph County Population



◆ Per Capita Personal Income



■ Unemployment Rate (%)

| Fiscal Year | City Population | Total Personal Income | Per Capita Personal Income | Unemployment Rate (%) | Alameda County Population | City Population % of County |
|-------------|-----------------|-----------------------|----------------------------|-----------------------|---------------------------|-----------------------------|
| 2008 | 73,359 | \$ 3,131,575,000 | \$ 40,688 | 3.2% | 1,543,000 | 4.75% |
| 2009 | 74,032 | 3,197,344,000 | 43,189 | 4.2% | 1,556,657 | 4.76% |
| 2010 | 74,736 | 3,110,554,000 | 41,621 | 7.3% | 1,574,857 | 4.75% |
| 2011 | 74,081 | 2,719,701,000 | 36,066 | 7.8% | 1,521,157 | 4.96% |
| 2012 | 74,640 | 2,763,776,399 | 36,962 | 6.5% | 1,532,137 | 4.87% |
| 2013 | 75,126 | 2,824,096,775 | 37,591 | 6.2% | 1,548,681 | 4.85% |
| 2014 | 76,413 | 3,406,033,062 | 44,574 | 7.6% | 1,578,891 | 4.83% |
| 2015 | 75,961 | 3,092,904,037 | 40,717 | 5.1% | 1,574,497 | 4.82% |
| 2016 | 79,277 | 3,207,096,000 | 40,454 | 4.1% | 1,627,865 | 4.87% |
| 2017 | 79,928 | 3,423,524,000 | 42,832 | 3.6% | 1,645,359 | 4.86% |

Source: California State Department of Finance



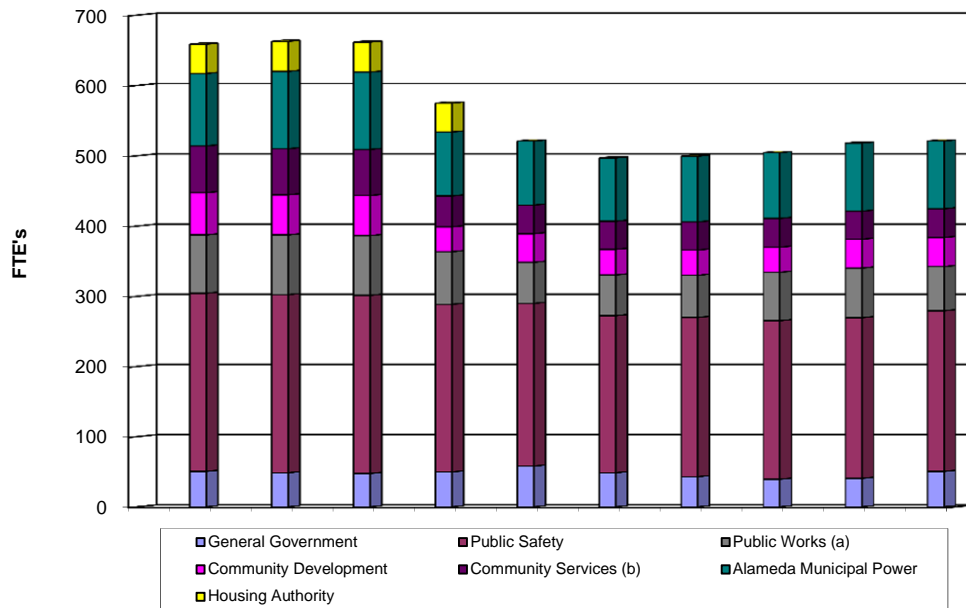
City of Alameda
Principal Employers
Current Year and Nine Years Ago

| Employer | 2016-17 | | | 2007-08 | | |
|----------------------------------|---------------------|------|-------------------------------------|---------------------|------|-------------------------------------|
| | Number of Employees | Rank | Percentage of Total City Employment | Number of Employees | Rank | Percentage of Total City Employment |
| Penumbra, Inc | 1,071 | 1 | 1.34% | | | |
| Alameda Unified School District | 1,044 | 2 | 1.31% | | | |
| VF Outdoor | 783 | 3 | 0.98% | | | |
| Alameda Hospital | 727 | 4 | 0.91% | 492 | 1 | 0.65% |
| Oakland Raiders | 595 | 5 | 0.74% | 150 | 9 | 0.20% |
| Abbott Diabetes Care Inc. | 531 | 6 | 0.66% | 457 | 2 | 0.60% |
| City of Alameda | 522 | 7 | 0.65% | | | |
| Kaiser Foundation Health Plan | 425 | 8 | 0.53% | | | |
| Safeway Stores | 418 | 9 | 0.52% | | | |
| Cost Plus Corporate Headquarters | 412 | 10 | 0.52% | | | |
| Wind River Systems | | | | 450 | 3 | 0.59% |
| Associated Third Party | | | | 200 | 4 | 0.26% |
| Bay Ship and Yacht | | | | 200 | 4 | 0.26% |
| Sage Group | | | | 200 | 4 | 0.26% |
| Celera Diagnostics LLC | | | | 180 | 7 | 0.24% |
| United States Postal Services | | | | 180 | 7 | 0.24% |
| Xenogen | | | | 156 | 9 | 0.21% |
| MBH Architects | | | | 150 | 9 | 0.20% |
| Subtotal | 6,528 | | 8.17% | 2,815 | | 3.71% |
| Total City Day Population | 79,928 | | | 75,823 | | |

Sources: City of Alameda Community Development Department
and City of Alameda Business License Records



City of Alameda
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Function | | | | | | | | | | |
| General Government | 50.50 | 48.50 | 47.50 | 49.70 | 58.00 | 48.55 | 43.00 | 39.35 | 40.62 | 50.47 |
| Public Safety | 254.00 | 254.00 | 254.00 | 239.00 | 232.00 | 224.00 | 227.00 | 226.00 | 229.00 | 229.00 |
| Public Works (a) | 83.00 | 85.00 | 85.00 | 75.00 | 58.60 | 57.95 | 60.00 | 68.90 | 70.65 | 62.90 |
| Community Development | 60.00 | 57.00 | 57.00 | 35.20 | 40.60 | 36.50 | 36.00 | 35.75 | 41.00 | 41.38 |
| Community Services (b) | 66.50 | 65.50 | 65.50 | 44.00 | 40.75 | 40.00 | 40.00 | 41.00 | 39.98 | 41.00 |
| Alameda Municipal Power | 103.00 | 110.00 | 110.00 | 91.00 | 91.00 | 90.00 | 93.50 | 93.50 | 96.75 | 96.25 |
| Housing Authority | 41.70 | 42.70 | 42.70 | 41.00 | (c) | (c) | (c) | (c) | (c) | (c) |
| Total | 658.70 | 662.70 | 661.70 | 574.90 | 520.95 | 497.00 | 499.50 | 504.50 | 518.00 | 521.00 |

NOTE:
 (a) Public Works includes Wastewater and Solid Waste
 (b) Community Services includes Library, Recreation and Park and Golf
 (c) The Housing Authority became a separate legal entity during Fiscal Year 2011-12

Source: City of Alameda



City of Alameda
Operating Indicators by Function/Program
Last Ten Fiscal Years

| | 2008 | 2009 | 2010 | 2011 |
|---------------------------------------|---------|-----------|-----------|-----------|
| General Information | | | | |
| Area in square miles | 22.7 | 22.7 | 22.7 | 22.7 |
| Number of registered voters | 40,238 | 42,547 | 42,547 | 41,665 |
| Number of Hospitals | 1 | 1 | 1 | 1 |
| Education: | | | | |
| Student enrollment | 10,260 | 9,770 | 8,704 | 8,704 |
| Elementary schools | 10 | 10 | 10 | 10 |
| Junior high schools | 3 | 3 | 3 | 3 |
| High schools | 3 | 3 | 4 | 4 |
| Continuation schools | 1 | 1 | 1 | 1 |
| Independent study | 1 | 1 | 1 | 1 |
| Teachers (full & part time) | 514 FTE | 638 | 628 | 628 |
| Function/Program | | | | |
| Fire: | | | | |
| Fire calls for service | - (a) | 4,360 | 6,100 | 6,100 |
| Primary fire inspections conducted | - (a) | 2,485 | 1,991 | 1,991 |
| Police: | | | | |
| Police calls for Service | 69,272 | 69,061 | 65,963 | 65,963 |
| Law violations: | | | | |
| Part I and Part II crimes | 5,705 | 5,705 | 5,141 | 5,141 |
| Physical arrests (adult and juvenile) | 3,661 | 3,461 | 3,103 | 3,103 |
| Traffic violations | 12,058 | 12,265 | 12,000 | 12,000 |
| Sewer | | | | |
| Storm drain inlets | 2,280 | 2,280 | 2,300 | 2,300 |
| Sewer service connections | 30,525 | 30,525 | 20,590 | 20,590 |
| Solid Waste | | | | |
| Refuse Landfill (tons per year) | 36,640 | 31,485.53 | 33,280.00 | 33,280.00 |
| Recyclables Processed (tons per year) | 20,816 | 18,864.14 | 17,777.00 | 17,777.00 |

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 22.7 | 22.7 | 22.7 | 22.7 | 22.7 | 22.7 |
| 42,547 | 44,444 | 44,271 | 44,006 | 46,055 | 48,074 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 8,704 | 10,836 | 8,975 | 9,552 | 9,455 | 9,481 |
| 10 | 11 | 10 | 10 | 10 | 10 |
| 3 | 3 | 2 | 2 | 2 | 2 |
| 4 | 4 | 4 | 3 | 3 | 4 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 628 | 381 | 613 | 549 | 626 | 713 |
| 6,100 | 6,523 | 6,314 | 6,439 | 6,860 | 7,410 |
| 1,991 | 1,414 | 1,311 | 1,444 | 1,617 | 1,058 |
| 65,963 | 70,360 | 75,920 | 69,347 | 74,517 | 67,832 |
| 5,141 | 4,582 | 4,957 | 4,383 | 4,494 | 4,638 |
| 3,103 | 2,396 | 2,583 | 2,332 | 2,127 | 2,024 |
| 12,000 | 28,793 | 10,754 | 8,507 | 8,334 | 9,058 |
| 2,300 | 2,300 | 2,951 | 2,951 | 2,951 | 2,951 |
| 20,590 | 20,590 | 19,432 | 19,454 | 19,454 | 19,454 |
| 33,280.00 | 31,181.00 | 26,298.98 | 26,139.00 | 28,742.07 | 28,420.00 |
| 17,777.00 | 18,240.00 | 10,682.52 | 22,859.00 | 17,016.32 | 24,303.00 |



City of Alameda
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Continued)

| | 2008 | 2009 | 2010 | 2011 |
|---|-------------|-------------|-------------|-------------|
| Planning & Building: | | | | |
| Number of Building Permits issued | 5,297 | 5,231 | 4,575 | 4,575 |
| Recreation and Parks: | | | | |
| Youth & Teens: | | | | |
| Number of youth programs | 110 | 148 | 151 | 151 |
| Number of youth attendees | 26,766 | 29,596 | 153,056 | 153,056 |
| Seniors: | | | | |
| Number of senior programs | 101 | 110 | 114 | 114 |
| Number of senior attendees | 169,552 | 151,065 | 153,056 | 153,056 |
| Number of meals served | 51,962 | 9,512 | 9,672 | 9,672 |
| Number of Mastick Senior Center attendees | 169,352 | 151,065 | 153,056 | 153,056 |
| Library: | | | | |
| Volumes in Collection (thousands) | 203 | 200 | 216 | 216 |
| Total Volumes Borrowed (thousands) | 573 | 591 | 630 | 630 |
| Finance: | | | | |
| Number of Business Licenses issued | - (a) | 9,462 | 8,638 | 8,638 |
| Alameda Municipal Power: | | | | |
| Number of electric customers | 34,030 | 34,272 | 34,231 | 34,231 |
| Number of kilowatt hours sold | 392,955,223 | 387,847,929 | 383,119,780 | 383,119,780 |
| Reliability rate | 99.99 | 99.99 | 99.99 | 99.99 |
| Number of telecom customers | 16,316 | - (b) | - (b) | - (b) |

Source: City of Alameda

NOTE: (a) Information not available
(b) Telecom sold in November 2008
(c) AMP no longer compiled this data as of FY 2013

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 4,575 | 4,314 | 4,286 | 4,038 | 4,018 | 3,677 |
| 151 | 239 | 251 | 278 | 277 | 268 |
| 153,056 | 146,191 | 34,121 | 32,259 | 29,920 | 22,603 |
| 114 | 125 | 144 | 164 | 177 | 216 |
| 153,056 | 145,795 | 144,607 | 148,520 | 137,143 | 136,092 |
| 9,672 | 7,053 | 6,860 | 6,620 | 3,021 | 5,340 |
| 153,056 | 145,795 | 144,607 | 148,520 | 137,143 | 136,092 |
| 216 | 211 | 211 | 214 | 215 | 219 |
| 630 | 550 | 510 | 476 | 456 | 392 |
| 8,638 | 8,700 | 5,563 | 5,553 | 5,169 | 6,068 |
| 34,231 | 34,338 | 34,482 | 34,525 | 34,494 | 34,648 |
| 383,119,780 | 373,787,288 | 353,913,305 | 342,202,785 | 348,819,863 | 343,765,738 |
| 99.99 | 99.99 | - (c) | - (c) | - (c) | - (c) |
| - (b) | - (b) | - (b) | - (b) | - (b) | - (b) |



City of Alameda
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| | 2008 | 2009 | 2010 | 2011 |
|---------------------------------|-------|-------|-------|-------|
| Function/Program | | | | |
| Fire: | | | | |
| Fire stations | 5 | 4 | 3 | 3 |
| Police: | | | | |
| Police stations | 1 | 1 | 1 | 1 |
| Public works: | | | | |
| Miles of streets | 141 | 141 | 141 | 141 |
| Miles of bike lanes | 12 | 15 | 15 | 15 |
| Traffic Signals | 78 | 78 | 78 | 78 |
| Wastewater | | | | |
| Miles of sanitary sewers | 165 | 165 | 165 | 165 |
| Miles of storm sewers | 41 | 41 | 41 | 41 |
| Recreation and Parks: | | | | |
| City parks | 31 | 32 | 32 | 32 |
| City parks acreage | 152 | 156 | 156 | 156 |
| Playgrounds | 11 | 11 | 13 | 13 |
| City trails/Bike paths | 13 | 13 | 13 | 13 |
| Community centers | 13 | 13 | 13 | 13 |
| Senior centers | 1 | 1 | 1 | 1 |
| Swimming pools (a) | 5 | 5 | 5 | 5 |
| Tennis courts (b) | 19 | 19 | 19 | 19 |
| Baseball/softball diamonds | 15 | 15 | 18 | 18 |
| Soccer/football fields (c) | 2 | 3 | 3 | 3 |
| Library: | | | | |
| City Libraries | 3 | 3 | 3 | 3 |
| Alameda Municipal Power: | | | | |
| Miles of lines | 257 | 257 | 257 | 257 |
| Street lights | 6,370 | 6,440 | 6,069 | 6,069 |

Source: City of Alameda

NOTE: (a) Owned by Alameda Unified School District but operated jointly by City and District
 (b) 16 courts are owned by the City
 (c) 1 Dedicated soccer field in City Parks with one not owned by City at Alameda Point

| Fiscal Years | | | | | |
|--------------|-------|-------|-------|-------|-------|
| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| 3 | 4 | 4 | 4 | 4 | 4 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 141 | 145 | 140 | 140 | 138 | 120 |
| 15 | 15 | 13 | 15 | 15 | 26 |
| 78 | 82 | 87 | 87 | 87 | 86 |
| 165 | 165 | 150 | 150 | 143 | 143 |
| 41 | 41 | 70 | 70 | 70 | 126 |
| 32 | 33 | 33 | 32 | 32 | 32 |
| 156 | 155 | 155 | 152 | 152 | 152 |
| 13 | 7 | 7 | 12 | 12 | 12 |
| 13 | 13 | 13 | 13 | 13 | 13 |
| 13 | 13 | 13 | 13 | 13 | 13 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 5 | 5 | 5 | 2 | 2 | 2 |
| 19 | 19 | 19 | 16 | 16 | 16 |
| 18 | 18 | 18 | 18 | 18 | 18 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 257 | 259 | 260 | 263 | 263 | 264 |
| 6,069 | 5,593 | 5,372 | 5,441 | 5,470 | 5,470 |

