

**BASE REUSE FUNDS
OF THE CITY OF ALAMEDA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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<p>BASE REUSE FUNDS OF THE CITY OF ALAMEDA BASIC FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2025</p>
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the Base Reuse Special Revenue Fund, Alameda Point Tidelands Special Revenue Fund, Base Reuse Debt Service Fund and Alameda Point Capital Projects Fund (Funds) of the City of Alameda, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds of the City as of June 30, 2025, and the respective changes in financial position and the budgetary comparison listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Funds' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Funds' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

The City has not presented required supplementary information including the Management's Discussion and Analysis and budgetary schedules for major special revenue funds that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements of the Funds. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025 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 the effectiveness of the City's 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.

A handwritten signature in black ink that reads "Maze & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
December 31, 2025

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**BASE REUSE FUNDS
OF THE CITY OF ALAMEDA
For the Year Ended June 30, 2025**

FUND FINANCIAL STATEMENTS

BASE REUSE SPECIAL REVENUE FUND

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

ALAMEDA POINT TIDELANDS SPECIAL REVENUE FUND

This fund accounts for the revenues from tidelands property leases within the boundaries of Alameda Point. Leases are for State Tidelands properties delegated to local agencies for management and control.

ALAMEDA POINT CAPITAL PROJECTS FUND

This fund accounts for revenues and expenditures related to construction, improvements and capital maintenance projects within Alameda Point.

BASE REUSE DEBT SERVICE FUND

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.

CITY OF ALAMEDA
 BASE REUSE FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and Investments	\$ 34,161,357
Restricted Cash and Investments	100,000
Accounts Receivable	1,120,742
Leases Receivable	68,853,107
Total Assets	104,235,206
LIABILITIES	
Accounts Payable	575,956
Accrued Expense	111,794
Unearned revenue	924,996
Refundable Deposits	1,578,564
Long-Term Debt:	
Due within One Year	653,000
Due in More Than One Year	5,845,000
Total Liabilities	9,689,310
DEFERRED INFLOWS	
Related to Leases	69,562,051
Total Deferred Inflows	69,562,051
NET POSITION	
Restricted	24,983,845
Total Net Position	\$ 24,983,845

See accompanying notes to financial statements

CITY OF ALAMEDA
 BASE REUSE FUNDS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2025

	Program Revenues				Net (Expense) Revenues and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Community Development	\$ 25,023,462	\$ 13,862,890	\$ -	\$ -	\$ (11,160,572)
Debt Service - Interest	755,627	-	-	-	(755,627)
Total Governmental Activities	\$ 25,779,089	\$ 13,862,890	\$ -	\$ -	(11,916,199)
General Revenue					
Interest and Other Use of Money and Property					2,236,400
Transfers out to City of Alameda					(4,867,958)
Total general revenues					(2,631,558)
Change in net position					(14,547,757)
NET POSITION-BEGINNING OF THE YEAR					39,531,602
NET POSITION-END OF THE YEAR					\$ 24,983,845

See accompanying notes to financial statements

CITY OF ALAMEDA
BASE REUSE FUNDS
BALANCE SHEET
JUNE 30, 2025

	Base Reuse Special Revenue Fund	Alameda Point Tidelands Special Revenue Fund	Alameda Point Capital Projects Fund	Base Reuse Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 30,920,394	\$ 242,558	\$ 2,451,698	\$ 546,707	\$ 34,161,357
Restricted Cash and Investments	100,000	-	-	-	100,000
Accounts Receivable	1,120,742	-	-	-	1,120,742
Leases Receivable	68,853,107	-	-	-	68,853,107
Total Assets	\$ 100,994,243	\$ 242,558	\$ 2,451,698	\$ 546,707	\$ 104,235,206
LIABILITIES					
Accounts Payable	\$ 567,031	\$ -	\$ 8,925	\$ -	\$ 575,956
Accrued Payroll	111,794	-	-	-	111,794
Unearned Revenue	924,996	-	-	-	924,996
Refundable Deposits	1,301,383	277,181	-	-	1,578,564
Total Liabilities	2,905,204	277,181	8,925	-	3,191,310
DEFERRED INFLOWS OF RESOURCES:					
Related to Leases	69,562,051	-	-	-	69,562,051
Total Deferred Inflows of Resources	69,562,051	-	-	-	69,562,051
FUND BALANCE (DEFICIT)					
Restricted for Base Reuse	28,526,988	(34,623)	2,442,773	546,707	31,481,845
Total Fund Balance (Deficit)	28,526,988	(34,623)	2,442,773	546,707	31,481,845
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 100,994,243	\$ 242,558	\$ 2,451,698	\$ 546,707	\$ 104,235,206

See accompanying notes to financial statements

CITY OF ALAMEDA
BASE REUSE FUNDS
Reconciliation of the
GOVERNMENTAL FUNDS BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances reported on the governmental fund balance sheet	\$ 31,481,845
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:	
Certain liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	
Lease revenue bonds	<u>(6,498,000)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 24,983,845</u></u>

See accompanying notes to basic financial statements

CITY OF ALAMEDA
BASE REUSE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Base Reuse Special Revenue Fund	Alameda Point Tidelands Special Revenue Fund	Alameda Point Capital Projects Fund	Base Reuse Debt Service Fund	Total Governmental Funds
REVENUES:					
Lease Revenues	\$ 9,391,016	\$ -	\$ -	\$ -	\$ 9,391,016
Rent Revenues	1,992,404	2,479,470	-	-	4,471,874
Interest and Other Use of Money and Property	2,259,190	-	(23,309)	519	2,236,400
Total Revenues	<u>13,642,610</u>	<u>2,479,470</u>	<u>(23,309)</u>	<u>519</u>	<u>16,099,290</u>
EXPENDITURES:					
Building Rehabilitation	4,376,960	-	-	-	4,376,960
Landscaping/Grading	43,135	-	-	-	43,135
Utility Construction	-	-	6,544,881	-	6,544,881
Transportation Management Facilities	7,267	5,560	-	-	12,827
Planning/Marketing of Redevelopment/Reuse	10,323,808	1,832,312	2,584	-	12,158,704
Operation/Maintenance of NAS Alameda	1,418,634	468,321	-	-	1,886,955
Debt Service - Principal	-	-	-	7,377,000	7,377,000
Debt Service - Interest and fiscal charges	-	-	-	353,627	353,627
Total Expenditures	<u>16,169,804</u>	<u>2,306,193</u>	<u>6,547,465</u>	<u>7,730,627</u>	<u>32,754,089</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,527,194)</u>	<u>173,277</u>	<u>(6,570,774)</u>	<u>(7,730,108)</u>	<u>(16,654,799)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	6,545,932	990,000	7,535,932
Transfer (out)	(7,328,032)	(207,900)	-	-	(7,535,932)
Transfers (to) / from City of Alameda	(4,867,958)	-	-	-	(4,867,958)
Proceeds from debt refinance	-	-	-	6,975,000	6,975,000
Total Other Financing Sources (Uses)	<u>(12,195,990)</u>	<u>(207,900)</u>	<u>6,545,932</u>	<u>7,965,000</u>	<u>2,107,042</u>
NET CHANGE IN FUND BALANCE	<u>(14,723,184)</u>	<u>(34,623)</u>	<u>(24,842)</u>	<u>234,892</u>	<u>(14,547,757)</u>
Fund Balances, Beginning	<u>43,250,172</u>	<u>-</u>	<u>2,467,615</u>	<u>311,815</u>	<u>46,029,602</u>
Fund Balances (Deficit), Ending	<u>\$ 28,526,988</u>	<u>\$ (34,623)</u>	<u>\$ 2,442,773</u>	<u>\$ 546,707</u>	<u>\$ 31,481,845</u>

See accompanying notes to basic financial statements.

CITY OF ALAMEDA
 BASE REUSE FUNDS
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUND
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2025

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (14,547,757)
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Proceeds from the issuance of debt are a revenue source in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.	6,975,000
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Debt principal transactions reported in the governmental fund statement of revenue but not considered an operating activity in the statement of activities (but only as changes in liabilities)	(7,377,000)
Principal repayments on lease revenue bonds and loan	402,000
Issuance costs and loss on refinancing	<u>402,000</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (14,547,757)</u></u>
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See accompanying notes to basic financial statements

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**BASE REUSE FUND
OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

NOTE 1 – REPORTING ENTITY

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

On February 7, 2012, ARRA was dissolved and became a department of the City of Alameda (City). ARRA's activities are now accounted for in the following four funds for the City. The Base Reuse Special Revenue Fund, Alameda Point Tidelands Special Revenue Fund, Base Reuse Debt Service Funds and Alameda Point Capital Projects Fund (Funds) of the City are integral parts of the reporting entity. These Funds are included in the basic financial statements of the City. Governmental funds are used to account for operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Presentation*

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

B. *Major Funds*

BASE REUSE SPECIAL REVENUE FUND

The fund accounts for the revenues from leasing activities, revenues and grants. Expenditures are made for base reuse activities.

ALAMEDA POINT TIDELANDS SPECIAL REVENUE FUND

This fund accounts for revenues from tidelands property leases within the boundaries of Alameda Point. Leases are for State tidelands properties delegated to local agencies for management and control.

BASE REUSE DEBT SERVICE FUND

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.

**BASE REUSE FUND
OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ALAMEDA POINT CAPITAL PROJECTS FUND

This fund accounts for revenues and expenditures related to construction, improvements and capital maintenance projects within Alameda Point.

C. *Basis of Accounting*

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

Those revenues susceptible to accrual are grants and leases. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

In addition to assets, the statement of net position or balance sheet 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 assets 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 assets 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.

D. *Grant Revenues*

The City obtains grants from public, private and private non-profit organizations. Under the terms of these grant agreements, funds are advanced to finance program expenditures. Revenues from grants are recognized throughout the grant period, or as allowable costs are incurred for the purposes specified in the grant.

E. *Leases*

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. The City recognizes lease receivables or liabilities for contracts with \$50,000 or more in total future lease payments from July 1, 2021 (or the date the lease begins if after July 1, 2021) to the end of the lease term. Short-term leases and contracts that transfer ownership will be excluded.

Lessor – The City is a lessor for noncancelable leases of commercial space. The City recognizes a lease receivable and a deferred inflow of resources in its Base Reuse Special Revenue Fund financial statements.

**BASE REUSE FUND
OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the commencement of a lease, the City initially measures the lease receivable as the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial lease amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease plus any extension periods in which the City is reasonably certain the lessee will exercise.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

F. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**BASE REUSE FUND
OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Estimates and Assumptions*

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, liabilities and deferred outflows/inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

The Fund's cash is pooled with other funds of the City in an unrated cash and investment pool, the details of which are presented in the City's Annual Comprehensive Financial Report. The City is primarily invested in the California Local Agency Investment Fund and investments of U.S. Government sponsored agencies. Investments are stated at fair market value as required by generally accepted accounting principles.

The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Interest income earned on pooled cash and investments is allocated monthly to the various funds of which the Funds is a participant, based on the month-end cash balances. Interest income from restricted cash and cash equivalents is credited directly.

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes.

NOTE 4 – TRANSFERS BETWEEN THE CITY AND THE FUNDS

During the fiscal year ended June 30, 2025, the Funds made net cash transfers of \$4,867,958 to reimburse the City for capital expenditures for painting of Big Whites, roof repairs, demolition work and storm water pump station maintenance, along with its prorata share of operating expenditures incurred on behalf of the Fund, as determined by the City's approved Cost Allocation Plan.

The Special Revenue Fund transferred \$782,100 to the Debt Service Fund for debt repayment and transferred \$6,545,932 to the Alameda Point Capital Projects Fund to fund projects within Alameda Point. The Alameda Point Tidelands Fund transferred \$207,900 to the Debt Service Fund to fund their portion of debt repayment.

**BASE REUSE FUND
OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

NOTE 5 – LEASES

The Base Reuse Special Revenue Fund reports the following as of June 30, 2025 related to its leases as a lessor:

<u>Leases Receivable</u>	<u>Leases Receivable</u>	<u>Deferred Inflows of Resources</u>
Facilities Rentals	\$ 68,853,107	\$ 69,562,051

The Funds lease commercial space to third parties. During the year ended June 30, 2025, the Funds had 21 leases at Alameda Point. These were all subject to being recorded as a lease receivable under generally accepted accounting principles. The original lease terms range between five years to sixty years. As of June 30, 2025, the 21 leases had 3.5 to 11.5 years remaining. All of the leases had optional extension periods ranging from 3 to 41 years. The City included extension periods that were reasonably certain to be exercised in the calculation of the lease receivable balances. The Base Reuse Special Revenue Fund recognized \$9,391,016 in lease revenue and \$2,259,190 in interest revenue during the current fiscal year related to these leases. Also, the City has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term.

NOTE 6 - LONG-TERM DEBT

2024 Refinancing Loan (Previously 2003 Alameda Reuse and Redevelopment Authority (ARRA) Variable Rate Demand Lease Revenue Bonds) – On October 8, 2024, the Alameda Public Financing Authority entered into a fixed-rate loan agreement in amount of \$6,900,000 with JPMorgan Chase Bank to refund the previously issued 2003 Alameda Reuse and Redevelopment Authority (ARRA) Variable Rate Demand Lease Revenue Bonds. The proceeds from the previously issued 2003 ARRA Variable Rate Demand Lease Revenue Bonds in original principal amount of \$13,440,000 at a variable rate of interest determined on a weekly basis 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 the loan is from lease revenues paid to ARRA from certain land, buildings, fixtures and equipment. Principal and interest payments are due semi-annually on June 1st and December 1st.

The pledge of sublease revenues ends upon repayment of the \$6,498,000 in the remaining principal on the loan, which is scheduled to occur in 2033. 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 2024-25, sublease revenues amounted to \$8,865,492, which represented coverage of 1,340% over the \$661,589 in principal and interest debt service.

**BASE REUSE FUND
OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

NOTE 6 – LONG-TERM DEBT (Continued)

The current year principal retirement is \$477,000. Repayment requirements for the Revenue Bonds were as follows at June 30, 2025:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 653,000	\$ 263,825	\$ 916,825
2027	679,000	236,437	915,437
2028	707,000	207,932	914,932
2029	737,000	178,218	915,218
2030	769,000	147,237	916,237
2031-2034	2,953,000	251,458	3,204,458
	<u>\$ 6,498,000</u>	<u>\$ 1,285,107</u>	<u>\$ 7,783,107</u>

NOTE 7 – NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This category presents all capital assets, including infrastructure, into one component of net position. Accumulated depreciation reduces the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category presents net position of the Funds not restricted for any project or other purpose.

NOTE 8 – FUND BALANCE

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund’s cash and receivables, less its liabilities. Portions of a fund’s balance may be reserved or designated for future expenditure.

The City’s fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

**BASE REUSE FUND
OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

NOTE 8 – FUND BALANCE (Continued)

Nonspendables 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 (through a resolution) of the City Council which may be altered only by 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 its 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 balance.

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.

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