

CITY OF ALAMEDA, CALIFORNIA

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES OVER THE
BALANCE SHEETS AND STATEMENTS OF SOURCES AND USES OF SALE
AND LEASE PROCEEDS OF THE CITY OF ALAMEDA AS A LOCAL REDEVELOPMENT
AUTHORITY FOR THE FORMER ALAMEDA NAVAL AIR STATION (NAS)**

FOR THE YEARS ENDED JUNE 30, 2016 AND 2017



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

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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures described in Exhibit A, which were agreed to by the City of Alameda, California (City) (the specified party), solely to assist the City with respect to the review of the Balance Sheets and Statements of Sources and Uses of Sale and Lease Proceeds of the City of Alameda as a Local Redevelopment Authority for the former Alameda Naval Air Station (NAS) for the years ended June 30, 2016 and 2017. The City is responsible for the accounting records and schedules used to perform the procedures. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are described in Exhibit A. Exhibits B and C identify the Balance Sheets and Statements of Sources and Uses of Sale and Lease Proceeds of the City.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not perform an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Balance Sheets and Statements of Sources and Uses of Sale and Lease Proceeds of the City of Alameda. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Mayor, Members of the City Council and management of the City and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
January 30, 2018

CITY OF ALAMEDA, CALIFORNIA
AGREED-UPON PROCEDURES OVER THE BALANCE SHEETS AND STATEMENTS OF
SOURCES AND USES OF SALE AND LEASE PROCEEDS OF THE CITY OF ALAMEDA
FOR THE YEARS ENDED JUNE 30, 2016 AND 2017
EXHIBIT A

The procedures and associated findings are as follows:

1. Read the background information given to us by the City, pertaining to the agreement between the United States Navy (U.S. Navy) and the City.

Finding – No exceptions were found as a result of this procedure.

2. After reading the agreement, trace the revenues presented on the accompanying Statements of Sources and Uses of Sale and Lease Proceeds at Exhibit C to the audited financial statements of the City for the years ended June 30, 2017 and 2016. Verify that revenues from other activities have been excluded.

Finding – No exceptions were found as a result of this procedure.

3. Verify, on a sample basis, that the expenditures presented on the Statements of Sources and Uses of Sale and Lease Proceeds at Exhibit C for the years ended June 30, 2017 and 2016 sufficiently support the uses of the proceeds that are to be used only for activities outlined in the agreement between the U.S. Navy and the City.

Finding – No exceptions were found as a result of this procedure.

4. Verify the accompanying Balance Sheets at Exhibit B present the assets, liabilities and equity of the sale and leasing activities of the City as of June 30, 2017 and 2016, by tracing the balances to the audited financial statements of the City for the years ended June 30, 2017 and 2016.

Finding – No exceptions were found as a result of this procedure.

5. Verify that balances and expenditures unrelated to the agreement have been excluded from the Statements of Sources and Uses of Sale and Lease Proceeds and the Balance Sheets at Exhibits B and C as of and for the years ended June 30, 2017 and 2016.

Finding – No exceptions were found as a result of this procedure.

CITY OF ALAMEDA, CALIFORNIA
AGREED-UPON PROCEDURES OVER THE BALANCE SHEETS AND STATEMENTS OF SOURCES AND USES
OF SALE AND LEASE PROCEEDS OF THE CITY OF ALAMEDA
FOR THE YEARS ENDED JUNE 30, 2016 AND 2017
EXHIBIT B

BASE REUSE FUNDS
BALANCE SHEETS
PROCEEDS DERIVED FROM THE SALE OR LEASE OF NAS ALAMEDA
AS OF JUNE 30, 2016 AND JUNE 30, 2017

	June 30, 2016			June 30, 2017		
	Operating Fund	Housing Fund	Total	Operating Fund	Housing Fund	Total
ASSETS						
Cash and Investments	\$ 1,184,522	\$ 3,842,923	\$ 5,027,445	\$ 1,500,525	\$ 8,137,515	\$ 9,638,040
Restricted Cash and Investments						
Accounts Receivable	91,700	7,542	99,242	30,000	6,894	36,894
Total Assets	<u>\$ 1,276,222</u>	<u>\$ 3,850,465</u>	<u>\$ 5,126,687</u>	<u>\$ 1,530,525</u>	<u>\$ 8,144,409</u>	<u>\$ 9,674,934</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 549,756		\$ 549,756	\$ 622,540		\$ 622,540
Accrued Payroll	14,572		14,572	17,784		17,784
Refundable Deposits	711,894	\$ 200,275	912,169	890,201	\$ 200,450	1,090,651
Total Liabilities	<u>1,276,222</u>	<u>200,275</u>	<u>1,476,497</u>	<u>1,530,525</u>	<u>200,450</u>	<u>1,730,975</u>
Fund Balance:						
Restricted for Base Reuse	-	3,650,190	3,650,190	-	7,943,959	7,943,959
Total Fund Balance	<u>-</u>	<u>3,650,190</u>	<u>3,650,190</u>	<u>-</u>	<u>7,943,959</u>	<u>7,943,959</u>
Total Liabilities and Fund Balance	<u>\$ 1,276,222</u>	<u>\$ 3,850,465</u>	<u>\$ 5,126,687</u>	<u>\$ 1,530,525</u>	<u>\$ 8,144,409</u>	<u>\$ 9,674,934</u>

CITY OF ALAMEDA, CALIFORNIA
AGREED-UPON PROCEDURES OVER THE BALANCE SHEETS AND STATEMENTS OF SOURCES AND USES
OF SALE AND LEASE PROCEEDS OF THE CITY OF ALAMEDA
FOR THE YEARS ENDED JUNE 30, 2016 AND 2017
EXHIBIT C

BASE REUSE FUNDS
STATEMENTS OF SOURCES AND USES OF LEASE PROCEEDS
DERIVED FROM THE SALE OR LEASE OF NAS ALAMEDA
FOR THE YEAR ENDING JUNE 30, 2016 AND JUNE 30, 2017

	June 30, 2016			June 30, 2017		
	Operating Fund	Housing Fund	Total	Operating Fund	Housing Fund	Total
REVENUES						
Lease Revenues	\$ 11,264,839		\$ 11,264,839	\$ 15,557,189		\$ 15,557,189
Utility Revenues	130,912		130,912	161,461		161,461
Rent Revenues		\$ 1,948,905	1,948,905		\$ 1,946,741	1,946,741
Revenues from Other Agencies				250,000		250,000
Interest and Other Use of Money and Property	66,158		66,158	8,783		8,783
Total Revenues	<u>11,461,909</u>	<u>1,948,905</u>	<u>13,410,814</u>	<u>15,977,433</u>	<u>1,946,741</u>	<u>17,924,174</u>
EXPENDITURES						
Building Rehabilitation	4,183,246	417,725	4,600,971	3,795,073	382,243	4,177,316
Landscaping/Grading	8,093		8,093			
Planning/Marketing of Redevelopment/Reuse	4,825,499	111,444	4,936,943	5,055,924	111,113	5,167,037
Operation/Maintenance of NAS Alameda	3,516,903		3,516,903	3,696,340		3,696,340
Total Expenditures	<u>12,533,741</u>	<u>529,169</u>	<u>13,062,910</u>	<u>12,547,337</u>	<u>493,356</u>	<u>13,040,693</u>
REVENUES OVER/(UNDER) EXPENDITURES	<u>(1,071,832)</u>	<u>1,419,736</u>	<u>347,904</u>	<u>3,430,096</u>	<u>1,453,385</u>	<u>4,883,481</u>
OTHER FINANCING SOURCES (USES)						
Transfer from Operating to Housing				(2,778,294)	2,778,294	
Alameda Point Debt Service Contribution	(425,546)		(425,546)	(502,114)		(502,114)
Contribution of Equity to Grant Funded Projects	(78,217)		(78,217)	(149,688)		(149,688)
Total Other Financing Sources (Uses)	<u>(503,763)</u>	<u>-</u>	<u>(503,763)</u>	<u>(3,430,096)</u>	<u>2,778,294</u>	<u>(651,802)</u>
Net Change in Fund Balance	(1,575,595)	1,419,736	(155,859)		4,231,679	4,231,679
Fund Balance At Beginning of Period	1,575,595	2,230,454	3,806,049		3,650,190	3,650,190
Restatement (Note 1)					62,090	62,090
Fund Equity at End of Period	<u>\$ -</u>	<u>\$ 3,650,190</u>	<u>\$ 3,650,190</u>	<u>\$ -</u>	<u>\$ 7,943,959</u>	<u>\$ 7,943,959</u>

Note 1: Restatement of beginning fund balance is to include prior year unreported interest income.