

SINGLE AUDIT REPORTS

For the Fiscal Year Ended June 30, 2013



We Are Many, We Are One project features fabric quilts created by families in the Ashland community. This *100 Families Alameda County* project included over 40 participants, ages 2 to 65, who created fabric quilts with images of the family unit and interlocking hands representing support, compassion and unity.

Patrick O’Connell, Auditor-Controller

Front Cover: We Are Many, We Are One project took place in the Ashland community in early 2012 with over 40 participants, ages 2 to 65. The families worked with local teaching artist Marion Coleman to learn traditional quilt-making techniques and to create their own fabric quilts featuring images of the family unit and interlocking hands representing support, compassion and unity. This activity was conducted as part of the Ashland Youth Center project and the 100 Families Alameda County program. Through the support and shared vision of New Beginnings, the Alameda County Arts Commission's program 100 Families Alameda County brings together multi-generational families to enliven, celebrate, and strengthen the power and health of families and their communities through the inspiring and transformative process of making art. The project contributes to Alameda County's vision to be one of the best counties in which to live, work, and do business while fostering safe neighborhoods and thriving communities. New Beginnings is an innovative Alameda County Initiative that inspires and prepares at-risk youth for their future. For more information, visit www.acgov.org/newbeginnings, www.acgov.org/arts and www.100Families.com. Photographs by Sibila Savage, courtesy of the Alameda County Arts Commission.

Back Cover – Top: Images feature the Ashland community members who created the We Are Many, We Are One fabric quilts featured on the front cover. Utilizing traditional quilt-making techniques, the participants selected an image pattern and colorful fabric pieces to create their compositions. The final sewing was completed by teaching artist Marion Coleman and her assistants. Photographs by Sibila Savage, courtesy of the Alameda County Arts Commission. Back Cover – Bottom: Images feature youth and adults at the 2012 Alameda County "Take Our Children to Work Day" event while participating in the Creating a Better Future Together paper quilt project led by the Arts Commission. For this project, participants expressed ideas about how we can make positive changes for our community and planet by combining images and words to create paper quilt squares. The bottom artwork images are paper quilt squares created by youth at the Alameda County Juvenile Justice Center and Camp Sweeney through the Creative Power Arts Education Program. The Creating a Better Future Together project was also conducted throughout the County with hundreds of community members at Alameda County Library locations as part of Art IS Education month of March 2012.

COUNTY OF ALAMEDA
 Single Audit Reports
 For the Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

The Grand Jury and Honorable Members
of the Board of Supervisors
County of Alameda, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County'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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alameda County Employees' Retirement Association (ACERA), which represents 70%, 75%, and 11%, respectively, of the assets, net position/fund balances, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for ACERA, is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Pronouncements

As discussed in Note 1(R) to the financial statements, effective July 1, 2012, the County adopted the provisions of the following Governmental Accounting Standards Board (GASB) statements.

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*;
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*;
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*;
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and
- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*

Our opinions are 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 funding progress, and the budgetary comparison schedules, 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 GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We and other auditors 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 County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013 on our consideration of the County'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 County's internal control over financial reporting and compliance.

Macias Gini & Connell LLP

Oakland, California

December 31, 2013, except for our report on the schedule of expenditures
of federal awards as to which the date is March 10, 2014.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2013

Management's Discussion and Analysis

This section of the County of Alameda's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$1,854,146 (net position). Of this amount, \$655,381 is restricted for specified purposes and is not available to meet the government's ongoing obligations to citizens and creditors, \$620,302 is net investment in capital assets, and \$578,463 is available to meet the County's ongoing obligations to citizens and creditors.
- The government's total net position increased for fiscal year 2013 by \$149,710. The increase in net position is mostly due to increase in realignment revenue of \$89,281 and property tax of \$32,326. In addition, \$12,247 revenue was received from residual property tax increment related to the redevelopment successor agencies.
- As of June 30, 2013, the County's governmental funds reported a combined ending fund balance of \$2,074,453, an increase of \$65,668 in comparison with the prior year. Less than one percent of this total amount, \$14,793, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$17,719 or one percent of total general fund expenditures of \$1,992,772.
- The County's gross long-term obligations, excluding unamortized premiums and discounts, decreased by \$34,367 during the fiscal year 2013. This was primarily due to pay down of existing debts.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County of Alameda's basic financial statements. The County'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. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
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The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods, such as revenues related to uncollected taxes and earned but unused vacation and compensating time off.

The government-wide statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of the County include general government, public protection, public assistance, health and sanitation, public ways and facilities, recreation and cultural services, and education. The County currently does not have any business-type activities.

The government-wide financial statements include not only the County of Alameda (known as the primary government), but also a legally separate hospital authority for which the County appoints the Board of Trustees. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 19-20 of this report.

Fund financial statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: **governmental**, **proprietary**, and **fiduciary** funds.

Governmental funds

Governmental funds are used to account for essentially the same functions that are reported as government activities in the government-wide financial statements. The County reports most of its basic services in governmental funds. These statements, however, focus on: (1) how cash and other financial assets can readily be converted to available resources and (2) year-end balances that are available for spending. This information may be useful in evaluating the County's near-term financing requirements.

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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds organized according to their type (special revenue, capital projects, debt service, and general fund). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the major funds, including general, property development, flood control, grant revenue, capital projects, and debt service. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
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The basic governmental fund financial statements can be found on pages 21-24 of this report.

Proprietary funds

Proprietary funds are generally used to account for services for a government's business-type activities (activities supported by fees or charges). There are two types of proprietary funds and they are enterprise and internal service funds.

The County does not maintain any enterprise fund, which is used to report the same functions as business-type activities in the government-wide financial statements.

The County does maintain internal service funds, which are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, maintenance of buildings, risk management services, communications services and information technology services. Since the County does not have business-type activities, these services have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 25-27 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The County reports unapportioned taxes, as well as the external portion of the Treasurer's investment pool, the pension, other employee benefits trust funds, the private-purpose trust fund, and other agency funds under the fiduciary funds.

The fiduciary fund financial statements can be found on pages 28-29 of this report.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-84 of this report.

Required supplementary information

This report contains required supplementary information concerning the County's progress in its obligation to provide pension, postemployment medical, and other postemployment benefits to its employees; along with budget-to-actual information for the County's general and major special revenue funds. Required supplementary information can be found on pages 85-89 of this report.

Other supplementary information

The combining statements referred to in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining

COUNTY OF ALAMEDA, CALIFORNIA
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(Amounts expressed in thousands)
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and individual fund statements and schedules can be found on pages 92-118 of this report. Budgetary comparisons for the County's capital projects and non-major special revenue funds are also presented.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Alameda County, assets exceeded liabilities by \$1,854,146 at June 30, 2013.

A portion of the County's net position, \$620,302 or 33 percent, reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Alameda
Net Position
June 30, 2013 and 2012

	Governmental	
	Activities	
	<u>2013</u>	<u>2012¹</u>
Assets:		
Current and other assets	\$ 2,535,254	\$ 2,470,179
Capital assets	<u>1,322,829</u>	<u>1,233,333</u>
Total assets	<u>3,858,083</u>	<u>3,703,512</u>
Deferred outflows of resources	3,959	6,337
Liabilities:		
Current liabilities	469,647	406,128
Long-term liabilities	<u>1,538,249</u>	<u>1,578,659</u>
Total liabilities	<u>2,007,896</u>	<u>1,984,787</u>
Net position:		
Net investment in capital assets	620,302	585,788
Restricted	655,381	627,179
Unrestricted	<u>578,463</u>	<u>512,095</u>
Total net position	<u>\$ 1,854,146</u>	<u>\$ 1,725,062</u>

¹ 2012 balances not restated for GASB 65 Items Previously Reported as Assets and Liabilities

Current and other assets increased \$65,075 from prior year primarily due to an increase of \$68,560 in cash and investments with County Treasurer that included a transfer of \$66 million for realignment revenue and unearned revenue of \$23,994 for the Title IV-E Waiver program. However, increased construction expenses for the Acute Tower project lowered the cash balance by \$18,694.

Current liabilities increased \$63,519 due to an increase of \$30,958 in accounts payable which included health plan premium advance payment of \$9,300, grant revenue accrued expenses of \$8,872, city transfer tax of \$5,000, and Fire District payroll of \$2,700. In addition, the County received unearned revenue of \$23,994 for the Title IV-E Waiver program.

COUNTY OF ALAMEDA, CALIFORNIA
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A portion of the County's net position, \$655,381, represents resources that are subject to external restrictions as to how they may be used. Unrestricted net position in the amount of \$578,463 may be used to meet the government's ongoing obligations to citizens and creditors. There was an increase of \$28,202 in restricted net position reported in connection with the County's governmental activities.

The County's net position increased by \$149,710 during the fiscal year 2013 versus an increase of \$48,135 for fiscal year 2012. As compared to last fiscal year, expenses increased by \$46,571. Operating and capital grants and contributions increased \$211,802 over fiscal year 2012 while general revenues decreased by a total of \$101,425.

County of Alameda
Changes in Net Position
For the Years Ended June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 527,161	\$ 524,727
Operating grants and contributions	1,482,657	1,269,542
Capital grants and contributions	8,305	9,618
General revenues:		
Property taxes	444,147	411,821
Sales taxes - shared revenues	52,749	169,375
Other taxes	29,984	27,948
Interest and investment income	22	8,924
Other	40,318	50,577
Total Revenues	<u>2,585,343</u>	<u>2,472,532</u>
Expenses:		
General government	138,512	129,436
Public protection	780,729	766,855
Public assistance	664,085	682,936
Health and sanitation	697,402	649,431
Public ways and facilities	44,269	45,437
Recreation and cultural services	554	608
Education	27,125	24,356
Interest and long-term debt	82,957	90,003
Total expenses	<u>2,435,633</u>	<u>2,389,062</u>
Increase/(decrease) in net position	149,710	83,470
Extraordinary loss	-	(35,335)
Change in net position	<u>149,710</u>	<u>48,135</u>
Net position - beginning of period, as previously reported	1,725,062	1,676,927
Cumulative effect of change in accounting principles	(20,626)	-
Net position - beginning of period, as restated	<u>1,704,436</u>	<u>1,676,927</u>
Net position - end of period	<u>\$ 1,854,146</u>	<u>\$ 1,725,062</u>

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
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Governmental activities

Governmental activities increased the County's net position by \$149,710, and accounted for the total addition in net position of the County.

Operating grants and contributions increased \$213,115 or about 17 percent during the year. Prop 172 public safety revenue of \$122,987 was reported as intergovernmental revenue in fiscal year 2013 versus reported as sales tax revenue in fiscal year 2012. In addition, realignment revenue increased \$89,281 due to increase in sales tax and change in allocation formula.

Charges for services increased \$2,434 or 0.5 percent from fiscal year 2012. This increase can be attributed in part to major elections held in fiscal year 2013.

General revenues decreased by \$101,425 or 15 percent overall in the fiscal year 2013.

- Property tax revenues increased by \$32,326 or 8 percent due largely to an improving economy and related increase in assessed property value in the County. Post-redevelopment dissolution funds received for low to moderate income housing was also a significant factor in the increase.
- Sales and use tax revenue decreased by \$116,626 or 69 percent overall due to reclassification of the public protection Proposition 172 revenue account from sales and use tax to state aid for public protection.
- Other taxes increased \$2,036 or 7 percent because of a 36 percent increase in property value resulting in an increase of \$2,647 in property transfer taxes.
- Interest and investment income decreased by \$8,902 or 100 percent. The decrease was attributable to a combination of factors. Interest rates declined from .41 percent in fiscal year 2012 to .26 percent in fiscal year 2013. Additionally, there was a \$12,636 decline in the fair value of investments as of June 30, 2013.
- Other revenue decreased \$10,259 or 20 percent due to less revenue realized from the sale of surplus properties.

Expenses related to governmental activities increased \$46,571 or 2 percent during fiscal year 2013.

The major changes in expenses related to governmental activities are in the following areas: public assistance expenses decreased \$18,851, health and sanitation expenses increased by \$47,971, general government expenses increased by \$9,076 and public protection expenses increased by \$13,874 from fiscal year 2012.

- The \$18,851 decrease in public assistance expenses was due to a \$24,832 capital lease buyout of North County Self Sufficiency Center in fiscal year 2012. This is offset by an increase expenses of \$8.7 million in Children and Family Services under the Title IV-E Waiver program.
- The \$47,971 increase in health and sanitation expenses was primarily due to significant growth in temporary and regular staffing levels in fiscal year 2013 and increased expenses in behavioral health care programs, including the Mental Health Block Grant programs, to match with increased revenue from the State and increased contracts with Alameda County Medical Center and

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2013

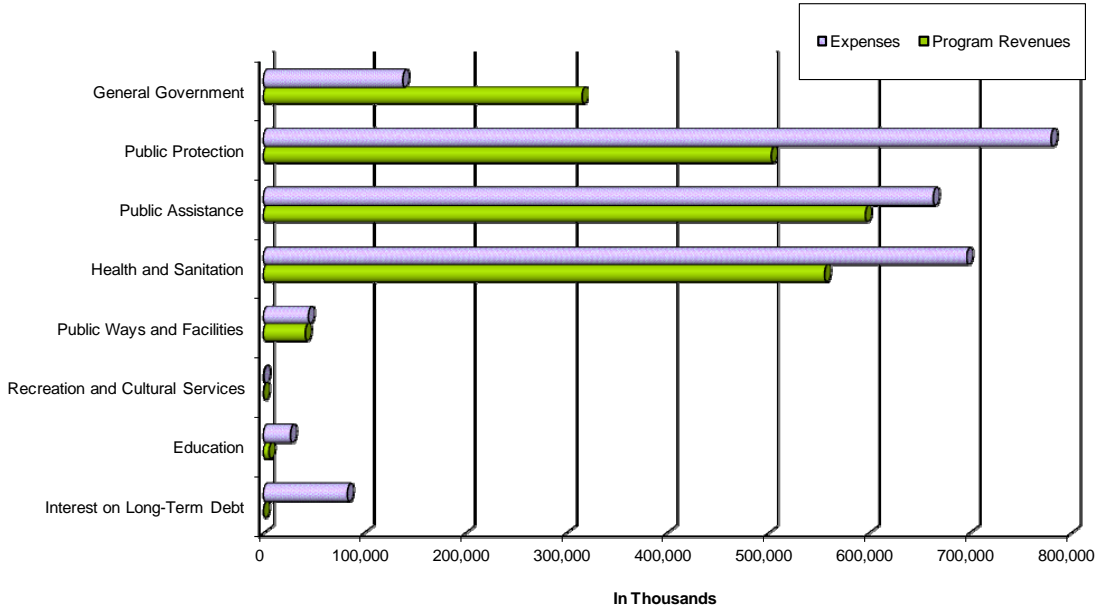
contractors. The increase in contracts were aimed at expanding primary care services to newly eligible clients according to the California Section 1115 Waiver.

- The \$9,076 increase in general government expenses was primarily due to a refund of \$7,316 property tax administration fees to cities and \$1,710 for temporary services as a result of more elections held in fiscal year 2013 compared with fiscal year 2012.
- The \$13,874 increase in public protection expenses was due to increased staffing for realignment.

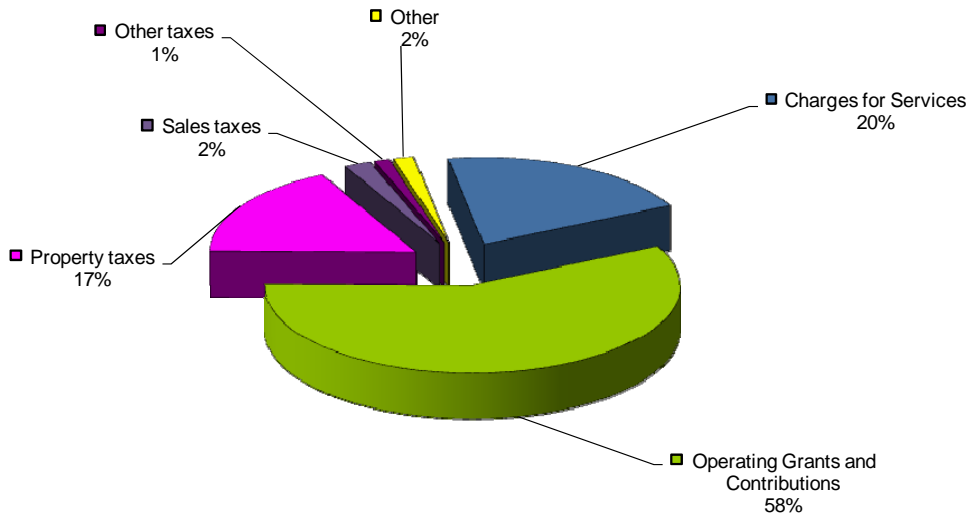
COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Amounts expressed in thousands)
 JUNE 30, 2013

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2013

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The governmental funds reported by the County include: general, special revenue, debt service, and capital projects.

As of June 30, 2013, the County's governmental funds reported combined ending fund balances of \$2,074,453, an increase of \$65,668 or 3 percent as compared to fiscal year 2012. Approximately 1 percent of this total amount (\$14,793) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance consists of non spendable (\$4,257), restricted (\$800,991), committed (\$1,120,942), or assigned (\$133,470).

Revenue for governmental funds overall totaled \$2,622,503 for the fiscal year 2013, which represents an increase of \$219,455 or 9 percent from the fiscal year 2012. Expenditures for governmental funds, totaling \$2,573,398, decreased by \$70,826 or 3 percent from the fiscal year 2012. The governmental funds' revenues exceeded expenditures by \$49,105 or 2 percent.

The general fund is the primary operating fund of the County. At the end of fiscal year 2013, the unassigned fund balance of the general fund was \$17,719, while total fund balance was \$1,250,701. 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 expenses. Unassigned fund balance represents 1 percent of total general fund expenditures of \$1,992,772, while total fund balance represents 63 percent of that same amount.

General fund revenues increased by \$289,844 or 15 percent to \$2,230,900. This is due to the following factors:

- Taxes revenue decreased by \$73,792 or 15 percent. This was largely due to a reclassification of the public protection Proposition 172 revenue account from sales and use tax to state aid for public protection revenue account.
- State aid increased by \$202,864 or 29 percent. This was mainly due to the reclassification of public protection Proposition 172 revenue account from sales and use tax to state aid for public protection revenue account and an increase of the realignment sales tax revenue by \$19,354 due to higher consumer spending and \$23,227 of the Title XIX Health Related revenue associated with Adult Protective Services (APS) and In-home Supportive Services (IHSS).
- Other Aid decreased by \$22,073 or 46 percent. Prior to the dissolution of the redevelopment agencies, tax increment pass-through payments were received from the cities after the close of their fiscal year. Upon dissolution of the redevelopment agencies, pass-through distributions of tax increment were made during the current fiscal year. Due to this change, fiscal year 2012 reflected two years worth of tax increment revenue for a total of \$45,666 while fiscal year 2013 reported the current year's tax increment revenue of \$25,262.

COUNTY OF ALAMEDA, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2013**

- Charges for services increased by \$58,539 or 25 percent. The primary reasons for the increase can be attributed to increased law enforcement services provided to an airport for \$4,543 and to a transit district for \$5,960; a major election was held in fiscal year 2013 which generated additional election services revenue of \$5,146; and, \$36,756 of deferred revenue for fiscal year 2012 was collected in fiscal year 2013.
- Other revenue increased by \$11,858 or 31 percent, mainly due to an increase of \$8,969 in funding for Educationally Related Mental Health Services (ERMHS) received from school districts.

General fund expenditures increased by \$83,363 from fiscal year 2012, totaling \$1,992,772. Overall, the general fund's performance resulted in revenues exceeding expenditures in the fiscal year 2013, by \$238,128. In fiscal year 2012, the general fund revenues exceeded expenditures by \$31,647.

The property development fund total fund balance was \$314,766. This fund accounts for activities related to the development and sale of County surplus land. The net decrease in the fund balance during the fiscal year 2013 was \$2,694. This was primarily due to transfers of \$10,330 for debt service payment on the Juvenile Justice bonds offset by total of excess revenues and other financing sources of \$7,636 during the year.

The fund balance in the flood control fund increased in 2013 from \$163,058 to \$180,305 or 11 percent primarily due to decrease of \$11,238 in project activities during fiscal year 2013 and receipt of \$7 million in grants from the Department of Water Resources to fund various flood projects.

The capital projects fund has a total fund balance of \$70,182, a decrease of \$83,552 from fiscal year 2012. The decrease was primarily attributable to the ongoing construction of the Alameda County Medical Center's Acute Tower.

The fund balance in the debt service fund decreased \$15,178 from \$90,167 to \$74,989. This decrease was primarily due to pay down of existing debt.

Proprietary funds

The County's proprietary fund statements of internal service funds are reported with governmental activities in the government-wide financial statements. The County does not have an enterprise fund to report.

The net position of the internal service funds increased by \$5,502, which is due to operating income of \$14,580, which was reduced by transfers out of \$9,473 for debt service.

Fiduciary funds

The County maintains fiduciary funds for the assets of the Alameda County Employees' Retirement Association (ACERA) and funds held in trust for employees for before-tax reimbursement of health care expenses. As of December 31, 2012, ACERA's fiscal year-end, the net position of ACERA and the other employee benefits trust totaled \$5,670,270 representing an increase of \$594,210 in net position from the prior year's net position. The increase was largely attributable to an increase in fair value of investments as of December 31, 2012.

As of June 30, 2013, the investment trust fund's net position totaled \$1,649,241, a \$138,649 increase in net position. The increase in net position of the investment trust fund was due to contributions exceeding withdrawals to the fund by \$141,535, less net investment loss of \$2,886.

COUNTY OF ALAMEDA, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2013**

The private-purpose trust fund includes the redevelopment non-housing successor agency, public guardian, and Court Wards & Dependents. As of June 30, 2013, the private-purpose trust fund's net position totaled \$14,200, a decrease of \$25,743. The decrease was due to the redevelopment non-housing successor agency's transfer to taxing entities (\$13,687) and contribution to other agencies (\$12,920).

General fund budgetary highlights

The County's final expenditure budget of the general fund differs from the original budget in that it contains supplemental appropriations approved during the fiscal year. The difference of \$149,474 between the original budget and the final amended budget represents increased appropriations, the significant appropriations are briefly summarized:

- General government increased appropriations by \$6,440. The increase was due to an additional appropriation of \$4,298 as a result of the calculation of the final fund balance for fiscal year 2012.
- The public protection departments increased appropriations by \$55,428. This included \$21,610 of salary and benefit increases approved by the Board of Supervisors and the result of the calculation of the final fund balance for fiscal year 2012. An additional appropriation of \$7,947 was from the Public Safety Realignment fund for staffing various positions in the Sheriff department and to fund public safety programs. The Sheriff department received an additional appropriation of \$4,380 from the Community Oriented Policing Services (COPS) grant to hire fifteen deputy sheriffs. Another increase of \$7,504 in appropriation was for the Urban Area Security Initiative programs.
- The public assistance departments increased appropriations by \$19,387. The increase was primarily due to an increase of \$15,159 in Title IV-E Waiver and In Home Supportive Services programs.
- Appropriations for health and sanitation increased by \$66,731. The increase includes a \$14,660 to provide continued medical care services to indigent patients under the HealthPAC plan, \$13,401 in behavioral care to increase staffing and to provide case management, therapy, and psychiatric services, a \$14,354 adjustment as the result of the calculation of the final fund balance for fiscal year 2012, and \$4,352 to fund the Children's Hospital and Research Center.

Overall, the County's actual general fund revenues exceeded its budgeted fiscal year 2013 revenues by \$5,047. Revenues that had significant variances include:

- Fines, forfeitures, and penalties revenue exceeded the budget by \$17,724 or 118 percent. This was due to the under-budgeting of penalties for delinquent taxes by \$17,424.
- State aid revenue was over-realized by \$30,111 or 3 percent. Improved State economy resulted in higher than expected realignment sales tax revenue for welfare administration (\$14,742) and CalWORKS (\$40,660). This was offset by lower revenue of \$19,713 for mental services due to delay in implementing MHSA programs. Expenditure for sheriff programs were lower resulting in lower revenue of \$3,335. In addition, revenue for child support and services was lower by \$3,792 due to delay in reimbursement.
- Federal aid revenue was under-realized by \$40,471. Funding for CalWORKS administration was lower by \$11.3 million due to a shift of funding from State rather than from TANF. Lower expenditures in CalWORKS programs resulted in lower revenue than budgeted by \$32.5 million. This was offset by \$4.1 million increase in IHSS revenue due to the increase in the Federal participation rate from 50 percent to 56 percent.

COUNTY OF ALAMEDA, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2013**

- Other aid revenue was over-realized by \$4,643 or 21 percent. The Redevelopment dissolution legislation required the Redevelopment agencies to remit pass-through payments to the County. Amount was budgeted conservatively due to uncertainty regarding payment schedule of pass-through agreements.
- Charges for current services exceeded budget by \$17,274 or 6 percent. Fiscal year 2012 Medi-Cal revenue of \$36,756 for mental health services was received in fiscal year 2013. This increase was offset by \$10,655 due to underutilized mental health contracts. In addition, Medicare revenue was lower by \$4,718 due to the changes in the claiming process of Alameda County Medical Center. Household hazardous waste collection program revenue was lower than budgeted by \$3,588 due to community green efforts, which reduced hazardous waste.
- Other revenue was less than budget by \$18,010 or 26 percent. This was due to \$6,274 under-realization of tobacco tax settlement funds. In addition, funding of \$4,352 from the State Department of Health Services to Children's Hospital and Research Center Oakland was delayed until fiscal year 2014. Other revenue for Educationally Related Mental Health Services was \$2 million less than anticipated.

Variations between budget and actual expenditures in the general fund reflect overall expenditures were under the adjusted budget by \$228,607 or 10 percent. In general, this represents savings from the major government functions, primarily due to vacancies, delays in start-up of new programs or projects, cost-containment measures and contingency appropriations, not spent. Significant savings came from the following County functions:

- General government's total actual expenditures was \$27,663 or 17 percent less than budget. This included \$4,118 of savings due to utilization of fiscal year 2012 Fiscal Management Reward, a \$6,788 decrease in payment to the Oakland-Alameda County Coliseum Authority, and a saving of \$5,260 in Registrar of Voters due to fewer temporary employees being hired and for a shorter duration.
- Public protection spent \$44,400 or 7 percent less than budget. Vacant positions resulted in savings of \$20,939 in salaries and benefits. Delays in hiring in the Sheriff department accounted for \$8,233 of the savings. Child Support Department saved \$2,127 in salaries and benefit due to retirements during the fiscal year. Discretionary services and supplies expenditures were lower by \$17,397 primarily due to reduction of expenditures in the probation department by \$11,367. In addition, funding for sheriff grants was received late in the fiscal year resulting in delay in implementing sheriff programs.
- Public assistance spent \$44,195 or 6 percent less than budget. Vacant positions resulted in savings of \$12,401 in salaries and benefits. Discretionary services and supplies expenditure for the Community Development Agency under-spent by \$9,455 due to delay in housing projects. Child Welfare Services under-spent \$5.9 million in Waiver CBO investments and IV-E training contracts. Delay in implementing AB 12, a new program that extends foster care until age 19 in 2012 and to age 20 starting 1/1/13 saved \$3.1 million. CalWORKS expenditures were lower by \$2.6 million due to a decrease in the average monthly caseload of 2.2 percent. In addition, unexpended AB-98 subsidized budget resulted in a saving of \$1,857.
- Health and sanitation expenditures were \$108,796 or 14 percent less than budget. Salaries and employee benefits were under-spent by \$14,115 due to vacant positions. Behavioral health care saved \$50,792 due to liquidation of encumbrances and reduction in program expenditures. Measure A programs were under-spent by \$16,306 due to available fund balance rolled from previous years. Public health under-spent \$3,603 in services and supplies due to lower expenditures in temporary services in WIC program and lower overall expenditures in California Nutrition Network, Improving Pregnancy Outcomes Program, and Ryan White grants. In addition, a payment of \$4,352 to Children's Hospital and Research Center Oakland was delayed until fiscal year 2014.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2013

Capital assets and debt administration

Capital Assets

The County's investment in capital assets for its governmental activities amounts to \$1,322,829 (net of accumulated depreciation), as shown in the table below. This investment includes land, buildings and improvements, machinery and equipment, roads, bridges, flood control canals and other infrastructure. The total increase in the County's investment in capital assets for fiscal year 2013 was \$89,496 or 7 percent.

Capital Assets Net of Accumulated Depreciation
June 30, 2013

	Governmental Activities	
	2013	2012
Land and other assets not being depreciated	\$ 417,895	\$ 349,929
Structures and improvements, machinery and equipment, and infrastructure, net of depreciation	904,934	883,404
Total	\$ 1,322,829	\$1,233,333

Major capital asset events that occurred during fiscal year 2013 include:

- Infrastructure increased \$57,304 during the fiscal year. The increase was primarily due to the completion of the Lewelling Blvd improvement project with a total cost \$30,872. Other road and flood control projects increased by \$8,412 and \$18,020, respectively.
- Construction in progress has a net increase of \$65,500 after the transfer of completed projects noted above. Construction on the Phase II of Alameda County Medical Center's Acute Tower resulted in an increase in construction costs of \$82,270. Road projects increased construction in progress by \$19,345. In addition, construction cost for the Ashland youth center increase \$10,535 during the fiscal year.

At the end of the fiscal year, the Acute Tower project has an outstanding contract commitment of \$245,327.

For government-wide statement of net position presentation, depreciable capital assets are depreciated from the date they are placed into service through the end of the current fiscal year.

Governmental fund financial statements record capital asset purchases as expenditures.

Additional information about the County's capital assets can be found in Note 4 (page 52) of the financial statements.

Debt Administration

As of June 30, 2013, the County had long-term obligations outstanding of \$1,728,920, excluding unamortized premiums and discounts of \$7,953, as summarized below:

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2013

Outstanding Long-term Obligations
June 30, 2013 and 2012

	Governmental	
	Activities	
	<u>2013</u>	<u>2012</u>
Certificates of participation	\$ 35,255	\$ 39,249
Tobacco securitization bonds	274,222	277,774
Pension obligation bonds	367,753	410,116
Lease revenue bonds	553,615	575,655
Capital leases	4,150	4,357
Net pension obligation	40,350	41,251
Net OPEB obligation	194,877	153,056
Other long-term obligations	258,698	261,829
Total	<u>\$ 1,728,920</u>	<u>\$ 1,763,287</u>

The County's total debt decreased by \$34,367. The net decrease was attributable to pay down of existing debts. Outstanding pension obligation bonds decreased by \$42,363 due to principal payments of \$22,263 and net reduction in accreted value by \$20,100. Lease revenue bonds decreased by \$22,040 as a result of principal payments during the year. In fiscal year 2013, the County issued an additional \$2.5 million of commercial paper notes to finance the construction of the Alameda County Medical Center's Acute Tower project.

Alameda County's legal debt limit is 1.25 percent of total assessed value. As of June 30, 2013, the legal limit was \$2.51 billion; however, the County did not have any general obligation bonds and, therefore, has not used any of its debt limitation.

Ratings on lease revenue bonds increased due to the County's covenant to budget and appropriate lease payments, supported by what are considered strong general credit characteristics of the County. Although Alameda County has no general obligation debt it has general obligation equivalent ratings as follows:

	<u>2013 Rating</u>	<u>2012 Rating</u>
Moody's	Aa1	Aa2
Standard & Poor's	AA+	AA+
Fitch	AA+	AA+

In addition, the County's lease-based financings are rated as follows:

	<u>2013 Rating</u>	<u>2012 Rating</u>
Moody's	Aa3	A1
Standard & Poor's	AA	AA
Fitch	AA	AA-

The County of Alameda's long-term obligations can be found in note 6 (page 56) of the notes to the basic financial statements.

Economic factors and next year's budget and rates

- According to the U.S. Department of Labor, the unemployment rate for Alameda County was 7.4 percent in June 2013, compared to the rate of 9.5 percent in June 2012. The State's unemployment rate was 8.9 percent in June 2013.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2013

- The assessed value of the County's property increased by 2.4 percent in 2013 compared to an increase of 0.1 percent in 2012.
- The County experienced an increase in property tax revenue in fiscal year 2013 due to an economic recovery and improvements in the housing market. Spending for goods and services throughout the state and the country showed signs of improvement as unemployment rates, as indicated above, began to decrease.

All of the above factors were considered in preparing the County's budget for fiscal year 2014.

The County adopted its fiscal year 2014 budget on June 28, 2013, the same day the State of California adopted its own budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Below is the contact information for questions about this report or requests for additional financial information.

Alameda County
Office of the Auditor-Controller
1221 Oak Street, Room 249
Oakland, CA 94612



BASIC FINANCIAL STATEMENTS

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET POSITION
 JUNE 30, 2013
 (amounts expressed in thousands)

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Alameda County Medical Center</u>
ASSETS		
Current assets:		
Cash and investments with County Treasurer	\$ 1,475,245	\$ 45,227
Cash and investments with fiscal agents	390,118	-
Restricted cash	-	72
Deposits with others	4,658	4,937
Receivables, net of allowance for uncollectible accounts	396,843	253,529
Due from component unit	1,780	-
Due from primary government	-	7,144
Advance to component unit	923	-
Inventory of supplies	266	4,107
Prepaid items	4,633	1,326
Total current assets	<u>2,274,466</u>	<u>316,342</u>
Noncurrent assets:		
Restricted assets - cash and investments with fiscal agents	152,408	-
Properties held for resale	7,983	-
Due from component unit, net of allowance	90,792	-
Advance to component unit	3,011	-
Loans receivable	6,594	-
Capital assets:		
Land and other assets not being depreciated	417,895	17,570
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	904,934	49,663
Total capital assets, net	<u>1,322,829</u>	<u>67,233</u>
Total noncurrent assets	<u>1,583,617</u>	<u>67,233</u>
Total assets	<u>3,858,083</u>	<u>383,575</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding debt	3,959	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	219,926	161,302
Due to component unit	7,144	-
Due to primary government	-	1,780
Compensated employee absences payable	38,354	9,696
Estimated liability for claims and contingencies	24,591	5,725
Certificates of participation and bonds payable	102,841	-
Lease obligations	179	-
Loans and commercial paper notes	28,989	-
Accrued interest payable	4,073	-
Unearned revenue	39,880	-
Advance from primary government	-	923
Obligation to fund Coliseum Authority deficit	3,670	-
Total current liabilities	<u>469,647</u>	<u>179,426</u>
Noncurrent liabilities:		
Net pension obligation	40,350	8,263
Net OPEB obligation	194,877	41,392
Compensated employee absences payable	24,711	8,339
Estimated liability for claims and contingencies	75,627	20,352
Certificates of participation and bonds payable	1,135,957	-
Lease obligations	3,971	-
Loans and notes payable	9,531	-
Due to primary government	-	121,792
Advance from primary government	-	3,011
Obligation to fund Coliseum Authority deficit	53,225	-
Total noncurrent liabilities	<u>1,538,249</u>	<u>203,149</u>
Total liabilities	<u>2,007,896</u>	<u>382,575</u>
NET POSITION		
Net investment in capital assets	620,302	63,278
Restricted:		
Public protection	358,967	-
Public assistance	17,139	-
Health and sanitation	173,526	-
Public ways and facilities	65,608	-
Education	14,225	-
Other purposes	25,916	23,604
Unrestricted (deficit)	578,463	(85,882)
Total net position	<u>\$ 1,854,146</u>	<u>\$ 1,000</u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Alameda County Medical Center
Primary government:						
Governmental activities:						
General government	\$ 138,512	\$ 122,756	\$ 192,657	\$ -	\$ 176,901	\$ -
Public protection	780,729	206,366	296,478	-	(277,885)	-
Public assistance	664,085	8,734	587,913	-	(67,438)	-
Health and sanitation	697,402	176,875	371,136	8,305	(141,086)	-
Public ways and facilities	44,269	9,869	31,516	-	(2,884)	-
Recreation and cultural services	554	136	-	-	(418)	-
Education	27,125	2,425	2,957	-	(21,743)	-
Interest on long-term debt	82,957	-	-	-	(82,957)	-
Total governmental activities	<u>2,435,633</u>	<u>527,161</u>	<u>1,482,657</u>	<u>8,305</u>	<u>(417,510)</u>	<u>-</u>
Total primary government	<u>\$ 2,435,633</u>	<u>\$ 527,161</u>	<u>\$ 1,482,657</u>	<u>\$ 8,305</u>	<u>(417,510)</u>	<u>-</u>
Alameda County Medical Center	<u>\$ 598,399</u>	<u>\$ 484,310</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>-</u>	<u>(114,073)</u>
General revenues:						
Property taxes					444,147	-
Sales taxes - shared revenues					52,749	89,277
Other taxes					29,984	-
Interest and investment income					22	449
Other					40,318	43,227
Total general revenues					<u>567,220</u>	<u>132,953</u>
Change in net position					<u>149,710</u>	<u>18,880</u>
Net position - beginning of period, as previously reported					1,725,062	(17,880)
Cumulative effect of change in accounting principles					(20,626)	-
Net position - beginning of period, as restated					<u>1,704,436</u>	<u>(17,880)</u>
Net position - end of period					<u>\$ 1,854,146</u>	<u>\$ 1,000</u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
(amounts expressed in thousands)

	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Assets:							
Cash and investments with County Treasurer	\$ 937,271	\$ 30,298	\$ 176,685	\$ 3,667	\$ 21,854	\$ 151,681	\$ 1,321,456
Cash and investments with fiscal agents	-	279,792	-	110,326	-	-	390,118
Restricted assets - cash and investments with fiscal agents	3,684	-	-	74,173	53,126	21,425	152,408
Deposits with others	1,016	-	-	-	-	3,642	4,658
Receivables, net of allowance for uncollectible accounts	353,827	22	9,007	1,216	9	29,928	394,009
Due from other funds	116,414	-	-	-	-	-	116,414
Due from component unit, net of allowance	92,261	-	-	-	-	-	92,261
Advance to component unit	-	-	-	-	3,934	-	3,934
Inventory of supplies	-	-	-	-	-	266	266
Properties held for resale	255	829	-	6,899	-	-	7,983
Prepaid items	-	-	-	-	-	206	206
Loans receivable	2,738	3,856	-	-	-	-	6,594
Total assets	\$ 1,507,466	\$ 314,797	\$ 185,692	\$ 196,281	\$ 78,923	\$ 207,148	\$ 2,490,307
Liabilities, deferred inflows of resources, and fund balances							
Liabilities:							
Accounts payable and accrued expenditures	\$ 178,952	\$ 31	\$ 5,205	\$ 10,384	\$ -	\$ 11,444	\$ 206,016
Due to other funds	-	-	-	115,715	-	688	116,403
Due to component unit	7,036	-	-	-	-	83	7,119
Unearned revenue	38,779	-	-	-	-	1,101	39,880
Total liabilities	224,767	31	5,205	126,099	-	13,316	369,418
Deferred inflows of resources							
Deferred revenue	31,998	-	182	-	3,934	10,322	46,436
Fund balances (deficit):							
Nonspendable	3,785	-	-	-	-	472	4,257
Restricted	294,844	-	180,305	73,108	74,989	177,745	800,991
Committed	806,176	314,766	-	-	-	-	1,120,942
Assigned	128,177	-	-	-	-	5,293	133,470
Unassigned	17,719	-	-	(2,926)	-	-	14,793
Total fund balances	1,250,701	314,766	180,305	70,182	74,989	183,510	2,074,453
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,507,466	\$ 314,797	\$ 185,692	\$ 196,281	\$ 78,923	\$ 207,148	\$ 2,490,307

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013
(amounts expressed in thousands)

Fund balances – total governmental funds	\$ 2,074,453
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,306,519
The unamortized balance of deferred outflows of resources resulting from the deferred refunding losses.	3,959
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities (except those reported in the internal service funds) are as follows:	
Certificates of participation and bonds payable	(1,238,798)
Compensated employee absences payable	(59,850)
Lease obligations	(4,150)
Loans and note payable	(38,520)
Other liabilities	(56,895)
Total long-term liabilities	(1,398,213)
The net OPEB obligation pertaining to governmental fund types is not recorded in governmental fund statements.	(194,877)
The net pension obligation pertaining to governmental fund types is not recorded in the governmental fund statements.	(40,350)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	46,436
Interest on long-term debt is not accrued in the funds, but is recognized as an expenditure when due.	(4,073)
Internal service funds are used by management to charge the costs of fleet management, building maintenance, communications, information technology, and risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	60,292
Net position of governmental activities	\$ 1,854,146

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013
 (amounts expressed in thousands)

	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 424,010	\$ -	\$ 32,926	\$ -	\$ -	\$ -	\$ 70,089	\$ 527,025
Licenses and permits	7,840	-	5,623	-	-	-	1,543	15,006
Fines, forfeitures, and penalties	32,756	-	-	-	5,049	-	940	38,745
Use of money and property	1,927	2,418	256	-	845	500	2,445	8,391
State aid	910,249	-	7,343	-	-	-	29,286	946,878
Federal aid	486,065	-	119	-	32	8,305	12,090	506,611
Other aid	26,415	-	3,799	-	8,840	-	5,676	44,730
Charges for services	291,123	-	12,572	-	-	24,389	102,057	430,141
Other revenue	50,515	1,430	233	-	1,251	1,079	50,468	104,976
Total revenues	2,230,900	3,848	62,871	-	16,017	34,273	274,594	2,622,503
Expenditures:								
Current								
General government	128,187	1,126	-	-	-	-	81	129,394
Public protection	585,444	-	45,624	-	-	-	131,438	762,506
Public assistance	638,451	-	-	-	-	-	18,818	657,269
Health and sanitation	636,488	-	-	-	-	-	53,808	690,296
Public ways and facilities	1,878	-	-	-	-	-	50,950	52,828
Recreation and cultural services	610	-	-	-	-	-	-	610
Education	252	-	-	-	-	-	25,884	26,136
Debt service								
Principal	-	-	-	-	-	47,190	10,505	57,695
Interest	-	-	-	-	-	85,820	10,278	96,098
Bond issuance costs	6	-	-	-	-	-	-	6
Capital outlay	1,456	-	-	-	99,104	-	-	100,560
Total expenditures	1,992,772	1,126	45,624	-	99,104	133,010	301,762	2,573,398
Excess (deficiency) of revenues over expenditures	238,128	2,722	17,247	-	(83,087)	(98,737)	(27,168)	49,105
Other financing sources (uses):								
Issuance of loans and commercial paper	279	-	-	-	2,500	-	-	2,779
Proceeds from sale of land	-	4,914	-	-	-	-	-	4,914
Transfers in	2,787	-	-	9,268	5,798	83,565	2,095	103,513
Transfers out	(73,357)	(10,330)	-	-	(8,763)	(6)	(2,187)	(94,643)
Total other financing sources (uses)	(70,291)	(5,416)	-	9,268	(465)	83,559	(92)	16,563
Net change in fund balances	167,837	(2,694)	17,247	9,268	(83,552)	(15,178)	(27,260)	65,668
Fund balances (deficit) - beginning of period	1,082,864	317,460	163,058	(9,268)	153,734	90,167	210,770	2,008,785
Fund balances (deficit) - end of period	\$ 1,250,701	\$ 314,766	\$ 180,305	\$ -	\$ 70,182	\$ 74,989	\$ 183,510	\$ 2,074,453

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(amounts expressed in thousands)

Net change in fund balances – total governmental funds	\$ 65,668
Amounts reported for governmental activities in the statement of activities are different because:	
Some revenues will not be collected within the accrual period established for governmental funds. As a result, they are not considered as available revenues in the governmental funds and are reported as deferred inflows of resources in the governmental funds.	<u>(42,844)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease in net pension obligation	901
Increase in postemployment medical benefits obligation	(29,910)
Increase in other postemployment benefits obligation	(11,911)
Decrease in compensated absences	2,225
Decrease in obligation to fund Coliseum Authority deficit	4,513
Total	<u>(34,182)</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The statement of activities reports the gain or loss on disposal of capital assets but the governmental funds do not report any gain or loss. Governmental funds do not report capital assets; hence, capital assets transferred to and from governmental fund to the proprietary fund are not recorded in the governmental fund.	
Capital outlay	132,042
Return of properties from Redevelopment Successor Agencies	2,707
Depreciation expense	(50,258)
Proceeds from sale of capital assets	(111)
Net loss on disposal of capital assets	(242)
Total	<u>84,138</u>
The net income of activities of internal service funds is reported with governmental activities.	<u>5,502</u>
Loan and commercial paper issuance proceeds are reported as financing sources in governmental funds, but increase liabilities in the statement of net position.	<u>(2,779)</u>
Net decrease in accrued interest decreases the liability in the statement of net position but is reported as an expenditure in the governmental funds when paid.	<u>155</u>
The repayment of the principal of long-term debt, capital leases, and loans and the current refunding of debt consume the current financial resources of governmental funds. These transactions, however, have no effect on net position.	
Principal payment on long-term debt	57,695
Accumulated accretion paid on capital appreciation bonds	50,869
Principal payment on capital leases and loans	1,706
Total	<u>110,270</u>
Interest accreted on bonds and certificates payable.	<u>(36,615)</u>
Amortization of bond premiums and bond discounts	<u>1,061</u>
Amortization of deferred outflows of resources resulting from the deferred refunding loss	<u>(664)</u>
Changes in net position of governmental activities	<u>\$ 149,710</u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2013
 (amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Cash and investments with County Treasurer	\$ 153,789
Other receivables	2,834
Due from component unit	311
Prepaid items	4,427
Total current assets	<u>161,361</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment, net of depreciation	<u>16,310</u>
Total assets	<u>177,671</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	13,910
Compensated employee absences payable	1,886
Estimated liability for claims and contingencies	24,591
Due to other funds	11
Due to component unit	25
Total current liabilities	<u>40,423</u>
Noncurrent liabilities:	
Compensated employee absences payable	1,329
Estimated liability for claims and contingencies	75,627
Total noncurrent liabilities	<u>76,956</u>
Total liabilities	<u>117,379</u>
Net Position	
Investment in capital assets	16,310
Unrestricted	43,982
Total net position	<u>\$ 60,292</u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013
 (amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 205,271
Operating expenses:	
Salaries and benefits	60,399
Contractual services	8,302
Utilities	11,097
Repairs and maintenance	5,640
Other supplies and expenses	56,907
Insurance claims and expenses	25,483
Depreciation	3,298
Telephone	3,194
County indirect costs	7,706
Dental claims	7,947
Other	718
Total operating expenses	190,691
Operating income	14,580
Non-operating revenues (expenses):	
Interest and investment loss	(302)
Gain on sale of capital assets	94
Total non-operating revenues (expenses)	(208)
Income before transfers	14,372
Transfers in	603
Transfers out	(9,473)
Change in net position	5,502
Total net position - beginning of period	54,790
Total net position - end of period	\$ 60,292

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Internal activity - receipts from other funds	\$ 204,291
Payments to suppliers	(80,602)
Payments to employees	(60,319)
Internal activity - payments to other funds	(7,706)
Claims paid	(31,183)
Other receipts (payments)	(718)
Net cash provided by operating activities	23,763
Cash flows from non-capital financing activities:	
Transfers in	603
Transfers out	(9,473)
Net cash used in non-capital financing activities	(8,870)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(8,889)
Proceeds from sale of capital assets	327
Net cash used in capital and related financing activities	(8,562)
Cash flows from investing activities:	
Interest paid on negative pooled cash	(302)
Net cash used in investing activities	(302)
Net increase in cash and cash equivalents	6,029
Cash and cash equivalents - beginning of period	147,760
Cash and cash equivalents - end of period	\$ 153,789
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 14,580
Adjustments for non-cash activities:	
Depreciation	3,298
Changes in assets and liabilities:	
Other receivables	(980)
Inventory of supplies	95
Prepaid items	(48)
Accounts payable and accrued expenses	4,527
Compensated employee absences payable	80
Estimated liability for claims and contingencies	2,247
Due to other funds	11
Due to component unit	(47)
Total adjustments	9,183
Net cash provided by operating activities	\$ 23,763

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013
(amounts expressed in thousands)

	Pension, OPEB,¹ and Other Employee Benefits Trust Funds	Investment Trust Fund	Private- Purpose Trust Fund	Agency Funds
Assets:				
Cash and investments with County Treasurer	\$ 2,465	\$ 1,696,536	\$ 27,532	\$ 185,185
Investments, at fair value:				
Short-term investments	180,854	-	14,360	-
Domestic equities	1,147,608	-	-	-
Domestic equity commingled funds	878,943	-	-	-
International equities	1,290,786	-	-	-
International equity commingled funds	276,394	-	-	-
Domestic fixed income	666,109	-	-	-
International fixed income	282,927	-	-	-
Real estate - separate properties	78,503	-	-	-
Real estate - commingled funds	216,126	-	-	-
Real Return Pool	279,421	-	-	-
Private equity and alternatives	357,878	-	-	-
Total investments	<u>5,655,549</u>	<u>-</u>	<u>14,360</u>	<u>-</u>
Investment of securities lending collateral	257,433	-	-	-
Deposits with others	567	-	-	-
Taxes receivable	-	-	-	201,610
Other receivables	54,225	-	1,798	-
Interest receivable	8,977	1,345	17	110
Properties held for redevelopment	-	-	11,279	-
Prepaid items	-	3,959	-	9,785
Capital assets, net of accumulated depreciation	<u>5,563</u>	<u>-</u>	<u>2,732</u>	<u>-</u>
Total assets	<u>5,984,779</u>	<u>1,701,840</u>	<u>57,718</u>	<u>396,690</u>
Liabilities:				
Accounts payable and accrued expenses	57,076	52,599	-	6,111
Accrued interest payable	-	-	569	-
Securities lending obligation	257,433	-	-	-
Due to other governmental units	-	-	10,890	390,579
Notes payable	-	-	1,322	-
Bonds payable	-	-	30,737	-
Total liabilities	<u>314,509</u>	<u>52,599</u>	<u>43,518</u>	<u>396,690</u>
Net Position				
Restricted for pension	5,085,161	-	-	-
Restricted for postemployment medical benefits	518,687	-	-	-
Restricted for other postemployment benefits	64,356	-	-	-
Restricted for other employee benefits	2,066	-	-	-
Restricted for other purposes	-	1,649,241	14,200	-
Total net position	<u>\$ 5,670,270</u>	<u>\$ 1,649,241</u>	<u>\$ 14,200</u>	<u>\$ -</u>

¹ Pension and OPEB balances reported as of December 31, 2012.

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013
 (amounts expressed in thousands)

	Pension, OPEB, ¹ and Other Employee Benefit Trust Funds	Investment Trust Fund	Private- Purpose Trust Fund
Additions:			
Contributions:			
Employees	\$ 83,026	\$ -	\$ -
Employer	179,649	-	-
Contributions on pooled investments	-	6,981,733	-
Total contributions	<u>262,675</u>	<u>6,981,733</u>	<u>-</u>
Investment income (loss):			
Interest	51,570	3,936	172
Dividends	62,284	-	-
Net increase (decrease) in fair value of investments	614,690	(6,822)	(117)
Real estate	19,544	-	-
Securities lending income	3,016	-	-
Total investment income (loss)	<u>751,104</u>	<u>(2,886)</u>	<u>55</u>
Less investment expenses:			
Investment expenses	31,745	-	-
Securities lending borrower rebates and management fees	775	-	-
Real estate	6,718	-	-
Total investment expenses	<u>39,238</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>711,866</u>	<u>(2,886)</u>	<u>55</u>
Other Income:			
Redevelopment property tax revenue	-	-	15,376
Miscellaneous income	912	-	7,234
Total other income	<u>912</u>	<u>-</u>	<u>22,610</u>
Total additions, net	<u>975,453</u>	<u>6,978,847</u>	<u>22,665</u>
Deductions:			
Benefit payments	361,252	-	-
Refunds of contributions	5,893	-	-
Administration expenses	14,098	-	-
Distribution from pooled investments	-	6,840,198	6,335
General and administrative expenses	-	-	5,188
Project expenses	-	-	5,476
Depreciation	-	-	62
Transfers to taxing entities	-	-	13,687
Contribution to other agencies	-	-	12,920
Return of properties	-	-	2,707
Interest on debt	-	-	2,033
Total deductions	<u>381,243</u>	<u>6,840,198</u>	<u>48,408</u>
Change in net position	<u>594,210</u>	<u>138,649</u>	<u>(25,743)</u>
Net position - beginning of period, as reported	5,076,060	1,510,592	40,700
Cumulative effect of change in accounting principles	-	-	(757)
Net position - beginning of period, as restated	<u>5,076,060</u>	<u>1,510,592</u>	<u>39,943</u>
Net position - end of period	<u>\$ 5,670,270</u>	<u>\$ 1,649,241</u>	<u>\$ 14,200</u>

¹ Pension and OPEB balances reported as of December 31, 2012.

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2013

1. Summary of Significant Accounting Policies

A. Scope of Financial Reporting Entity

The County of Alameda is a political subdivision chartered on March 25, 1853, by the State of California, and as such, it can exercise the powers specified by the constitution and statutes of the State of California. The County operates under its charter and is governed by an elected five member Board of Supervisors, providing the following services to its citizens, as authorized by its charter: election administration, public protection, public assistance, health care, road and transportation, recreation, and education.

The financial reporting entity consists of the County of Alameda (the primary government) and its component units. Component units are legally separate organizations for which the Board of Supervisors is financially accountable, or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States, the County's basic financial statements present the County of Alameda and its component units, which are discussed below:

Blended Component Units - Blended component units are, in substance, part of the County's operations and their financial data are combined with data of the primary government. These component units have a June 30 fiscal year-end, with the exception of the Alameda County Employees' Retirement Association (ACERA), which has a December 31 fiscal year-end. The financial activities of ACERA for the year ended December 31, 2012, are included herein.

• *Alameda County Flood Control and Water Conservation Districts (Flood Control Districts)*

The Flood Control Districts were established to provide flood control services within specific areas of the County. Although the Flood Control Districts are legally separate from the County, they are reported as if they were part of the primary government because the Flood Control Districts governing board is composed solely of the members of the County Board of Supervisors and the Board has operational responsibility for the Flood Control Districts. The financial transactions of the Flood Control Districts are reported within the flood control fund. The books and records for the Flood Control Districts are maintained by the County. Additional financial data for the Flood Control Districts may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Fire Department (Fire Department)*

The Fire Department was established in 1993 as a consolidation of several County fire districts to provide fire protection services in the unincorporated areas of the County. Since then, the cities of San Leandro and Dublin have contracted with the Fire Department to provide fire protection services within their city limits as well. Although the Fire Department is legally separate from the County, it is reported as if it were part of the primary government because it is governed by the County Board of Supervisors and the Board has operational responsibility for the Fire Department. The activities of the Fire Department are reported within non-major governmental funds. The books and records for the Fire Department are maintained by the County. Additional financial data for the Fire Department may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Employees' Retirement Association (ACERA)*

ACERA is a multiple-employer public retirement system organized under the 1937 Retirement Act. The County and its component unit, Alameda County Medical Center, are the major participants and contribute 74.80 and 18.11 percent, respectively, of total employer contributions. ACERA is governed by a nine-member board that includes the County treasurer, four County citizens appointed by the Board of Supervisors and four members elected by the ACERA membership. Although ACERA is legally separate from the County, it is reported as part of the County's reporting entity because it benefits the County by providing substantial services to the County's and its component units' employees. The activities of ACERA are reported within the pension and other employee benefit trust funds. Complete financial statements for ACERA may be obtained from the Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2013

Postemployment healthcare benefits currently provided by ACERA include medical, dental, and vision benefits. These benefits are reported in the pension and other employee benefit trust funds in the financial statements consistent with GASB Statement No 43. Other forms of postemployment benefits provided by ACERA include supplemental cost of living allowance and death benefits. These benefits are reported in the pension and other employee benefit trust funds in the financial statements consistent with GASB Statement No. 25, as they are considered pension benefits.

• *Alameda County Public Facilities Corporation (Corporation)*

The Corporation is a legal entity established to account for the proceeds of certificate of participation issues and other financings for the County. The Board of Directors of the Corporation is comprised of the members of the Board of Supervisors; therefore, the Corporation is considered a component unit. The activities of the Corporation are reported within the debt service governmental fund because the Corporation provides services directly to the County. The books and records for the Corporation are maintained by the County. Additional financial data for the Corporation may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *County Service Areas (CSA)*

CSAs are special districts established by the Board of Supervisors for the purpose of providing specific services to County residents. Although the CSAs are legally separate from the County, they are reported as if they were part of the primary government because they are governed by the County Board of Supervisors and the Board has operational responsibility for the CSAs. The books and records of these CSAs are maintained by the County, and their activities are reported within non-major governmental funds. Additional financial data for the CSAs may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Tobacco Asset Securitization Authority (Authority)*

The Authority was established to account for the activities related to the tobacco securitization bonds and revenues generated from the master settlement agreement with the four largest U.S. tobacco manufacturers. The Authority provides services exclusively to the County and its activities are reported within non-major governmental funds as a debt service fund. The books and records for the Authority are maintained by the County. Additional financial data for the Authority may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Joint Powers Authority (Joint Powers Authority)*

The Joint Powers Authority was formed by and between the County and the former Redevelopment Agency to assist the County in the financing of public capital improvements. The Joint Powers Authority is included as part of the primary government because the governing board consists of the members of the Board of Supervisors. The activities of the Joint Powers Authority are reported within the debt service governmental fund. The books and records for the Joint Powers Authority are maintained by the County. Additional financial data for the Joint Powers Authority may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Redevelopment Successor Agency (Successor Agency)*

The Successor Agency was formed to wind down the affairs, including all assets except the housing assets, of the former Redevelopment Agency, which was dissolved as a result of the State of California ABx1 26. The Successor Agency's governing board consists of the members of the Board of Supervisors. The books and records of the Successor Agency are maintained by the County and its activities are reported within the fiduciary funds as a private-purpose trust fund. Additional financial data for the Successor Agency may be obtained from the Alameda County Community Development Agency, 224 W. Winton Avenue, Hayward, CA 94544.

Discretely Presented Component Unit - The following component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the County. Although it has a significant

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2013

relationship with the County, the entity does not provide services solely to the County and, therefore, is presented discretely.

• *Alameda County Medical Center Hospital Authority (ACMC)*

The ACMC is governed by an eleven-member board of trustees, appointed by a majority vote of the Board of Supervisors of the County. Pursuant to the agreement dated July 1, 1998, between the County and the ACMC, the ACMC manages and operates the county hospitals and clinics. The County pays the ACMC for the provision of indigent care. The hospital facilities and related debt are presented in the governmental activities of the County's statement of net position. All equipment is the property of the ACMC. The ACMC has a June 30 fiscal year-end. The financial activities of the ACMC for the year ended June 30, 2013, are shown herein. Complete financial statements for the ACMC may be obtained from the Alameda County Medical Center Hospital Authority, 1411 E. 31st Street, Oakland, CA 94602.

The ACMC's governing body is not substantially the same as the County's and the ACMC does not provide services entirely or almost entirely to the County. However, the County is accountable for the ACMC through the appointment of the ACMC's board and the ability to remove appointed members at will.

Other Organizations - There are other governmental agencies that provide services within the County of Alameda. These entities have independent governing boards and the County is not financially accountable for them. The County's basic financial statements, except for certain cash held by the County as an agent, do not reflect operations of the Alameda Alliance for Health, Alameda County Mosquito Abatement District, Alameda County Resource Conservation District, Alameda County Transportation Authority, Alameda County Schools Insurance Group (ACSIG), and Alameda County Office of Education. The County is represented in three regional agencies, the San Francisco Bay Area Rapid Transit District (BART), the Bay Area Air Quality Management District (BAAQMD), and the Metropolitan Transportation Commission (MTC), which are also excluded from the County's reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements, i.e., the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities normally are supported by taxes and inter-governmental revenues. The discretely presented component unit is reported separately from the primary government due to its separate legal standing.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, of which the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, proprietary fund statements, and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds do not have a measurement focus and thus, report only assets and liabilities. However, agency funds use the accrual basis of accounting when recognizing receivables and payables.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2013

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 180 days of the end of the current fiscal period. It is the County's policy to submit claims for federal and state grant revenues within 90 days of the end of the program cycle and payment is generally received within 90 days thereafter. Expenditures are recognized when the liability is incurred, except for interest on long-term debt and payments related to vacation, sick leave, claims and judgments, which are recorded when due.

Property taxes, other local taxes, licenses, interest, and intergovernmental revenues associated with the current fiscal period are all considered as being susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives cash.

The County reports the following major governmental funds:

The **General Fund** is the general operating fund of the County. It is used to account for all financial resources and transactions except those required to be accounted for in another fund.

The **Property Development Fund** accounts for the sale and development of surplus County land.

The **Flood Control Fund** is used to account for taxes, assessments and other revenues collected in specific areas of the County, which are restricted for the provision of flood control services within those areas.

The **Grant Revenue Fund** was used to account for various federal, state or private grants that are not otherwise accounted for in another special revenue fund. On July 1, 2012, the fund balances of the grant revenue funds were transferred to the General Fund and accordingly, these grants are accounted for in the General Fund beginning July 1, 2012.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary fund types and trust funds.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Additionally, the County reports the following fund types:

The **Internal Service Funds** are used to account for the financing of goods or services provided by one County department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. Internal Service funds account for the activities of the centralized communications, information technology, building maintenance, motor pool, and the County's risk management programs.

The **Pension and Other Employee Benefits Trust Funds** reflect the activities of the ACERA and the Employees' Cafeteria Benefit Plan. ACERA accounts for employee and County contributions to retirement and postemployment benefits and the earnings or losses from investments. It also accounts for the disbursements made for employee retirement benefits, withdrawals, postemployment benefits, disability and death benefits, as well as administrative expenses. The other employee benefits trust fund holds pre-tax dollars deducted from County employees' gross pay for subsequent reimbursement of allowable health care and dependent care costs.

The **Investment Trust Fund** accounts for the external portion of the Treasurer's investment pool. The funds of the Alameda County school and community college districts, the Trial Courts, the Law Library, the Zone 7 Water Agency, and independent special districts that participate in the Treasurer's pool are accounted for within the Investment Trust Fund.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2013

The **Private-Purpose Trust Fund** reflects the activities of the Alameda County Redevelopment Successor Agency for assets, except the housing assets, of the former Alameda County Redevelopment Agency and the activities of the Public Guardian and Court Wards in managing the assets of conservatees of the County.

The **Agency Funds** account for the resources held by the County in a custodial capacity on behalf of other agencies. These resources include property taxes receivable, which are held pending disputes or litigation and apportionment, payroll deduction and collection clearing funds, and local agencies' share of federal and state program funds.

The effect of interfund activities have been eliminated from the government-wide financial statements. Exceptions to this rule are charges between functions because elimination of these charges would distort the direct costs and program revenues reported in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are charges for customer services including vehicle usage and maintenance fees, building rent and maintenance fees, telecommunication and information technology system support, and charges for risk management activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Effect of Component Unit with Differing Fiscal Year-End

ACERA has a fiscal year ending on December 31. The amounts reflected in the June 30, 2013 financial statements are the balances as of ACERA's fiscal year ended December 31, 2012. The difference in the cash balance and interfund transactions are reconciled in the Cash and Investments footnote (Note 2).

D. Cash and Investments

The County follows the practice of pooling cash and investments of all funds with the County Treasurer, except for certain restricted funds, which are generally held by outside custodians and classified as "Cash and investments with fiscal agents" on the accompanying financial statements. The earned interest yield on all funds held by the County Treasurer for fiscal year 2012-2013 was approximately .26 percent. The fair value of the Treasurer's pool is determined on a quarterly basis. The adjustment to the cash balance of all participants in the pool is based on the cash balance at the valuation date. The change in the fair value of the investments is recognized in the year in which the change occurred.

Investment in the Treasurer's Pool

The Treasurer's investment pool comprises two components: (1) pooled deposits and investments and (2) specific investments. Specific investments are individual investments that are made separately from the pooled investments at the request of a specific depositor in the County Treasury. The interest earnings on specific investments are recorded only in the fund from which the investment was made.

Pursuant to the California Education Code, receipts of college and school districts must be deposited with the appropriate county. The Alameda County schools and colleges account for 40.8 percent of the net position in the Treasurer's pool. The deposits held for these entities are included in the investment trust fund.

The funds of the independent special districts and cities that participate in the Treasurer's pool are also accounted for in the investment trust fund.

In addition to the Treasurer's investment pool, the County has other funds that are held by trustees. These funds are related to the issuance of debt and the investments of Surplus Property Development and ACERA.

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Investment Valuation

Certain U.S. government securities that have a remaining maturity at time of purchase of one year or less are carried at amortized cost, which approximates fair value. Investments with maturity of more than one year, whether pooled or specific, are carried at fair value. The fair value of investments is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the fund's current share price.

For pooled investments, the fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. In the event that a certain fund overdraws its share of pooled cash, the overdraft is reported as being due to the general fund.

Investment Income

Income from pooled investments is allocated to the individual funds or external participants at the end of each quarter based on the fund or participant's average daily cash balance during the quarter in relation to the average daily balance of total pooled cash. County management has determined that the investment income related to certain funds should be allocated to the General Fund. The income is reported in the fund that earned the interest. A transfer is then recorded to transfer an amount equal to the interest earnings to the general fund.

It is the County's policy to charge interest to those funds that have a negative average daily cash balance. The interest charged is reported as negative interest revenue. In certain instances, County management or State law has determined that the negative interest related to the fund should be allocated to the general fund. The negative interest revenue is recorded in the fund that is charged with the interest. A transfer is then recorded to transfer an amount equal to the negative interest revenue from the general fund.

Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

E. Taxes Receivable

The State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by the voters. Assessed value is calculated at 100 percent of market value as defined by Article XIII A and may be adjusted by no more than two percent per year unless the property is sold or transferred. These general property tax rates do not apply to taxes levied to pay the interest and principal on any indebtedness incurred prior to June 6, 1978, or subsequently approved by the voters. Supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction. The State legislature has determined the method of distribution among the counties, cities, school districts and other districts of receipts from the 1 percent property tax levy.

The County assesses properties and levies and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	January 1	January 1
Lien dates	January 1	January 1
Due dates	50% on November 1 50% on February 1	Upon receipt of billing
Delinquent after	December 10 (for November) April 10 (for February)	August 31

The taxes are secured by liens on the property being taxed. The term "secured" refers to taxes on land and buildings, while "unsecured" refers to taxes on personal property other than land and buildings.

Secured taxes are distributed to the general fund, the flood control fund, the non-major governmental funds, the school districts and the cities of Alameda and Piedmont, who are participants in the Teeter Plan, as follows: 50

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percent of the levy in December, 45 percent in April and the remaining 5 percent in August of each year. The remaining recipients of property tax revenues, who elected not to participate in the Teeter Plan, receive their share of actual current and delinquent taxes and penalties as they are collected.

F. Inter-fund Receivables/Payables/Advances

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements.

G. Inventory of Supplies

Supplies inventory is recorded at cost and charged on a weighted-average basis. The costs of these inventories in the governmental funds are recorded as expenditures when consumed rather than when purchased.

H. Capital Assets

Capital assets, which include land, easements, construction in progress, structures and improvements, machinery and equipment, software, infrastructure assets, and a historical artifact, are reported in the government-wide financial statements. The County capitalizes equipment and computer software with minimum cost of \$5,000 and \$250,000, respectively, and an estimated useful life in excess of one year. Structures and improvements and infrastructure with a value of at least \$250,000 are capitalized. Land, entitlements, and items in collections costing at least \$5,000 are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital additions are recorded as expenditures throughout the governmental funds and as assets in the government-wide financial statements to the extent that the County's capitalization threshold is met.

Capital assets, including capital leases, of the primary government and its component units are depreciated using the straight-line method applied over the estimated useful lives of the assets, using the following estimated useful lives:

<u>Type of Asset</u>	<u>Estimated Useful Life in Years</u>
Structures and Improvements	30
Machinery and Equipment	3-20
Software	5-10
Infrastructure	10-100

The majority of the infrastructure assets are being depreciated over a 30 to 60 year period. Land, easements, construction in progress, and collections are not depreciated.

I. Compensated Employee Absences

The County permits its employees to accumulate up to fifty days of unused vacation leave over their working career. The unused vacation leave, compensatory time, and unexpired in-lieu compensatory time are redeemed in cash upon termination or by extended absence immediately preceding retirement. Such cash payments of absences are recognized as expenditures of the governmental funds in the year of payment. Employees are not reimbursed for accumulated sick leave.

Estimated unpaid vacation leave, compensatory time, and unexpired in-lieu compensatory time at June 30, 2013, are accrued and recorded in the government-wide and proprietary fund financial statements. The estimated obligation includes an amount for salary-related payments (i.e. payroll taxes) associated with the compensated leaves. All retired or terminated employees as of June 30, 2013, have been compensated for any accumulated vacation, compensatory time, and unexpired in-lieu compensatory time.

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J. Bond Issuance Costs and Premiums/Discounts

In the government-wide and fiduciary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and fiduciary fund financial statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred in the statement of activities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Balances/Net Position

Fund Balances

As prescribed by Statement 54 of the Governmental Accounting Standards Board (GASB), fund balance should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following are the fund balance classifications:

Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – amounts with constraints placed on their use either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – amounts that are established for specific purposes pursuant to constraints imposed by formal action (through ordinance or resolution) of the Board of Supervisors, the County's highest level of decision-making authority. The Board of Supervisors establishes, modifies, or removes commitments of fund balance for specific purposes through ordinance or resolution, either action is equally binding as the other. The commitments can be changed or rescinded only by taking the same formal action that imposed the constraint. The formal action that commits fund balance to a specific purpose must occur prior to the end of the reporting period but the amount may be determined in a subsequent period.

Assigned Fund Balance – amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed. The intent can be established by the Board of Supervisors or by a body or official designated by the Board of Supervisors. The Board of Supervisors has adopted an accounting policy whereby the authority to assign fund balance to specific purposes is delegated to the County Administrator in consultation with the County Auditor-Controller.

Unassigned Fund Balance – residual classification for the general fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This is also the residual for negative fund balances of other governmental funds.

It is the County's policy to apply expenditures to the appropriate fund balance components if they can be specifically identified and in the following order if not:

- Apply to restricted fund balance when both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, or
- Apply to committed fund balance, then assigned fund balance, and finally unassigned fund balance when committed, assigned, or unassigned fund balances are available.

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Minimum Fund Balance

The County appropriates an annual amount of up to five percent of the total General Fund budget within a designated contingency account and establishes a goal of maintaining a designated fund balance at a level of at least ten percent of the General Fund annual budgeted operating expenditures. These designated amounts are reported within committed fund balance. The County's policy is to pay current operating expenditures with current operating revenues. Budgetary procedures that fund current expenditures at the expense of future needs are avoided. The contingency account is to:

- Provide for non-recurring unforeseen expenditures of an emergency nature;
- Maximize short-term borrowable capital;
- Provide orderly budgetary adjustments when revenues are lost through the actions of other governmental bodies;
- Provide the local match or required "Maintenance of Effort" appropriation for public or provide programs and grants that may become available; and
- Meet unexpected nominal increases in service delivery costs.

The Board of Supervisors has the sole discretion in authorizing the use of this account.

Net Investment in Capital Assets

This category of net position groups all capital assets into one component. Accumulated depreciation and the outstanding balances of debt, excluding unexpended bond proceeds, related to the acquisition, construction, or improvement of the capital assets reduce the balance in this category.

Restricted Net Position

Restricted net position are those assets, net of their related liabilities, that have constraints placed on their use by creditors, grantors, contributors, or by enabling legislation. Accordingly, restricted assets may include unspent grant revenues, certain fees and charges and restricted tax revenues.

L. Self-Insurance

The County is self-insured for general liability, automobile liability, medical malpractice, workers' compensation and employer's liability, and dental insurance claims. Internal service funds are used to account for the County's self-insurance activities. It is the County's policy to provide in each fiscal year, by premiums charged to affected operating funds, amounts sufficient to cover the estimated charges for self-insured claims, excess insurance and administrative costs. The risk management internal service fund's estimated liability for claims and contingencies is actuarially determined and includes claims incurred but not reported.

M. Inter-fund Transfers

Inter-fund transfers are generally recorded as transfers in or out except for certain types of transactions that are described below.

- (1) Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of the fiscal year.
- (2) Reimbursements for expenditures, initially made by one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

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N. Refunding of Debt

On the government-wide financial statements, gains or losses from refunding of debt are reported as deferred inflows or outflows of resources and amortized into expense over the shorter of the life of the refunded debt or refunding debt.

O. Cash Flows

A statement of cash flows is presented for proprietary fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. Pooled cash and investments in the County's Treasury represent monies in a cash management pool. Such accounts are similar in nature to demand deposits.

P. Joint Venture

The County is a participant with the City of Oakland in a joint exercise of powers agreement known as the Oakland-Alameda County Coliseum Authority (the Coliseum Authority), which was formed on July 1, 1995, to assist the City of Oakland and the County in the financing of public capital improvements in the Oakland-Alameda County Coliseum Complex pursuant to the Marks-Roos Local Bond Pooling Act of 1985. Under this agreement, which formed the Coliseum Authority, the County is responsible for funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements, to the extent such funding is necessary. See Note 14 for further information on the Coliseum Authority joint venture.

Q. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. New Accounting Standards Implemented

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, addresses issues related to service concession arrangements (SCA), which are a type of public-private or public-public partnership. This statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. This Statement did not have any effect on the County's financial statements.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, modifies certain requirements for inclusion of component units in the financial reporting entity. The requirements of this statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. This statement did not have any effect on the County's financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedures, which do not conflict with or contradict other GASB pronouncements. This statement did not have any effect on the County's financial statements.

GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames the resulting measure as net position rather than net assets. The provisions of this statement are effective for financial statements for periods beginning after

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December 15, 2011. As of July 1, 2012, the County adopted the above standard, which did not have a significant impact on its financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The statement also recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As of July 1, 2012, the County adopted the provisions of GASB Statement No. 65 and restated the net position of governmental activities and the private-purpose trust fund in the amounts of \$1,725,062,000 and \$40,700,000 to write off \$18,062,000 and \$757,000 of unamortized bond issuance costs, respectively, previously reported as an asset, and \$2,564,000 of bond issuance costs of governmental activities included in the unamortized loss on refunding previously reported as contra liability. In addition, the remaining unamortized loss on refunding was reclassified from a contra liability to deferred outflows of resources.

S. New Pronouncements

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*, to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement amends Statement No. 10, *Codification of Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate. Application of this statement is effective for the County's fiscal year ending June 30, 2014.

In June 2012, the GASB issued two new standards, GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, to improve the guidance for accounting and reporting on the pensions that governments provide to their employees.

Key changes include:

- Separating how the accounting and financial reporting is determined from how pensions are funded.
- Employers with defined benefit pension plans will recognize a net pension liability, as defined by the standard, in their government-wide, proprietary, and fiduciary fund financial statements.
- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer's past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the interest rate on a tax-exempt 20-year AA/Aa or higher rated municipal bond index to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.
- Requiring more extensive note disclosures and required supplementary information.

The statements relate to accounting and financial reporting and do not apply to how governments approach the funding of their pension plans. At present, there generally is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial reports. The statements would separate how the accounting and financial reporting is determined from how pensions

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are funded. Application of Statement 67 is effective for financial statements for the County's fiscal year ending June 30, 2014. Application of Statement 68 is effective for the County's fiscal year ending June 30, 2015.

In January 2013, the GASB issued GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement is intended to improve accounting and financial reporting for state and local government's combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale.

The new standard provides guidance for:

- Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations;
- Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations;
- Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and,
- Reporting the disposal of government operations that have been transferred or sold.

Application of Statement 69 is effective for the County's fiscal year ending June 30, 2015.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees and to enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. Application of Statement 70 is effective for the County's fiscal year ending June 30, 2014.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement is intended to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this statement are effective for the County's fiscal year ending June 30, 2015.

2. Cash and Investments

A. Deposits

As of June 30, 2013, the County's cash and deposits were as follows:

	<u>Bank Balance</u>	<u>Carrying Value</u>
Deposits with financial institutions	\$ 317,741	\$ 316,484
Cash on hand		710
Deposits in transit		3,850
Adjustment to adjust pension trust fund cash balance to December 31, 2012		399
Total cash and deposits		\$ 321,443

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Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside entity. The County's investment policy requires that deposits in banks must meet the requirements of California Government Code. Of the \$317,741,000 deposits with financial institutions, \$4,597,000 was covered by federal depository insurance, \$51,500,000 was collateralized with securities held by pledging financial institutions in County's name, and \$261,644,000 was collateralized with securities held by pledging financial institutions, or its trust departments or agent, but not in County's name. As required by California Government Code Section 53652, the market value of the pledged securities must equal at least 110 percent of the County's deposits, with the exception of mortgage-backed securities, which must equal at least 150 percent.

As of December 31, 2012, ACERA reported a deposit of \$399,000. Cash held with a financial institution in a pooled money market account was \$613,800 of which \$493,800 was uninsured and uncollateralized, and subject to custodial credit risk.

B. Investments

County investments consist of (a) Treasurer's investments, (b) Investments with fiscal agents and, (c) ACERA's investments.

a. Treasurer's Investments

Funds with the County Treasurer are invested pursuant to the annual investment policy established by the Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the County deposits funds, the types of investment instruments and the percentage of the portfolio, which may be invested in certain instruments, as permitted by Section 53600 et seq. of the Government Code of the State of California. Authorized instruments in which the Treasurer can invest include U.S. Treasury securities, banker's acceptances, federal, state and local government securities, commercial paper, medium-term corporate notes, negotiable certificates of deposit, local agency investment fund, money market funds, mutual funds that invest in authorized securities, and mortgage-backed securities. Although the investment policy permits the Treasurer to invest in reverse repurchase agreements, or to engage in securities lending, such investment activities were not made during the year ended June 30, 2013.

On June 10, 1997, the Board of Supervisors created the Treasury Oversight Committee pursuant to Section 27131 of the Government Code. The Committee is responsible for ensuring that the Treasurer's investment pool is audited annually and for reviewing and monitoring the Treasurer's investment policy.

There were no derivative investments in the investment pool for the year ended June 30, 2013.

As of June 30, 2013 Treasurer's investments consisted of the following:

Investment Type	Credit Rating S&P's/Moody's	Investment Maturities (in Years)		Fair Value
		Less than 1	1 to 5	
Federal Agency Notes and Bonds	AA+ / Aaa	\$ 397,636	\$ 1,340,168	1,737,804
Federal Agency Discounted Notes	A-1+ / P-1	274,962	-	274,962
U.S. Treasury Coupon and Bills	AA+ / Aaa	150,004	-	150,004
Medium-Term Notes	AA+/Aa	49,272	99,795	149,067
Commercial Paper	A-1+ / P-1	74,979	-	74,979
Negotiable CD	A-1+ / P-1	150,000	-	150,000
Local Agency Investment Fund	Not rated	50,000	-	50,000
Money Market Funds	AAAm / Aaa	427,000	-	427,000
Municipal Bonds & Notes	Not rated	93,000	4,003	97,003
Total investments		<u>\$ 1,666,853</u>	<u>\$ 1,443,966</u>	<u>\$ 3,110,819</u>

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Interest Rate Risk

Interest rate risk is the risk that changes in interest rate will affect the fair value of an investment. In accordance with the investment policy, the Treasurer manages the risk exposure by limiting the weighted average maturity of its investment portfolio to not more than two years at any time.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Treasurer manages this risk exposure by complying with the Government Code and the Treasurer's more restrictive investment policy regarding the credit ratings of various types of investments. The investment policy prescribes the following rating requirements:

Banker's Acceptances: at least A-rated when issued by a domestic bank; and at least AA-rated when issued by a U.S. branch of a foreign bank.

Commercial Paper: prime rated by at least one rating agency if maturity does not exceed 30 days; and prime rated by at least two rating agencies, if maturity exceeds 30 days.

Medium-Term Corporate Notes: at least A-rated if maturity is less than three years from purchase date; and at least AA-rated if maturity is longer than three years from purchase date.

Negotiable Certificates of Deposit: at least A-rated if issued by a domestic bank; and at least AA-rated if issued by a U.S. branch of a foreign bank.

Money Market Funds: the fund must attain the highest ranking or the highest letter and numerical rating by at least two of the three largest nationally recognized rating services; or if not rated, must retain an investment adviser registered with the SEC having not less than five years experience investing in the securities and obligations as authorized by subdivisions (a) to (m) of Government Code Section 53601, inclusive, and with assets under management in excess of \$500,000,000.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The investment policy sets no limit on the amount the County may invest in any one issuer. As of June 30, 2013, more than 5 percent of the Treasurer's investments were Federal Home Loan Bank (29.3%), Federal Farm Credit Bank (20.4%), and Federal National Mortgage Association (5.2%).

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The following represents a condensed statement of net position and changes in net position for the Treasurer's pool for the year ended June 30, 2013. Cash and deposits do not include \$1,258,000 in department revolving funds.

Statement of Net Position

Assets:	
Cash and deposits	\$ 315,582
Investments (at fair value)	3,110,819
Prepaid items	3,959
Accrued interest	2,820
Total assets	\$3,433,180
Liabilities:	
Accounts payable and accrued expenses	52,599
Net position	\$3,380,581
Equity of internal pool participants	\$1,731,340
Equity of external pool participants	1,649,241
Total Net Position	\$3,380,581

Statement of Changes in Net Position

Net change in investments by pool participants	\$ 168,113
Net position at July 1, 2012	3,212,468
Net position at June 30, 2013	\$3,380,581

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2013, to support the value of shares in the pool.

As of June 30, 2013, the Treasurer's cash and investment pool was carried at fair value, based on the current market price of the investment holdings. During the fiscal year, the fair value of the cash and investment pool was determined quarterly and reported to the Board of Supervisors at the end of each calendar quarter. To request a copy of an Investment Report, contact the Investment Officer at the Alameda County Treasurers' Office at 1221 Oak Street, Room 131, Oakland or call (510) 272-6800 for the fair value, the principal amount, ranges of interest rates, and maturities dates of each investment classification for the Treasurer's pool.

Each fund's equity in the pool is the fund's actual cash position as of any given date. Any "value" that served to either increase or decrease the pool's valuation as a result of the current fair value of the pool on June 30, 2013, has been allocated to each fund based on the average cash balance during the last quarter of the fiscal year.

Other Disclosures

As of June 30, 2013, the County's investment in Local Agency Investment Fund (LAIF) is \$50 million. The LAIF is part of the Pooled Money Investment Account (PMIA), and the Local Investment Advisory Board (LIAB), which consists of five members as designated by State statute, provides oversight for LAIF. All securities are purchased under the authority of Government Code Sections 16430 and 16480.4. The total amount invested by all cities, counties, special districts, nonprofit corporations, or qualified quasigovernmental agencies in LAIF is \$21.21 billion as of June 30, 2013. Of that amount, 98.04% was invested in non-derivative financial products and 1.96% in structured notes and asset backed securities as of June 30, 2013.

b. Investments with Fiscal Agents

The County's general fund, property development fund, capital projects fund, debt service fund, non-major governmental funds, and fiduciary funds have investments with fiscal agents.

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As of June 30, 2013, investments with fiscal agents consisted of the following:

Investment Type	Credit Rating S&P's/Moody's	Investment Maturities (in Years)			Fair Value
		Less than 1	1 to 5	More than 5	
Cash and Deposits	N/A	\$ 1,066	\$ 110,326	\$ -	\$ 111,392
EBRCSA revenue bonds	¹ Not rated	119	908	2,654	3,681
Money market funds	AAA / Aaa	120,605	-	-	120,605
U.S. Treasury securities	AA+ / Aaa	-	11,911	-	11,911
Federal agency notes and bonds	AA+ / Aaa	99,693	127,772	-	227,465
Corporate bonds	A- / AA+ / A1 / Aaa	39,257	39,196	3,379	81,832
Total cash and investments with fiscal agents		\$ 260,740	\$ 290,113	\$ 6,033	\$ 556,886

¹ East Bay Regional Community System Authority

Interest Rate Risk

The investment policy for the property development fund limits the maximum maturity of any issue to no more than five years from the purchase date. The County's Financial Management Policy and various bond indentures do not contain provisions that address the interest rate risk of investments made by other County funds.

Credit Risk

The investment policy for the surplus property development fund and various bond indentures for other funds limit the funds' investments to U. S. Treasury Bills, U. S. Government Notes, Federal Agency Notes, debt issues of the State of California, debt issues of local agencies within the State of California, commercial paper, guaranteed investment contract, and money market funds to the highest two ratings issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk

As of June 30, 2013, more than 5 percent of total investments with fiscal agents were in the Federal Home Loan Bank (5.04%), the Federal National Mortgage Association (17.72%), and the Federal Home Loan Mortgage Corporation (18.09%).

The investment policy for the property development fund and various bond indentures for other funds place no limit on the amount the funds may invest in any one issuer. As of June 30, 2013, more than 5 percent of the property development fund's investments were in the Federal Home Loan Bank (8.86%), the Federal National Mortgage Association (31.34%), and the Federal Home Loan Mortgage Corporation (28.64%).

As of June 30, 2013, more than five percent of the debt service fund's investments were in the Federal Home Loan Mortgage Corporation (46.24%), J.P. Morgan corporate bonds (19.39%), Federal National Mortgage Association (13.16%), First American Fund (8.11%), and Federal Home Loan Bank (6.23%). In addition, more than 5 percent of the capital projects funds' investments were in Deutsche Investment Management Americas Inc. Fund (39.62%) and more than five percent of the non-major governmental funds' investments were in FCAR Owner Trust (73.06%) and J.P. Morgan corporate bonds (26.93%).

c. Investments of Alameda County Employees Retirement Association (ACERA)

Government Code Section 31595 allows the Board of Retirement to invest funds at its discretion. Instruments authorized by the Board of Retirement are U.S. equity, international equity, U.S. and international fixed income, real estate and Treasurer's pooled investments. ACERA is prohibited from investing in securities issued by the County of Alameda or any agency thereof. Additionally, ACERA may not invest in futures, written options, swaps or structured notes, unless specific authorization is obtained from the Board of Retirement in advance of the investment. The ACERA investments shown in the statement of fiduciary net position are as of ACERA's fiscal year ended December 31, 2012.

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ACERA has chosen to manage the investment risks described by GASB Statement No. 40 and 53 by contractually requiring each portfolio investment manager to abide by restrictive investment guidelines specifically tailored to that individual manager rather than adopting across-the-board investment policies with respect to these investment risks. The guidelines stipulate the investment style, the performance objective, performance benchmarks, and portfolio characteristics. For example, in the case of foreign currency risk, the policy guidelines for the U.S. dollar equity portfolios differ from those for the non-U.S. dollar equity portfolios. Likewise in the case of credit risk, the guidelines for one fixed income manager stipulate a minimum acceptable credit rating for each debt instrument while the guidelines for a different fixed income portfolio merely require that the average of credit ratings for a certain fair value percentage of the portfolio meet a minimum requirement. Each manager is likewise subject to a “manager standard of care” that establishes a fiduciary relationship requiring the manager to act prudently and solely in the best interest of ACERA. ACERA’s guidelines require each manager’s investment return performance to compare favorably with the performance of the relevant passive market index such as the Barclays Capital Aggregate Bond Index. ACERA’s investment staff continually monitors all investment managers for compliance with the respective guidelines.

Concentration of Credit Risk

The individual investment guidelines for each fixed-income manager restrict concentrations greater than 5 percent in the securities of any one issuer (excluding all government and agency securities). As of December 31, 2012, ACERA had no investments in a single issuer that equaled or exceeded 5 percent of ACERA’s net position.

Credit Risk

The individual investment guidelines for each fixed-income investment manager describe applicable restrictions on credit risk. The credit risk restrictions by investment portfolio (with portfolio style) are as follows:

- A minimum of 51 percent of the market value of the portfolio must be rated BBB- or higher by Standard & Poor’s (S&P) or Baa3 or higher by Moody’s Investors Service (Moody’s). (Medium Grade Fixed Income)
- Investments must be rated Baa/BBB or better by Moody’s/S&P at time of purchase. (Enhanced Index Fixed Income)
- The average credit quality of the portfolio shall be grade “A” or better based on Moody’s and/or S&P. Individual securities shall be of investment-grade quality, i.e., Baa3/BBB- and above. (Global Fixed Income)

The credit quality ratings of a security (e.g., from Moody’s or S&P) give an indication of the degree of credit risk for that security.

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The Credit Risk Analysis table discloses the fair value of debt investments by type and credit rating as of December 31, 2012.

Credit Risk Analysis

<u>Debt Investments by Type</u>	<u>Adjusted Moody's Credit Rating</u>								<u>Ca and below</u>	<u>Not Rated</u>
	<u>Total</u>	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Ba</u>	<u>B</u>	<u>Caa</u>		
Collateralized mortgage obligations	\$ 86,101	\$ 38,892	\$ 1,242	\$ 1,324	\$ 6,435	\$ 2,114	\$ 10,608	\$ 11,989	\$ 5,261	\$ 8,236
Convertible bonds	28,111	-	-	3,276	5,111	4,897	6,095	3,925	-	4,807
Corporate bonds	322,479	3,805	1,028	54,571	165,222	41,308	38,119	15,929	241	2,256
Federal Home Loan Mortgage Corp.	39,199	-	39,199	-	-	-	-	-	-	-
Federal National Mortgage Assn.	73,583	-	73,583	-	-	-	-	-	-	-
Government issues	221,369	31,327	28,790	314	58,184	14,226	-	-	-	88,528
Government National Mortgage Assn. I, II	21,820	-	21,820	-	-	-	-	-	-	-
Municipal	9,109	-	-	9,109	-	-	-	-	-	-
Other asset-backed securities	28,658	1,350	-	1,385	4,211	1,119	1,933	6,807	11,853	-
Mutual Funds	118,607	-	-	-	-	-	-	-	-	118,607
Subtotal debt investments	<u>949,036</u>	<u>75,374</u>	<u>165,662</u>	<u>69,979</u>	<u>239,163</u>	<u>63,664</u>	<u>56,755</u>	<u>38,650</u>	<u>17,355</u>	<u>222,434</u>
<u>External Investment Pools of Debt Securities</u>										
Securities Lending Cash Collateral Fund										
Liquidation Pool	233,523	-	-	-	-	-	-	-	-	233,523
Duration Pool	23,910	-	-	-	-	-	-	-	-	23,910
Master Custodian Short-Term Investment Fund	149,494	-	-	-	-	-	-	-	-	149,494
Subtotal external investment pools	<u>406,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,927</u>
Total	<u>\$ 1,355,963</u>	<u>\$ 75,374</u>	<u>\$ 165,662</u>	<u>\$ 69,979</u>	<u>\$ 239,163</u>	<u>\$ 63,664</u>	<u>\$ 56,755</u>	<u>\$ 38,650</u>	<u>\$ 17,355</u>	<u>\$ 629,361</u>

This table displays the fair value of investments by credit rating in increasing magnitude of risk. Investments are classified by Moody's credit rating. If a Moody's rating is not available, then the S&P rating is used. Also, whenever both ratings for an investment exist, then the lower of the two ratings is used.

Custodial Credit Risk

The individual investment guidelines for each investment manager require that managed investments be held and maintained with the master custodian in the name of ACERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments, investments in commingled pools, and private equity and alternative investments. As of December 31, 2012, ACERA had no investments that were exposed to custodial credit risk.

ACERA's investments include collateral associated with derivatives activity. As of December 31, 2012, collateral for derivatives were \$2.1 million. The collateral margins are maintained in margin accounts at financial services firms that provide brokerage services. Each account is uninsured and uncollateralized, and subject to custodial credit risk.

Interest Rate Risk

ACERA has investments in three external investment pools containing debt securities that are subject to interest rate risk. ACERA has no general policy on interest rate risk for investments in external pools. The Interest Rate Risk Analysis – Duration of External Investment Pools of Debt Securities table indicates interest rate risk for the investments in these pools in terms of the duration of the pool securities as of December 31, 2012. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present values of cash flows, weighted for those cash flows as a percentage of the investment's full price.

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**Interest Rate Risk Analysis -
Duration of External Investment Pools of Debt Securities**

<u>External Investment Pools of Debt Securities</u>	<u>Fair Value</u>	<u>Duration</u>
Securities Lending Cash Collateral Fund		
Liquidity Pool	\$ 233,523	33 days
Duration Pool	23,910	41 days
Master Custodian Short-Term Investment Fund	149,494	-
Total	<u>\$ 406,927</u>	

Separately, ACERA has investments in three fixed-income portfolios containing debt securities that are subject to interest rate risk. ACERA manages interest rate risk by setting limits on portfolio duration for each portfolio. The interest rate restrictions by investment portfolio (with portfolio style) are as follows:

- Duration Band: Barclays Baa Credit Capital Index duration +/- 2.5 years (Medium Grade Fixed Income)
- Duration: Match the Barclays Capital Aggregate Bond Index duration (Enhanced Index Fixed Income)
- Duration Band: 1-10 years duration (Global Fixed Income)

The Interest Rate Risk Analysis – Duration of Fixed Income Portfolios table indicates interest rate risk for the investments in these portfolios.

Interest Rate Risk Analysis – Duration of Fixed Income Portfolios

<u>Debt Investments by Type</u>	<u>Fair Value</u>	<u>Duration in Years</u>
Collateralized mortgage obligations	\$ 86,101	4.1
Convertible bonds	28,111	6.4
Corporate bonds	322,479	7.0
Federal Home Loan Mortgage Corp.	39,199	2.4
Federal National Mortgage Assn.	73,583	2.6
Government issues	221,369	8.7
Government National Mortgage Assn. I, II	21,820	1.8
Municipal	9,109	13.4
Other asset-backed securities	28,658	2.3
Mutual Funds	118,607	-
Total debt investments with duration	<u>\$ 949,036</u>	

Fair Value Highly Sensitive to Changes in Interest Rate

The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. The two Interest Rate Risk Analysis – Duration tables above disclose the degree to which ACERA's investments are sensitive to interest rate changes due simply to the remaining term to maturity. In contrast, ACERA's investments with fair values that are highly sensitive to interest rates due to other factors are disclosed on the Interest Rate Risk Analysis – Highly Sensitive table as of December 31, 2012. ACERA has no general investment policy with respect to investments with fair values that are highly sensitive to changes in interest rates.

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**Interest Rate Risk Analysis – Highly Sensitive
Fair Value of Investments with Fair Values
Highly Sensitive to Changes in Interest Rates**

<u>Investment Type</u>	<u>Investment Description</u>	<u>Interest Rates</u>	<u>Fair Value</u>
Collateralized mortgage obligation	Mortgage-related securities	5.5 to 6.0%	<u>\$ 4,215</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. ACERA has no general investment policy with respect to foreign currency risk.

The Foreign Currency Risk Analysis table shows the fair value of investments by currency denomination and investment type, as of December 31, 2012. It provides an indication of the magnitude of ACERA's foreign currency risk for each foreign currency.

Foreign Currency Risk Analysis

<u>Currency</u>	<u>Common Stock and Depository Receipts</u>	<u>International Equity Mutual Funds</u>	<u>Corporate Bonds</u>	<u>Foreign Currency</u>	<u>Government Issues</u>	<u>Currency Swaps</u>	<u>Total Exposure Net of Currency Swaps</u>
Australia Dollar	\$ 45,067	\$ -	\$ 6,084	\$ 198	\$ 26,566	\$ (834)	\$ 77,081
Brazil Real	7,071	-	4,238	-	9,289	60	20,658
Canada Dollar	46,598	-	-	(2,057)	10,208	(6)	54,743
Chile Peso	-	-	1,149	-	-	-	1,149
Colombia Peso	-	-	731	-	-	-	731
Denmark Krone	15,755	-	-	-	-	(20)	15,735
Euro Currency	350,291	-	6,255	29,140	35,134	(505)	420,315
Hong Kong Dollar	107,636	-	-	53	-	1	107,690
India Rupee	14,077	-	-	433	-	(90)	14,420
Indonesia Rupiah	2,436	-	-	-	-	-	2,436
Israel Shekel	3,259	-	-	-	-	28	3,287
Japan Yen	183,623	-	-	(512)	-	2,157	185,268
Malaysia Ringgit	4,121	-	-	-	3,023	-	7,144
Mexico Peso	1,352	-	1,355	-	23,835	-	26,542
New Taiwan Dollar	8,606	-	-	-	-	-	8,606
New Zealand Dollar	417	-	2,134	5	12,162	160	14,878
Norway Krone	2,245	-	-	18	-	487	2,750
Philippine Peso	-	-	1,288	-	3,407	-	4,695
Singapore Dollar	24,885	-	-	137	-	1	25,023
South Korea Won	19,788	-	-	-	-	-	19,788
Sweden Krona	25,576	-	-	189	-	173	25,938
Switzerland Franc	89,390	-	-	4	-	(222)	89,172
Thailand Baht	1,099	-	-	-	-	-	1,099
Uruguay Peso	-	-	-	-	745	-	745
UK Pound Sterling	197,776	-	-	228	11,495	451	209,950
Various Currencies	-	321,482	-	-	-	-	321,482
TOTAL	<u>\$ 1,151,068</u>	<u>\$ 321,482</u>	<u>\$ 23,234</u>	<u>\$ 27,836</u>	<u>\$ 135,864</u>	<u>\$ 1,841</u>	<u>\$ 1,661,325</u>

Securities Lending

The Board of Retirement policies authorize ACERA to participate in a securities lending program. Securities lending transactions are short-term collateralized loans of ACERA securities to broker-dealers and banks that allow ACERA to invest and receive earnings on the loan collateral for a loan rebate fee. ACERA has signed a

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securities lending agreement authorizing the securities lending agent to lend ACERA securities to broker-dealers and banks pursuant to a loan agreement.

For the year ended December 31, 2012, on behalf of ACERA, the securities lending agent lent ACERA's securities (government bonds, corporate stocks, corporate bonds, international equities, and international fixed income) under this agreement and received cash (United States and foreign currency), securities issued or guaranteed by the United States government, sovereign debt and irrevocable bank letters-of-credit as collateral. ACERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102% of the market value of the loaned security for domestic securities or sovereign debt issued by foreign governments, and at least 105% for international securities. Moreover, borrowers were required to maintain the market value of collateral on a daily basis.

ACERA did not impose any restrictions for the year ended December 31, 2012, on the amount of the loans that the custodian made on its behalf. The custodian indemnified ACERA by agreeing to purchase replacement securities or return cash collateral in the event the borrower failed to return the loaned securities and the collateral was inadequate to replace the securities lent or the borrower failed to pay ACERA for income distributions by the securities issuers where the securities are on loan. There were no losses during the year ended December 31, 2012, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2012, ACERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in short-term investment pools managed by the securities lending agent. During fiscal year 2012, the short-term investment fund was separated into two investment pools: 1) a liquidity pool and 2) a duration pool. As of December 31, 2012, the liquidity pool had an average duration of 33 days and an average weighted final maturity of 71 days for USD collateral. The duration pool had an average duration of 41 days and an average weighted final maturity of 1,924 days for USD collateral. For the year ended December 31, 2012, ACERA had no credit risk exposure to borrowers because the amounts ACERA owes them exceeded the amounts they owe ACERA.

As of December 31, 2012, ACERA had securities on loan with a fair value of \$256.3 million for cash collateral of \$257.4 million.

Summary of County Deposits and Investments

The following table is a summary of the deposits and investments as of June 30, 2013:

Cash:	
Cash On Hand and Deposits in Transit	\$ 4,560
Cash In Bank - with County Treasurer	316,412
Adjust ACERA cash to 12/31/2012	399
Restricted Cash - with Component Unit (ACMC)	<u>72</u>
Total Cash	<u>321,443</u>
Investments:	
In Treasurer's Pool	3,110,819
with ACERA	5,655,549
with fiscal agents	556,886
Securities lending - ACERA	<u>257,433</u>
Total Investments	<u>9,580,687</u>
Total Cash and Investments	<u>\$ 9,902,130</u>
Primary Government	\$ 9,856,831
Component Unit (ACMC)	<u>45,299</u>
Total Cash and Investments	<u>\$ 9,902,130</u>

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Total County deposits and investments at fair value are as follows:

	Primary Government			Component Unit
	Governmental Activities	Fiduciary Funds	Total	
Cash and investments with County Treasurer	\$ 1,475,245 ¹	\$ 1,911,718 ²	\$ 3,386,963	\$ 45,227
Cash and investments with fiscal agents	390,118	5,669,909	6,060,027	-
Restricted Assets:				
Cash	-	-	-	72
Cash and investments with fiscal agents	152,408	-	152,408	-
Invested securities lending collateral	-	257,433	257,433	-
Total cash and investments	<u>\$ 2,017,771</u>	<u>\$ 7,839,060</u>	<u>\$ 9,856,831</u>	<u>\$ 45,299</u>
Deposits and cash on hand			\$ 276,144	\$ 45,299
Investments			9,580,687	-
Total deposits and investments			<u>\$ 9,856,831</u>	<u>\$ 45,299</u>

¹ Includes cash and investments with the County Treasurer of total governmental funds (\$1,321,456) and internal service funds (\$153,789).

² Includes deposits and investments with the County Treasurer of pension and other employee benefits trust funds (\$2,465), investment trust fund (\$1,696,536), private-purpose trust fund (\$27,532) and agency funds (\$185,185).

3. Receivables

Receivables as of June 30, 2013, for the County's individual major funds, non-major funds in the aggregate, and the internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds						Nonmajor Governmental Funds	Subtotal	Internal Service Funds	Governmental Activities Total
	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service				
Interest	\$ 1,090	\$ 22	\$ 139	\$ -	\$ (89)	\$ 9	\$ 147	\$ 1,318	\$ 116	\$ 1,434
Taxes	50,546	-	1,459	-	-	-	3,699	55,704	-	55,704
Departmental accounts	177,032	-	-	-	-	-	-	177,032	-	177,032
Federal and state grants and subventions	183,402	-	7,043	-	1,286	-	3,642	195,373	-	195,373
Charges for services	74,293	-	264	-	-	-	11,573	86,130	2,718	88,848
Other	14,792	-	102	-	19	-	10,867	25,780	-	25,780
Gross receivables	501,155	22	9,007	-	1,216	9	29,928	541,337	2,834	544,171
Less: allowance for uncollectibles	(147,328)	-	-	-	-	-	-	(147,328)	-	(147,328)
Net total receivable - governmental activities	<u>\$ 353,827</u>	<u>\$ 22</u>	<u>\$ 9,007</u>	<u>\$ -</u>	<u>\$ 1,216</u>	<u>\$ 9</u>	<u>\$ 29,928</u>	<u>\$ 394,009</u>	<u>\$ 2,834</u>	<u>\$ 396,843</u>

The departmental accounts receivable, net of allowance for uncollectibles, in the amount of \$29,704,000 is reported as deferred revenue. It is not practical to determine the amount that will be collected in the subsequent year.

Other receivables for Pension and Other Employee Benefits Trust Funds at December 31, 2012 are as follows:

Contributions	\$ 16,926
Derivative investments	3,990
Investments sold	29,233
Investment receivables	3,786
Other	290
Total other receivables at December 31, 2012	<u>\$ 54,225</u>

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4. Capital Assets

Capital asset activities of the primary government for the year ended June 30, 2013, are as follows:

GOVERNMENTAL ACTIVITIES					
	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2013</u>
Capital assets, not being depreciated:					
Land and easements	\$ 57,182	\$ 2,712	\$ 246	\$ -	\$ 59,648
Construction in progress	292,697	125,917	-	(60,417)	358,197
Collections	50	-	-	-	50
Total capital assets, not being depreciated	<u>349,929</u>	<u>128,629</u>	<u>246</u>	<u>(60,417)</u>	<u>417,895</u>
Capital assets, being depreciated:					
Structures and improvements	924,914	-	-	3,113	928,027
Machinery and equipment	154,908	15,009	2,959	-	166,958
Software	34,514	-	-	-	34,514
Infrastructure	786,595	-	-	57,304	843,899
Total capital assets, being depreciated	<u>1,900,931</u>	<u>15,009</u>	<u>2,959</u>	<u>60,417</u>	<u>1,973,398</u>
Less accumulated depreciation for:					
Structures and improvements	463,196	24,618	-	-	487,814
Machinery and equipment	125,984	7,125	2,619	-	130,490
Software	33,727	787	-	-	34,514
Infrastructure	394,620	21,026	-	-	415,646
Total accumulated depreciation	<u>1,017,527</u>	<u>53,556</u>	<u>2,619</u>	<u>-</u>	<u>1,068,464</u>
Total capital assets, being depreciated, net	<u>883,404</u>	<u>(38,547)</u>	<u>340</u>	<u>60,417</u>	<u>904,934</u>
Governmental activities capital assets, net	<u>\$ 1,233,333</u>	<u>\$ 90,082</u>	<u>\$ 586</u>	<u>\$ -</u>	<u>\$ 1,322,829</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities	
General government	\$ 3,108
Public protection	19,774
Public assistance	2,126
Health and sanitation	6,050
Public ways and facilities	18,068
Recreation and cultural services	408
Education	724
Capital assets held by the County's internal service funds	3,298
Total depreciation expense – governmental activities	<u>\$ 53,556</u>

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The County has active construction projects as of June 30, 2013. The projects include construction of new facilities and improvements to roadways and flood control channels. The County's outstanding commitments with contractors as of June 30, 2013 are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Construction of health care facilities	\$ 290,767	\$ 245,327
Construction of youth center	19,609	352
Construction of criminal justice facility	11,094	1,690
Road improvements	34,642	6,360
Flood control channel improvements	1,393	1,734
Other projects	692	57
Total governmental funds	<u>\$ 358,197</u>	<u>\$ 255,520</u>

Fines and penalties imposed on criminal offenses provide the source of funding for the commitment for construction of a criminal justice facility. Tobacco funds received from the master settlement agreement, issuance of debt, and state aid revenue finance the commitment for construction of health care facilities while tax increment revenues of the Alameda County Redevelopment Successor Agency fund the commitment for construction of a youth center. Gas tax and state and federal aid provide funding for the commitment for road improvements. The commitment for flood control channel improvements is being funded from general flood zone benefit assessments and property taxes.

Capital Leases

The County has entered into leases for a building and water efficiency improvements. The lease for the building qualifies as capital lease for accounting purposes because the present value of the minimum lease payments at the inception of the lease equals at least 90% of the fair value of the leased property. The leased building was recorded at fair value at the date of the lease agreement. The lease agreement for the water efficiency improvements contains a bargain purchase option; hence, the water efficiency improvements were capitalized as structures and improvements at an amount equal to the present value of the minimum lease payments as of the beginning of the lease term.

The assets acquired through capital leases for governmental activities are as follows:

Structures and Improvements	\$ 4,896
Less accumulated amortization	<u>(1,307)</u>
Net book value	<u>\$ 3,589</u>

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FIDUCIARY FUNDS – Pension and Other Employee Benefit Trust

Capital asset activities of the Pension and other employee benefits trust for the year ended December 31, 2012, are as follows:

	<u>Balance</u> <u>January 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2012</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 180	\$ -	\$ 180	\$ -
Capital assets, being depreciated:				
Equipment and furniture	3,118	332	-	3,450
Electronic document management system	3,922	245	-	4,167
Information systems	10,457	-	-	10,457
Leasehold improvements	2,558	20	-	2,578
Total capital assets, being depreciated	<u>20,055</u>	<u>597</u>	<u>-</u>	<u>20,652</u>
Less accumulated depreciation and amortization for:				
Equipment and furniture	2,637	220	-	2,857
Electronic document management system	395	814	-	1,209
Information systems	10,457	-	-	10,457
Leasehold improvements	472	94	-	566
Total accumulated depreciation	<u>13,961</u>	<u>1,128</u>	<u>-</u>	<u>15,089</u>
Total capital assets, being depreciated, net	<u>6,094</u>	<u>(531)</u>	<u>-</u>	<u>5,563</u>
Fiduciary fund capital assets, net	<u>\$ 6,274</u>	<u>\$ (531)</u>	<u>\$ 180</u>	<u>\$ 5,563</u>

COMPONENT UNIT – Alameda County Medical Center

Capital asset activities of the Alameda County Medical Center for the year ended June 30, 2013, are as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 18,957	\$ 7,926	\$ 10,064	\$ 16,819
Land	751	-	-	751
Total capital assets, not being depreciated	<u>19,708</u>	<u>7,926</u>	<u>10,064</u>	<u>17,570</u>
Capital assets, being depreciated:				
Structures and improvements	43,083	140	-	43,223
Machinery and equipment	81,547	26,983	-	108,530
Total capital assets, being depreciated	<u>124,630</u>	<u>27,123</u>	<u>-</u>	<u>151,753</u>
Less accumulated depreciation for:				
Structures and improvements	28,210	1,524	-	29,734
Machinery and equipment	66,971	5,385	-	72,356
Total accumulated depreciation	<u>95,181</u>	<u>6,909</u>	<u>-</u>	<u>102,090</u>
Total capital assets, being depreciated, net	<u>29,449</u>	<u>20,214</u>	<u>-</u>	<u>49,663</u>
Component unit capital assets, net	<u>\$ 49,157</u>	<u>\$ 28,140</u>	<u>\$ 10,064</u>	<u>\$ 67,233</u>

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5. Accounts Payable and Accrued Expenditures/Expenses

Accounts payable and accrued expenditures/expenses as of June 30, 2013, for the County's individual major funds, non-major funds in the aggregate, and internal service funds are as follows:

	Governmental Funds							Subtotal	Internal Service Funds	Governmental Activities Total
	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Non-major Governmental Funds			
	Accounts payable	\$ 77,182	\$ 12	\$ 3,550	\$ -	\$ 10,384	\$ -			
Outstanding warrants	57,620	-	-	-	-	-	-	57,620	-	57,620
Accrued payroll	44,150	19	1,655	-	-	-	4,304	50,128	3,019	53,147
Total accounts payable and accrued expenditures	<u>\$ 178,952</u>	<u>\$ 31</u>	<u>\$ 5,205</u>	<u>\$ -</u>	<u>\$ 10,384</u>	<u>\$ -</u>	<u>\$ 11,444</u>	<u>\$ 206,016</u>	<u>\$ 13,910</u>	<u>\$ 219,926</u>

Payables for Pension and Other Employee Benefits Trust Funds at December 31, 2012 are as follows:

Purchase of securities	\$ 45,216
Investment-related payables	7,477
Member benefits	2,425
Accrued administrative expenses	1,948
Other	<u>10</u>
Total accounts payable and accrued expenses at December 31, 2012	<u>\$ 57,076</u>

Payables for the Investment Trust Fund consist of outstanding warrants and payables for the Agency Funds consist of estate funds held by the Public Administrator.

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6. Long-Term Obligations

The following is a summary of long-term obligations of the County as of June 30, 2013:

GOVERNMENTAL ACTIVITIES

<u>Type of Obligation and Purpose</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Certificates of participation:				
Public Facilities Corporation:				
1989 Capital Projects capital appreciation bonds-principal (b)	6/15/2019	6.70 - 6.80%	\$ 26,664	\$ 2,545
2007A Refunding (a)	12/1/2021	4 - 5.625	37,010	<u>22,740</u>
Certificates of participation-principal				25,285
1989 Capital Projects capital appreciation bonds-accretion (b)				9,970
Tobacco Settlement Asset-Backed bonds				
Tobacco Securitization bonds 2002 (e)	6/1/2042	2.25 - 6.00	220,525	164,280
Tobacco Securitization capital appreciation bonds 2006 - A & B (e)	6/1/2050	6.2 - 6.7	51,475	51,475
Tobacco Securitization capital appreciation bonds 2006 - C (e)	6/1/2055	7.55	16,384	<u>16,384</u>
Tobacco Securitization bonds-principal				232,139
Tobacco Securitization capital appreciation bonds 2006 - accretion (e)				42,083
Pension obligation bonds				
1996 bonds series B capital appreciation bonds-principal (a)	12/1/2018	7.03 - 7.58	306,863	109,278
1996 bonds series B capital appreciation bonds-accretion (a)				258,475
Lease revenue bonds				
Alameda County Joint Powers Authority:				
Juvenile Justice Facility Bonds Series D (a)	12/1/2015	3.3 - 5.125	28,275	10,685
Juvenile Justice Refunding 2008A (a)	12/1/2034	4.0 - 5.0	120,145	120,145
Multiple Capital Projects 2010A (a)	12/1/2044	7.046	320,000	320,000
North County Center 2004 (a)	12/1/2035	3.07 - 4.38	45,675	44,585
Lease Revenue Refunding 2012 (a)	12/1/2021	1.5 - 5	75,915	<u>58,200</u>
Lease revenue bonds				<u>553,615</u>
Capital leases				
Water efficiency measures (a)	10/30/2023	4.08	3,000	2,254
Structures & Improvement - 7200 Bancroft Ave. (a)	2/28/2021	4.34	1,896	1,896
Capital leases payable				<u>4,150</u>
Other Long-term obligations				
Loans payable (d)	6/22/2015 to 6/22/2026	1.0 - 4.1	16,613	11,020
Commercial paper notes (a)	7/12/2013 to 8/9/2013	0.17 - 0.23	27,500	27,500
Net pension obligation (see Note 11) (c)				40,350
Net OPEB obligation (see Notes 12 and 13) (c)				194,877
Compensated employee absences payable (c)				63,065
Estimated liability for claims and contingencies (d)				100,218
Obligation to fund Authority deficit (see Note 14) (a)				<u>56,895</u>
Other long-term obligations				493,925
Governmental activities total long-term obligations				<u>\$ 1,728,920</u>

Debt service payments are generally made from the following sources:

- (a) Discretionary revenues of the general fund.
- (b) Discretionary revenues of the fund that received the benefit of the asset, purchased or constructed.
- (c) Discretionary revenues of the fund in which the employee's salary is charged; approximately seventy five percent of the employees' salaries are charged to the general fund.
- (d) User-charge reimbursements from the general fund and the non-major governmental funds.
- (e) Revenues from tobacco master settlement agreement.

The Alameda County Tobacco Asset Securitization Authority has pledged all revenues received from the tobacco master settlement agreement with four U.S. tobacco manufacturers to repay the outstanding amount as of June 30, 2013 of \$164.28 million in tobacco securitization bonds issued in October 2002 and \$67.86 million of tobacco securitization capital appreciation bonds issued in February 2006. The bonds were issued to finance the acquisition of the County Tobacco Assets from the County of Alameda. Total principal, interest, and interest accretion remaining on the bonds is \$1.84 billion, payable through June 2055. The tobacco revenue is determined by applying a rate to the number of cigarettes sold; hence, the amount to be received over the term of the bonds is not estimable. During the year, principal and interest payments were \$20.8 million while tobacco settlement revenue was \$20.2 million.

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COMPONENT UNIT

Type of Obligation	Outstanding
Alameda County Medical Center:	
Compensated employee absences payable	\$ 18,035
Estimated liability for claims and contingencies	26,077
Component unit total long-term obligations	\$ 44,112

Debt Compliance

There are a number of limitations and restrictions contained in the various bond indentures.

Legal Debt Limit and Legal Debt Margin

As of June 30, 2013, the County's debt limit (1.25% of total assessed value) was \$2.51 billion. The County does not have any general obligation debt and therefore, has not used any of its debt limit.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debts issued after August 31, 1986, are subject to arbitrage rebate requirements. The requirements stipulate, in general, that the excess of earnings from the investment of tax-exempt bond proceeds over related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The County has evaluated each outstanding debt obligation that is subject to the arbitrage rebate requirements and there is no arbitrage rebate liability as of June 30, 2013.

Conduit Debt

In addition to the long-term obligations discussed above, the following types of long-term obligations have been issued in the name of the County or agencies of the County. Neither the County, nor its agencies, is obligated in any manner for the repayment of these obligations. Accordingly, they are not included in the accompanying financial statements, as noted below.

Mortgage revenue bonds - In order to facilitate affordable housing to first time home buyers, the County issued mortgage revenue bonds with an outstanding aggregate balance of \$34.5 million as of June 30, 2013. These obligations are secured by the related mortgage indebtedness.

Industrial development bonds – In order to encourage industrial development within the County, the County has issued industrial development bonds with an outstanding aggregate balance of \$96.5 million as of June 30, 2013. These obligations are the liability of the businesses that receive the proceeds of the bonds.

Assessment District bonds – Assessment district bonds were issued to improve the water and sewer system in the Castlewood district of Alameda County. At June 30, 2013, \$0.60 million was the remaining outstanding obligation. Unpaid assessments constitute fixed liens on the lots and parcels assessed within the assessment district and do not constitute a personal indebtedness of the respective owners of such lots and parcels.

The County administers the general obligation debt of school districts and special districts under local boards that are located within the County. The County has no direct or contingent liability for their debts and, accordingly, such amounts are not included in the accompanying basic financial statements.

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Changes in Long-Term Obligations

The changes in long-term obligations for governmental activities for the year ended June 30, 2013, are as follows:

	<u>Balance 7/1/2012, as Restated</u>	<u>Additional Obligations, Interest Accretion, and Net Increases</u>	<u>Current Maturities, Retirements, and Net Decreases</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and certificates payable					
Certificates of participation	\$ 28,172	\$ -	\$ (2,887)	\$ 25,285	\$ 2,528
Tobacco Securitization bonds	242,644	-	(10,505)	232,139	-
Pension obligation bonds	131,541	-	(22,263)	109,278	21,490
Lease revenue bonds	575,655	-	(22,040)	553,615	22,890
Total bonds and certificates payable before accretion	<u>978,012</u>	<u>-</u>	<u>(57,695)</u>	<u>920,317</u>	<u>46,908</u>
Accretion on capital appreciation bonds					
Certificates of participation	11,077	970	(2,077)	9,970	2,112
Tobacco Securitization bonds	35,130	6,953	-	42,083	-
Pension obligation bonds	278,575	28,692	(48,792)	258,475	52,760
Total bonds and certificates payable at accreted value	<u>1,302,794</u>	<u>36,615</u>	<u>(108,564)</u>	<u>1,230,845</u>	<u>101,780</u>
Other debt-related items					
Deferred amount for issuance premiums	13,132	-	(1,197)	11,935	1,197
Deferred amount for issuance discount	(4,118)	-	136	(3,982)	(136)
Total bonds and certificates payable	<u>1,311,808</u>	<u>36,615</u>	<u>(109,625)</u>	<u>1,238,798</u>	<u>102,841</u>
Loans and commercial paper notes	37,240	2,779	(1,499)	38,520	28,989
Net pension obligation	41,251	-	(901)	40,350	-
Net OPEB obligation	153,056	41,821	-	194,877	-
Compensated employee absences payable	65,210	29,802	(31,947)	63,065	38,354
Estimated liability for claims and contingencies	97,971	25,921	(23,674)	100,218	24,591
Capital leases	4,357	-	(207)	4,150	179
Obligation to fund Coliseum Authority deficit (see Note 14)	61,408	-	(4,513)	56,895	3,670
Governmental activity long-term obligations	<u>\$ 1,772,301</u>	<u>\$ 136,938</u>	<u>\$ (172,366)</u>	<u>\$ 1,736,873</u>	<u>\$ 198,624</u>

Internal service funds predominantly serve the governmental funds, the long-term liabilities of which are included as part of the above totals for governmental activities. At the year ended June 30, 2013, \$3.22 million of accrued compensated employee absences are included in the above amounts.

The changes in long-term obligations for the component unit for the year ended June 30, 2013, are as follows:

Component Unit:	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Compensated employee absences payable	\$ 16,978	\$ 22,027	\$ (20,970)	\$ 18,035	\$ 9,696
Estimated liability for claims and contingencies	23,162	6,497	(3,582)	26,077	5,725
Total component unit long-term obligations	<u>\$ 40,140</u>	<u>\$ 28,524</u>	<u>\$ (24,552)</u>	<u>\$ 44,112</u>	<u>\$ 15,421</u>

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Annual debt service requirements for long-term obligations outstanding as of June 30, 2013, are as follows:

GOVERNMENTAL ACTIVITIES

For the Year Ending June 30	Lease Revenue		Tobacco Securitization			Pension Obligation		Total Bonds		
	Bonds		Bonds			Bonds		Total Bonds		
	Principal	Interest	Principal	Accreted		Principal	Accreted	Principal	Accreted	
			Interest	Interest	Interest	Interest	Interest	Interest	Interest	Interest
2014	\$ 22,890	\$ 33,116	\$ -	\$ -	\$ 9,693	\$ 21,490	\$ 52,760	\$ 44,380	\$ 52,760	\$ 42,809
2015	16,085	32,359	-	-	9,693	20,623	56,972	36,708	56,972	42,052
2016	9,065	31,845	-	-	9,693	20,053	61,032	29,118	61,032	41,538
2017	8,870	31,442	-	-	9,693	19,392	65,343	28,262	65,343	41,135
2018	9,280	31,035	-	-	9,693	18,782	69,763	28,062	69,763	40,728
2019-2023	48,900	148,147	-	-	48,466	8,938	36,817	57,838	36,817	196,613
2024-2028	40,700	137,474	-	-	48,466	-	-	40,700	-	185,940
2029-2033	51,950	125,954	42,860	-	38,608	-	-	94,810	-	164,562
2034-2038	104,605	106,371	45,170	-	28,182	-	-	149,775	-	134,553
2039-2043	164,980	56,985	76,250	-	18,300	-	-	241,230	-	75,285
2044-2048	76,290	5,428	-	-	-	-	-	76,290	-	5,428
2049-2053	-	-	51,475	764,585	-	-	-	51,475	764,585	-
2054-2058	-	-	16,384	616,926	-	-	-	16,384	616,926	-
Total	\$ 553,615	\$ 740,156	\$ 232,139	\$ 1,381,511	\$ 230,487	\$ 109,278	\$ 342,687	\$ 895,032	\$ 1,724,198	\$ 970,643

For the Year Ending June 30	Total Bonds		Certificates of Participation			Other Long-Term Obligations			Total Debt		
	Accreted		Accreted			Obligations			Accreted		
	Principal	Interest	Interest	Principal	Interest	Interest	Principal	Interest	Principal	Interest	Interest
2014	\$ 44,380	\$ 52,760	\$ 42,809	\$ 2,528	\$ 2,112	\$ 1,102	\$ 29,168	\$ 1,618	\$ 76,076	\$ 54,872	\$ 45,529
2015	36,708	56,972	42,052	2,600	2,150	991	1,731	1,442	41,039	59,122	44,485
2016	29,118	61,032	41,538	2,695	2,180	868	1,697	1,413	33,510	63,212	43,819
2017	28,262	65,343	41,135	2,791	2,208	737	1,450	1,383	32,503	67,551	43,255
2018	28,062	69,763	40,728	2,900	2,235	607	1,693	1,140	32,655	71,998	42,475
2019-2023	57,838	36,817	196,613	11,771	2,259	1,082	6,009	1,929	75,618	39,076	199,624
2024-2028	40,700	-	185,940	-	-	-	922	33	41,622	-	185,973
2029-2033	94,810	-	164,562	-	-	-	-	-	94,810	-	164,562
2034-2038	149,775	-	134,553	-	-	-	-	-	149,775	-	134,553
2039-2043	241,230	-	75,285	-	-	-	-	-	241,230	-	75,285
2044-2048	76,290	-	5,428	-	-	-	-	-	76,290	-	5,428
2049-2053	51,475	764,585	-	-	-	-	-	-	51,475	764,585	-
2054-2058	16,384	616,926	-	-	-	-	-	-	16,384	616,926	-
Total	\$ 895,032	\$ 1,724,198	\$ 970,643	\$ 25,285	\$ 13,144	\$ 5,387	\$ 42,670	\$ 8,958	\$ 962,987	\$ 1,737,342	\$ 984,988

It is not practical to determine the specific year of payment for the net pension obligation, the net OPEB obligation, the accrued compensated employee absences payable, the estimated liability for claims and contingencies, and the obligation to fund Coliseum Authority deficit. Amounts due within one year for the accrued compensated employee absences and the estimated liability for claims and contingencies are estimates based on prior year experience.

The County issued \$2.5 million in commercial paper note on May 15, 2013 and has completed several subsequent refundings of this short-term note. The commercial paper note was issued to provide construction financing for the Acute Tower Seismic Replacement Project.

COUNTY OF ALAMEDA, CALIFORNIA

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7. Operating Lease Obligations

The County has numerous operating leases for office space. Rental expense for operating leases for fiscal year 2012/13 was \$22.7 million. Future minimum lease payments for operating leases at June 30, 2013, are as follows:

2014	2015	2016	2017	2018	2019-23	2024-25	Total
\$ 21,244	\$ 17,723	\$ 15,046	\$ 15,007	\$ 12,232	\$ 28,942	\$ 2,629	\$ 112,823

8. Fund Balances

Details of the fund balance classifications of the major and non-major governmental funds as of June 30, 2013 are as follows:

	General	Property Development	Flood Control	Capital Projects	Debt Service	Nonmajor	Total
Nonspendable in form:							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266	\$ 266
Long-term receivables	3,530	-	-	-	-	-	3,530
Properties held for resale	255	-	-	-	-	-	255
Prepaid items	-	-	-	-	-	206	206
Total Nonspendable	3,785	-	-	-	-	472	4,257
Restricted for:							
Public protection	139,413	-	180,305	-	-	41,032	360,750
Public assistance	249	-	-	-	-	15,502	15,751
Health and sanitation	149,970	-	-	-	-	18,404	168,374
Public ways and facilities	-	-	-	-	-	67,270	67,270
Education	-	-	-	-	-	14,111	14,111
Capital projects	-	-	-	73,108	-	-	73,108
Debt service	-	-	-	-	74,989	21,426	96,415
Other purposes	5,212	-	-	-	-	-	5,212
Total Restricted	294,844	-	180,305	73,108	74,989	177,745	800,991
Committed to:							
Fiscal management rewards	182,297	-	-	-	-	-	182,297
Settlement claims	155,067	-	-	-	-	-	155,067
General contingencies	192,563	-	-	-	-	-	192,563
Capital projects	98,534	-	-	-	-	-	98,534
Pension obligation bonds	63,700	-	-	-	-	-	63,700
Capital projects and related debt	-	314,766	-	-	-	-	314,766
Grant revenue negative fund balances	19,092	-	-	-	-	-	19,092
Public assistance	3,608	-	-	-	-	-	3,608
Public protection	1,841	-	-	-	-	-	1,841
Other commitments	89,474	-	-	-	-	-	89,474
Total Committed	806,176	314,766	-	-	-	-	1,120,942
Assigned to:							
Appropriations in subsequent year	62,193	-	-	-	-	-	62,193
General government	8,850	-	-	-	-	-	8,850
Public protection	10,902	-	-	-	-	5,293	16,195
Public assistance	7,501	-	-	-	-	-	7,501
Health and sanitation	38,525	-	-	-	-	-	38,525
Public ways and facilities	142	-	-	-	-	-	142
Education	1	-	-	-	-	-	1
Recreation and cultural services	18	-	-	-	-	-	18
Other purposes	45	-	-	-	-	-	45
Total Assigned	128,177	-	-	-	-	5,293	133,470
Unassigned	17,719	-	-	(2,926)	-	-	14,793
Total Fund Balances	\$ 1,250,701	\$ 314,766	\$ 180,305	\$ 70,182	\$ 74,989	\$ 183,510	\$ 2,074,453

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Encumbrance balances by major funds and non-major funds as of June 30, 2013 are:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Total</u>
General Fund	\$ 10,133	\$ -	\$ 62,096	\$ 72,229
Property Development	-	62	-	62
Flood Control	20,637	-	-	20,637
Capital projects	-	249,491	-	249,491
Non-major governmental funds	22,500	-	384	22,884
Total encumbrances	<u>\$ 53,270</u>	<u>\$ 249,553</u>	<u>\$ 62,480</u>	<u>\$ 365,303</u>

9. Restricted Net Position

Restricted net position is net position that is subject to constraints either externally imposed by creditors, grantors, contributors, or by enabling legislation. Restricted net position as of June 30, 2013 for governmental activities is as follows:

Restricted for Public Protection			
Flood		\$180,488	
Criminal Justice and Courthouse Construction		54,319	
Fire		27,536	
Sheriff		21,223	
Public Safety		26,024	
Vital Records		17,615	
Consumer Protection		10,472	
Community Development		6,377	
Vehicle Theft Prevention		771	
Domestic Violence		1,074	
Survey Monument Preservation		640	
Criminal Justice Programs		897	
Probation		184	
Child Support Enforcement		6,779	
Other		4,568	
		<u>4,568</u>	\$358,967
Restricted for Public Assistance			
Housing and Commercial Development		15,115	
Social Services Programs		2,024	
		<u>2,024</u>	17,139
Restricted for Health and Sanitation			
Behavioral Health Services		85,510	
Public Health		52,479	
Emergency Medical Services		25,777	
Environmental Health		9,760	
		<u>9,760</u>	173,526
Restricted for Public Ways and Facilities			
Roads and Bridges Maintenance		62,605	
Streets and Highway Lighting		3,003	
		<u>3,003</u>	65,608
Restricted for Education			
Library Services			14,225
Restricted for Other Purposes			
Property Taxes		20,708	
Assessor		5,208	
		<u>5,208</u>	25,916
Total Restricted Net Position-Governmental Activities			<u>\$655,381</u>

Included in governmental activities restricted net position as of June 30, 2013 is net position restricted by enabling legislation of \$125,389,000.

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10. Interfund Receivables, Payables, and Transfers

“Due to” and “due from” balances have been recorded for cash overdraft, inter-fund loans, and reimbursement of expenditures. The composition of inter-fund balances as of June 30, 2013, is as follows:

Due from other funds	Due to other funds			Total Due from
	Capital Projects Fund	Non-major Governmental Funds	Internal Service Funds	
	\$ 115,715	\$ 688	\$ 11	
General fund			\$ 116,414	

During the course of operations, transactions occur between the County and ACMC for goods received or services rendered and for loans. These receivables and payables are classified as “due from component unit” and “due to component unit” on the basic financial statements.

The County has advanced funds to the ACMC to finance capital improvements at ACMC’s medical facilities. These advances are shown as “advance to component unit” and “advance from primary government” on the basic financial statements.

Due to/from primary government and component unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
	Alameda County Medical Center	\$ 123,572
Primary government-governmental		\$ 123,572
Less allowance for uncollectibles		(31,000)
Net		\$ 92,572
Alameda County Medical Center	Primary government-governmental	\$ 7,144

Advances to/from primary government and component unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government-governmental	Alameda County Medical Center	\$ 3,934

Transfers between funds for the year ended June 30, 2013, are as follows:

	Transfers In:						Total Transfers Out
	General Fund	Grant Revenue Fund	Capital Projects Fund	Debt Service Fund	Non-major Governmental Funds	Internal Service Funds	
Transfers out:							
General fund	\$ -	\$ 9,268	\$ 5,127	\$ 58,265	\$ 94	\$ 603	73,357
Property development fund	610	-	-	9,720	-	-	10,330
Capital projects fund	6	-	-	8,757	-	-	8,763
Debt service fund	-	-	6	-	-	-	6
Non-major governmental funds	104	-	-	82	2,001	-	2,187
Internal service funds	2,067	-	665	6,741	-	-	9,473
Total transfers in	\$ 2,787	\$ 9,268	\$ 5,798	\$ 83,565	\$ 2,095	\$ 603	\$104,116

The \$73.4 million General Fund transfer out includes \$36.5 million for pension obligations, \$21.8 million to provide for the payment of debt service, \$9.3 million to absorb the fund deficits of the grant revenue funds, and \$5.2 million to provide funding for capital projects.

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The \$10.3 million Property Development Fund transfer out includes \$9.7 million reimbursement to the Debt Service Fund for the Juvenile Justice bond payment.

The \$8.8 million transfer out from Capital Projects Fund to the Debt Service Fund was for payment of interest on the Multiple Capital Projects 2010A bonds.

The \$2.2 million Non-major Governmental Funds transfer out includes \$2 million to cover operating costs of the bridges.

The \$9.5 million Internal Service Funds transfer out includes \$6.7 million for the payment of debt service and \$2.1 million for payment of energy loans and leases.

11. Defined Benefit Pension Plan

A. Plan Description

The County is the major participant in the Alameda County Employees' Retirement Association (ACERA). The total payroll covered by ACERA was \$906.5 million as of December 31, 2012. ACERA began operations on January 1, 1948 and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, policies and procedures adopted by the Board of Retirement. ACERA operates as a cost-sharing multiple-employer defined benefit plan for the County, Alameda County Medical Center, the Superior Court of California for the County of Alameda, the Zone 7 Water Agency, and other four participating special districts located in the County, but not under the control of the County Board of Supervisors.

ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State Law and are subject to amendment only by an act of the State of California legislature. Alternative benefit and contribution schedules are permissible with the Board of Supervisors' approval. All risks and costs, including benefit costs, are shared by the participating entities. An actuarial valuation is performed annually for the system as a whole. ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2012 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

Plan Membership: All full-time employees of participating entities appointed to permanent positions are required by statute to become members of ACERA. Safety membership includes employees who are in active law enforcement, deferred firefighters, probation officers, and juvenile hall group counselors. General membership includes all other eligible classifications.

B. Funding Policy

The pension plan under the 1937 Act has no legal or contractual maximum contribution rates. The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits, and are between 5.09 and 22.24 percent of their annual covered salary effective September 2012. Member contributions are refundable upon termination from the retirement system.

The 1937 Act provides the authority for the establishment of ACERA benefit provisions. In most cases where the law provides options concerning the allowance of credit for service, the offering of benefits, or the modification of benefit levels, the law generally requires approval of the employers' governing board for the option to take effect. Separately, in 1984 the Alameda County Board of Supervisors and the Board of Retirement approved the adoption of Article 5.5 of the 1937 Act. This adoption permitted the establishment of a Supplemental Retirees Benefit Reserve (SRBR) for ACERA.

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Article 5.5 provides for the systematic funding of the SRBR and stipulates that its assets be used only for the benefit of retired members and their beneficiaries. The 1937 Act grants exclusive authority over the use of the SRBR funds to the Board of Retirement. Supplemental benefits currently provided through the SRBR include supplemental COLA, retiree death benefit, active death equity benefit and the retiree monthly medical allowance, dental and vision care, and Medicare Part B coverage. The payment of supplemental benefits from the SRBR is subject to available funding and annual review and authorization by the Board of Retirement. SRBR benefits are not vested.

In 2006 the Board of Retirement approved the allocation of SRBR funds to Postemployment Medical Benefits and Other Pension Benefits. These two programs provide the supplemental benefits described above.

The County is required by statute to contribute the amounts necessary to finance the estimated benefits accruing to the employees. The contributions to the plan are as follows:

Fiscal year ended June 30	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2011	\$ 117,675	100.7 %	\$ 42,085
2012	129,692	100.6	41,251
2013	133,527	100.7	40,350

For the year ended June 30, 2013, the employees' contributions to the plan for the same period was \$53.29 million.

The following table shows the County's annual pension cost for the year, the amount actually contributed to the plan, and changes in the County's net pension obligation:

Annual required contributions	\$ 134,428
Interest on net pension obligation	3,300
Adjustment to annual required contributions	<u>(4,201)</u>
Annual pension cost	133,527
Pension contributions	<u>(134,428)</u>
Change in net pension obligation	(901)
Net pension obligation, beginning of fiscal year	<u>41,251</u>
Net pension obligation, end of fiscal year	<u><u>\$ 40,350</u></u>

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Pension Plan's actuarial accrued liability at December 31, 2012 was \$6.61 billion; the actuarial value of assets was \$4.88 billion; the unfunded actuarial accrued liability was \$1.73 billion; and the funded ratio was 73.9 percent. Covered payroll was \$906.5 million and the ratio of unfunded actuarial accrued liability to covered payroll was 190.7 percent. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 85.

C. Actuarial Assumptions

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. The projections for the pension plan are based on the actuarial methods and assumptions for the annual required contribution (12/31/2011 valuation) and the funded status of the plan (12/31/2012 valuation), as shown in a schedule on the next page.

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Valuation date	12/31/2011	12/31/2012
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	Closed periods 5 - 20 years (decreasing)
Remaining amortization period	21 years	5 - 20 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-month periods	
Interest rate	7.80%	7.80%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.60 - 7.20%	4.60 - 7.20%
Safety	4.70 - 10.20%	4.70 - 10.20%
Demographics:		
(A) Healthy	PR-2000 Combined Healthy Mortality Table	
General members and all beneficiaries	Set back two years males and one year females	Set back two years males and one year females
Safety members		
(B) Disability	PR-2000 Combined Healthy Mortality Table	
General members	Set forward four years	
Safety members	Set forward two years	
(C) For Employee Contribution Rate Purposes	PR-2000 Combined Healthy Mortality Table	
General members	Set back two years male and one year female, weighted 30% male and 70% female	
Safety members	Set back two years male and one year female, weighted 75% male and 25% female	
Postemployment benefit increases:		
Tier 1 and 3 members		3%
Tier 2 and 4 members		2%

12. Postemployment Medical Benefits

A. Plan Description

ACERA administers a medical benefits program for retired members and their eligible dependents. This is not a benefit entitlement program and benefits are subject to modification and/or deletion by the ACERA Board of Retirement. Annually, based on the recommendation of the Board of Retirement, the Board of Supervisors designates a portion of the County's contribution to retirement towards medical premiums of retirees. The postemployment medical benefits program operates as a cost-sharing multiple-employer benefit plan for the County, the Superior Court of California for the County of Alameda, the Zone 7 Water Agency, and five participating special districts located in the County, but not under the control of the County Board of Supervisors.

The County arranges health insurance coverage for employees, negotiating coverage levels and premium rates annually with several carriers. Employees who meet certain eligibility conditions and make the required contributions may continue coverage in those same health plans after retirement until they become Medicare

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eligible. Currently, the County uses a single blended rate for budgeting and setting premium and contribution rates for both active employees and non-Medicare eligible retirees. The County funds the premiums for employees while ACERA funds the premiums for retirees. ACERA establishes the amount of the Monthly Medical Allowance (MMA). For employees who retire with a minimum 20 years of service, the MMA has been set at \$522.16 per month in 2013.

As the underlying cost for non-Medicare eligible retirees is higher than the blended average of active members and non-Medicare eligible retirees, there is an implicit subsidy inherent in the cost allocation process. GASB Statement No. 45 requires employers using a blended rate for active and non-Medicare eligible retirees to recognize the implicit subsidy liability.

ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2012 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Funding Policy

Retired employees from the County receive a monthly medical allowance toward the cost of their retiree health insurance from the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is a funded trust that receives fifty percent of the investment earnings that are in excess of the target investment return of the ACERA pension fund. The County does not make postemployment medical benefit payments directly to retirees and has no ability to fund these benefits. However, the pension contribution would be lower if not for the excess interest transfer to the SRBR. Therefore, it is the County's view that a portion of the excess interest transfer by ACERA into the SRBR should be counted as a contribution toward the GASB Statement No. 45 annual required contribution (ARC).

The County's OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's annual postemployment medical benefit cost, the percentage of annual postemployment medical benefit cost contributed to the plan, and the net OPEB obligation for fiscal years 2011 through 2013 are as follows:

Fiscal year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 31,439	0.0 %	\$ 63,838
2012	23,862	0.0	87,700
2013	29,910	0.0	117,610

The following table shows the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the retiree health plan:

Annual required contributions	\$ 31,350
Interest on net OPEB obligation	7,016
Adjustment to annual required contributions	<u>(8,456)</u>
Annual OPEB cost	29,910
OPEB contributions	<u>-</u>
Change in net OPEB obligation	29,910
Net OPEB obligation, beginning of fiscal year	<u>87,700</u>
Net OPEB obligation, end of fiscal year	<u><u>\$ 117,610</u></u>

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Postemployment Benefit

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Plan's actuarial accrued liability at December 31, 2012 was \$754.8 million; the actuarial value of assets was \$549.6 million; the unfunded actuarial accrued liability was \$205.2 million; and the funded ratio was 72.8 percent. Covered payroll was \$906.5 million and the ratio of unfunded actuarial accrued liability to covered payroll was 22.6 percent. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 85.

C. Actuarial Assumptions

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. The actuarially determined amounts for the OPEB plan are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The projections for postemployment medical benefits plan are based on the actuarial methods and assumptions for the annual required contribution (12/31/2011 valuation) and the funded status of the plan (12/31/2012 valuation), as shown in a schedule on the next page.

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Valuation date	12/31/2011	12/31/2012
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	24 years	23years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-month periods	
Interest rate	7.80%	7.80%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.60 - 7.20%	4.60 - 7.20%
Safety	4.70 - 10.20%	4.70 - 10.20%
Demographics:		
(A) Healthy	RP-2000 Combined Healthy Mortality Table	
General members and all beneficiaries	Set back two years for males and one year for females	
Safety members		
(B) Disability	RP-2000 Combined Healthy Mortality Table	
General members	Set forward four years	
Safety members	Set forward two years	
(C) For Employee Contribution Rate Purposes	RP-2000 Combined Healthy Mortality Table	
General members	Set back two years for males and one year for females, weighted 30% male and 70% female	
Safety members	Set back two years for males and one year for females, weighted 75% male and 25% female	
Healthcare Cost Trend Rates:		
Monthly Medical Allowance (MMA)	Graded down from 9% by 0.5% per annum until ultimate rate of 5%	Graded down from 8.5% by 0.5% per annum until ultimate rate of 5%
Dental and Vision	5%	5%
Medicare Part B	5%	5%
Postemployment benefit increases	Dental and vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. MMA subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit, with the exception that the 2013 MMA will remain at 2012 levels for non-Medicare insurer; for Medicare insurer will be \$400.	Dental and vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. MMA subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit, with the exception that the 2014 MMA will remain at 2013 levels for non-Medicare insurer; for Medicare insurer will be \$400.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the

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historical pattern of sharing the benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

13. Other Postemployment Benefits

A. Plan Description

ACERA also provides other postemployment benefits for retired members and their beneficiaries. The payment of these benefits is subject to available funding and must be periodically reauthorized by the Board of Retirement. These benefits include supplemental cost of living adjustment (COLA) and retired member death benefit. The other postemployment benefits program operates as a cost-sharing multiple-employer benefit plan for the County, the Superior Court of California for the County of Alameda, the Zone 7 Water Agency, and five participating special districts located in the County, but not under the control of the County Board of Supervisors.

The supplemental COLA is to maintain each retiree's purchasing power at no less than 85% of the purchasing power of the original benefit. The retired member death benefit is a one-time \$4,250 lump sum payment to the beneficiary of a retiree.

ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2012 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Funding Policy

Retired employees from the County receive other postemployment benefits from the SRBR. The SRBR is a funded trust that receives fifty percent of the investment earnings that are in excess of the target investment return of the ACERA pension fund. The County does not make other postemployment benefit payments directly to retirees and has no ability to fund these benefits. However, the pension contribution would be lower if not for the excess interest transfer to the SRBR. Therefore, it is the County's view that a portion of the excess interest transfer by ACERA into the SRBR should be counted as a contribution toward the GASB Statement No. 45 ARC.

The County's other postemployment benefits cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's annual postemployment benefit cost, the percentage of annual postemployment benefit cost contributed to the plan, and the net OPEB obligation for fiscal years 2011 through 2013 are as follows:

Fiscal year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 12,628	0.0 %	\$ 52,629
2012	12,727	0.0	65,356
2013	11,911	0.0	77,267

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The following table shows the County's annual other postemployment benefit cost for the year, the amount actually contributed to the plan, and changes in the County's net other postemployment benefit obligation:

Annual required contributions	\$ 12,984
Interest on net OPEB obligation	5,228
Adjustment to annual required contributions	<u>(6,301)</u>
Annual OPEB cost	11,911
OPEB contributions	<u>-</u>
Change in net OPEB obligation	11,911
Net OPEB obligation, beginning of fiscal year	<u>65,356</u>
Net OPEB obligation, end of fiscal year	<u><u>\$ 77,267</u></u>

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Other Postemployment Benefit Plan's actuarial accrued liability at December 31, 2012 was \$165.9 million; the actuarial value of assets was \$26.0 million; the unfunded actuarial accrued liability was \$139.9 million; and the funded ratio was 15.7 percent. Covered payroll was \$906.5 million and the ratio of unfunded actuarial accrued liability to covered payroll was 15.4 percent. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 85.

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C. Actuarial Assumptions

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. The actuarially determined amounts for the other postemployment benefits plan are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The projections for other postemployment benefits plan are based on the following actuarial methods and assumptions for the annual required contribution (12/31/2011 valuation) and the funded status of the plan (12/31/2012 valuation):

Valuation date	12/31/2011	12/31/2012
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	24 years	23 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-month periods	
Interest rate	7.80%	7.80%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.60 - 7.20%	4.60 - 7.20%
Safety	4.70 - 10.20%	4.70 - 10.20%
Demographics:		
(A) Healthy	RP-2000 Combined Healthy Mortality Table	
General members and all beneficiaries	Set back two years for males and one year for females	
Safety members		
(B) Disability	RP-2000 Combined Healthy Mortality Table	
General members	Set forward four years	
Safety members	Set forward two years	
(C) For Employee Contribution Rate Purposes	RP-2000 Combined Healthy Mortality Table	
General members	Set back two years for males and one year for females, weighted 30% male and 70% female	
Safety members	Set back two years for males and one year for females, weighted 75% male and 25% female	
Postemployment benefit increases	Supplemental COLA benefits are assumed to increase by the difference between inflation and the cost-of-living benefit guaranteed in the Pension Plan (3.00% for Tier 1 and Tier 3; and 2.00% for Tier 2, Tier 2C, Tier 2D and Tier 4), subject to other limitations.	

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

14. Joint Venture

The County is a participant with the City of Oakland (City) in a joint exercise of powers agreement forming the Oakland-Alameda County Coliseum Authority (Coliseum Authority), which was formed on July 1, 1995 to assist the City and County in the financing of public capital improvements in the Oakland-Alameda County Coliseum Complex (Coliseum Complex) pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The Oakland-Alameda County Coliseum Financing Corporation (Financing Corporation) is reported as a blended component unit of the Coliseum Authority. The eight-member Board of Commissioners of the Coliseum Authority consists of two council members from the City, two members of the Board of Supervisors from the County, two appointees of the City Council, and two appointees of the Board of Supervisors. The Board of Directors of the Financing Corporation consists of the City Manager and the County Administrator.

In August 1995, the Coliseum Authority issued \$9.2 million in Fixed Rate Refunding Lease Revenue Bonds and \$188.5 million in Variable Rate Lease Revenue Bonds (collectively known as the Stadium Bonds) to satisfy certain obligations of the Coliseum Authority, the City, the County, the Financing Corporation and Oakland-Alameda County Coliseum Inc. (Coliseum Inc.), which then managed the operations of the Coliseum Complex, to finance the costs of remodeling the stadium portion of the Coliseum complex as well as relocating the Raiders to the City.

On May 25, 2000, the Coliseum Authority issued \$201.3 million in series 2000 C and D Refunding Bonds to retire the 1995 Series B-1 and B-2 Variable Rate Lease Revenue Stadium Bonds. The balance was reduced to \$137.4 million as of May 31, 2012 through annual principal payments and optional calls.

On May 31, 2012, the Authority issued \$122.8 million in Refunding Bonds Series 2012 A with coupons of 2 to 5 percent to refund and defease all outstanding variable rate 2000 Series C Refunding Bonds. The bonds were priced at a premium, bringing total proceeds to \$138.1 million.

These funds coupled with \$13 million in the 2000 Series C reserve fund generated a total available funds of \$151.1 million which was used to refund the 2000 C Refunding Bonds of \$137.4 million, fund a reserve fund of \$12.8 million and to pay underwriter's discount and issuance cost of \$0.9 million. The all-in-interest cost of the 2012A refunding bonds was 3.04 percent.

There was an economic loss of \$23 million (difference between the present value of the old and the new debt service payments) due to the low variable interest rates on the old bonds and the higher fixed rates on the new bonds. The Authority was unable to maintain the bonds at a variable rate because it was not able to renew the letters of credit as required due to the tightening of the credit markets since 2008. However, the Authority was able to take advantage of the fixed rate market with historically low interest rates and issued fixed rate bonds that generated a premium of \$15.3 million. There was a deferred loss of \$0.8 million, equal to the amount of unamortized issuance costs of the 2000 C and D Refunding Bonds.

The Stadium Bonds are limited obligations of the Coliseum Authority payable solely from revenues of the Coliseum Authority, consisting primarily of base rental payments to be received by the Coliseum Authority from the City and the County. The source of the Coliseum Authority's revenues relating to football games consists primarily of a portion of club dues, concession and parking payments. In the event that such football revenues and other revenues received in connection with the Stadium are insufficient to make base rental payments, the City and the County are obligated to make up the shortfall in the base rental payments from their respective general funds. The City and the County each have covenanted to appropriate \$11 million annually to cover such shortfalls in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the County could have to pay up to \$22 million annually in the event of default by the City.

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On August 2, 1996, the Coliseum Authority issued \$70 million Series A-1 and \$70 million Series A-2 Variable Rate Lease Revenue Bonds (Arena Bonds) to finance the costs of remodeling the Coliseum Arena (Arena) and to satisfy certain obligations of the Coliseum Authority, the City, the County, and Coliseum Inc. in connection with the retention of the Golden State Warriors (the Warriors) to play professional basketball at the Arena for at least 20 basketball seasons, beginning with the 1997-98 season. These obligations are evidenced in a series of agreements (the Warriors Agreements) among the Warriors and the City, the County, Coliseum Inc., and the Coliseum Authority.

Under the Warriors Agreements, the Arena Bonds were limited obligations of the Coliseum Authority, payable solely from revenues received by the Coliseum Authority on behalf of the City and County. Revenues consist of base rental payments from the City and County and certain payments from the Warriors of up to \$7.428 million annually from premium seating revenues, and other payments from Arena operations. If the revenues received from the Warriors and from Arena operations are not sufficient to cover the debt service requirements in any fiscal year, the City and County are obligated to make up the shortfall in the base rental payments from their respective general funds. The County and the City each have covenanted to appropriate up to \$9.5 million annually to cover such shortfalls in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the County could have to pay up to \$19 million annually in the event of default by the City.

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture (OCJV) to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its agreement with OCJV and reinstated its Operating Agreement with Coliseum Inc. Coliseum Inc. subcontracted all of the operations of the Coliseum Complex to OCJV. The Operating Agreement between the Coliseum Authority and Coliseum Inc. expired, by its terms, on July 31, 2006. The Coliseum Authority entered into a Termination Agreement whereby, in return for certain consideration, the Coliseum Authority agreed to perform the duties of Coliseum, Inc. on and after August 1, 2006. The Authority's management agreement with OCJV expired in June 2012. In July 2012, AEG Management Oakland, LLC took over management of the Coliseum Complex after signing a five year agreement.

Debt service requirements for the Coliseum Authority debt:

For the Period Ending June 30	Stadium Debt		Arena Debt	
	Principal	Interest	Principal	Interest
2014	\$ 7,340	\$ 5,375	\$ 4,700	\$ 199
2015	7,560	5,121	5,100	188
2016	7,865	4,781	5,400	177
2017	8,255	4,379	5,800	165
2018	8,670	3,958	6,200	152
2019-2023	50,290	12,694	38,200	538
2024-2025	23,810	1,304	24,895	101
Total	<u>\$ 113,790</u>	<u>\$ 37,612</u>	<u>\$ 90,295</u>	<u>\$ 1,520</u>

Complete financial statements for the Coliseum Authority can be obtained from the County Auditor-Controller's Office at 1221 Oak Street, Room 249, Oakland, CA 94612.

Under the joint exercise of power agreement, which formed the Coliseum Authority, the County is responsible for funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements; to the extent such funding is necessary. During the year ended June 30, 2013, the County made contributions of \$9.84 million to fund its share of operating deficits and debt service payments of the Coliseum Authority.

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium Bonds, such that the City and County will have to contribute to base rental payments. Of the \$20.5 million appropriated in the general fund as part of the above agreements, it is estimated that the County will have to contribute \$10.25 million for the year ending June 30, 2014. There are many uncertainties in the estimation of revenues for the Coliseum Authority beyond one year into the future; therefore, the County has established a contingent liability to fund the Coliseum Authority deficit in the statement of net position in an amount equal to its contingent share (50 percent) of the outstanding

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Stadium Bonds, in the amount of \$56.89 million. The County has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to cover the debt payments.

15. Alameda County Medical Center Discretely Presented Component Unit

ACMC operates medical and health facilities within Alameda County. In accordance with the Master Contract (Contract) between the County and ACMC dated June 23, 1998, effective July 1, 1998, ACMC became a public hospital authority pursuant to California Health and Safety Code Section 101850. Accordingly the governance, administration and operation of Fairmont Hospital, Highland Hospital and John George Hospital (Facilities) were transferred from the County to ACMC.

In accordance with the Medical Facilities Lease between ACMC and the County dated June 12, 1998, ACMC is leasing certain land, facilities and equipment, collectively, the facilities, from the County for the annual sum of \$1. In accordance with a transfer agreement, Fairmont Hospital and Highland Hospital remain the property of the County. Accordingly, such assets, along with the John George Hospital, are accounted for within the governmental activities of the County. Under the terms of the contract, the County has agreed to provide ACMC unrestricted use of the facilities.

Effective July 1, 2003, the County adopted the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*. This resulted in the Alameda County Health Care Foundation (Foundation) being included as a discretely presented component unit of ACMC. During fiscal year 2004, the Foundation's Articles of Incorporation and bylaws were amended to require ACMC to approve Foundation board members and to allow that upon dissolution, the Foundation's remaining assets would be distributed to ACMC. The Foundation distributed \$167 thousand to ACMC during fiscal year 2013.

Included in the County's outstanding long-term liabilities at June 30, 2013, are \$3.9 million in lease revenue bonds which refunded the 2001A Refunding certificates of participation that were issued to provide for improvements to the Facilities. The County is liable for the repayment of the debt.

As of July 1, 2001, ACMC no longer participates in the County's self-insurance program. In September 2006, the County and ACMC agreed to wholly and fully resolve any and all prior disputes and disagreements and any and all past, present and future insurance claims and insurance expenses of any kind. The County made a one-time payment of \$5.76 million to ACMC for the full satisfaction and settlement of any and all past, present and future issues and matters related to insurance expenses, the satisfaction and exhaustion of outstanding claims and the apportionment of insurance coverage premiums and all other matters related to general liability, medical malpractice liability, workers' compensation liability, premises liability and other liabilities, regardless of when reported or claimed. Effective July 1, 2001, ACMC became self-insured for workers' compensation. ACMC maintains stop-loss insurance to limit its liability for claims under its self-insurance program.

Changes in the balance of the net self-insurance liabilities during the past two fiscal years are as follows:

	2012/13	2011/12
Estimated liability for claims and contingencies at the beginning of the fiscal year	\$ 23,162	\$ 21,690
Additional obligations	6,497	4,662
Payments	(3,582)	(3,190)
Estimated liability for claims and contingencies at the end of the fiscal year	\$ 26,077	\$ 23,162

ACMC has experienced significant operating losses and negative cash flows from operations in recent years. ACMC has financed its working capital needs through loans from the County. ACMC expects to require ongoing working capital support from the County in fiscal year 2014.

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In 2004, the voters of Alameda County approved Measure A, which provides funding, beginning in fiscal year 2005, for emergency medical, hospital inpatient, outpatient, public health, mental health, and substance abuse services to indigent, low-income and uninsured adults, children, families, seniors and other residents of Alameda County through an increase in Alameda County's sales tax revenue of .5%. Seventy-five percent of the funds are to be used by APMC.

In August 2004, the County placed a \$200 million limitation on net loans to APMC. As defined, this limitation is calculated as gross loans to APMC, reduced by board-designated funds held by the County on behalf of APMC. As of June 30, 2013, the balance of net loans to APMC was \$121.79 million.

The terms of loan repayment, amended in April 2011, called for a reduction of the \$200 million loan limit to \$125 million by June 30, 2013. The outstanding net payable to the County is less than the \$125 million loan limit, and accordingly, the net loans of \$121.79 million at June 30, 2013 is classified as long-term in the accompanying statement of net position.

Should APMC, as a hospital authority, be terminated, the County may be required to assume the liabilities of APMC related to the operation of Hospitals and Clinics.

A. Net Patient Service Revenue

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, including the State of California, and others for services rendered at APMC, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

B. Medi-Cal and Medicare Programs

A substantial portion of APMC's revenues is derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Revenues from Medi-Cal and Medicare programs represent approximately 44 percent and 14 percent, respectively, of gross patient service revenues, excluding certain federal aid revenues, for the year ended June 30, 2013. Reimbursement rates are tentative and final reimbursement for services is determined after submission of annual cost reports and audits by third-party intermediaries.

C. Other Program Revenues

APMC also receives significant revenues from the Medical Waiver Program, California Senate Bill 1100 (SB1100). Beginning in fiscal year 2006, SB1100 provides additional funding to hospitals that provide a significant portion of their services to Medi-Cal and medically indigent recipients. SB1100 provides additional funds through a reimbursement rate increase for each Medi-Cal patient day provided, up to a maximum number of days. APMC accrued \$109.75 million in SB1100 funds for the year ended June 30, 2013, and remitted \$28.05 million to the State, providing net SB1100 revenue of \$81.7 million.

D. Charity Care

Counties are required by federal statute, Section 17000 of the Health and Welfare Act, to provide charity care to patients who are unable to pay. APMC provides services to patients who are financially screened and qualifies to receive charity care under the guidelines of AB 774. APMC captures the amount of unreimbursed costs for services and supplies for patients who qualify for the charity care program and County programs. The following table summarizes the estimated cost of charity care for the year ended June 30, 2013:

Charity care at cost	\$ 4,828
Percent of operating expenses	0.8 %

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In addition to the direct cost of charity care, ACMC recognizes the unreimbursed costs of care provided to medically indigent patients covered by the Health Plan of Alameda County (HPAC) as contractual allowances. The following table summarizes the estimated HPAC unreimbursed costs for the year ended June 30, 2013:

HPAC unreimbursed cost	\$ 71,557
Percent of operating expenses	12.0 %

E. Accounts Receivable

Accounts receivable at June 30, 2013, comprised the following:

Patient accounts receivable	\$ 63,580
Due from State of California	145,514
Other accounts receivable	<u>44,435</u>
Total	<u>\$ 253,529</u>

Patient accounts receivable include amounts due from third party payors, patients, and other agencies for patient services rendered and is net of \$197.7 million in estimated contractual adjustments and uncollectible accounts. Other accounts receivable include professional and other fees earned on patient services and services provided to various outside agencies. Also included in other accounts receivable are reimbursement claims for grants expenditures and amounts owed to ACMC from the state for payments under the SB 1100 program.

F. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2013, comprised the following:

Accounts payable	\$ 65,588
Accrued payroll	19,107
Due to third-party payors	76,421
Other accrued liabilities	<u>186</u>
	<u>\$ 161,302</u>

G. Defined Benefit Pension Plan

ACMC is a participant in ACERA. ACERA is governed by the California Constitution, the County Employees Retirement Law of 1937, and the bylaws, procedures, and policies adopted by the Board of Retirement. ACERA operates a cost-sharing multiple employer defined benefit plan. ACERA provides service and disability retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and are subject to amendment only by an act of the State of California legislature. An actuarial valuation is performed annually for the system as a whole.

The 1937 Act provides the authority for the establishment of ACERA benefit provisions. In most cases where the law provides options concerning the allowance of credit for service, the offering of benefits, or the modification of benefit levels, the law generally requires approval of the employers' governing board for the option to take effect. Separately, in 1984 the Alameda County Board of Supervisors and the Board of Retirement approved the adoption of Article 5.5 of the 1937 Act. This adoption permitted the establishment of a Supplemental Retirees Benefit Reserve (SRBR) for ACERA.

Article 5.5 of the 1937 Act provides for the systematic funding of the SRBR and stipulates that it be used only for the benefit of retired members and beneficiaries. The law grants discretionary authority over the use of the SRBR funds to the Board of Retirement. Supplemental benefits currently provided through the SRBR include supplemental cost-of-living allowance, supplemental retired member death benefits, active death equity benefit

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and the retiree monthly medical allowance, vision, dental, and Medicare Part B coverage. The payment of supplemental benefits from the SRBR is subject to available funding and must be periodically re-authorized by the Board of Retirement. SRBR benefits are not vested.

In 2006, the Board of Retirement approved the allocation of SRBR funds to Postemployment Medical Benefits and Other Pension Benefits. These two programs provide the supplemental benefits described above.

ACMC is required by statute to contribute the amounts necessary to finance the estimated benefits accruing to their employees. ACMC's annual required contribution, the transfer of the excess investment earnings from the pension to the SRBR trust and its contributions for fiscal years 2011 to 2013 are as follows:

<u>Fiscal Year ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 12,981	180.07 %	\$ 8,625
2012	26,633	100.60	8,452
2013	32,343	100.60	8,263

ACMC has historically made 100% of the Annual Required Contribution (ARC) to ACERA. However, as part of the plan agreement, 50% of excess investment earnings are transferred from the Defined Benefit Pension Plan to the Supplemental Retiree Benefit Reserve (SRBR). In fiscal year 2008 (not included in table above), there were excess earnings that were transferred to the SRBR. This transfer of excess investment earnings in fiscal year 2008 resulted in a net pension obligation carry forward in subsequent years including fiscal year ended June 30, 2013. Refer to table below for the carry forward obligation balance. Since fiscal year 2008, ACERA has not made any excess investment earnings transfers. For the year ended June 30, 2013, the employees' contributions to the plan were \$14.8 million.

The following table shows ACMC's annual pension cost and the changes in the net pension obligation for the year ended June 30, 2013:

Annual required contributions	\$ 32,532
Interest on net pension obligation	659
Adjustment to annual required contributions	(848)
Annual pension cost	<u>32,343</u>
Pension contributions	<u>(32,532)</u>
Decrease in net pension obligation	(189)
Net pension obligation, beginning of year	<u>8,452</u>
Net pension obligation, end of year	<u><u>\$ 8,263</u></u>

H. Postemployment Medical Benefits

ACMC's annual postemployment medical benefits cost for fiscal years 2011 to 2013 are shown below. There are no transfers of the excess investment earnings from the pension to the SRBR trust for the same periods.

<u>Fiscal Year ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 5,844	0.00 %	\$ 15,981
2012	3,455	0.00	19,436
2013	7,144	0.00	26,580

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The following table shows ACMC's annual postemployment medical benefits cost and the changes in the net OPEB obligation for fiscal year ended June 30, 2013:

Annual required contributions	\$ 7,749
Interest on net OPEB obligation	1,494
Adjustment to annual required contributions	<u>(2,099)</u>
Annual postemployment medical benefits cost	7,144
Postemployment medical benefits contributions	<u>-</u>
Increase in net OPEB obligation	7,144
Net OPEB obligation, beginning of year	19,436
Net OPEB obligation, end of year	<u><u>\$ 26,580</u></u>

I. Other Postemployment Benefits

ACMC's annual other postemployment benefit cost fiscal years 2011 to 2013 are shown below. There are no transfers of the excess investment earnings from the pension to the SRBR trust for the same periods.

Fiscal Year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 3,028	0.00 %	\$ 9,295
2012	2,744	0.00	12,039
2013	2,773	0.00	14,812

The following table shows ACMC's annual other postemployment benefits cost and the changes in the net OPEB obligation for fiscal year ended June 30, 2013:

Annual required contributions	\$ 2,878
Interest on net OPEB obligation	947
Adjustment to annual required contributions	<u>(1,052)</u>
Annual other postemployment benefits cost	2,773
Other postemployment benefits contributions	<u>-</u>
Increase in net OPEB obligation	2,773
Net OPEB obligation, beginning of year	12,039
Net OPEB obligation, end of year	<u><u>\$ 14,812</u></u>

16. Self-Insurance and Contingencies

A. Self-insurance and Purchased Insurance

The County is exposed to various risks of loss related to torts (theft, damage, and/or destruction of assets, errors and omissions, injuries to employees, natural disasters or medical malpractice); unemployment claims; and dental benefits provided to employees. The County maintains risk-financing internal service funds in which assets are set aside for claim settlements associated with general, automobile, and medical malpractice liability; workers' compensation; unemployment; and dental benefits to employees.

The County uses a combination of self-insurance, participation in insurance pools, and purchased insurance coverage for protection against adverse losses. Excess general liability, workers' compensation, and medical malpractice coverage are provided by CSAC-Excess Insurance Authority (CSAC-EIA), a joint powers authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties and other California public entities. A Board of Directors consisting of one representative from each member county

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and seven members selected by the public entity membership governs the Authority. Purchased insurance includes primary all-risk property insurance for the entire County's real and personal property, equipment and vehicles; earthquake insurance for selected real property; Public Officials Dishonesty Bond coverage for losses related to theft of funds; and other coverage as listed below (amounts not in thousands).

PRIMARY GOVERNMENT

The County utilizes a combination of self insurance, pooled retentions, and excess insurance for the following property insurance programs. Amounts in excess of these limits are self-insured. None of the insurance settlements over the past three years have exceeded insurance limits.

Property insurance is purchased on a March 31 policy year. Therefore, information is provided separately in the tables below for property insurance policies covering the disclosure periods July 1, 2012 to March 31, 2013 and March 31, 2013 to June 30, 2013.

Property Insurance – Declared values as of March 4, 2012 for Policy Period 3/31/2012 - 3/31/2013			
Funding Sources and Coverage Limits			
Coverage type and declared value, if applicable	Deductible	Pooled Retention Limit (CSAC-EIA)	Excess Insurance Limit (Various carriers)
All Risk		\$3,000,000 per occurrence, \$10,000,000 Aggregate	\$600,000,000
Real and personal property and rents: \$2,312,230,066	\$50,000		
Vehicles and mobile equipment (excluding buses): \$107,705,462	\$20,000, except \$100,000 for vehicles with replacement value greater than \$250,000		
Buses: \$2,310,000	\$100,000		
Fine Arts (scheduled): \$1,634,493	\$50,000		
Terrorism	\$500,000	\$3,000,000	\$200,000,000
Flood: \$2,312,230,066	2% of total values per unit up to \$25,000	\$0	\$400,000,000
Earthquake: \$2,015,472,506	5% of replacement value per unit per occurrence, with a \$100,000 minimum deductible	Pooled retention is \$0. Alameda County is a member of the CSAC - EIA property insurance program. Member properties are separated into eight different groups (towers) to achieve geographical diversity within each group and spread the risk of loss from a single earthquake. Alameda County property is spread between three groups (Towers I, II, and IV) with \$80 million in purchased coverage for each tower and an additional \$200 million in annual aggregate purchased coverage shared among all members in Towers I –V only, for total purchased earthquake coverage of \$440 million, subject to limits of \$280 million per tower.	

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Property Insurance – Declared values as of February 27, 2013 for Policy Period 3/31/2013 - 3/31/2014			
Funding Sources and Coverage Limits			
Coverage type and declared value, if applicable	Deductible	Pooled Retention Limit (CSAC-EIA)	Excess Insurance (Various carriers)
All Risk		\$3,000,000 per occurrence, \$10,000,000 Aggregate	\$600,000,000
Real and personal property and rents: \$2,336,831,601	\$50,000		
Vehicles and mobile equipment (excluding buses): \$107,643,508	\$20,000, except \$100,000 for vehicles with replacement value greater than \$250,000		
Buses: \$2,440,000	\$100,000		
Fine Arts (scheduled): \$1,634,493	\$50,000		
Terrorism	\$500,000	\$3,000,000	\$200,000,000
Flood: \$2,336,831,601	2% of total values per unit up to \$25,000	\$0	\$400,000,000
Earthquake: \$2,122,087,972	5% of replacement value per unit per occurrence, with a \$100,000 minimum deductible	Alameda County participates in the CSAC - EIA property insurance pool. Individual properties within the pool are allocated into eight different groups (Towers I – VIII) to achieve geographical diversity within each group and spread the risk of loss from a single earthquake. Alameda County property is spread between three groups (Towers I, II, and IV) with \$80 million in earthquake coverage available for each Tower and an additional \$247.5 million in annual aggregate coverage shared among all members in Towers I - V only, for total purchased earthquake coverage of \$487.5 million, subject to a maximum limit of \$327.5 million per Tower. The maximum limit available to the County is \$487.5 million.	

The County utilizes a combination of self insurance, pooled retentions, and excess insurance for the following programs:

Funding Sources and Coverage Limits			
Program Description	Self Insured Retention	Pooled Retention Limit (CSAC-EIA)	Excess Insurance Limit (Various carriers)
General and Auto liability	\$1,000,000	\$0	\$35,000,000
Medical Malpractice	\$100,000	\$1,600,000	\$21,500,000
Workers' Compensation and Employer's Liability	\$3,000,000	\$5,000,000	Statutory for Workers' Compensation only
Pollution Liability	\$250,000	\$0	\$10,000,000 per occurrence / \$10,000,000 aggregate / \$50,000,000 aggregate all pool members

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The County purchases insurance for the following exposures:

Description	Deductible	Limit
Aircraft Coverage:		
Aircraft Liability	Some coverage is sub-limited	\$15,000,000
Aircraft Hull (1980 Cessna)	\$0	\$680,000
Watercraft Coverage:		
Watercraft Protection and Indemnity	\$1,000	\$1,000,000
Watercraft Collision and Towers	\$1,000	\$1,000,000
Watercraft Hull and Machinery	\$1,000	Varies by vessel (\$12,500 to \$4.8 million)
Foster Parents Liability	\$250	\$300,000
Crime Bond / Employee Dishonesty	\$2,500	\$10,000,000
Cyber Liability	\$100,000	\$1,000,000 aggregate per member :\$10,000,000 aggregate per pool.
Public Guardian Bonds	\$2,500	\$10,000,000
Notary Bonds	\$0	\$15,000
Notary Public Errors and Omissions	\$0	\$10,000

The County is totally self-insured for dental benefits to employees and their families. Coverage for each family member is limited to \$1,450 per year for covered services.

The estimated liability for claims and contingencies included in the risk management internal service fund is based on the results of actuarial studies and includes amounts for claims incurred but not reported. The estimated liability for claims and contingencies is calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic and social factors. It is the County's practice to obtain full actuarial studies annually for the workers' compensation, general liability, and medical malpractice programs. Annual charges to departments are calculated for insurance and self-insurance costs using a cost allocation method which uses multiple cost pools and allocation bases utilizing both paid claim experience and appropriate measures of loss exposures, such as payroll for employee-related costs or square footage occupied for costs associated with property.

Changes in the balances of the estimated liability for claims and contingencies during the past two fiscal years for all self-insurance funds are as follows:

	<u>General Liability</u>		<u>Workers' Compensation</u>		<u>Total</u>	
	<u>2012/13</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2011/12</u>
Estimated liability for claims and contingencies at the beginning of the fiscal year	\$ 19,402	\$ 20,379	\$ 78,569	\$ 72,426	\$ 97,971	\$ 92,805
Incurring claims and claim adjustment expenses	7,682	5,330	18,239	20,837	25,921	26,167
Payments	<u>(7,858)</u>	<u>(6,307)</u>	<u>(15,816)</u>	<u>(14,694)</u>	<u>(23,674)</u>	<u>(21,001)</u>
Total estimated liability for claims and contingencies at the end of the fiscal year	<u>\$ 19,226</u>	<u>\$ 19,402</u>	<u>\$ 80,992</u>	<u>\$ 78,569</u>	<u>\$ 100,218</u>	<u>\$ 97,971</u>

B. Litigation

Various lawsuits have been instituted and claims have been made against the County, with provisions for potential losses included in the basic financial statements. In the opinion of County Counsel, it is not possible to accurately predict the County's liability under these actions, but final disposition should not materially affect the financial position of the County.

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C. Federal and State Grants

The County participates in a number of federal and state grants programs subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs for or including the year ended June 30, 2013, have not yet been conducted or settled. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that any audit disallowances would have a significant effect on the financial position of the County.

D. Medicare and Medi-Cal Reimbursements

Alameda County Medical Center's Medicare and Medi-Cal cost reports for certain prior years are in various stages of review by third-party intermediaries and have not yet been settled. APMC believes that it has adequately provided for any potential liabilities which may arise from the intermediaries' reviews.

17. Alameda County Redevelopment Successor Agency Private-Purpose Trust Fund

On December 29, 2011, the California Supreme Court upheld Assembly Bill x1 26 (ABx1 26) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the County that previously had reported the Alameda County Redevelopment Agency as a blended component unit. ABx1 26 provides that upon dissolution of a redevelopment agency, either the County or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, via board resolution R#2012-6, File #27856, Item #12A, the County Board of Supervisors designated the County as the successor agency, in accordance with ABx1 26.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in ABx1 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, as allowed in ABx1 26, the County elected to retain the housing assets and functions previously performed by the former redevelopment agency. The assets and activities of the Housing Successor Assets special revenue fund are reported within non-major governmental funds of the County. The remaining assets, liabilities, and activities of the dissolved Alameda County Redevelopment Agency are reported in the Alameda County Redevelopment Successor Agency private-purpose trust fund.

Other receivable of the private-purpose trust fund of \$1,798,000 represents a loan to the County for the construction of a library.

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Capital asset activities of the private-purpose trust fund for the year ended June 30, 2013, are as follows:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Capital assets, being depreciated:				
Infrastructure	\$ 3,111	\$ -	\$ -	\$ 3,111
Less accumulated depreciation for:				
Infrastructure	317	62	-	379
Total capital assets, being depreciated, net	<u>\$ 2,794</u>	<u>\$ (62)</u>	<u>\$ -</u>	<u>\$ 2,732</u>

The changes in liabilities, other than long-term debt, of the private-purpose trust fund for the year ended June 30, 2013 are as follows:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Due to other governmental units	\$ 6,812	\$ 4,078	\$ -	\$ 10,890	\$ 1,500
Notes payable	1,322	-	-	1,322	1,322
Total private-purpose trust other long-term liabilities	<u>\$ 8,134</u>	<u>\$ 4,078</u>	<u>\$ -</u>	<u>\$ 12,212</u>	<u>\$ 2,822</u>

The outstanding tax allocation bonds of the Alameda County Redevelopment Successor Agency as of June 30, 2013:

<u>Type of Obligation and Purpose</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Tax allocation bonds				
Alameda County Successor Agency Eden Area Redevelopment Bonds	8/1/2036	4.0 - 5.0 %	\$ 34,735	<u>\$ 30,455</u>

On February 2, 2006, the Alameda County Redevelopment Agency issued \$34.7 million in tax allocation bonds Series 2006A to finance redevelopment eligible activities in Castro Valley, Cherryland, and San Lorenzo project areas. Interest on the bonds varies from 4.0 to 5.0 percent and is payable twice a year, August 1 and February 1, while principal on the bonds is payable on August 1 every year. Total principal and interest remaining on the bonds is \$50.3 million, with the final payment due on August 1, 2036. The tax allocation bonds are secured by and to be serviced from tax increment revenues of the project areas. All project tax increment revenues except dedicated housing tax increment allocation are the security for the bonds. These revenues have been pledged until the year 2036. Pledged tax increment revenue recognized during the year ended June 30, 2013 was \$2.1 million as against the total debt service payment of \$2.1 million. Pursuant to California Assembly Bill ABx1 26, the responsibility for the payment of this debt was transferred to the Alameda County Redevelopment Successor Agency private-purpose trust fund.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2013

The changes in the tax allocation bonds of the Alameda County Redevelopment Successor Agency for the year ended June 30, 2013, are as follows:

	Balance July 1, 2012	Additional Obligations and Net Increases	Current Maturities, Retirements, and Net Decreases	Balance June 30, 2013	Amounts Due Within One Year
Tax allocation bonds	\$ 31,185	\$ -	\$ (730)	\$ 30,455	\$ 760
Deferred amount for issuance premium	294	-	(12)	282	12
Total private-purpose trust bonds payable	<u>\$ 31,479</u>	<u>\$ -</u>	<u>\$ (742)</u>	<u>\$ 30,737</u>	<u>\$ 772</u>

Annual debt service requirements for Alameda County Redevelopment Successor Agency tax allocation bonds outstanding as of June 30, 2013 are as follows:

For the Year Ending June 30	Tax Allocation Bonds		
	Principal	Interest	Total
2014	\$ 760	\$ 1,351	\$ 2,111
2015	790	1,320	2,110
2016	825	1,288	2,113
2017	855	1,254	2,109
2018	890	1,219	2,109
2019-2023	5,010	5,513	10,523
2024-2028	6,165	4,338	10,503
2029-2033	7,620	2,829	10,449
2034-2038	7,540	777	8,317
	<u>\$ 30,455</u>	<u>\$ 19,889</u>	<u>\$ 50,344</u>

18. Subsequent Event

On October 1, 2013, the Joint Powers Authority (Authority) issued Lease Revenue Bonds, Series 2013A, in the amount of \$287,380,000. The purpose of the bond issuance was to (1) finance a portion of the costs of the design, engineering, site preparation, construction, reconstruction, renovation, retrofitting, furnishing and equipping of the Alameda County Medical Center (doing business as Alameda Health System) Highland Hospital; (2) make a deposit to the Reserve Account; (3) fund capitalized interest payable with respect to the Series 2013 Bonds on each Interest Payment Date through June 1, 2016; and (4) pay costs of issuance of the Series 2013A Bonds. The bonds mature serially between December 1, 2018 and December 1, 2035 and were issued with fixed interest rates ranging from 1.99 percent to 5.14 percent.



**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF ALAMEDA, CALIFORNIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
(Dollars expressed in thousands)**

ACERA – Analysis of Funding Progress

Historical trend information is presented.

Pension

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage (%) of Covered Payroll [(b-a)/c]
2010	\$ 4,776,128	\$ 6,162,740	77.5 %	\$ 1,386,612	\$ 898,342	154.4 %
2011	4,868,689	6,359,483	76.6	1,490,794	892,489	167.0
2012	4,883,872	6,612,929	73.9	1,729,057	906,500	190.7

Postemployment Medical Benefits

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage (%) of Covered Payroll [(b-a)/c]
2010	\$ 561,356	\$ 732,905	76.6 %	\$ 171,549	\$ 898,342	19.1 %
2011	542,936	754,216	72.0	211,280	892,489	23.7
2012	549,655	754,838	72.8	205,183	906,500	22.6

Other Postemployment Benefits

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage (%) of Covered Payroll [(b-a)/c]
2010	\$ 69,256	\$ 176,501	39.2 %	\$ 107,245	\$ 898,342	11.9 %
2011	67,020	185,846	36.1	118,826	892,489	13.3
2012	26,018	165,917	15.7	139,899	906,500	15.4

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 377,323	\$ 424,790	\$ 424,010	\$ (780)
Licenses and permits	8,519	8,519	7,840	(679)
Fines, forfeitures, and penalties	15,002	15,032	32,756	17,724
Use of money and property	6,692	6,692	1,927	(4,765)
State aid	876,575	880,138	910,249	30,111
Federal aid	444,531	526,536	486,065	(40,471)
Other aid	21,719	21,772	26,415	4,643
Charges for services	268,970	273,849	291,123	17,274
Other revenue	53,342	68,525	50,515	(18,010)
Total revenues	<u>2,072,673</u>	<u>2,225,853</u>	<u>2,230,900</u>	<u>5,047</u>
Expenditures:				
Current				
General government				
Salaries and benefits	87,108	87,602	83,060	4,542
Services and supplies	47,956	53,601	36,928	16,673
Other charges	25,670	25,604	19,156	6,448
Capital assets	71	438	438	-
Public protection				
Salaries and benefits	416,366	450,763	429,824	20,939
Services and supplies	176,731	195,932	173,518	22,414
Other charges	6,592	6,587	6,056	531
Capital assets	4,145	5,980	5,464	516
Public assistance				
Salaries and benefits	220,362	222,334	209,934	12,400
Services and supplies	180,384	191,184	167,729	23,455
Other charges	279,372	285,934	277,597	8,337
Capital assets	3	56	53	3
Health and sanitation				
Salaries and benefits	147,957	156,808	142,693	14,115
Services and supplies	446,485	493,289	409,406	83,883
Other charges	132,783	143,680	133,668	10,012
Capital assets	827	1,006	220	786
Public ways and facilities				
Salaries and benefits	392	396	396	-
Services and supplies	1,641	1,732	1,642	90
Capital assets	26	-	-	-
Recreation and cultural services				
Salaries and benefits	13	13	10	3
Services and supplies	631	631	618	13
Education				
Salaries and benefits	130	70	63	7
Services and supplies	132	192	190	2
Capital outlay	4,775	6,194	2,755	3,439
Pension bond debt service transfer	(36,417)	(36,417)	(36,417)	-
Total expenditures	<u>2,144,135</u>	<u>2,293,609</u>	<u>2,065,001</u>	<u>228,608</u>
Excess (deficiency) of revenues over expenditures	<u>(71,462)</u>	<u>(67,756)</u>	<u>165,899</u>	<u>233,655</u>
Other financing sources (uses):				
Issuance of loans	-	-	279	279
Transfers in	-	30,168	2,787	(27,381)
Transfers out	(36,417)	(74,320)	(73,357)	963
Budgetary reserves and designations	-	(64,055)	-	64,055
Total other financing sources (uses)	<u>(36,417)</u>	<u>(108,207)</u>	<u>(70,291)</u>	<u>37,916</u>
Net change in fund balance	(107,879)	(175,963)	95,608	271,571
Add outstanding encumbrances for current budget year	-	-	72,229	72,229
Fund balance - beginning of period	<u>1,082,864</u>	<u>1,082,864</u>	<u>1,082,864</u>	<u>-</u>
Fund balance - end of period	<u>\$ 974,985</u>	<u>\$ 906,901</u>	<u>\$ 1,250,701</u>	<u>\$ 343,800</u>

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PROPERTY DEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 238	\$ 238	\$ 2,418	\$ 2,180
Other revenue	15,900	15,900	1,430	(14,470)
Total revenues	<u>16,138</u>	<u>16,138</u>	<u>3,848</u>	<u>(12,290)</u>
Expenditures:				
Current				
General government				
Salaries and benefits	455	455	259	196
Services and supplies	1,930	1,930	828	1,102
Capital assets	225	225	101	124
Total expenditures	<u>2,610</u>	<u>2,610</u>	<u>1,188</u>	<u>1,422</u>
Excess (deficiency) of revenues over expenditures	<u>13,528</u>	<u>13,528</u>	<u>2,660</u>	<u>(10,868)</u>
Other financing sources (uses):				
Proceeds from sale of land	17,900	17,900	4,914	(12,986)
Transfers out	(31,507)	(31,507)	(10,330)	21,177
Total other financing sources (uses)	<u>(13,607)</u>	<u>(13,607)</u>	<u>(5,416)</u>	<u>8,191</u>
Net change in fund balance	(79)	(79)	(2,756)	(2,677)
Add outstanding encumbrances for current budget year	-	-	62	62
Fund balance - beginning of period	<u>317,460</u>	<u>317,460</u>	<u>317,460</u>	<u>-</u>
Fund balance - end of period	<u>\$ 317,381</u>	<u>\$ 317,381</u>	<u>\$ 314,766</u>	<u>\$ (2,615)</u>

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FLOOD CONTROL SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2013
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 28,765	\$ 33,351	\$ 32,926	\$ (425)
Licenses and permits	29	29	5,623	5,594
Use of money and property	1,254	1,254	256	(998)
State aid	9,537	9,537	7,343	(2,194)
Federal aid	-	-	119	119
Other aid	3,233	3,233	3,799	566
Charges for services	12,596	12,596	12,572	(24)
Other revenue	55	55	233	178
Total revenues	<u>55,469</u>	<u>60,055</u>	<u>62,871</u>	<u>2,816</u>
Expenditures:				
Current				
Public protection				
Salaries and benefits	35,002	35,439	16,504	18,935
Services and supplies	78,765	105,747	46,572	59,175
Other charges	1,865	2,731	952	1,779
Capital assets	1,524	2,233	2,233	-
Total expenditures	<u>117,156</u>	<u>146,150</u>	<u>66,261</u>	<u>79,889</u>
Excess (deficiency) of revenues over expenditures	<u>(61,687)</u>	<u>(86,095)</u>	<u>(3,390)</u>	<u>82,705</u>
Other financing uses:				
Transfers out	-	(15)	-	15
Total other financing uses	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>15</u>
Net change in fund balance	<u>(61,687)</u>	<u>(86,110)</u>	<u>(3,390)</u>	<u>82,720</u>
Add outstanding encumbrances for current budget year	-	-	20,637	20,637
Fund balance - beginning of period	<u>163,058</u>	<u>163,058</u>	<u>163,058</u>	<u>-</u>
Fund balance - end of period	<u>\$ 101,371</u>	<u>\$ 76,948</u>	<u>\$ 180,305</u>	<u>\$ 103,357</u>

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

1. Budget and Budgetary Accounting

General Budget Policies

In accordance with the provisions of Sections 29000 through 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget on or before August 30, for each fiscal year. The expenditure side of the budget is enacted into law through the passage of an appropriation ordinance. This ordinance constitutes the maximum authorizations for spending during the fiscal year, and cannot be exceeded except by subsequent amendment of the budget by the Board of Supervisors. A balanced operating budget is adopted each fiscal year for the general fund, the special revenue funds, with the exception of the capital projects fund. No formal budget is adopted for inmate welfare, county redevelopment, and housing successor asset special revenue funds. Public hearings are conducted on the proposed budget prior to adoption to review all appropriations and sources of financing. The prior year fund balance is used as part of the balancing formula. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Any amendments or transfers of appropriations between object levels within the same department or between departments must be approved by the County Board of Supervisors. Supplemental appropriations normally financed by unanticipated revenues during the year must also be approved by the Board. Additionally, the Auditor-Controller is authorized to make certain transfers of surplus appropriations within a department. Such adjustments are reflected in the final budgetary data.

Expenditures are controlled at the object level for all budgets within the County except for capital assets, which are controlled at the sub-object level. The object level is the level at which expenditures may not legally exceed appropriations. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

General fund budgetary comparisons are not presented at the detail object level in this financial report due to their excessive length. A separate publication presenting this information is available from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

Budgetary Basis of Accounting

The County prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the Budgetary Comparison Schedule – General Fund and Major Special Revenue Funds on the budgetary basis to provide a meaningful comparison of actual results with the budget. Budgeted amounts represent the original budget and the original budget as modified by adjustments authorized during the year. The difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as expenditures under the budgetary basis. The amounts reported as expenditures also include amounts charged each department for payment of the debt service on the pension obligation bonds because the budget includes these amounts as expenditures. The pension bond debt service transfer is a reporting adjustment on the Budgetary Comparison Schedule to agree with the financial statements where such expenditures are reported as transfers in accordance with generally accepted accounting principles.

2. Reconciliation of Budget vs. GAAP Basis Expenditures

The differences between budgetary expenditures and GAAP expenditures are presented in the following table:

Reconciliation of Budget vs. GAAP Basis Expenditures

	General Fund	Property Development Fund	Flood Control Fund
Budget basis expenditures	\$ 2,065,001	\$ 1,188	\$ 66,261
Encumbrances for current budget year	(72,229)	(62)	(20,637)
GAAP basis expenditures	<u>\$ 1,992,772</u>	<u>\$ 1,126</u>	<u>\$ 45,624</u>

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Grand Jury and Honorable Members
of the Board of Supervisors
County of Alameda, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 31, 2013, except for our report on the schedule of expenditures of federal awards, as to which the date is March 10, 2014. Our report includes an emphasis of a matter paragraph discussing the County's adoption of the provisions of Governmental Accounting Standards Board Statement Nos. 60, 61, 62, 63 and 65. Our report also includes a reference to other auditors who audited the financial statements of the Alameda County Employees' Retirement Association (ACERA), as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & Connell LLP

Oakland, California
December 31, 2013

**Independent Auditor’s Report on Compliance
For Each Major Federal Program and
Report on Internal Control Over Compliance**

The Grand Jury and Honorable Members
of the Board of Supervisors
County of Alameda, California

Report on Compliance For Each Major Federal Program

We have audited the County of Alameda’s, California (County), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2013. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

The County’s basic financial statements include the operations of the Alameda County Medical Center, dba Alameda Health System (AHS); Alameda County Housing and Community Development Department (Department); and the Alameda County Healthy Homes (Program), which expended \$3,133,512, \$19,460,314, and \$819,233 in federal awards, respectively, which are not included in the schedule during the year ended June 30, 2013. Our audit, described below, did not include the operations of the Department and the Program because each entity engaged other auditors to perform audits in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Our audit, described below, also did not include the operations of AHS because we were engaged to perform an audit in accordance with OMB Circular A-133 and reported on the results separately to AHS.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance with those requirements.

Basis for Qualified Opinion on Chafee Foster Care Independence Program (CFDA No. 93.674) and Block Grants for Community Mental Health Services (CFDA No. 93.958)

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA No. 93.674 Chafee Foster Care Independence Program as described in finding numbers 2013-001 for Subrecipient Monitoring and 2013-004 for Eligibility and CFDA No. 93.958 Block Grants for Community Mental Health Services as described in finding number 2013-002 for Procurement. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to those programs.

Qualified Opinion on Chafee Foster Care Independence Program (CFDA No. 93.674) and Block Grants for Community Mental Health Services (CFDA No. 93.958)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Chafee Foster Care Independence Program (CFDA No. 93.674) and Block Grants for Community Mental Health Services (CFDA No. 93.958) for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-003. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002, and 2013-004 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-003 to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Macias Gini & Connell LLP

Oakland, California
March 10, 2014

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County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Agriculture								
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	10-8500-0484-CA	California Department of Food and Agriculture	GWS - Glassy Winged Sharpshooter	\$ 163,210	\$ -
				11-0386FR	California Department of Food and Agriculture	GWS - Glassy Winged Sharpshooter	212,061	-
				11-0468-FR	California Department of Food and Agriculture	Asian Citrus Psyllid	40,667	-
				11-8520-0572-CA 11-0156FR	California Department of Food and Agriculture	SOD - Sudden Oak Death	19,928	-
				11-8520-0934-GR	California Department of Food and Agriculture	Insect Trapping	160,115	-
				11-8520-1165-CA	California Department of Food and Agriculture	Dog Team	268,179	-
				11-852-0934GR	California Department of Food and Agriculture	Insect Trapping	128,254	-
				12-00351SF	California Department of Food and Agriculture	Asian Citrus Psyllid	23,348	-
				12-0206-FR	California Department of Food and Agriculture	SOD - Sudden Oak Death	47,874	-
				12-0402FR	California Department of Food and Agriculture	European Grapevine Moth	6,797	-
				11-0293-FR	California Department of Food and Agriculture	Light Brown Apple Moth	137,687	-
					Total Plant and Animal Disease, Pest Control, and Animal Care		1,208,120	-
10.555	National School Lunch Program	Child Nutrition	Pass-through	01001-SN-01-R	California Department of Education	National School Lunch Program	387,250	-
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		Pass-through	11-10429	California Department of Public Health	Women, Infant, Children (WIC) Program	4,161,117	-
					Total National School Lunch Program		387,250	-
					Total Special Supplemental Nutrition Program for Women, Infants, and Children		4,161,117	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP	Pass-through	10-10085	California Department of Public Health	Nutrition Network	3,695,504	613,629
				N/A	California Department of Social Services	CalFresh Nut ED	454,317	274,487
						Food Stamps - E&T - Admin	22,444,415	1,770,397
					Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		26,594,236	2,658,513
10.576	Senior Farmers Market Nutrition Program		Pass-through	AP-1213-09	California Department of Aging	Farmers' Market	30,000	30,000
					Total Senior Farmers Market Nutrition Program		30,000	30,000
U.S. Department of Agriculture Total							32,380,723	2,688,513

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Housing and Urban Development								
14.235	Supportive Housing Program		Pass-through	CA01B602020CA5065	Anka Behavioral Health, Inc.	Oakland Homeless Families Program - Families in Transition	\$ 268,287	\$ -
						Total Supportive Housing Program	268,287	-
U.S. Department of Housing and Urban Development Total								
U.S. Department of Justice								
16.523	Juvenile Accountability Block Grants		Pass-through	BSCC181-12	Board of State and Community Corrections	Juvenile Justice and Delinquency Prevention Allocation to States	\$ 125,586	\$ -
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States		Pass-through	BSCC 377-12	California Department of Corrections and Rehabilitation	Evening Reporting Center	159,045	-
				CSA 336-11	California Department of Corrections and Rehabilitation	DMC Support Project	67,932	-
				CSA 377-11	California Department of Corrections and Rehabilitation	Evening Reporting Center	296,560	-
						Total Juvenile Justice and Delinquency Prevention_Allocation to States	523,537	-
16.543	Missing Children's Assistance		Direct	N/A	N/A	N/A	93,408	-
						Total Missing Children's Assistance	93,408	-
16.575	Crime Victim Assistance		Pass-through	UV12030010	California Emergency Management Agency	Unserved/Underserved Victim Advocacy and Outreach Program	94,615	-
				VW12310010	California Emergency Management Agency	Victim/Witness Assistance Program	386,407	-
						Total Crime Victim Assistance	481,022	-
16.588	Violence Against Women Formula Grants		Pass-through	VV12040010	California Emergency Management Agency	Violence Against Women Vertical Prosecution Program	184,238	-
				VW12310010	California Emergency Management Agency	Victim/Witness Assistance Program	88,930	-
						Total Violence Against Women Formula Grants	273,168	-
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		Direct	N/A	N/A	N/A	388,058	-
						Total Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	388,058	-
16.593	Residential Substance Abuse Treatment for State Prisoners		Pass-through	AF11 01 0010	California Emergency Management Agency	Aftercare Treatment Services Program	95,738	44,630
						Total Residential Substance Abuse Treatment for State Prisoners	95,738	44,630
16.607	Bulletproof Vest Partnership Program		Direct	N/A	N/A	N/A	42,535	-
						Total Bulletproof Vest Partnership Program	42,535	-
16.710	Public Safety Partnership and Community Policing Grants		Direct	N/A	N/A	N/A	790,375	-
						Total Public Safety Partnership and Community Policing Grants	790,375	-

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Justice (Continued)								
16.738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program	Direct	N/A	N/A	N/A	\$ 925,677	\$ -
			Pass-through	DC11220010	Board of State and Community Corrections	Anti-Drug Abuse Enforcement Program/Narcotics Task Force	93,084	-
				DC12	Board of State and Community Corrections	Anti-Drug Abuse Enforcement Program/Narcotics Task Force	401,603	-
					Total Edward Byrne Memorial Justice Assistance Grant Program		1,420,364	-
16.741	DNA Backlog Reduction Program		Direct	N/A	N/A	N/A	193,945	-
			Pass-through	CQ-10070010	California Emergency Management Agency	Coverdell Science Improvement Program	24,526	-
				CQ-12080010	California Emergency Management Agency	Coverdell Science Improvement Program	5,569	-
					Total Paul Coverdell Forensic Sciences Improvement Grant Program		30,095	-
16.753	Congressionally Recommended Awards		Direct	N/A	N/A	N/A	20,714	-
					Total Congressionally Recommended Awards		20,714	-
16.803	ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	JAG Program	Pass-through	ZP09 01 0010	California Emergency Management Agency	ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	174,932	-
					Total ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories		174,932	-
16.804	ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	JAG Program	Pass-through	2009-SB-B9-0733	Alameda County Narcotics Task Force	ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	165,895	-
				ZG09010010	California Emergency Management Agency	ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	34,810	-
					Total ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government		200,705	-

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Justice (Continued)								
16.812	Second Chance Act Prisoner Reentry Initiative		Direct	N/A	N/A	N/A	\$ 935,877	\$ 296,753
			Pass-through	2010-CZ-BX-0050	City of Oakland	Juvenile Second Chance Prisoner Reentry Program	33,329	-
						Total Second Chance Act Prisoner Reentry Initiative	969,206	296,753
16.xxx	Cannabis Eradication	Foreign Food Aid Donation	Direct	N/A	N/A	N/A	132,965	-
						Total Cannabis Eradication	132,965	-
							5,956,353	341,383
U.S. Department of Justice Total								
U.S. Department of Labor								
17.235	Senior Community Service Employment Program		Pass-through	TV1213-09	California Department of Aging	Senior Employment	\$ 152,045	\$ 152,045
						Total Senior Community Service Employment Program	152,045	152,045
17.258	WIA Adult Program	WIA	Pass-through	K282468	California Employment Development Department	WIA Title I Adult Formula - 202	1,001,826	804,841
				K386290	California Employment Development Department	WIA Title I Adult Formula - 202	1,120,519	944,785
						Total WIA Adult Program	2,122,345	1,749,626
17.259	WIA Youth Activities	WIA	Pass-through	K282468	California Employment Development Department	WIA Title I Youth Formula - 301	674,960	600,792
				K386290	California Employment Development Department	WIA Title I Youth Formula - 301	1,622,743	1,161,705
						Total WIA Youth Activities	2,297,703	1,762,497
17.275	ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors		Pass-through	27-1501-4563-AC WIB	San Jose State University Research Foundation	Clinical Lab Sciences Occupations/California Biotechnology Clinical Laboratory Consortium Project	22,048	117
				K074134	California Employment Development Department	ARRA - Discretionary SESP - 146	172,873	167,829
						Total ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	194,921	167,946
17.277	Workforce Investment Act (WIA) National Emergency Grants		Pass-through	K282468	California Employment Development Department	Title I NEG NUMMI Project - 768	1,695,211	1,660,448
						Total Workforce Investment Act (WIA) National Emergency Grants	1,695,211	1,660,448

**County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013**

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Labor (Continued)								
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	K178653	California Employment Development Department	Title I Dislocated Workers - 541/WIA Title I Rapid Response for RA&PGM	\$ 243,480	\$ 182,825
				K282468	California Employment Development Department	Title I Dislocated Workers - 502	1,119,512	1,047,203
						Title I Dislocated Workers - 541/WIA Title I Rapid Response for RA&PGM	80,666	27,350
				K386290	California Employment Development Department	Title I Dislocated Workers - 502	2,386,794	1,968,902
						Title I Dislocated Workers - 541/WIA Title I Rapid Response for RA&PGM	678,786	494,015
				P1001281	San Mateo County WIB	Home Energy Retrofit Occupations (HERO)	151,486	134,968
						Total WIA Dislocated Worker Formula Grants	4,660,724	3,855,263
							11,122,949	9,347,825
U.S. Department of Labor Total								
U.S. Department of Transportation								
20.205	Highway Planning and Construction	Highway Planning and Construction	Direct	N/A	N/A	N/A	\$ 7,130	\$ 7,130
			Pass-through	Program Supplement M045	California Department of Transportation	STPLZ-5933(028)	5,498	-
				Program Supplement N062	California Department of Transportation	SRTSL-5933(090)	2,131	-
				Program Supplement N066	California Department of Transportation	HSIPL-5933 (096)	30,600	-
				Program Supplement N070	California Department of Transportation	HPLUL-5933(102)	163,819	-
				Program Supplement N071	California Department of Transportation	SRTSL-5933(107)	18,724	-
				Program Supplement N072	California Department of Transportation	STPL-5933(110)	1,269,658	-
				Program Supplement N073	California Department of Transportation	STPL-5933(111)	21,987	-
				Program Supplement N074	California Department of Transportation	TCSPL-09CA(018)	45,657	-
				Program Supplement N075	California Department of Transportation	CML-5933(109)	32,309	-
				Program Supplement N076	California Department of Transportation	HPLUL-5933(113)	59,865	-
				Program Supplement N077	California Department of Transportation	RPSTPLE-5933(112)	876,918	-
				Program Supplement N078	California Department of Transportation	DEM05L-5933(114)	73,007	-
				Program Supplement N079	California Department of Transportation	HPLUL-5933(116)	19,775	-
				Program Supplement N081	California Department of Transportation	TCSPL-5933(121)	63,397	-
				Program Supplement N082	California Department of Transportation	DEM06L-5933(122)	89,289	-
				Program Supplement N083	California Department of Transportation	DEM05L-5933(123)	31,752	-
				SRTSL-5933(091)	California Department of Transportation	Golden Sneakers Program, Safety Patrols	48,251	-
						Total Highway Planning and Construction	2,859,767	7,130
							2,859,767	7,130
U.S. Department of Transportation Total								

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Institute of Museum and Library Services								
45.310	Grants to States		Pass-through	40-7953	California State Library	Project Move	\$ 21,701	\$ -
						Total Grants to States	21,701	-
U.S. Institute of Museum and Library Services Total								
U.S. Department of Health and Human Services								
93.041	Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation		Pass-through	AP-1213-09	California Department of Aging	Elder Abuse	\$ 21,776	\$ 21,776
						Total Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	21,776	21,776
93.042	Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals		Pass-through	AP-1213-09	California Department of Aging	Ombudsman	56,811	-
						Total Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	56,811	-
93.043	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services		Pass-through	AP-1213-09	California Department of Aging	Disease Prevention	88,383	88,383
						Total Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	88,383	88,383
93.044	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	Aging	Pass-through	AP-1213-09	California Department of Aging	Supportive Services	1,362,614	787,442
						Total Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	1,362,614	787,442
93.045	Special Programs for the Aging_Title III, Part C_Nutrition Services	Aging	Pass-through	AP-1213-09	California Department of Aging	Congregate Nutrition	877,519	715,465
				AP-1213-09	California Department of Aging	Home-Delivered Meal	1,512,612	1,432,896
						Total Special Programs for the Aging_Title III, Part C_Nutrition Services	2,390,131	2,148,361
93.052	National Family Caregiver Support, Title III, Part E		Pass-through	AP-1213-09	California Department of Aging	Caregiver Support	631,039	574,985
						Total National Family Caregiver Support, Title III, Part E	631,039	574,985
93.053	Nutrition Services Incentive Program	Aging	Pass-through	AP-1213-09	California Department of Aging	Nutrition Services Incentive Program (NSIP)	526,991	526,991
						Total Nutrition Services Incentive Program	526,991	526,991
93.069	Public Health Emergency Preparedness		Pass-through	EPO 12-01	California Department of Public Health	BT-CDC Base Allocation	871,460	-
				EPO 12-01	California Department of Public Health	BT-Cities Readiness Initiative	270,078	-
				EPO 12-01	California Department of Public Health	Risk Based Initiative	84,867	-
						Total Public Health Emergency Preparedness	1,226,405	-
93.090	Guardianship Assistance		Pass-through	N/A	California Department of Social Services	KINGAP - 4T	1,935,734	-
				N/A	California Department of Social Services	KINGAP IV-E Admin	156,824	-
						Total Guardianship Assistance	2,092,558	-

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (Continued)								
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		Direct	N/A	N/A	N/A	\$ 1,680,893	\$ 1,876
Total Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)							1,680,893	1,876
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Pass-through	N/A	California Department of Public Health	Tuberculosis Control	357,606	-
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs							357,606	-
93.136	Injury Prevention and Control Research and State and Community Based Programs		Direct	N/A	N/A	N/A	352,814	98,226
Total Injury Prevention and Control Research and State and Community Based Programs							352,814	98,226
93.150	Projects for Assistance in Transition from Homelessness (PATH)		Pass-through	1946001347J5	California Department of Health Care Services	Projects for Assistance in Transition from Homelessness (PATH)	276,237	-
Total Projects for Assistance in Transition from Homelessness (PATH)							276,237	-
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	Health Centers	Direct	N/A	N/A	N/A	2,552,636	608,376
Total Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)							2,552,636	608,376
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance		Direct	N/A	N/A	N/A	643,716	265,144
Total Substance Abuse and Mental Health Services_Projects of Regional and National Significance							643,716	265,144
93.268	Immunization Cooperative Agreements		Pass-through	11-10523	California Department of Public Health	State Immunization Assessment and Immunization Registry Awards	470,446	-
Total Immunization Cooperative Agreements							470,446	-
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance		Pass-through	2013-012307	National Association of County and City Health Officials	Community-Dwelling Older Adults Project	7,500	-
Total Centers for Disease Control and Prevention_Investigations and Technical Assistance							7,500	-
93.297	Teenage Pregnancy Prevention Program		Direct	N/A	N/A	N/A	915,895	349,268
Total Teenage Pregnancy Prevention Program							915,895	349,268
93.556	Promoting Safe and Stable Families		Pass-through	N/A	California Department of Social Services	Family Preservation / Family Support	897,070	281,067
				N/A	California Department of Social Services	Family Preservation / Family Support-Case Worker	133,934	-
Total Promoting Safe and Stable Families							1,031,004	281,067

County of Alameda
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CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (Continued)								
93.558	Temporary Assistance for Needy Families (TANF)	TANF	Pass-through	N/A	California Department of Social Services	CALWIN	\$ 2,341,035	\$ -
				N/A	California Department of Social Services	CALWIN-AB6	208,075	-
				N/A	California Department of Social Services	CALWIN-SB1041	163,139	-
				N/A	California Department of Social Services	CALWIN-WINS	29,355	-
				N/A	California Department of Social Services	CalWORKs Assistance-30,33,35, 3P,3R,3E,3H,3U	25,311,652	-
				N/A	California Department of Social Services	CalWORKS CEC Program	54,124,796	22,792,950
				N/A	California Department of Social Services	CWS - Emergency Assistance(TANF)	6,500,058	-
					Total Temporary Assistance for Needy Families (TANF)		88,678,110	22,792,950
93.563	Child Support Enforcement		Pass-through	N/A	California Department of Child Support Services	Child Support Enforcement	17,578,677	-
					Total Child Support Enforcement		17,578,677	-
93.566	Refugee and Entrant Assistance_State Administered Programs		Pass-through	N/A	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	1,078,793	507,996
					Total Refugee and Entrant Assistance_State Administered Programs		1,078,793	507,996
93.575	Child Care and Development Block Grant	CCDF	Pass-through	01-2501-00-2	California Department of Education	Child Care Salary / Retention Incentive Program (CRET)	624,911	-
				01-2501-00-2	California Department of Education	Local Child Care & Development Planning Council Program (CLPC)	56,647	-
					Total Child Care and Development Block Grant		681,558	-
93.576	Refugee and Entrant Assistance Discretionary Grants		Pass-through	N/A	California Department of Social Services	CDSS, Refugee Programs Bureau	52,556	52,556
					Total Refugee and Entrant Assistance_Discretionary Grants		52,556	52,556
93.584	Refugee and Entrant Assistance_Targeted Assistance Grants		Pass-through	N/A	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	291,560	291,560
					Total Refugee and Entrant Assistance_Targeted Assistance Grants		291,560	291,560
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CCDF	Pass-through	N/A	California Department of Education	Child Care Development	569,846	536,581
					Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund		569,846	536,581
93.598	Services to Victims of a Severe Form of Trafficking		Pass-through	90ZV0092	SAGE Project, Inc.	Anti-Trafficking in Persons	13,795	-
					Total Services to Victims of a Severe Form of Trafficking		13,795	-

County of Alameda
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For the Year Ended June 30, 2013

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (Continued)								
93.645	Stephanie Tubbs Jones Child Welfare Services Program		Pass-through	N/A	California Department of Social Services	CWS-IV-B	\$ 6,769,475	\$ -
					Total Stephanie Tubbs Jones Child Welfare Services Program		6,769,475	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services	EA-Foster Care-5k	26,924	-
				N/A	California Department of Social Services	Foster Care	732,788	-
				N/A	California Department of Social Services	Foster Care Assistance-40,42	14,700,645	-
				N/A	California Department of Social Services	Foster Care EFC	1,305,141	-
				N/A	California Department of Social Services	Foster Care XX	2,723,000	-
				N/A	California Department of Social Services	Foster Home Licensing	181,434	-
				N/A	California Department of Social Services	Kin-GAP S	17,338	-
				N/A	California Department of Social Services	SACWIS	255,371	-
				N/A	California Department of Social Services & California Department of Health Care Services	CWS-IV-E	32,017,713	15,992,265
				N/A	California Department of Social Services & California Department of Health Care Services	NCWS-FPP	1,532,346	899,374
				N/A	Social Services Agency	Family Preservation Program	468,080	-
				N/A	Social Services Agency	Foster_Care Title IV-E	11,442,578	-
					Total Foster Care_Title IV-E		65,403,358	16,891,639
93.659	Adoption Assistance		Pass-through	N/A	California Department of Social Services	Adoption Eligibility	740,649	-
				N/A	California Department of Social Services	Adoption SS	999,970	-
				N/A	California Department of Social Services	Adoptive Assistance Payments-03, 04	9,963,242	-
					Total Adoption Assistance		11,703,861	-
93.667	Social Services Block Grant		Pass-through	N/A	California Department of Social Services	CalWorks Single XX	3,588,361	-
				N/A	California Department of Social Services	CWS Title XX	2,293,000	-
					Total Social Services Block Grant		5,881,361	-
93.674	Chafee Foster Care Independence Program		Pass-through	N/A	California Department of Social Services	Independent Living Skills	845,260	537,600
					Total Chafee Foster Care Independence Program		845,260	537,600
93.703	ARRA - Grants to Health Center Programs		Direct	N/A	N/A	N/A	67,795	-
					Total ARRA - Grants to Health Center Programs		67,795	-

County of Alameda
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CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (Continued)								
93.778	Medical Assistance Program	Medicaid	Pass-through	08-85116	California Department of Health Care Services	Medi-Cal Administrative Activities (MAA)	\$ 8,608,753	\$ 3,956,128
				N/A	California Department of Health Care Services	California Children Services	4,074,665	107,024
				N/A	California Department of Health Care Services	IHSS PCSP/Health Related ADM - DHS	9,176,001	-
				N/A	California Department of Health Care Services	Medi-Cal	24,160,222	147,095
				N/A	California Department of Social Services	CALWIN-CalHEERS	85,353	-
				N/A	California Department of Social Services	CALWIN-Medical	18,910	-
				N/A	California Department of Social Services & California Department of Health Care Services	APS/CSBG - Health Related - DHS	6,025,213	1,392,012
				N/A	California Department of Social Services & California Department of Health Care Services	IHSS - Health Related - DHS	9,614,535	-
						Total Medical Assistance Program	61,763,652	5,602,259
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		Pass-through	HI1213-09	California Department of Aging	HICAP	141,867	129,207
					Total Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		141,867	129,207
93.889	National Bioterrorism Hospital Preparedness Program		Pass-through	EPO 12-01	California Department of Public Health	BT-HRSA Emergency Preparedness Program	666,512	88,000
					Total National Bioterrorism Hospital Preparedness Program		666,512	88,000
93.914	HIV Emergency Relief Project Grants		Direct	N/A	N/A	N/A	6,859,128	4,503,705
					Total HIV Emergency Relief Project Grants		6,859,128	4,503,705
93.917	HIV Care Formula Grants		Pass-through	10-95247	California Department of Public Health	HIV Care	1,479,325	1,098,698
					Total HIV Care Formula Grants		1,479,325	1,098,698
93.926	Healthy Start Initiative		Direct	N/A	N/A	N/A	1,995,513	-
					Total Healthy Start Initiative		1,995,513	-
93.940	HIV Prevention Activities_Health Department Based		Pass-through	10-95247	California Department of Public Health	HIV Care	919,509	874,795
					Total HIV Prevention Activities_Health Department Based		919,509	874,795

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (Continued)								
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups		Pass-through	10-95247	California Department of Public Health	Expanded & Integrated HIV Test	\$ 609,787	\$ 277,559
Total Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups							609,787	277,559
93.958	Block Grants for Community Mental Health Services		Pass-through	1946001347J5	California Department of Health Care Services	Community Mental Health Services Block Grant (MHBG)	766,515	766,515
Total Block Grants for Community Mental Health Services							766,515	766,515
93.959	Block Grants for Prevention and Treatment of Substance Abuse		Pass-through	N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - Adolescent Treatment Program	412,130	391,523
				N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - Discretionary	4,299,104	4,084,149
				N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - Friday Night Live and Club Live	7,853	7,460
				N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - HIV Set Aside	607,258	369,495
				N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - Perinatal Set Aside	1,424,757	1,353,519
				N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - Prevention Set Aside	1,876,376	1,876,376
Total Block Grants for Prevention and Treatment of Substance Abuse							8,627,478	8,082,522
93.991	Preventive Health and Health Services Block Grant		Pass-through	N/A	California Department of Health Care Services	Child Health and Disability Prevention (CHDP) Program Allocation	3,580,147	107,278
Total Preventive Health and Health Services Block Grant							3,580,147	107,278
93.994	Maternal and Child Health Services Block Grant to the States		Direct	N/A	N/A	N/A	824,542	-
			Pass-through	201201 201201	California Department of Public Health California Department of Public Health	Black Infant Health Maternal and Child Health Services Block Grant to the States	770,895 2,294,197	- -
			Pass-through	N/A	California Department of Health Care Services	Health Care Program for Children in Foster Care Program	617,008	-
Total Maternal and Child Health Services Block Grant to the States							4,506,642	-
U.S. Department of Health and Human Services Total							308,217,535	68,893,315

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Homeland Security								
97.024	Emergency Food and Shelter National Board Program		Direct	N/A	N/A	N/A	\$ 22,573	\$ -
Total Emergency Food and Shelter National Board Program							22,573	-
97.042	Emergency Management Performance Grants		Pass-through	2011-0048	California Emergency Management Agency	Emergency Management Performance Grant	208,785	-
			Pass-through	2012-0027	California Emergency Management Agency	Emergency Management Performance Grant	137,845	-
Total Emergency Management Performance Grants							346,630	-
97.044	Assistance to Firefighters Grant		Direct	N/A	N/A	N/A	970,906	970,906
Total Assistance to Firefighters Grant							970,906	970,906
97.045	Cooperating Technical Partners		Direct	N/A	N/A	N/A	456,680	-
Total Cooperating Technical Partners							456,680	-
97.056	Port Security Grant Program		Direct	N/A	N/A	N/A	870	-
			Pass-through	GB-T8-K063 IJ16	Marine Exchange of the San Francisco Bay Region	Anti-Terrorism Response Team	24,293	-
Total Port Security Grant Program							25,163	-
97.067	Homeland Security Grant Program		Pass-through	2010-0085	California Emergency Management Agency	Homeland Security Cluster	2,502,232	1,505,744
			Pass-through	2010-0085	County and City of San Francisco	Urban Area Security Initiative	3,374,242	-
			Pass-through	2011-SS-0077	California Emergency Management Agency	Homeland Security Cluster	1,625,318	1,457,071
			Pass-through	2011-SS-0077	County and City of San Francisco	Urban Area Security Initiative	5,780,939	-
	Pass-through	2012-SS-00123	County and City of San Francisco	Urban Area Security Initiative	843,711	-		
Total Homeland Security Grant Program							14,126,442	2,962,815
97.111	Regional Catastrophic Preparedness Grant Program (RCPGP)		Pass-through	N/A	County and City of San Francisco	Urban Area Security Initiative	852,046	-
Total Regional Catastrophic Preparedness Grant Program (RCPGP)							852,046	-
U.S. Department of Homeland Security Total							16,800,440	3,933,721
Total Expenditures of Federal Awards							\$ 377,627,755	\$ 85,211,887

COUNTY OF ALAMEDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note 1 – General

The accompanying schedule of expenditures of federal awards (SEFA) presents the expenditures for all federal award programs of the County of Alameda (the County), except as discussed (in notes 5, 6 and 7) below. The County's financial reporting entity is defined in note 1(A) to the County's basic financial statements. The County's basic financial statements include the operations of the Alameda County Medical Center, dba Alameda Health System (AHS); the Alameda County Housing and Community Development Department; and Alameda County Healthy Homes, which expended \$3,133,512, \$19,460,314, and \$819,233 in federal awards, respectively. These federal expenditures are not included in the accompanying schedule. Additionally, Medical Assistance (Medi-Cal) and Medicare Hospital Insurance (Medicare) are not considered federal awards (note 4).

Note 2 – Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1(C) to the County's basic financial statements.

Note 3 – Relationship to the Financial Statements

Expenditures of federal awards are primarily reported in the County's basic financial statements in the general fund, grant revenue fund, and other governmental funds.

Note 4 – Medi-Cal and Medicare

Medi-Cal and Medicare program expenditures are excluded from the schedule of expenditures of federal awards. These expenditures represent fees for services; therefore, neither is considered a federal award program of the County for the purposes of the schedule of expenditures of federal awards or in determining major programs. The County assists the State of California in determining eligibility and provides Medi-Cal and Medicare services through County-owned health facilities. Medi-Cal administrative expenditures are included in the schedule of expenditures of federal awards under CFDA No. 93.778 as they do not represent fees for services.

Note 5 – Federal Expenditures of the Alameda Health System Not Included in the SEFA

The Alameda Health System (AHS) federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the AHS listed below are taken from AHS's single audit report for the year ended June 30, 2013.

COUNTY OF ALAMEDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures
Department of Justice, Office for Victims of Crime			
Passed Through California Emergency Management Agency			
Crime Victim Assistance	16.575	RC11270010	\$ 18,280
Crime Victim Assistance	16.575	RC12280010	144,392
Total Department of Justice, Office for Victims of Crime			162,672
U.S. Department of Labor			
Passed Through Alameda County Health Care Foundation			
WIA Youth Activities	17.259	None	36,511
Total U.S. Department of Labor			36,511
U.S. Department of Health and Human Services			
Direct Programs:			
ARRA-Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement	93.403	1 D5FHP20666-01-00	159,467
Ryan White HIV/AIDS Dental Reimbursements and Community Based Dental Partnership Grants	93.924	1 T22HA24898-01-00	227,298
Subtotal of direct programs			386,765
Passed Through Center for Health Training AIDS Education and Training Centers	93.145	H4A HA 00058	12,000
Passed Through Children's Hospital & Research Center at Oakland Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	None	171,090
Passed Through Alameda County Health Care Services Agency Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	PHG01CH40500	30,450
Passed Through John Hopkins University National Research Service Awards - Health Services Research Training	93.225	2000011944	57,851
Passed Through RTI International Mental Health Research Grants	93.242	2-312-0212795	39,977
Passed Through the Regents of the University of California Allergy, Immunology and Transplantation Research	93.855	5202SC	21,315
Passed Through Alameda County Health Care Services Agency Medical Assistance Program	93.778	MAA MOU 2011-2012	1,050,602
Passed Through Tri-City Health Center, California Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	5 H76 HA 00160	493,926
Passed Through Alameda County Public Health Department, Office of AIDS Administration			
HIV Emergency Relief Project Grants	93.914	PHG08HA60200	49,319
HIV Care Formula Grants	93.917	PHG08HA60100	529,784
HIV Prevention Activities - Health Department Based	93.940	PHG08HA61000	91,250
Subtotal of pass-through programs			2,547,564
Total U.S. Department of Health and Human Services			2,934,329
Total Expenditures of Federal Awards			\$ 3,133,512

COUNTY OF ALAMEDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note 6 – Federal Expenditures of the Alameda County Housing and Community Development Department Not Included in the SEFA

The Alameda County Housing and Community Development Department (the Department) federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the Department listed below are taken from the separate single audit report for year ended June 30, 2013. The programs of the Department are as follows:

Federal Grantor/ Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures
U.S. Department of Housing and Urban Development		
Community Development Block Grants/Entitlement Grants	14.218	\$ 2,516,592
NSP I HERA	14.218	481,663
Emergency Shelter Grant	14.231	116,045
Supportive Housing Program	14.235	2,604,502
Shelter Plus Care	14.238	4,360,330
Home Investment Partnerships Program	14.239	1,805,771
Housing Opportunities for Persons with AIDS	14.241	485,042
Neighborhood Stabilization Program	14.256	5,065,812
Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Fund)	14.257	11,502
Subtotal of direct programs		<u>17,447,259</u>
Passed Through City of Oakland		
Housing Opportunities for Persons with AIDS	14.241	1,998,562
Passed Through Building Futures of Women & Children, Cities of Alameda, Berkeley, Fremont, Hayward, Livermore, Oakland, Union City		
Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Fund)	14.257	14,493
Total U.S. Department of Housing and Urban Development		<u>19,460,314</u>
Total Expenditures of Federal Awards		<u>\$ 19,460,314</u>

COUNTY OF ALAMEDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note 7 – Federal Expenditures of the Alameda County Healthy Homes Not Included in the SEFA

The Alameda County Healthy Homes (the Program) federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the Program listed below are taken from the separate single audit report for the year ended June 30, 2013. The programs of the Program are as follows:

Federal Grantor/ Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures
U.S. Department of Housing and Urban Development		
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	\$ 755,549
Healthy Homes Demonstration Grant	14.901	63,684
Total U.S. Department of Housing and Urban Development		<u>819,233</u>
Total Expenditures of Federal Awards		<u>\$ 819,233</u>

COUNTY OF ALAMEDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note 8 – Department of Aging Federal/State Share

The California Department of Aging (CDA) requires agencies that receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following federal and state amounts under these grants in year ended June 30, 2013.

Program Information			Expenditures				Amount Provided to Subrecipients			
CFDA No.	CDA Program No.	CDA Program Title	Federal	State	County	Total	Federal	State	County	Total
10.576	AP-1213-09	Senior Farmers Market Nutrition Program	\$ 30,000			\$ 30,000	\$ 30,000			\$ 30,000
17.235	TV-1213-09	Senior Community Service Employment Program	152,045			152,045	152,045			152,045
93.041	AP-1213-09	Special Programs for the Aging_ Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	21,776			21,776	21,776			21,776
93.042	AP-1213-09	Special Programs for the Aging_ Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	56,811			56,811				
93.043	AP-1213-09	Special Programs for the Aging_ Title III, Part D_Disease Prevention and Health Promotion Services	88,383			88,383	88,383			88,383
93.044	AP-1213-09	Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	1,362,614		206,420	1,569,034	787,442		206,420	993,862
93.045	AP-1213-09	Special Programs for the Aging_ Title III, Part C_Nutrition Services	877,519	140,675		1,018,194	715,465	139,895		855,360
93.045	AP-1213-09	Special Programs for the Aging_ Title III, Part C_Nutrition Services	1,512,612	151,762	96,928	1,761,302	1,432,896	151,555	96,928	1,681,379
93.052	AP-1213-09	National Family Caregiver Support, Title III, Part E	631,039			631,039	574,985			574,985
93.053	AP-1213-09	Nutrition Services Incentive Program	526,991			526,991	526,991			526,991
93.779	HI-1213-09	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	141,867	265,011		406,878	129,207	246,231		375,438
N/A	AP 1213-09	Special Deposit (SDF)		54,180		54,180				
N/A	AP 1213-09	SNF Quality & Accountability		81,736		81,736				
			<u>\$ 5,401,657</u>	<u>\$ 693,364</u>	<u>\$ 303,348</u>	<u>\$ 6,398,369</u>	<u>\$ 4,459,190</u>	<u>\$ 537,681</u>	<u>\$ 303,348</u>	<u>\$ 5,300,219</u>

The federal expenditure of \$30,000 under CDA Program No. AP-1213-09 (CFDA No. 10.576) was in the form of noncash federal assistance that Alameda County Social Services Agency (SSA) received through the CDA. This noncash assistance was in the form of coupons issued to seniors for use at certified farmers' markets.

COUNTY OF ALAMEDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note 9 – Cluster Program Totals

The following table summarizes clusters funded by various sources or grants whose totals are not shown on the SEFA. The following table summarizes these programs

<u>Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<i>JAG Program Cluster</i>		
Edward Byrne Memorial Justice Assistance Grant Program		
Direct	16.738	\$ 925,677
Passed Through Board of State and Community Corrections	16.738	494,687
Subtotal Edward Byrne Memorial Justice Assistance Grant Program		<u>1,420,364</u>
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories		
Passed Through California Emergency Management Agency	16.803	174,932
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units Of Local Government		
Passed Through Alameda County Narcotics Task Force	16.804	165,895
Passed Through California Emergency Management Agency	16.804	34,810
Subtotal JAG / Grants to Units of Local Government		<u>200,705</u>
Total JAG Program Cluster		<u>\$ 1,796,001</u>
<i>WIA Cluster</i>		
WIA Adult Program		
Passed Through California Employment Development Department	17.258	\$ 2,122,345
WIA Youth Activities		
Passed Through California Employment Development Department	17.259	2,297,703
WIA Dislocated Worker Formula Grants		
Passed Through California Employment Development Department	17.278	4,509,238
Passed Through San Mateo County WIB	17.278	151,486
Subtotal WIA Dislocated Worker Formula Grants		<u>4,660,724</u>
Total WIA Cluster		<u>\$ 9,080,772</u>
<i>Aging Cluster</i>		
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers		
Passed Through California Department of Aging	93.044	\$ 1,362,614
Special Programs for the Aging_Title III, Part C_Nutrition Services		
Passed Through California Department of Aging	93.045	2,390,131
Nutrition Services Incentive Program		
Passed Through California Department of Aging	93.053	526,991
Total Aging Cluster		<u>\$ 4,279,736</u>
<i>CCDF Cluster</i>		
Child Care and Development Block Grant		
Passed Through California Department of Education	93.575	\$ 681,558
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		
Passed Through California Department of Education	93.596	569,846
Total CCDF Cluster		<u>\$ 1,251,404</u>

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified for all major programs, except for CFDA Nos. 93.674 and 93.958, which were qualified.
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes

COUNTY OF ALAMEDA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

Section I Summary of Auditor's Results (Continued)

Identification of major programs:

- | | | |
|------|---|---|
| (1) | CFDA No.10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children |
| (2) | CFDA No. 17.258
CFDA No. 17.259
CFDA No. 17.278 | Workforce Investment Act Cluster:
WIA Adult Program
WIA Youth Activities
WIA Dislocated Worker Formula Grants |
| (3) | CFDA No. 17.277 | WIA National Emergency Grants |
| (4) | CFDA No. 93.044
CFDA No. 93.045
CFDA No. 93.053 | Aging Cluster:
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers
Special Programs for the Aging_Title III, Part C_Nutrition Services
Nutrition Services Incentive Program |
| (5) | CFDA No. 93.069 | Public Health Emergency Preparedness |
| (6) | CFDA No. 93.558 | Temporary Assistance for Needy Families (TANF) |
| (7) | CFDA No. 93.645 | Stephanie Tubbs Jones Child Welfare Services Program |
| (8) | CFDA No. 93.658 | Foster Care_Title IV-E |
| (9) | CFDA No. 93.674 | Chafee Foster Care Independence Program |
| (10) | CFDA No. 93.778 | Medical Assistance Program |
| (11) | CFDA No. 93.914 | HIV Emergency Relief Project Grants |
| (12) | CFDA No. 93.958 | Block Grants for Community Mental Health Services |
| (13) | CFDA No. 93.959 | Block Grants for Prevention and Treatment of Substance Abuse |
| (14) | CFDA No. 93.991 | Preventive Health and Health Services Block Grant |
| (15) | CFDA No. 93.994 | Maternal and Child Health Services Block Grant to the States |
| (16) | CFDA No. 97.067 | Homeland Security Grant Program |

Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000
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Auditee qualified as low-risk auditee?	No
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COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section II Financial Statement Findings

None reported.

Section III Findings and Questioned Costs Related to Federal Awards

Finding 2013-001 Subrecipient Monitoring

Program Identification:

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Social Services
Program Name: Chafee Foster Care Independence Program
CFDA: 93.674
Award Number: No award number provided by pass-through entity
Award Year: FYE June 30, 2013

Criteria:

2 CFR 176.50(c) states in part:

“A pass-through entity is responsible for:

- *During-the-Award Monitoring* – Monitoring the subrecipient’s use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending \$500,000 or more in federal awards during the subrecipient’s fiscal year ...and that the required audits are completed within 9 months of the end of the subrecipient’s audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.”

OMB Circular A-133 states, in part, that the single audit report:

“...shall be submitted within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.”

Condition:

The County’s subrecipients have nine months following their respective fiscal year ends to submit their single audit reports to their respective cognizant agencies. Accordingly, the County’s evaluation of subrecipient single audit reports typically occurs one year in arrears.

For the year ended June 30, 2013, the program’s only subrecipient was not properly monitored. There was no evidence that the County issued a management decision on findings and no evidence that the County ensured the subrecipient took appropriate and timely corrective action on audit findings.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Finding 2013-001 Subrecipient Monitoring (continued)

Asserted Cause and/or Effect:

The County does not have adequate staffing therefore, did not adequately evaluate and monitor its subrecipient as required by the Code of Federal Regulations and OMB Circular A-133.

Questioned Costs:

Questioned costs for the year ended June 30, 2013 related to the Chafee Foster Care Independence Program subrecipient totaled \$537,600, representing the amount of federal expenditures to this subrecipient for the year.

Recommendation:

The County should implement and document the following procedures to ensure that all subrecipients comply with the requirements to completely and properly report their expenditures of Federally-funded sub-awards:

- Follow up immediately and regularly until the subrecipient single audit report is received
- Maintain documentation of such communications with subrecipients
- Establish and administer escalating sanctions for non-complying subrecipients
- Reconcile amounts reported in each subrecipient single audit report to County records
- For findings in subrecipient single audit reports, ensure that the County issues a management decision within six months and subrecipient takes timely corrective action and consider implications to County's compliance

Views of Responsible Officials:

The County agrees that the County's subrecipient did not submit their audit report timely. In order to address this finding, Social Services Agency (SSA) will continue to educate subrecipients about the audit submission requirement and will continue its established policy whereby all subrecipients who have not submitted audit reports one month before due dates are formally notified as to audit reports due dates and of potential formal sanctions that would require amendments to the SSA's contracts. SSA staff will explore possible sanctions as part of its contract reform efforts.

SSA is in the process of reorganizing the Contracts Office to recruit additional trained staff who will be responsible for issuing a management report within six months of receipt of the subrecipients' audit reports. Additionally, SSA has expanded its centralized contracts database to include due date and tracking for all contractor audit reports. This process will be in place by the FY 2013/14 audit.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Finding 2013-002 Procurement

Program Identification:

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Mental Health Services
Program Name: Block Grants for Community Mental Health Services
CFDA: 93.958
Award Number: 1946001347J5
Award Year: FYE June 30, 2013

Criteria:

45 CFR 92.36 state in part:

“Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.”

The County’s Board of Supervisors approved a Sole Source Policy (“SSP”), with a most current revision date of August 8, 2007. Section V of the SSP identifies the specific exceptions to the County’s competitive procurement policy; none of these exceptions apply to the Block Grants for Community Mental Health Services program. Section VII B of the SSP identifies the procedures to be followed and documents to be completed for the sole-source procurements other than the exceptions identified in Section V.

Condition:

Subrecipients for the Block Grants for Community Mental Health Services program were awarded contracts on a sole source basis. The County has no documentation to demonstrate compliance with the County’s SSP. The Behavioral Health Care Services Department requested and obtained approval from the County Board of Supervisors to sole-source contracts to subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program via Board Resolution #28565 on June 26, 2012. This resolution did not cover subrecipients of the Block Grants for Community Mental Health Services program. The County also did not maintain signed copies of procurement contracts.

Questioned Costs:

Questioned costs represent 100% of the subrecipient expenditures for the year, or \$766,515.

Asserted Cause and/or Effect:

The County did not document the selection of its subrecipients using the criteria in its SSP, therefore the County is not in compliance with its procurement policy and applicable Federal law and standards nor can it demonstrate that it is receiving fair value for expenditures on sole-source contracts with subrecipients.

Recommendation:

We recommend that the County comply with all of its policies on procurements with subrecipients.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Finding 2013-002 Procurement (continued)

Views of Responsible Officials:

This is a repeat finding. The funding used for this program is a permanent allocation in the Behavioral Health Care Services' (BHCS) budget. In the provision of health care services, particularly those related to mental health and alcohol and drug issues, continuity of care is a vital and key component. As such, the operating process with regards to such services has been that once contracts are established, they continue under the Master Contract umbrella.

When any new funding is awarded providing for the provision of new services or programs, BHCS follows either the RFP (Request for Proposal) process, or seeks the Board of Supervisors' approval for sole source contract awards. BHCS agrees with the finding that there is no documented policy regarding the operating process that has historically been occurring.

In order to provide continuity of care for programs under Block Grants for Community Mental Health, in fiscal year 2013-2014, BHCS will request the Board of Supervisors to exempt Community Based Organizations from the Small, Local and Emerging Business policy and the procurement process. As contracts are renewed and new contracts executed, approval of the Board of Supervisors will be requested.

Finding 2013-003 Reporting

Program Identification

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Health Care Services
Program Name: Preventive Health and Health Services Block Grant (CHDP)
CFDA: 93.991
Award Number: All Awards
Award Year: FYE June 30, 2013

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Health Care Services and California Department of Public Health
Program Name: Maternal and Child Health Services Block Grant to the States
CFDA: 93.994
Award Number: All Awards
Award Year: FYE June 30, 2013

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Social Services
Program Name: Temporary Assistance for Needy Families (TANF) State Programs
CFDA: 93.558
Award Number: All Awards
Award Year: FYE June 30, 2013

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Alcohol and Drug Programs
Program Name: Block Grants for Prevention and Treatment of Substance Abuse (SAPT)
CFDA: 93.959
Award Number: All awards
Award Year: FYE June 30, 2013

COUNTY OF ALAMEDA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

Finding 2013-003 Reporting (continued)

Program Identification (continued)

Awarding Agency: United States Department of Labor
 Passed Through: California Employment Development Department
 Program Name: Workforce Investment Act (WIA) Cluster
 CFDA: 17.258, 17.259, and 17.278
 Award Number: All awards
 Award Year: FYE June 30, 2013

Awarding Agency: United States Department of Labor
 Passed Through: California Employment Development Department
 Program Name: Workforce Investment Act (WIA) National Emergency Grants
 CFDA: 17.277
 Award Number: All awards
 Award Year: FYE June 30, 2013

Criteria:

Preventive Health and Health Services Block Grant:
 Section 7, page 3 of the *Children’s Medical Services Plan and Fiscal Guidelines for Fiscal Year 2011-12*, published by the California Department of Health Care Services, states related to the Preventive Health and Health Services Block Grant Program that:

“Quarterly invoices for expenditures authorized in CMS budgets shall be submitted no later than 60-days after the end of each quarter. All quarterly invoices are paid on a cash basis. Therefore, it is important to submit invoices timely.”

Maternal and Child Health Services Block Grant to the States:
 Page 65 of the *Fiscal Administration Policy & Procedure Manual Fiscal Year 2010-11* dated July 2010, published by the Maternal, Child and Adolescent Health Division of the California Department of Public Health states that:

“Invoices must be submitted within 45 calendar days after the close of the billing period.”

Section 7, page 37 of the *Children’s Medical Services Plan and Fiscal Guidelines for Fiscal Year 2011-12*, published by the California Department of Health Care Services, states related to the Child Health and Disability Prevention Foster Care expenditures that:

“Quarterly invoices shall be submitted no later than 60 days after the end of each quarter. The following schedule shows the exact due dates for each quarterly invoice:

<u>Quarter</u>	<u>Due Date</u>
1 st	November 30, 20xx
2 nd	February 28, 20xx+1
3 rd	May 31, 20xx+1
4 th	August 31, 20xx+1”

TANF:

The Instructions for the Calworks performance reports CA237CW, CA253CW and CA255CW, published by the California Department of Social Services each say:

“Reports are to be received on or before the 18th calendar day of the month following the report month.”

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Finding 2013-003 Reporting (continued)

Criteria (continued):

SAPT:

California Health and Safety Code, Section 11758.46(i)(2) states that:

“A county or a provider, except for a provider to whom subdivision (j) applies, shall submit accurate and complete cost reports for the previous fiscal year by November 1, following the end of the fiscal year.”

In a letter from the California Department of Health Care Services to all counties dated September 24, 2012, the due date for filing the cost report was extended as follows:

“As a result of the delay in releasing the Paradox application, an informal extension is being granted. The FY 2011-12 cost report is now due Monday, December 3, 2012 (rather than November 1, 2012). A cost report consists of the following: the Paradox application, the year-end cost report certification form, and the DMC settlement forms (if applicable). These are all due December 3, 2012.”

WIA and WIA National Emergency Grants:

Related to the WIA program and the WIA National Emergency Grants program, Workforce Services Directive 12-3, Quarterly and Monthly Financial Reporting Requirements, states that:

Subrecipients must adhere to the following dates shown in the table below.

NOTE: When the reporting deadline falls on a weekend or holiday, all reports are due by close of business (COB) on the last working day prior to the reporting deadline.

	<i>Due Dates for Quarterly Reports</i>
1 st Quarter (July – September)	October 20
2 nd Quarter (October – December)	January 20
3 rd Quarter (January – March)	April 20
4 th Quarter (April – June)	July 20

Condition:

During our audit we noted the following:

Preventive Health and Health Services Block Grant:

- The Foster Care invoice for the quarter ended September 30, 2012, was due by November 29, 2012, but not submitted until December 12, 2012.
- The Foster Care invoice for the quarter ended December 31, 2012, was due by March 1, 2013, but not submitted until March 6, 2013.

Maternal and Child Health Services Block Grant to the States:

- Invoice for the Children in Foster Care grant was due by November 30, 2012, but not submitted until December 12, 2012.
- Invoice for the Supplemental Project Launch grant was due by November 14, 2012, but not submitted until December 10, 2012.
- Invoice for the Children in Foster Care grant was due by February 28, 2013, but not submitted until March 6, 2013.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Finding 2013-003 Reporting (continued)

Condition Identified and Perspective (continued):

TANF:

- The Calworks performance reports CA237CW, CA253CW and CA255CW for the month of October 2012 were due by November 18, 2012, but not submitted until November 20, 2012.

SAPT:

- The final cost report and related certification was due originally due by November 1, 2012. The deadline was extended by the State to December 3, 2012. It was not submitted until February 5, 2013.

WIA:

- The report for the quarter ended September 30, 2012, was due by October 20, 2012, but not submitted until October 23, 2012.
- The report for the quarter ended March 31, 2013, was due by April 20, 2013 but not submitted until April 23, 2013.

WIA National Emergency Grants:

- The report for the quarter ended September 30, 2012, was due by October 20, 2012, but not submitted until October 23, 2012.
- The report for the quarter ended March 31, 2013, was due by April 20, 2013 but not submitted until April 23, 2013.

Questioned Costs:

None

Asserted Cause and/or Effect:

Internal controls are not adequate to ensure the completion and submission of the required reports and communications on a timely basis.

Recommendation:

We recommend that the County meet all mandated reporting deadlines.

Views of Responsible Officials:

Preventive Health and Health Services Block Grant:

We do not dispute the findings on the Foster Care program. A new staff member overlooked the submission due dates.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Finding 2013-003 Reporting (continued)

Views of Responsible Officials (continued):

Maternal and Child Health Services Block Grant to the States:

In order to minimize missing reporting deadlines, the Supervising Financial Services Specialist (SFSS) will provide the Financial Services Specialist (FSS) handling the Family Health Services (FHS) programs with a schedule of all invoice due dates as early as possible and enhance our use of calendars. We plan to implement this immediately to include the following items:

- o 30-days before due dates, Supervising Financial Services Specialist will remind the invoice preparer to compile the expense data of programs.
- o 15-days after a time study month, the Supervising Financial Services Specialist will remind program staff to complete time cards for any adjustments and obtain supervisor approval.
- o After receipt of time study data from Information Technology Services (ITS), which is about 30 days after a time study month, Supervising Financial Services Specialist will farm out time studies to programs required to time study with a reminder to furnish the grants claiming unit with signed and approved time studies.

TANF:

The County agrees with the findings that the State reports, CA 255CW, CA 253CW and CA 237CW, were submitted after the due dates. The late submissions were due to workload pressures on the staff preparing these reports. This was corrected and the County will ensure that said reports will be submitted in a timely manner.

SAPT:

BHCS agrees that we were unable to submit the documents within the stated deadlines. This was the result of several issues, among them the timeliness of Community Based Organization (CBO) cost report submission to BHCS as well as BHCS completion of internal adjustment documents. BHCS will review our existing process and institute changes to improve the timely submission of State Department of Alcohol and Drug Program cost report.

WIA and WIA Emergency Grants:

Alameda County Workforce Investment Board acknowledges that two of the State's required quarterly report deadlines were not met during FY 2012-13 as identified above. In order to meet the deadline of reports submission, effective February 1, 2014, ACWIB Fiscal staff revised the internal procedures to ensure that the Quarterly Financial Reports are prepared on time, including review of data at least 5-days prior to State deadline for completeness and accuracy. In addition, two WIB staff (MIS Manager and Program-Financial Specialist) are given access to the State Reporting system to enter the WIA Financial Reports.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Finding 2013-004 Eligibility

Program Identification

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Social Services
Program Name: Chafee Foster Care Independence Program
CFDA: 93.674
Award Number: No award number provided by pass-through entity
Award Year: FYE June 30, 2013

Criteria:

Section 31-525.71 of the Child Welfare Services Program Special Requirements Manual Letter No. CWS-03-02 published by the California Department of Social Services requires the County to have Transitional Independent Living Plan and Agreements (TILP) as follows:

“County ILP Coordinators shall: Ensure that every eligible youth participating in ILP up to age 21 has a TILP.”

Condition:

We selected and tested 40 cases out of a total population of 410 unique case identification numbers. We found 21 cases in which the County could not provide a TILP.

Questioned Costs:

Questioned costs are 53% (21 of 40 case files) of the \$845,260 total federal expenditures for the year, or \$447,988.

Asserted Cause and/or Effect:

For youths previously participating in the program, the County did not require new TILPs and did not maintain previous TILPs.

Recommendation:

We recommend that the County maintain TILPs for each active participating youth and prepare new TILPs if previous ones cannot be located.

Views of Responsible Officials:

The County agrees with the finding and accepts the recommendation. The missing TILP's for 21 cases will be prepared within 60-days. Moving forward the department will ensure all eligible youth participating in ILP, up to age 21, has a TILP.

**County of Alameda
Status of Prior Year Findings
For the Year Ended June 30, 2013**

Finding No.	Description	Status
Financial Statement Findings:		
2012-A	Year-end Financial Reporting	Corrected. The County improved its process to ensure that reports from outside departments are received in a timely manner to effectively record capital assets and accounts payable.
2012-B	Schedule of Expenditures of Federal Awards Completeness	Corrected. The Auditor-Controller's office has worked with County departments to correct SEFA deficiencies. Corrections noted during the current fiscal year were immaterial to both the program and SEFA.
2011-A	Schedule of Expenditures of Federal Awards Completeness	Corrected. The Auditor-Controller's office has worked with County departments to correct SEFA deficiencies. Corrections noted during the current fiscal year were immaterial to both the program and SEFA.
Federal Awards Findings:		
2012-1	Multiple Programs - Subrecipient Monitoring (CFDA Nos: 93.674, 93.658, 93.558)	Partially Corrected. The County implemented and documented policies and procedures as recommended in prior year for CFDA Nos. 93.658 and 93.558. However, this is a repeat finding for CFDA No. 93.674 for FY 2013. See finding 2013-001.
2012-2	Multiple Programs - Procurement (CFDA Nos: 93.958, 93.959)	Partially Corrected. The County obtained Board of Supervisors' approval to exempt Community Based Organizations from the Small Local Emerging Business Policy and the procurement process as contracts are renewed and new contracts executed for CFDA No. 93.959, but the approval did not cover for CFDA No. 93.958. See finding 2013-002.
2012-3	Multiple Programs - Reporting (CFDA Nos: 10.557, 93.991, 93.994, 93.069, 93.674, 17.258, 17.259, 17.260, 17.278, 17.275, 17.277, 93.914)	Partially Corrected. The County has corrected reporting requirements for noted programs except for CFDA Nos. 93.991, 93.994, 17.258, 17.259, 17.278, and 17.277. See finding 2013-003.
2012-4	Multiple Programs - Eligibility (CFDA Nos: 17.275, 17.277)	Corrected. The County implemented annual cross-check on all WIA participants and related internal procedures for both CFDA Nos. 17.275 and 17.277. The County complied with eligibility requirements for CFDA No. 17.277 for FY 2013.
2011-2	Workforce Investment Act Cluster - Subrecipient Monitoring (CFDA Nos: 17.258, 17.259, 17.260, and 17.278)	Corrected. The County implemented and documented policies and procedures as recommended in prior year for CFDA Nos. 17.258, 17.259, and 17.278. CFDA No. 17.260 no longer has expenditures in FY 2013 as the program was archived, therefore, status cannot be verified.
2011-3	Multiple Programs - Procurement (CFDA Nos: 84.027A, 93.958, 93.959)	Partially Corrected. The County did not have expenditures for CFDA No. 84.027A. The County obtained Board of Supervisors' approval to exempt Community Based Organizations from the Small Local Emerging Business Policy and the procurement process as contracts are renewed and new contracts executed for CFDA No. 93.959, but the approval did not cover for CFDA No. 93.958. See finding 2013-002.
2011-4	Multiple Programs - Reporting (CFDA Nos: 10.557, 93.991, 93.994, 93.069)	Partially Corrected. The County is currently in the process of documenting any extension from grantors. This finding was corrected for CFDA Nos. 10.557 and 93.069. However, this finding was not fully corrected for CFDA Nos. 93.991, and 93.994. See finding 2013-003.

Mission

To enrich the lives of Alameda County residents through visionary policies and accessible, responsive, and effective services.

Vision

Alameda County is recognized as one of the best counties in which to live, work and do business.

Values

Integrity, honesty and respect fostering mutual trust.

Transparency and accountability achieved through open communications and involvement of diverse community voices.

Fiscal stewardship reflecting the responsible management of resources.

Customer service built on commitment, accessibility and responsiveness.

Excellence in performance based on strong leadership, teamwork and a willingness to take risks.

Diversity recognizing the unique qualities of every individual and his or her perspective.

Environmental stewardship to preserve, protect and restore our natural resources.

Social responsibility promoting self-sufficiency, economic independence and an interdependent system of care and support.

Compassion ensuring all people are treated with respect, dignity and fairness.



Top Images: **We Are Many, We Are One** community quilt project. Bottom Images: **Creating a Better Future Together** paper quilt project about positive change for our community and planet. The project took place at County Library locations, the Juvenile Justice Center, Camp Sweeney, as well as the 2012 Alameda County "Take Our Children to Work Day" event (featured groups: Human Resource Services, Auditor-Controller Agency, District Attorney's Office).