

COUNTY OF ALAMEDA

Single Audit Reports

For the Year Ended June 30, 2010

COUNTY OF ALAMEDA
Single Audit Reports
For the Year Ended June 30, 2010

Table of Contents

FINANCIAL SECTION:	<i>Page(s)</i>
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information – Unaudited)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	19
Statement of Activities	20
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	22
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Proprietary Funds:	
Statement of Net Assets	25
Statement of Revenues, Expenses, and Changes in Fund Net Assets	26
Statement of Cash Flows.....	27
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	28
Statement of Changes in Fiduciary Net Assets	29
Notes to the Basic Financial Statements	30
REQUIRED SUPPLEMENTARY INFORMATION (other than MD&A):	
Schedules of Funding Progress.....	81
Budgetary Comparison Schedule – General Fund – Budgetary Basis.....	82
Budgetary Comparison Schedule – Property Development Fund – Budgetary Basis	83
Budgetary Comparison Schedule – Flood Control Fund – Budgetary Basis.....	84
Notes to Required Supplementary Information.....	85

COUNTY OF ALAMEDA
Single Audit Reports
For the Year Ended June 30, 2010

SINGLE AUDIT SECTION:

Page(s)

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 <i>Government Auditing Standards</i>	87
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	89
Schedule of Expenditures of Federal Awards.....	91
Notes to the Schedule of Expenditures of Federal Awards	100
Schedule of Findings and Questioned Costs.....	105
Summary Schedule of Prior Audit Findings	130

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

Independent Auditor's Report

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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 67.0%, 71.7% and 12.9%, respectively, of the assets, net assets/fund balances, and revenues/additions of the aggregate remaining fund information as of and for the year ended June 30, 2010. The ACERA financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for ACERA, are based on the reports 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports 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 units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1A to the financial statements, due to a change in legislation (AB1125) and in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14, the County had a change in its reporting entity and determined that the Zone 7 Water Agency is not a component unit of the County.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2010 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedules of funding progress, and the budgetary comparison schedules for the general fund, property development fund and flood control fund listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Certified Public Accountants

Oakland, California
December 29, 2010

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2010

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 fiscal year ended June 30, 2010. 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 most recent fiscal year by \$1,530,651 (net assets). Of this amount, \$641,476 is restricted for specified purposes and is not available to meet the government's ongoing obligations to citizens and creditors, \$560,449 is invested in capital assets (net of related debt), and \$328,726 is available to meet the County's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$25,618 during the fiscal year. The change in the County's net assets was primarily due to the recognition of other postemployment benefits and adjustments to pension obligation and postemployment medical benefits with a net impact of \$51 million decrease in net assets. The decrease was partially offset by increase in additional federal awards of \$26 million from the American Recovery Reinvestment Act (ARRA) of 2009.
- As of June 30, 2010, the County's governmental funds reported a combined ending fund balance of \$1,742,483, an increase of \$19,939 in comparison with the prior year. Approximately half of this total amount, \$850,583, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$627,898 or 36 percent of total general fund expenditures of \$1,764,990.
- The County's gross long-term debt (excluding unamortized premiums, discounts and refunding losses) decreased by \$7,051 during the fiscal year ended June 30, 2010.

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

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2010

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.

Both of 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 governmental 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 itself (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** funds, **proprietary** funds and **fiduciary** funds.

Governmental funds

Governmental funds are used to account for essentially the same functions that are reported as governmental 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. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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 in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, property development special revenue fund, flood control special revenue fund, capital projects fund, and debt service fund, all of which are considered major funds. 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)
JUNE 30, 2010

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 funds 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, printing services, communications services and information technology services. Because all of these services predominantly benefit governmental rather than business-type functions, they 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 basic 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 and other employee benefit trust funds and other agency funds under the fiduciary funds.

The basic 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 30-80 of this report.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information other than this discussion and analysis concerning the County's progress in its obligation to provide pension benefits, postemployment medical benefits, and other postemployment benefits to its employees and budget-to-actual information for the County's general and major special revenue funds. Required supplementary information can be found on pages 81-86 of this report.

Other supplementary information

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

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2010

pensions. Combining and individual fund statements and schedules can be found on pages 87-116 of this report. Budgetary comparisons for the County's capital projects fund and non-major special revenue funds are also presented.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Alameda County, assets exceeded liabilities by \$1,530,651 at June 30, 2010.

A large portion of the County's net assets, \$560,449 or 37 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 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 Assets
June 30, 2010

	Governmental	
	Activities	
	<u>2010</u>	<u>2009</u>
Assets:		
Current and other assets	\$ 2,193,267	\$ 2,214,351
Capital assets	<u>1,046,386</u>	<u>1,024,254</u>
Total assets	<u>3,239,653</u>	<u>3,238,605</u>
Liabilities:		
Current liabilities	382,481	340,494
Long-term liabilities	<u>1,326,521</u>	<u>1,341,842</u>
Total liabilities	<u>1,709,002</u>	<u>1,682,336</u>
Net assets:		
Invested in capital assets		
net of related debt	560,449	511,354
Restricted	641,476	579,459
Unrestricted (deficit)	<u>328,726</u>	<u>465,456</u>
Total net assets	<u>\$ 1,530,651</u>	<u>\$ 1,556,269</u>

An additional portion of the County's net assets, \$641,476, represents resources that are subject to external restrictions as to how they may be used. The remaining balance of unrestricted net assets, \$328,726, may be used to meet the government's ongoing obligations to citizens and creditors.

There was an increase of \$62,017 in restricted net assets reported in connection with the County's governmental activities.

The County's net assets decreased by \$25,618 during the fiscal year ended June 30, 2010 versus an increase of \$68,765 before transfers for last fiscal year. As compared to last fiscal year, expenses increased by \$87,336. This was mostly due to a \$51,231 charge to recognize other postemployment benefits and adjustments to pension obligation and postemployment medical benefits. Also, general revenues decreased by a total of \$60,058. This was mostly offset by increases in charges for services of \$10,805 and operating and capital grants and contributions of \$42,206 over the previous year.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2010

County of Alameda
Changes in Net Assets
June 30, 2010

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 514,868	\$ 504,063
Operating grants and contributions	1,170,990	1,130,306
Capital grants and contributions	5,782	4,260
General revenues:		
Property taxes	403,847	425,713
Sales taxes - shared revenues	140,643	150,551
Other taxes	28,144	26,309
Interest and investment income	9,369	25,979
Other	23,439	36,948
Total Revenues	<u>2,297,082</u>	<u>2,304,129</u>
Expenses:		
General government	143,497	161,834
Public protection	766,225	719,458
Public assistance	680,142	653,920
Health and sanitation	597,448	558,632
Public ways and facilities	36,598	39,427
Recreation and cultural services	557	677
Education	22,813	23,064
Interest and long-term debt	75,420	78,352
Total expenses	<u>2,322,700</u>	<u>2,235,364</u>
Increase/(decrease) in net assets before transfers	(25,618)	68,765
Transfers	-	(5,297)
Change in net assets	(25,618)	63,468
Net assets - beginning	1,556,269	1,492,801
Net assets - end of period	<u>\$ 1,530,651</u>	<u>\$1,556,269</u>

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2010

Governmental activities

Governmental activities decreased the County's net assets by \$25,618, and accounted for the total reduction in net assets of the County.

- Operating grants and contributions increased \$40,684 or almost 4 percent during the year. The largest increase was an additional stimulus funding of \$17.8 million provided under the American Recovery and Reinvestment Act of 2009 (ARRA). In addition, health and sanitation's state aid increased \$9.4 million while federal aid increased \$5 million. Fremont and Union City Redevelopment Agencies provided the County with one-time catch-up payments of \$10 million. Motor Vehicle ERAF receipts reduced by \$3.6 million due to a 2.6 percent decrease in the assessed value of county secured and unsecured property.
- Charges for services increased \$10,805 or 2 percent from the previous year. This was caused by several factors, the biggest of which is the influx of federal recovery money in several departments. Public assistance received \$7,700, mostly for In Home Support Services (IHSS). Health and sanitation received \$3,127 for behavioral healthcare services (BHCS).

Other increases in fiscal year 2010 came from public protection, where the department received an additional \$2,827 from the U.S. Marshall for state inmates housed in the Glenn Dyer Detention Facility. This was partially offset by a decrease of \$1,213 in general government revenue relating to Registrar of Voters.

- Capital grants and contributions increased \$1,522 as a result of an increase in payments from the state for the Castro Valley Library project.
- General revenues decreased by \$60,058 or 9 percent overall in the year ended June 30, 2010.
 - Property tax revenues decreased by \$21,866 or 5 percent during the year primarily due to a 2.6% drop in the value of County assessed property between January 2008 and January 2009, exacerbated by a decrease in supplemental tax revenues of \$4,981 caused by a continued depressed housing market.
 - Sales and use tax revenue decreased by \$9,908 or 6 percent during the year. Public protection alone received \$6,066 or 6 percent less sales tax revenue in fiscal year 2010. Consumer spending continued to be curtailed as the economy faced prolonged recession with a high unemployment rate. Measure A sales tax decreased by \$1,781 and Educational Revenue Augmentation Fund (ERAF) sales tax decreased another \$1,502.
 - Other taxes increased \$1,835 or 7 percent, mostly due to higher utility users tax of \$896, aircraft tax of \$328, and property transfer tax of \$688 from higher home sales.
 - Interest and investment income decreased by \$16,610 or 64 percent. The average daily balance of funds invested through the Treasurer increased 3 percent during fiscal year 2010; however, the gross annual yield on the Treasurer's pooled investments decreased from 2.21 percent in 2009 to 0.72 percent in fiscal year 2010. The net interest rate for the last quarter of fiscal year 2010 was only 0.65 percent.
 - Other revenue decreased \$13,509 or over 37 percent largely due to decreases in the tobacco tax settlement of \$7,987, and interest transferred from other funds of \$2,895.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2010

Expenses related to governmental activity increased \$87,336 or 4 percent during the fiscal year ended June 30, 2010; governmental revenues decreased \$7,047 or 0.3 percent. The net impact of these two factors created a decrease of \$94,383 in the change in net assets before transfers when compared to the change in net assets for the fiscal year 2009.

Public assistance expenses increased \$26,222. Health and sanitation increased by \$38,816 and general government expenses decreased by \$18,337 from the previous year. Public protection expenses, however, increased by \$46,767.

The increase in public assistance expenses was due to an increase in welfare administration expenses of \$4.8 million and an additional investment of \$3.2 million under IV-E Waiver. Also, there was additional spending from recovery grants of \$5.2 million for TANF Emergency Contingency Fund, and \$2.1 million for In-Home Supportive Services (IHSS), Adoptions Assistance Program (AAP) and Foster Care Assistance Program. The adjustment for other postemployment benefits of \$7.4 million contributed to the increase in public assistance expenses.

Behavioral Health Care Services accounted for \$14,346 of the \$38,816 increase in health and sanitation, largely due to payments of contracts with service providers to meet requirements of the Mental Health Services Act as well as Early Periodic Screening, Diagnosis, and Treatment (EPSDT). Other postemployment benefits adjustment of \$4.8 million also caused an increase in health and sanitation expenses. The remaining increase was mostly due to payments to Alameda County Medical Center (ACMC) for the County Medically Indigent Services Plan.

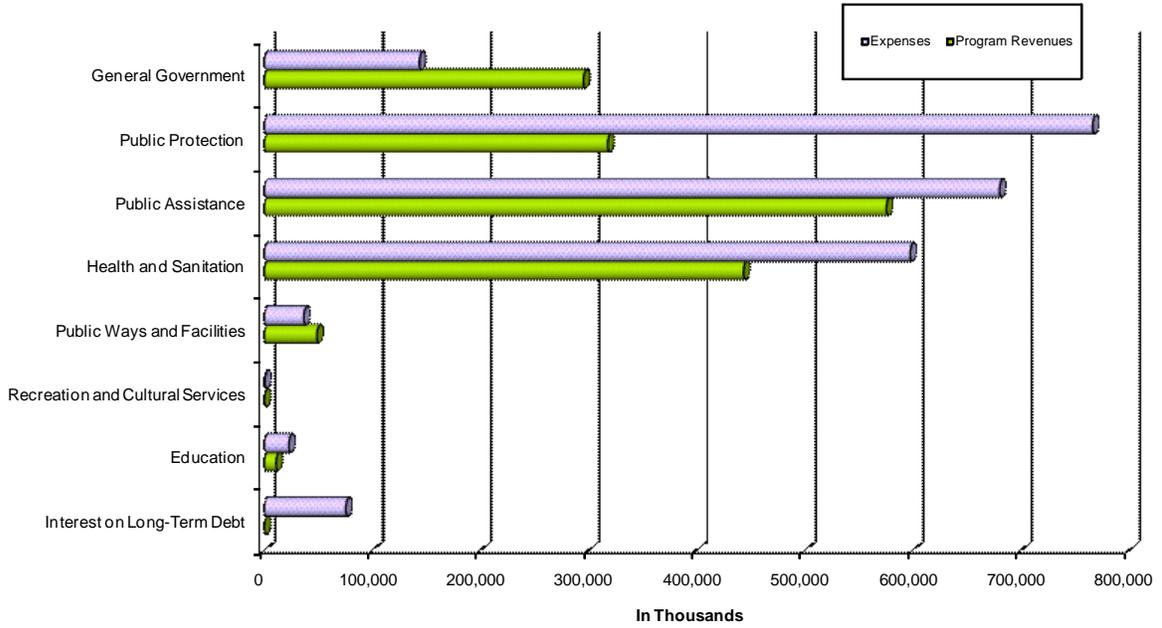
The \$18,337 decrease in general government expenses was primarily caused by a capitalization of capital related expenditures in the General Fund. These expenditures included the purchase and the installation of solar panels in the County's fairground for \$4.7 million and the continued construction of \$18.8 million, mostly for the Acute Care Tower and the Castro Valley Library. The other postemployment benefit adjustment of \$5 million offset the decrease in general government expenses.

The \$46,767 increase in public protection expenses was mainly due to a \$10.8 million increase in spending of grant funds received by the Sheriff's Office, other postemployment benefits adjustment of \$22.3 million, and the recognition of the Fire Department's compensated absences of \$7.3 million.

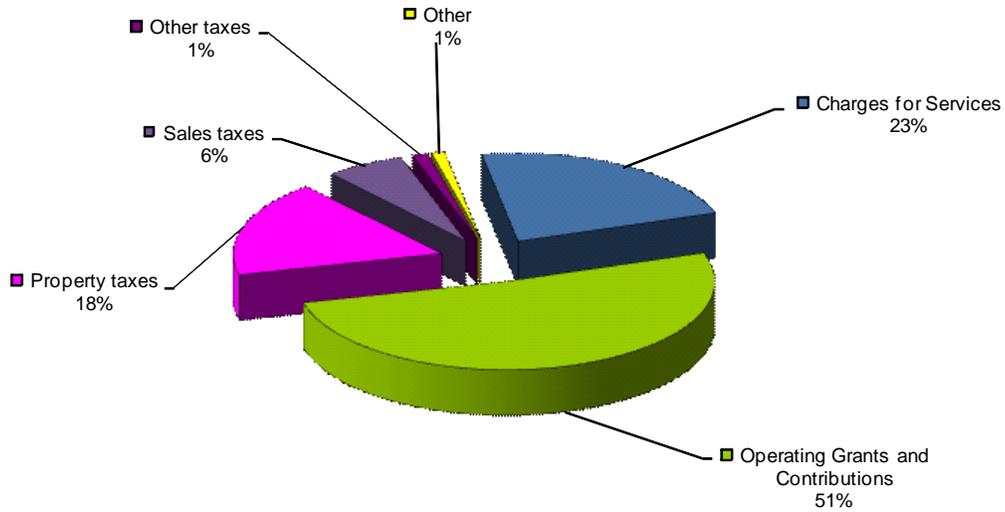
COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Amounts expressed in thousands)
 JUNE 30, 2010

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, 2010

Financial Analysis of the County's Funds

As noted earlier, 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Types of governmental funds reported by the County include the general fund, special revenue funds, debt service funds, and a capital projects fund.

As of the end of the fiscal year ended June 30, 2010, the County's governmental funds reported combined ending fund balances of \$1,742,483, an increase of \$19,939 or 1 percent as compared to the prior year. Approximately 49 percent of this total amount (\$850,583) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed, (1) to liquidate existing contracts and purchase orders (\$522,144); (2) to pay debt service (\$90,435); (3) to provide for legal restrictions (\$255,670); and (4) for a variety of other restricted purposes (\$23,651).

Revenues for governmental funds overall totaled approximately \$2.323 billion for the fiscal year ended June 30, 2010, which represents an increase of \$27,449 or 1 percent from the fiscal year ended June 30, 2009. Expenditures for governmental funds, totaling \$2.317 billion, increased by \$69,489 or almost 3 percent from the fiscal year ended June 30, 2009. In the fiscal year ended June 30, 2010, revenues for governmental funds exceeded expenditures marginally by \$5,863.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$627,898, while total fund balance was \$927,330. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 36 percent of total general fund expenditures of \$1,764,990, while total fund balance represents 53 percent of that same amount. The prior year comparisons for unreserved and total fund balance to total general fund expenditures are 35 percent and 49 percent, respectively.

General fund revenues increased 1 percent and expenditures remained relatively unchanged for the year. The fund balance in the County's general fund increased \$62,773 during the fiscal year because revenues exceeded expenditures. This is due to the following factors:

- Property taxes decreased \$12,593, or 4%. This decrease was primarily caused by a reduction in assessed property values. Supplemental taxes also decreased \$4,277, or 50%, due to the continued depressed real estate market.
- Charges for services increased \$28,313 or 10 percent. The major contributor came from \$12,104 revenues from the state and federal marshals to house inmates at Santa Rita and the Glenn Dyer Detention Facilities. Also included in the increase was revenue from law enforcement services which added an additional \$10,506 and Medi-Cal revenues, which contributed \$6,285. Other charges for current services reduced by \$3,125.

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts expressed in thousands) JUNE 30, 2010

- Sales tax revenue decreased \$10,272 due to the reduction in consumer spending as a result of the recession.
- Interest and investment revenue decreased \$11,679. The average daily balance of funds invested through the Treasurer increased 3 percent during fiscal year 2009; however, as previously stated, the gross annual yield on the Treasurer's pooled investments decreased from 2.21 percent in 2009 to 0.72 percent in fiscal year 2010. The net interest rate for the last quarter of fiscal year 2010 was only 0.65 percent.
- State public assistance revenues decreased by \$68.3 million, while federal public assistance increased by \$56.6 million. This was mostly due to a \$57 million shift in federal and state sharing ratio for CalWORKs. The remaining difference of \$11.3 million was mostly due to reduced revenues in Children & Family Services, and In-home Support Services, or IHSS.
- State health programs increased by \$22.0 million mostly because of a \$25.5 million service increase for the Mental Health Services Act (MHSA) and Early Periodic Screening, Diagnosis and Treatment (EPSDT) programs, with reduced state revenues of \$4.2 million for the substance abuse and crime prevention assistance programs due to state budget cut. Federal health programs increased by \$11.2 million mostly due to a timing change in submitting claims, from before to after a fiscal year, causing two years of claims being reimbursed this fiscal year.
- Other federal funding increased by \$8.5 million because of additional revenues in food stamps and children and family services programs due to increased expenditures under the Title IV-E Waiver.

General fund expenditures decreased marginally by \$3,699 from last fiscal year due to cut back on program expenditures as a result of the recession, offset by increases in public assistance and health care spending.

Overall, the general fund's performance resulted in revenues exceeding expenditures in the fiscal year ended June 30, 2010, by \$97,168. In the prior year, general fund revenues exceeded expenditures by \$78,196.

The property development fund has a total fund balance of \$304,262. This fund accounts for activities related to the development and sale of County surplus land. The net decrease in the fund balance during the current year was \$764, primarily due to lower interest revenue with a slight offset from a reduced amount of transfer to reimburse debt service fund for the cost of Juvenile Justice Bonds payment.

The fund balance in the flood control fund increased 2 percent in 2010 or a total of \$3.7 million, from \$173,419 to \$177,105. The fund received \$29.3 million in property taxes revenue and \$13.2 million in charges for services. Overall expenditures for the flood control fund were \$46 million, an increase of 9% from last fiscal year, primarily due to increase in labor costs, consultant, transportation, and construction costs related to various programs.

The capital projects fund has a total fund balance of \$44,798, a decrease of \$44,806 from last year. The decrease was attributable to increased capital outlays associated with the ACMC Acute Tower of \$35.6 million, East County Courthouse of \$6.5 million and Eden Area Redevelopment Project of \$2.8 million.

The fund balance in the debt service fund decreased \$17,155 from \$85,231 to \$68,076. This was mostly due to an additional pay-down of loan principal by \$14,535 as compared to last fiscal year.

Proprietary funds

The County's proprietary fund statements of internal service funds are reported with governmental activities in the government-wide financial statements.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2010

The net assets for the internal service funds decreased by \$1.1 million mostly due to operating income of \$7.6 million and a transfer of \$9.4 million to debt service fund. The County does not report an enterprise fund since the Zone 7 Water Agency is no longer a component unit.

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, 2009, the end of ACERA's fiscal year, the net assets of ACERA and the other employee benefits trust totaled approximately \$4.7 billion, representing an increase of \$870,858 in net assets from the prior year's net assets. The increase was primarily due to an increase in the fair value of investments and interest and dividend revenues.

As of June 30, 2010, the investment trust fund's net assets totaled \$1,572,392, a \$234,121 increase in net assets during the fiscal year. The increase in net assets of the investment trust fund was due to contributions exceeding withdrawals to the fund by \$224,463, plus a net investment income of \$9,658.

General fund budgetary highlights

The County's final budget of the general fund differs from the original budget in that it contains supplemental appropriations approved during the fiscal year. The difference of \$38,422 between the original budget and the final amended budget represents increased appropriations, the most significant of which are briefly summarized as follows:

- General government increased appropriations by \$4,160. The increase was primarily due to an additional appropriation of \$2.6 million as a result of final fund balance calculations for the previous fiscal year, and a \$0.9 million mid-year Board approved salary and benefits adjustments.
- The public protection departments increased appropriations by \$17,541. This included \$11.1 million mid-year salary and benefit increases approved by the Board of Supervisors and a \$5 million final budget adjustment for services and positions in the Sheriff's Office.
- Appropriations for health and sanitation increased by \$13,021. This increase was primarily due to an \$8.5 million final budget adjustment to the Measure A Fund, and \$6.4 million Board-approved Mental Health Services Act (MHSA) payments to Community Based Organizations (CBO).

Overall, the County's actual general fund revenues under-realized its budgeted fiscal year 2010 revenues by \$29,860 or 2 percent. Revenues that had significant variances include the following:

- The County under-realized approximately \$24,683 in taxes budgeted for fiscal year 2010. Current secured property taxes realized was less than the amount budgeted by \$5.5 million and supplemental property tax was lower by \$1.7 million due to the decline in property values and the slow real estate market. Sales taxes for public protection and Measure A were under budget by \$12.7 million and \$3.3 million, respectively, due to the recession.
- Fines, forfeitures and penalties revenue exceeded the budget by \$29,425 or 258 percent. The major variance from budget of \$21.9 million was due to increase in property tax delinquencies. The delinquency rate for the regular secured roll was 4.59% for fiscal year 07-08, 4.44% for fiscal year 08-09, and 3.10% for fiscal year 09-10. With the increased delinquencies, the penalties on delinquent taxes went up as the delinquencies were paid. In addition, collection of court fines and forfeits was \$6.6 million more than budget.

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts expressed in thousands) JUNE 30, 2010

- Use of money and property under-realized budget by \$4,105 or 29 percent. Interest rates were lower than anticipated.
- State aid revenue was under-realized the budgeted amount by \$51,414 or 8 percent, while Federal aid revenue was over-realized by \$33,577 or 10 percent. \$24.2 million of this swing was caused by a shift in federal and state sharing ratio for CalWORKs as discussed previously, and by receiving Title XIX Medicaid revenues from federal instead of state as initially budgeted. State sales tax realignment revenues and state assistance in Mental Health Services Act (MHSA) were below budget by \$7.6 million and \$2.4 million, respectively, due to the current adverse economic condition and the state's fiscal crisis. Federal revenues in mental health services increased by \$9.6 million as a result of a change in the timing of claim submissions.
- Charges for current services exceeded budget by \$2,241 or over 1 percent. Under-utilization of early periodic screening, diagnosis and treatment (EPSDT) and MHSA contracts resulted in a decrease of \$21.6 million in Medi-Cal revenue. This was partially offset by the recognition of \$18.5 million deferred revenues from providing law enforcement services and housing state inmates at the Santa Rita Jail. In addition, the average daily jail population of state inmates housed at the Glenn Dyer Jail was higher than the budgeted amount, causing a \$2.4 million favorable budget variance.
- Other revenue was less than budget by \$23,950 or 57 percent. This was due to \$8.7 million under-realization of the Tobacco Tax Settlement funds. Interest transfer was \$4.8 million less than anticipated. The Social Services Agency posted \$2.9 million of revenues to accounts other than where they were budgeted initially. State revenue to upgrade the IHSS provider case management and payroll system was \$1.2 million under budget because the roll-out was slower than anticipated; however, almost the entire amount will be rolled over into the next fiscal year.

Variations between budget and actual expenditures in the general fund reflect overall expenditures less than the adjusted budget by \$147,206 or 7 percent. In general, this represents savings from the major governmental functions, primarily due to vacancies, delays in start-up of new programs or projects, cost-containment measures and contingency appropriations that did not have to be spent. Significant savings came from the following County functions:

- Health and sanitation spent \$79,827 or 13 percent less than budget. The slow start up of Mental Health Services Act (MHSA) programs resulted in \$17.8 million lower expenditures. Vacant positions caused an under expenditure in salaries and benefits of \$12.7 million. Measure A expenditures were under budget by \$11.2 million. Approximately \$18.5 million under expenditure was due to the liquidation of prior year encumbrances for CBO contracts.
- Public assistance spent \$19,864 or 3 percent less than budget. Vacant positions caused an under expenditure in salaries and benefits of \$4.6 million. Delays in housing projects resulted in savings of \$11.4 million. The Workforce Investment Board also under-spent \$2.6 million on various programs.
- General government spent \$29,111 or 18 percent less than budget. Salaries and employee benefits were under budget by \$4.2 million due to vacant positions. Services and supplies charges were below budget by \$12 million due to delayed projects and spending cuts. Savings in non program expenses amounted to \$12.9 million and was primarily attributed to a smaller subsidy required for the Oakland-Alameda County Coliseum Authority.
- Public protection spent \$15,111 or 3 percent less than budget. Departments in public protection under spent services and supplies budget by a combined \$7.9 million primarily due to the deferred projects and spending cuts. Vacant positions and salary savings accounted for \$6.1 million of the

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2010

variance. For example, the Public Work Agency's vacant position rate was over 30% due to attrition and program management factors.

Capital assets and debt administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$1,046,386 (net of accumulated depreciation), as shown in the table below. This investment in capital assets 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 the current fiscal year was 2 percent.

Capital Assets Net of Accumulated Depreciation
June 30, 2010

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Land and other assets not being depreciated	\$ 129,051	\$ 110,607
Structures and improvements, machinery and equipment, and infrastructure, net of depreciation	<u>917,335</u>	<u>913,647</u>
Total	<u>\$ 1,046,386</u>	<u>\$1,024,254</u>

Major capital asset events during the current fiscal year included the following:

- Additional construction on the Alameda County Medical Center's critical care building and acute tower resulted in an increase in construction costs of \$34,763. The Castro Valley library project also added \$4,400 to construction in progress. The Castro Valley library project was completed and was put into service during 2010. As a result, \$19,958 was moved from construction in progress to structures and improvements.
- Several infrastructure projects in the road and flood control funds added \$29,410 to construction in progress during the year. \$33,401 was moved from construction in progress to infrastructure.

For government-wide statement of net assets presentation, all 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 49) to the financial statements.

Debt Administration

At the end of the current fiscal year, the County had long-term obligations outstanding of \$1.5 billion, excluding unamortized premiums and refunding losses of \$7,397. Of this amount, \$160,221 is certificates of participation bonds, \$272,799 is tobacco securitization bonds, \$477,740 is pension obligation bonds, \$141,705 is lease revenue bonds, \$32,565 is tax allocation bonds, \$42,857 is net pension obligation,

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2010

\$72,400 is net OPEB obligation, and \$29,849 is capital leases. The remainder, \$259,414, includes special assessment debt with government commitment and other long-term obligations of the County.

Outstanding Long-term Obligations
June 30, 2010

	Governmental	
	Activities	
	2010	2009
Certificates of participation	\$ 160,221	\$ 178,347
Tobacco securitization bonds	272,799	271,655
Special assessment debt with governmental commitment	335	545
Pension obligation bonds	477,740	504,074
Lease revenue bonds	141,705	145,520
Tax allocation bonds	32,565	33,215
Capital leases	29,849	30,300
Net pension obligation	42,857	79,399
Net OPEB obligation	72,400	-
Other long-term obligations	259,079	253,546
Total	\$ 1,489,550	\$ 1,496,601

The County's total debt decreased by \$7,051 primarily due to reduction in net pension obligation and pay down of existing debts, which offset net OPEB obligation of \$72,400 and minimal increases in tobacco securitization bonds. Other long-term obligations increased \$5,533 mostly due to \$7,307 inclusion of Fire Department's compensated employee absences and \$3,934 of new loans, offset by a \$3,350 reduction of County's obligation to fund Coliseum Authority deficits and a \$2,838 reduction in estimated liabilities for claims and contingencies.

Alameda County's legal debt limit is 1.25 percent of total assessed value. As of June 30, 2010, the legal limit was \$2.48 billion; however, the County did not have any general obligation bonds and therefore, has not used any of its debt limitation. Although Alameda County has no general obligation debt it has general obligation equivalent ratings of Aa3 from Moody's, AA from Standard & Poor's and AA- from Fitch. In addition, the County's lease-based financings are rated A1/AA-/A+ by Moody's Standard & Poor's and Fitch. Moody's and Fitch's ratings on general obligation debt and Fitch's rating on lease-based financing went up a notch as compared to last fiscal year because of the recalibrations of their rating scales.

Additional information on the County of Alameda's long-term obligations can be found in note 6 (page 53) 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 11.5 percent in June 2010, compared to the revised rate of 11.2 percent in June 2009. The State's seasonally adjusted unemployment rate was 12.3 percent in June 2010.
- Although the assessed value of the County's property increased 8.0 percent in 2008 and 4.7% in 2009, a negative growth of 2.6 percent was recorded in 2010.
- The county government continued to experience a decrease in sales tax revenue during fiscal year 2010. This was due to a prolonged adverse economy and depressed housing market. Spending for

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2010

goods and services throughout the state and the country continued to be curtailed as unemployment rate as indicated above remained at a high level of above 11 percent.

All of the above factors were considered in preparing the County's budget for fiscal year 2011.

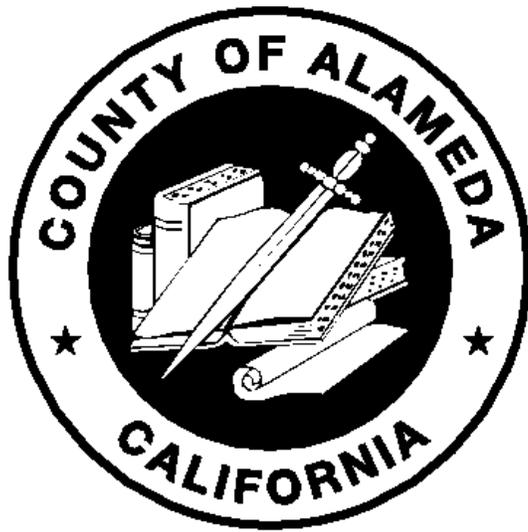
The County adopted its fiscal year 2011 budget before the State of California adopted its own budget on October 8, 2010 with an anticipated budget shortfall of \$6 billion, plus an estimated \$25 billion budget deficit for next fiscal year. A special budget session was scheduled in December 2010 to address state's budget shortfall. It is not known what impact the state's budget will have on the County of Alameda's 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

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BASIC FINANCIAL STATEMENTS

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET ASSETS
 JUNE 30, 2010
 (amounts expressed in thousands)

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Alameda County Medical Center</u>
ASSETS		
Current assets:		
Cash and investments with County Treasurer	\$ 1,239,042	\$ -
Cash and investments with fiscal agents	309,789	-
Restricted cash	-	1,210
Deposits with others	6,432	3,070
Receivables, net of allowance for uncollectible accounts	377,510	124,039
Due from component unit	5,582	-
Due from primary government	-	9,470
Advance to component unit	814	-
Inventory of supplies	202	4,202
Prepaid items	558	1,610
Total current assets	<u>1,939,929</u>	<u>143,601</u>
Noncurrent assets:		
Restricted assets - cash and investments with fiscal agents	182,227	-
Unamortized bond issuance cost	18,601	-
Properties held for resale	1,084	-
Properties held for redevelopment	9,021	-
Due from component unit, net of allowance	30,542	-
Advance to component unit	5,667	-
Loans receivable	6,196	-
Capital assets:		
Land and other assets not being depreciated	129,051	1,825
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	<u>917,335</u>	<u>35,235</u>
Total capital assets, net	<u>1,046,386</u>	<u>37,060</u>
Total noncurrent assets	<u>1,299,724</u>	<u>37,060</u>
Total assets	<u>3,239,653</u>	<u>180,661</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	188,775	76,544
Due to component unit	9,470	-
Due to primary government	-	5,582
Compensated employee absences payable	34,981	5,565
Estimated liability for claims and contingencies	22,400	5,382
Certificates of participation and bonds payable	92,980	-
Lease obligations	333	-
Loans payable	1,102	-
Accrued interest payable	3,175	-
Unearned revenue	25,429	-
Advance from primary government	-	814
Due to other governmental units	286	-
Obligation to fund Coliseum Authority deficit	3,550	-
Total current liabilities	<u>382,481</u>	<u>93,887</u>
Noncurrent liabilities:		
Net pension obligation	42,857	19,019
Net OPEB obligation	72,400	16,404
Compensated employee absences payable	30,714	9,378
Estimated liability for claims and contingencies	76,148	15,234
Certificates of participation and bonds payable	984,988	-
Lease obligations	29,516	-
Loans and notes payable	11,027	-
Due to primary government	-	118,542
Advance from primary government	-	5,667
Due to other governmental units	6,421	-
Obligation to fund Coliseum Authority deficit	72,450	-
Total noncurrent liabilities	<u>1,326,521</u>	<u>184,244</u>
Total liabilities	<u>1,709,002</u>	<u>278,131</u>
Net Assets		
Invested in capital assets, net of related debt	560,449	30,576
Restricted:		
Public protection	348,943	-
Public assistance	69,125	-
Health and sanitation	134,417	-
Public ways and facilities	60,063	-
Education	11,384	-
Other purposes	17,544	31,483
Unrestricted (deficit)	<u>328,726</u>	<u>(159,529)</u>
Total net assets (deficit)	<u>\$ 1,530,651</u>	<u>\$ (97,470)</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, 2010
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		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	\$ 143,497	\$ 111,200	\$ 184,072	\$ -	\$ 151,775	\$ -
Public protection	766,225	222,606	95,122	-	(448,497)	-
Public assistance	680,142	14,911	560,543	-	(104,688)	-
Health and sanitation	597,448	153,243	290,073	-	(154,132)	-
Public ways and facilities	36,598	10,080	38,673	-	12,155	-
Recreation and cultural services	557	131	-	-	(426)	-
Education	22,813	2,697	2,507	5,782	(11,827)	-
Interest on long-term debt	75,420	-	-	-	(75,420)	-
Total governmental activities	<u>2,322,700</u>	<u>514,868</u>	<u>1,170,990</u>	<u>5,782</u>	<u>(631,060)</u>	<u>-</u>
Total primary government	<u>\$ 2,322,700</u>	<u>\$ 514,868</u>	<u>\$ 1,170,990</u>	<u>\$ 5,782</u>	<u>(631,060)</u>	<u>-</u>
Alameda County Medical Center	\$ 486,068	\$ 404,615	\$ 16	\$ -	-	(81,437)
General revenues:						
Property taxes					403,847	-
Sales taxes - shared revenues					140,643	70,406
Other taxes					28,144	-
Interest and investment income					9,369	475
Other					23,439	7,549
Total general revenues					<u>605,442</u>	<u>78,430</u>
Change in net assets					<u>(25,618)</u>	<u>(3,007)</u>
Net assets (deficit) - beginning of period, as reported					1,556,269	(86,845)
Prior period adjustment					-	(7,618)
Net assets (deficit) - beginning of period, as restated					<u>1,556,269</u>	<u>(94,463)</u>
Net assets (deficit) - end of period					<u>\$ 1,530,651</u>	<u>\$ (97,470)</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, 2010

(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	\$ 693,135	\$ 67	\$ 178,268	\$ 20,053	\$ 41,299	\$ 176,529	\$ 1,109,351
Cash and investments with fiscal agents	-	309,789	-	-	-	-	309,789
Restricted assets - cash and investments with fiscal agents	1,768	-	-	134,326	23,774	22,359	182,227
Deposits with others	6	2,250	-	-	-	4,176	6,432
Receivables, net of allowance for uncollectible accounts	294,657	229	2,027	2,242	65	76,529	375,749
Due from other funds	157,515	-	-	-	9,936	1,798	169,249
Due from component unit	32,285	-	-	-	2,954	7	35,246
Advance to component unit	-	-	-	-	6,481	-	6,481
Inventory of supplies	-	-	-	-	-	154	154
Properties held for resale	255	829	-	-	-	-	1,084
Properties held for redevelopment	-	-	-	-	-	9,021	9,021
Prepaid items	-	-	-	-	-	404	404
Loans receivable	1,454	3,856	-	-	-	886	6,196
Total assets	\$ 1,181,075	\$ 317,020	\$ 180,295	\$ 156,621	\$ 84,509	\$ 291,863	\$ 2,211,383
Liabilities:							
Accounts payable and accrued expenditures	\$ 151,169	\$ 53	\$ 3,029	\$ 5,836	-	\$ 19,752	\$ 179,839
Due to other funds	-	12,705	-	105,905	9,952	40,687	169,249
Due to component unit	9,004	-	-	82	-	342	9,428
Deferred revenue	70,446	-	161	-	6,481	7,581	84,669
Unearned revenue	23,126	-	-	-	-	2,303	25,429
Due to other governmental units	-	-	-	-	-	286	286
Total liabilities	253,745	12,758	3,190	111,823	16,433	70,951	468,900
Fund balances:							
Reserved for:							
Encumbrances	41,379	383	25,946	420,443	-	33,993	522,144
Inventories	-	-	-	-	-	154	154
Debt service	-	-	-	-	68,076	22,359	90,435
Legal restrictions	255,670	-	-	-	-	-	255,670
Assets not available for appropriation	2,383	6,935	5	-	-	14,174	23,497
Unreserved, reported in:							
General fund	627,898	-	-	-	-	-	627,898
Special revenue funds	-	296,944	151,154	-	-	150,232	598,330
Capital projects fund	-	-	-	(375,645)	-	-	(375,645)
Total fund balances	927,330	304,262	177,105	44,798	68,076	220,912	1,742,483
Total liabilities and fund balances	\$ 1,181,075	\$ 317,020	\$ 180,295	\$ 156,621	\$ 84,509	\$ 291,863	\$ 2,211,383

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 ASSETS
JUNE 30, 2010
(amounts expressed in thousands)

Fund balances – total governmental funds	\$ 1,742,483
Amounts reported for governmental activities in the statement of net assets 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.	1,034,597
Bond issuance costs are not financial resources and, therefore, are not reported in the funds.	18,601
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	(1,077,968)
Compensated employee absences payable	(62,556)
Lease obligations	(29,849)
Loans and note payable	(12,129)
Due to other governmental units	(6,421)
Other liabilities	(76,000)
Total long-term liabilities	<u>(1,264,923)</u>
The net OPEB obligation pertaining to governmental fund types is not recorded in governmental fund statements.	(72,400)
The net pension obligation pertaining to governmental fund types is not recorded in governmental fund statements.	(42,857)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the governmental funds and thus not included in fund balance.	84,669
Interest on long-term debt is not accrued in the funds, but is recognized as an expenditure when due.	(3,175)
Internal service funds are used by management to charge the costs of fleet management, building maintenance, communications, information technology, printing services 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 assets.	<u>33,656</u>
Net assets of governmental activities	<u>\$ 1,530,651</u>

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, 2010
 (amounts expressed in thousands)

	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 461,221	\$ -	\$ 29,272	\$ -	\$ 2,075	\$ 79,939	\$ 572,507
Licenses and permits	5,871	-	1,187	-	-	1,432	8,490
Fines, forfeitures, and penalties	40,836	-	-	341	-	267	41,444
Use of money and property	10,295	10,692	1,559	-	1,033	4,190	27,769
State aid	629,807	-	556	6,320	-	57,569	694,252
Federal aid	363,062	-	5	-	-	96,585	459,652
Other aid	28,183	-	3,215	-	-	8,659	40,057
Charges for services	304,506	-	13,159	-	12,965	97,536	428,166
Other revenue	18,377	425	265	25	1,080	30,537	50,709
Total revenues	<u>1,862,158</u>	<u>11,117</u>	<u>49,218</u>	<u>6,686</u>	<u>17,153</u>	<u>376,714</u>	<u>2,323,046</u>
Expenditures:							
Current							
General government	119,159	1,261	-	-	-	45	120,465
Public protection	525,927	-	46,021	-	-	138,091	710,039
Public assistance	602,080	-	-	-	-	64,167	666,247
Health and sanitation	513,379	-	-	-	-	77,211	590,590
Public ways and facilities	2,004	-	-	-	-	40,396	42,400
Recreation and cultural services	594	-	-	-	-	-	594
Education	198	-	-	-	-	21,749	21,947
Debt service							
Principal	-	-	-	-	86,331	4,565	90,896
Interest	-	-	-	-	16,296	10,834	27,130
Capital outlay	1,649	-	-	45,226	-	-	46,875
Total expenditures	<u>1,764,990</u>	<u>1,261</u>	<u>46,021</u>	<u>45,226</u>	<u>102,627</u>	<u>357,058</u>	<u>2,317,183</u>
Excess (deficiency) of revenues over expenditures	<u>97,168</u>	<u>9,856</u>	<u>3,197</u>	<u>(38,540)</u>	<u>(85,474)</u>	<u>19,656</u>	<u>5,863</u>
Other financing sources (uses):							
Issuance of loans	4,732	-	-	-	-	-	4,732
Transfers-in	11,933	-	489	1,512	68,319	1,452	83,705
Transfers-out	(51,060)	(10,620)	-	(7,778)	-	(4,903)	(74,361)
Total other financing sources (uses)	<u>(34,395)</u>	<u>(10,620)</u>	<u>489</u>	<u>(6,266)</u>	<u>68,319</u>	<u>(3,451)</u>	<u>14,076</u>
Net change in fund balances	<u>62,773</u>	<u>(764)</u>	<u>3,686</u>	<u>(44,806)</u>	<u>(17,155)</u>	<u>16,205</u>	<u>19,939</u>
Fund balance - beginning of period	864,557	305,026	173,419	89,604	85,231	204,707	1,722,544
Fund balance - end of period	<u>\$ 927,330</u>	<u>\$ 304,262</u>	<u>\$ 177,105</u>	<u>\$ 44,798</u>	<u>\$ 68,076</u>	<u>\$ 220,912</u>	<u>\$ 1,742,483</u>

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, 2010
 (amounts expressed in thousands)

Net change in fund balances – total governmental funds	\$ 19,939
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. This change reflects the decrease in the deferred revenue that occurred during the year.	<u>(29,420)</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	36,542
Increase in postemployment medical benefits obligation	(72,166)
Increase in other postemployment benefits obligation	(40,001)
Increase in compensated absences	(7,454)
Decrease in obligation to fund Coliseum Authority deficit	3,350
Claim for reimbursements, to the extent of tax increment revenue, due and payable to other governmental unit	(498)
Total	<u>(80,227)</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 proprietary fund are not recorded in the governmental fund.	
Capital outlay	78,649
Depreciation expense	(56,276)
Net loss on disposal of capital assets	(149)
Capital asset transfers to proprietary fund	(104)
Total	<u>22,120</u>
The net loss of certain activities of internal service funds is reported with governmental activities.	<u>(1,102)</u>
Proceeds from loans are reported as financing sources in governmental funds, but increase liabilities in the statement of net assets.	<u>(4,732)</u>
Net decrease in accrued interest reduces the liability in the statement of net assets and results in less expenses in the statement of activities.	<u>119</u>
Bond issuance costs are expended in the governmental funds when paid but are capitalized and amortized in the statement of net assets. This is the amount of the amortization expense in the current period.	<u>(833)</u>
The repayment of the principal of long-term debt, capital leases, and loans consume the current financial resources of governmental funds. These transactions, however, have no effect on net assets.	
Principal payment on long-term debt	90,896
Principal payment on leases and loans	1,208
Total	<u>92,104</u>
Interest accreted on bonds and certificates payable.	<u>(42,904)</u>
Amortization of bond premiums, bond discounts and refunding loss.	<u>(682)</u>
Changes in net assets of governmental activities	<u>\$ (25,618)</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2010
 (amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Cash and investments with County Treasurer	\$ 129,691
Other receivables	1,761
Due from component unit	878
Inventory of supplies	48
Prepaid items	154
Total current assets	<u>132,532</u>
Noncurrent assets:	
Capital assets:	
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	<u>11,789</u>
Total capital assets	<u>11,789</u>
Total noncurrent assets	<u>11,789</u>
Total assets	<u>144,321</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	8,936
Compensated employee absences payable	1,632
Estimated liability for claims and contingencies	22,400
Due to component unit	42
Total current liabilities	<u>33,010</u>
Noncurrent liabilities:	
Compensated employee absences payable	1,507
Estimated liability for claims and contingencies	76,148
Total noncurrent liabilities	<u>77,655</u>
Total liabilities	<u>110,665</u>
Net assets	
Invested in capital assets, net of related debt	11,789
Unrestricted	21,867
Total net assets	<u>\$ 33,656</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 ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010
 (amounts expressed in thousands)**

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 187,908
Total operating revenues	<u>187,908</u>
Operating expenses:	
Salaries and benefits	56,189
Contractual services	6,086
Utilities	11,161
Repairs and maintenance	5,313
Other supplies and expenses	60,217
Insurance claims and expenses	17,239
Depreciation	3,755
Telephone	3,473
County indirect costs	7,464
Dental claims	8,979
Other	424
Total operating expenses	<u>180,300</u>
Operating income	7,608
Non-operating revenues (expenses):	
Interest and investment income	696
Gain (loss) on sale of capital assets	(176)
Total non-operating revenues (expenses)	<u>520</u>
Income before capital contributions and transfers	8,128
Capital contributions	114
Transfers-in	43
Transfers-out	(9,387)
Change in net assets	(1,102)
Total net assets - beginning of period	<u>34,758</u>
Total net assets - end of period	<u><u>\$ 33,656</u></u>

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, 2010
 (amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Cash flows from operating activities	
Internal activity - receipts from other funds	\$ 187,269
Payments to suppliers	(87,513)
Payments to employees	(56,337)
Internal activity - payments to other funds	(7,464)
Claims paid	(29,056)
Other receipts (payments)	(424)
Net cash provided by operating activities	<u>6,475</u>
Cash flows from noncapital financing activities	
Transfers-in	43
Transfers-out	(9,387)
Net cash used in noncapital financing activities	<u>(9,344)</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(4,017)
Proceeds from sale of capital assets	186
Net cash used in capital and related financing activities	<u>(3,831)</u>
Cash flows from investing activities:	
Interest on investments	696
Net cash provided by investing activities	<u>696</u>
Net decrease in cash and cash equivalents	(6,004)
Cash and cash equivalents - beginning of period	135,695
Cash and cash equivalents - end of period	<u>\$ 129,691</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 7,608
Adjustments for non-cash activities:	
Depreciation	3,755
Changes in assets and liabilities:	
Other receivables	(639)
Inventory of supplies	(33)
Prepaid items	(51)
Accounts payable and accrued expenses	(1,221)
Compensated employee absences payable	(148)
Estimated liability for claims and contingencies	(2,838)
Due to component unit	42
Total adjustments	<u>(1,133)</u>
Net cash provided by operating activities	<u>\$ 6,475</u>
Non-cash capital activities:	
Contribution of capital assets	<u>\$ 72</u>

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

COUNTY OF ALAMEDA, CALIFORNIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010
(amounts expressed in thousands)

	<u>Pension and Other Employee Benefits Trust Funds</u>	<u>Investment Trust Fund</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets:				
Cash and investments with County Treasurer	\$ 2,541	\$ 1,617,803	\$ 15,701	\$ 246,786
Cash and investments with fiscal agents	4,657,079	-	-	-
Investment of securities lending collateral	587,991	-	-	-
Deposits with others	557	-	-	-
Taxes receivable	-	-	-	277,499
Other receivables	19,502	-	-	-
Interest receivable	13,855	2,304	23	161
Prepaid items	-	3,661	-	-
Capital assets, net of accumulated depreciation	3,222	-	-	-
Total assets	<u>5,284,747</u>	<u>1,623,768</u>	<u>15,724</u>	<u>524,446</u>
Liabilities:				
Accounts payable and accrued expenses	18,451	51,376	11	689
Securities lending obligation	587,991	-	-	-
Due to other governmental units	-	-	-	523,757
Total liabilities	<u>606,442</u>	<u>51,376</u>	<u>11</u>	<u>\$ 524,446</u>
Net Assets				
Held in trust for pension	4,006,823	-	-	
Held in trust for postemployment medical benefits	596,576	-	-	
Held in trust for other postemployment benefits	73,481	-	-	
Held in trust for other employee benefits	1,425	-	-	
Held in trust for other purposes	-	1,572,392	15,713	
Total net assets held in trust	<u>\$ 4,678,305</u>	<u>\$ 1,572,392</u>	<u>\$ 15,713</u>	

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010
 (amounts expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund
Additions:			
Contributions:			
Employees	\$ 81,472	\$ -	\$ -
Employer	132,198	-	-
Contributions on pooled investments	-	7,610,471	3,465
Total contributions	<u>213,670</u>	<u>7,610,471</u>	<u>3,465</u>
Investment income			
Interest	68,265	10,019	104
Dividends	43,616	-	-
Net increase (decrease) in fair value of investments	852,129	(361)	(6)
Real estate	26,254	-	-
Securities lending income	7,359	-	-
Total investment income	<u>997,623</u>	<u>9,658</u>	<u>98</u>
Less investment expenses:			
Investment expenses	22,501	-	-
Securities lending borrower rebates and management fees	2,481	-	-
Real estate	8,979	-	-
Total investment expenses	<u>33,961</u>	<u>-</u>	<u>-</u>
Net investment income	<u>963,662</u>	<u>9,658</u>	<u>98</u>
Miscellaneous income	2,272	-	-
Total additions, net	<u>1,179,604</u>	<u>7,620,129</u>	<u>3,563</u>
Deductions:			
Benefit payments	288,773	-	-
Refunds of contributions	7,718	-	-
Administration expenses	12,255	-	-
Distribution from pooled investments	-	7,386,008	3,679
Total deductions	<u>308,746</u>	<u>7,386,008</u>	<u>3,679</u>
Change in net assets	<u>870,858</u>	<u>234,121</u>	<u>(116)</u>
Net assets - beginning of period	3,807,447	1,338,271	15,829
Net assets - end of period	<u>\$ 4,678,305</u>	<u>\$ 1,572,392</u>	<u>\$ 15,713</u>

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, 2010

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, 2009, 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 governing board is composed solely of the members of the County Board of Supervisors. 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. 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 is the major participant and contributes 76.29 percent 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 if it were part of the primary government because it benefits the County by providing substantial services to the County's 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 210, Oakland, CA 94612.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

Post employment 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 post employment 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. 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. 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 Redevelopment Agency (Redevelopment Agency)*

The Redevelopment Agency was reactivated by the Board of Supervisors on December 14, 1999, in order to proceed with the Eden area redevelopment plan in the unincorporated area of Alameda County. The Redevelopment Agency board is composed of the members of the Board of Supervisors and is therefore considered to be a part of the primary government. The books and records of the Redevelopment Agency are maintained by the County and its activities are reported within non-major governmental funds. Additional financial data for the Redevelopment Agency 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 US 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 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.

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

• *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 assets. 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, 2010, 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.

Zone 7 Water Agency was established in 1957 to furnish water for municipal and industrial uses in eastern Alameda County. The Zone 7 Water Agency is governed by a seven-member board whose members are elected by the community to provide strategic guidance and planning for Zone 7 Water Agency policies, programs and finances. The board members serve four-year terms and represent each and every customer in the Livermore-Amador Valley. Prior to fiscal year 2010, the activities of the Zone 7 Water Agency were accounted for in an enterprise fund and reported as business-type activities. On January 1, 2004, the legislation AB1125 took effect which provided that the elected board of the Zone 7 Water Agency shall govern and control all matters that relate only to the Zone 7 Water Agency. Due to the legislation AB1125 and in accordance with GASB Statements 14 and 39, it was determined that the Zone 7 Water Agency is not a component unit of the County of Alameda. Accordingly, the Zone 7 Water Agency activities with ending net assets of \$288.4 million as of June 30, 2009 have been removed from business-type activities.

B. Government-wide and Fund Financial Statements

The government-wide financial statements, i.e., the statement of net assets and the statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. The effect of inter-fund activity has been removed from these statements. 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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.

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 **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, printing, motor pool, and the County's risk management programs.

The **Pension and Other Employee Benefit 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 retirements, withdrawals, postemployment benefits, disability and death benefits as well as administrative expenses. The other employee benefit trust fund holds pre-tax dollars deducted from County employees' gross pay for subsequent reimbursement of allowable health care and dependent care costs.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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.

The **Private Purpose Trust Fund** reflects the activities of the Public Guardian 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, and telecommunication and information technology system support charges. 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 Units with Differing Fiscal Year-Ends

ACERA has a fiscal year ending on December 31. The amounts reflected in the June 30, 2010 financial statements are the balances as of ACERA's fiscal year ended December 31, 2009. 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 2009-2010 was approximately .72 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 40.14 percent of the net assets 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.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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, the investments of Surplus Property Development and ACERA and the commercial paper program.

Investment Valuation

Certain US government securities that have a remaining maturity at time of purchase of one year or less are carried at amortized cost, which approximates market 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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 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.

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.

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 an 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 market value at the date of donation. Capital outlay is recorded as an expenditure in the general and capital projects funds and as an asset 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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, 2010, 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, 2010, have been compensated for any accumulated vacation, compensatory time, and unexpired in-lieu compensatory time.

J. Bond Issuance Costs and Premiums/Discounts

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Unamortized bond issuance costs are reported on the statement of net assets and amortized over the term of the related debt.

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 Assets

Reservations of Fund Balances

Reservations of fund balances of the governmental funds represent that portion of fund balances that is not available for appropriation or is legally segregated for a specific future use. Following is a brief description of the nature of certain reserves.

Reserve for encumbrances – Encumbrances are amounts that do not constitute available, spendable resources.

Reserve for inventories – A portion of fund balance is reserved to offset the supplies inventories that are not available for appropriation.

Reserve for debt service – The fund balance of the debt service funds is reserved for the payment of debt service requirements in subsequent years.

Reserve for legal restrictions – Certain revenues that are received by the County have restrictions as to their use, such as certain fees and fines collected for specific purposes. These unspent revenues are shown as legally restricted in the general fund.

Reserve for assets not available for appropriation – Certain assets, such as deposits with others and long-term receivables, do not represent expendable available financial resources. Therefore, a portion of fund balance is reserved to offset the balance of these assets.

Restricted Net Assets

Restricted net assets 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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.

N. Refunding of Debt

On the government-wide financial statements, gains or losses from advance refundings are deferred and amortized into expense if they occurred subsequent to June 30, 2001.

O. Cash Flows

Statements of cash flows are 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 15 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 Pronouncement

In February 2009, GASB released a new statement, *GASB Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The initial distinction in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This statement provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. Application of this Statement is effective for the County's fiscal year ending June 30, 2011.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

2. Cash and Investments

A. Deposits

As of June 30, 2010, the County's cash and deposits were as follows:

	<u>Bank Balance</u>	<u>Carrying Value</u>
Deposits with financial institutions	\$ 71,002	\$ 70,759
Cash on hand		1,192
Deposits in transit		3,262
Adjustment to restate pension trust fund cash balance to December 31, 2009		737
Total cash and deposits		\$ 75,950

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 does not have a deposit policy for custodial credit risk. Of the \$71,002,000 deposits with financial institutions, \$2,401,000 was covered by federal depository insurance, \$53,000,000 was collateralized with securities held by pledging financial institutions, and \$15,601,000 was collateralized with securities held by pledging financial institutions' trust departments. 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, 2009, ACERA reported a cash balance of \$1,034,000, of which \$400,000 was in operational cash accounts held with a financial institution. \$300,000 of the operational cash deposit was uninsured and uncollateralized and exposed 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 US 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 repurchase agreements and reverse repurchase agreements, or to engage in securities lending, such investment activities were not made during the year ended June 30, 2010.

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, 2010.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

As of June 30, 2010 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	AAA / Aaa	\$ 140,682	\$ 668,305	\$ 808,987
Federal agency discounted notes	AAA / Aaa	1,498,930	-	1,498,930
Medium term notes	A/A2	-	506	506
Local agency investment fund	Not rated	50,000	-	50,000
Mutual funds	AAA / Aaa	687,500	-	687,500
Total investments		<u>\$ 2,377,112</u>	<u>\$ 668,811</u>	<u>\$ 3,045,923</u>

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 rated A if maturity is less than three years from purchase date; and at least rated AA if maturity is longer than three years from purchase date.

Negotiable Certificates of Deposit: at least rated A if issued by a domestic bank; and at least rated AA 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, 2010, more than 5 percent of the Treasurer's investments were in the Federal Farm Credit Bank (7.2%), Federal Home Loan Mortgage Corporation (12.82%), Federal Home Loan Bank (18.60%), and Federal National Mortgage Association (37.14%).

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's pool for the fiscal year ended June 30, 2010. Cash and deposits do not include \$ 1,246,000 in department revolving funds.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

Statement of Net Assets

Assets:	
Cash and deposits	\$ 75,208
Investments (at fair value)	3,045,923
Accrued interest	<u>4,662</u>
Total assets	<u>\$3,125,793</u>
Total Liabilities:	<u>-</u>
Net Assets	<u><u>\$3,125,793</u></u>
Equity of internal pool participants	\$1,553,401
Equity of external pool participants	<u>1,572,392</u>
Total Net Assets	<u><u>\$3,125,793</u></u>

Statement of Changes in Net Assets

Net change in investments by pool participants	\$ 188,073
Net assets at July 1, 2009	<u>2,937,720</u>
Net assets at June 30, 2010	<u><u>\$3,125,793</u></u>

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2010, to support the value of shares in the pool.

As of June 30, 2010, 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.

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, 2010, 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, 2010, 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 \$23.3 billion in 2010. Of that amount, 94.58% was invested in non-derivative financial products and 5.42% in structured notes and asset backed securities as of June 30, 2010. The value of the pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the County's position in the pool.

b. Investments with Fiscal Agents

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

As of June 30, 2010, 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	N/A	\$ 100	\$ -	\$ -	\$ 100
Money market funds	AAA / Aaa	158,680	-	-	158,680
U.S. Treasury securities	N/A	-	15,240	-	15,240
Federal agency notes and bonds	AAA / Aaa	66,267	161,474	-	227,741
Corporate bonds	AAA / Aaa	38,424	49,703	2,128	90,255
Total cash and investments with fiscal agent		<u>\$ 263,471</u>	<u>\$ 226,417</u>	<u>\$ 2,128</u>	<u>\$492,016</u>

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 property development fund and various bond indentures for other funds limit the funds' investments in 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, 2010, more than 5 percent of total investments with fiscal agents were in the Federal Home Loan Bank (15.73%), the Federal National Mortgage Association (11.78%), and the Federal Home Loan Mortgage Corporation (18.78%).

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, 2010, more than 5 percent of the property development fund's investments were in the Federal Home Loan Bank (22.33%), the Federal National Mortgage Association (15.23%), and the Federal Home Loan Mortgage Corporation (29.82%).

As of June 30, 2010, more than five percent of the debt service fund's investments were in the Federal Home Loan Bank (38.06%), and the Federal National Mortgage Association (49.82%). In addition, more than 5 percent of the non-major governmental funds' investments were in FCAR Owner Trust (63.73%) and Bank of America (8.68%).

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 US equity, international equity, US 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 assets are as of ACERA's fiscal year ended December 31, 2009.

ACERA has chosen to manage the investment risks described by GASB Statement No. 40 by contractually requiring each portfolio investment manager to abide by restrictive investment guidelines specifically tailored to that individual manager rather than adopting broad 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

of credit risk, the guidelines for one fixed income portfolio 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.

As of December 31, 2009, ACERA’s investments with fiscal agents consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>
Short-term investments	\$ 143,861
Domestic equities	1,110,539
Domestic equity commingled funds	729,297
International equities	1,174,711
International equity commingled funds	57,129
Domestic fixed income	882,713
International fixed income	224,036
Real estate - separate properties	90,802
Real estate - commingled funds	162,288
Future contracts - equity index	884
Equity index swaps	37
Foreign exchange contracts	1,424
Private equity and alternatives	79,358
Total investments	<u>\$ 4,657,079</u>

Concentration of Credit Risk

The individual investment guidelines for each fixed-income manager forbid concentrations greater than 5 percent in the securities of any one issuer (except investments issued or explicitly guaranteed by the U.S. government). As of December 31, 2009, ACERA had no investments in a single issuer that equaled or exceeded 5 percent of ACERA’s net assets.

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 Investor Services (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.

The Credit Risk Analysis table discloses the fair value of debt investments by type and credit rating as of December 31, 2009.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

Credit Risk Analysis

<u>Debt Investments by Type</u>	Adjusted Moody's Credit Rating								Ca and below	
	Total	Aaa	Aa	A	Baa	Ba	B	Caa	Not Rated	
Collateralized mortgage obligations	\$ 165,181	\$ 65,817	\$ 8,825	\$ 22,969	\$ 11,763	\$ 1,866	\$ 28,718	\$ 25,223	\$ -	\$ -
Convertible bonds	15,346	-	-	3,157	85	441	3,889	5,587	-	2,187
Corporate bonds	486,148	9,160	29,626	86,683	198,853	65,299	68,079	18,849	5,139	4,460
Federal Home Loan Mortgage Corp.	23,755	23,755	-	-	-	-	-	-	-	-
Federal National Mortgage Assn.	128,688	128,688	-	-	-	-	-	-	-	-
Government issues	237,709	163,453	8,618	30,976	26,552	8,110	-	-	-	-
Government National Mortgage Assn. I, II	6,280	6,280	-	-	-	-	-	-	-	-
Other asset-backed securities	43,641	9,589	2,523	5,215	1,005	4,790	3,313	9,368	4,082	3,756
Subtotal debt investments	<u>1,106,748</u>	<u>406,742</u>	<u>49,592</u>	<u>149,000</u>	<u>238,258</u>	<u>80,506</u>	<u>103,999</u>	<u>59,027</u>	<u>9,221</u>	<u>10,403</u>
External Investment Pools of Debt Securities										
Securities Lending Cash Collateral Fund	587,991	-	-	-	-	-	-	-	-	587,991
Master Custodian Short-Term Investment Fund	100,764	-	-	-	-	-	-	-	-	100,764
Subtotal external investment pools	<u>688,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>688,755</u>
Total	<u>\$ 1,795,503</u>	<u>\$ 406,742</u>	<u>\$ 49,592</u>	<u>\$ 149,000</u>	<u>\$ 238,258</u>	<u>\$ 80,506</u>	<u>\$ 103,999</u>	<u>\$ 59,027</u>	<u>\$ 9,221</u>	<u>\$ 699,158</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, 2009, ACERA had no investments that were exposed to custodial credit risk.

ACERA's investments include collateral associated with derivatives activity. As of December 31, 2009, collateral for derivatives were \$12.8 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, 2009. 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.

**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	\$ 587,991	39 days
Master Custodian Short-Term Investment Fund	100,764	41 days
Total	<u>\$ 688,755</u>	

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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	\$ 165,181	7.0
Convertible bonds	15,346	6.9
Corporate bonds	486,148	6.8
Federal Home Loan Mortgage Corp.	23,755	2.6
Federal National Mortgage Assn.	128,688	3.3
Government issues	237,709	7.6
Government National Mortgage Assn. I, II	6,280	1.6
Other asset-backed securities	42,949	4.5
Subtotal of investments with duration	1,106,056	
Other Asset Backed Securities	692	No Duration
Subtotal of investments without duration	692	
Total debt investments	\$ 1,106,748	

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, 2009. ACERA has no general investment policy with respect to investments with fair values that are highly sensitive to changes in interest rates.

**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>
Zero coupon bond	Privately placed securities	Zero-coupon	\$ 4,959
Collateralized mortgage obligation	Mortgage-related securities	Various	33,604
Total			\$ 38,563

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.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010**

The Foreign Currency Risk Analysis table shows the fair value of investments by currency denomination and investment type, as of December 31, 2009. It provides an indication of the magnitude of ACERA's foreign currency risk for each foreign currency.

Foreign Currency Risk Analysis

Currency	Common Stock and Depository Receipts	International Equity Mutual Funds	Corporate Bonds	Foreign Currency	Government Issues	Currency Swaps	Equity Index Swaps	Total Exposure Net of Currency Swaps
Australia Dollar	\$ 72,733	\$ -	\$ 8,591	\$ 294	\$ 25,101	\$ (457)	\$ (816)	105,446
Brazil Real	7,548	-	-	-	-	81	(197)	7,432
Canada Dollar	44,033	-	3,411	313	25,440	53	(263)	72,987
Chile Peso	-	-	-	-	-	(3)	-	(3)
Colombia Peso	-	-	-	-	1,060	-	-	1,060
Denmark Krone	8,662	-	-	70	-	46	-	8,778
Egypt Pound	629	-	-	-	-	-	-	629
Euro Currency	381,193	-	-	26,498	1,345	2,195	1,257	412,488
Hong Kong Dollar	51,681	-	-	109	-	(10)	203	51,983
Hungary Forint	-	-	-	-	-	(75)	-	(75)
Iceland Krona	-	-	1,406	-	-	-	-	1,406
India Rupee	15,525	-	-	-	-	(5)	-	15,520
Indonesia Rupiah	2,352	-	-	-	7,050	12	-	9,414
Israel Shekel	4,216	-	-	-	-	(2)	31	4,245
Japan Yen	176,291	-	4,965	231	-	554	(210)	181,831
Malaysia Ringgit	1,833	-	-	-	11,839	-	(3)	13,669
Mexico Peso	5,505	-	1,037	566	13,990	(49)	17	21,066
New Russia Ruble	-	-	-	-	-	52	-	52
New Taiwan Dollar	10,979	-	-	1,368	-	90	-	12,437
New Zealand Dollar	3,513	-	9,638	240	8,428	(20)	-	21,799
Norway Krone	3,135	-	-	7	-	(919)	-	2,223
Poland Zloty	754	-	-	-	11,329	(45)	46	12,084
Singapore Dollar	25,263	-	5,150	61	-	(1)	16	30,489
South Africa Rand	8,937	-	-	(47)	3,175	42	27	12,134
South Korea Won	11,894	-	-	1,293	3,799	529	410	17,925
Sweden Krona	14,652	-	-	43	4,809	(190)	(3)	19,311
Switzerland Franc	77,922	-	-	114	-	(46)	(357)	77,633
Thailand Baht	2,900	-	-	95	-	(5)	14	3,004
Turkey Lira	-	-	-	-	-	(4)	-	(4)
UK Pound Sterling	172,484	-	-	126	10,602	(399)	146	182,959
Various Currencies	-	62,121	-	-	-	-	-	62,121
TOTAL	\$ 1,104,634	\$ 62,121	\$ 34,198	\$ 31,381	\$ 127,967	\$ 1,424	\$ 318	\$ 1,362,043

Securities Lending

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

For the year ended December 31, 2009, on behalf of ACERA, the master custodian lent ACERA securities (government bonds, corporate stocks, corporate bonds, and international equities) 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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 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, 2009, 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, 2009, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2009, 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 a collective investment pool. As of December 31, 2009, this investment pool had an average duration of 39 days and an average weighted maturity of 212 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. As of December 31, 2009, ACERA had no credit risk exposure to borrowers because the amounts ACERA owes them exceeded the amounts they owe ACERA.

As of December 31, 2009, ACERA had securities on loan with a fair value of \$579.8 million for cash collateral of \$588.0 million.

Summary of County Deposits and Investments

The following table is a summary of the deposits and investments as of June 30, 2010:

	Cash On Hand and Deposits In Transit	Cash in Bank	Treasurer's Investments	Investments with Fiscal Agent and Securities Lending Collateral	Adjust ACERA Cash to 12/31/09	Total
<u>Cash and investments</u>						
With County Treasurer	\$ 4,454	\$ 70,759	\$3,045,923	\$ -	\$ 737	\$ 3,121,873
With ACERA	-	-	-	4,657,079	-	4,657,079
With fiscal agents	-	-	-	492,016	-	492,016
Total cash and investments	<u>4,454</u>	<u>70,759</u>	<u>3,045,923</u>	<u>5,149,095</u>	<u>737</u>	<u>8,270,968</u>
Investment of securities lending collateral	-	-	-	587,991	-	587,991
Total – Primary Government	<u>\$ 4,454</u>	<u>\$ 70,759</u>	<u>\$3,045,923</u>	<u>\$ 5,737,086</u>	<u>\$ 737</u>	<u>\$ 8,858,959</u>
Restricted Cash – Component Unit		<u>\$ 1,210</u>				<u>\$ 1,210</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	
Cash and investments with County Treasurer	\$ 1,239,042 ¹	\$ 1,882,831 ²	\$ 3,121,873	\$ -
Cash and investments with fiscal agents	309,789	4,657,079	4,966,868	-
Restricted Assets:				
Cash and investments with fiscal agents	182,227	-	182,227	1,210
Invested securities lending collateral	-	587,991	587,991	-
Total cash and investments	<u>\$ 1,731,058</u>	<u>\$ 7,127,901</u>	<u>\$ 8,858,959</u>	<u>\$ 1,210</u>
Deposits and cash on hand			\$ 75,950	\$ 1,210
Investments			8,783,009	-
Total deposits and investments			<u>\$ 8,858,959</u>	<u>\$ 1,210</u>

1 Includes cash and investments with the County Treasurer of total governmental funds (\$1,109,351) and internal service funds (\$129,691).

2 Includes deposits and investments with the County Treasurer of pension and postemployment benefits and employee benefit trust funds (\$2,541), investment trust fund (\$1,617,803), private purpose trust (\$15,701) and agency funds (\$246,786).

3. Receivables

Receivables as of June 30, 2010, 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:

	<u>Governmental Funds</u>						<u>Internal Service Funds</u>	<u>Governmental Activities Total</u>	
	<u>General</u>	<u>Property Development</u>	<u>Flood Control</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-major Governmental Funds</u>			<u>Subtotal</u>
Interest	\$ 1,665	\$ -	\$ 250	\$ 2	\$ 65	\$ 230	\$ 2,212	\$ 165	\$ 2,377
Taxes	43,871	-	1,405	-	-	3,883	49,159	-	49,159
Departmental accounts	138,634	-	-	-	-	-	138,634	-	138,634
Federal and state grants and subventions	144,594	-	9	2,240	-	46,501	193,344	-	193,344
Charges for services	73,687	-	158	-	-	18,011	91,856	1,596	93,452
Other	4,801	229	205	-	-	7,904	13,139	-	13,139
Gross receivables	<u>407,252</u>	<u>229</u>	<u>2,027</u>	<u>2,242</u>	<u>65</u>	<u>76,529</u>	<u>488,344</u>	<u>1,761</u>	<u>490,105</u>
Less: allowance for uncollectibles	(112,595)	-	-	-	-	-	(112,595)	-	(112,595)
Net total receivable - governmental activities	<u>\$ 294,657</u>	<u>\$ 229</u>	<u>\$ 2,027</u>	<u>\$ 2,242</u>	<u>\$ 65</u>	<u>\$ 76,529</u>	<u>\$ 375,749</u>	<u>\$ 1,761</u>	<u>\$ 377,510</u>

Other receivables for pension and other employee benefit trust funds at December 31, 2009, are as follows:

Contributions	\$ 11,236
Investment Receivables	4,248
Investments Sold	3,731
Other	287
Total other receivables at December 31, 2009	<u>\$ 19,502</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

4. Capital Assets

Capital asset activities of the primary government for the year ended June 30, 2010, are as follows:

GOVERNMENTAL ACTIVITIES

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Capital assets, not being depreciated:				
Land and easements	\$ 43,974	\$ -	\$ -	\$ 43,974
Construction in progress	66,583	69,095	50,651	85,027
Collections	50	-	-	50
Total capital assets, not being depreciated	<u>110,607</u>	<u>69,095</u>	<u>50,651</u>	<u>129,051</u>
Capital assets, being depreciated:				
Structures and improvements	875,518	17,744	260	893,002
Machinery and equipment	144,160	13,840	13,881	144,119
Software	34,514	-	-	34,514
Infrastructure	724,059	32,907	-	756,966
Total capital assets, being depreciated	<u>1,778,251</u>	<u>64,491</u>	<u>14,141</u>	<u>1,828,601</u>
Less accumulated depreciation for:				
Structures and improvements	395,896	22,607	-	418,503
Machinery and equipment	108,196	13,888	13,369	108,715
Software	27,314	3,265	-	30,579
Infrastructure	333,198	20,271	-	353,469
Total accumulated depreciation	<u>864,604</u>	<u>60,031</u>	<u>13,369</u>	<u>911,266</u>
Total capital assets, being depreciated, net	<u>913,647</u>	<u>4,460</u>	<u>772</u>	<u>917,335</u>
Governmental activities capital assets, net	<u>\$ 1,024,254</u>	<u>\$ 73,555</u>	<u>\$ 51,423</u>	<u>\$ 1,046,386</u>

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

Governmental Activities	
General government	\$ 6,327
Public protection	22,365
Public assistance	1,392
Health and sanitation	6,003
Public ways and facilities	17,618
Recreation and cultural services	1,976
Education	595
Capital assets held by the County's internal service funds charged to the various functions on a prorated basis based on their usage of the assets	3,755
Total depreciation expense – governmental activities	<u>\$ 60,031</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

The County has active construction projects as of June 30, 2010. 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, 2010 are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Construction of new health care facilities	\$ 55,526	\$ 420,023
Construction of new criminal justice facility	6,371	-
Road improvements	20,481	14,510
Flood control channel improvements	2,649	8,036
Total governmental funds	<u>\$ 85,027</u>	<u>\$ 442,569</u>

Fines and penalties imposed on criminal offenses provide the source of funding for the commitment for construction of a new criminal justice facility. Tobacco funds received from the master settlement agreement and issuance of debt finance the commitment for construction of a new health care facility. 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 buildings, fire equipment, and water efficiency improvements. The lease agreements for fire equipment qualify as capital leases for accounting purposes because title transfers at the end of the lease term and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The leases for the buildings qualify as capital leases for accounting purposes because one lease agreement contains a bargain purchase option while the present value of the minimum lease payments at the inception of the lease for the other lease agreement equals at least 90% of the fair value of the leased property. The leased buildings were recorded at fair market 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	\$ 29,896
Machinery and equipment	991
Total	<u>30,887</u>
Less accumulated amortization	<u>(4,699)</u>
Net book value	<u>\$ 26,188</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

FIDUCIARY FUNDS – Pension and Other Employee Benefit Trust

Capital asset activities of the Pension and other employee benefit trust for the year ended December 31, 2009, are as follows:

	<u>Balance</u> <u>January 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2009</u>
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 738	\$ 52	\$ 686
Capital assets, being depreciated:				
Equipment and Furniture	2,684	62	16	2,730
Information Systems	10,457	-	-	10,457
Leasehold Improvements	2,460	5	-	2,465
Total capital assets, being depreciated	<u>15,601</u>	<u>67</u>	<u>16</u>	<u>15,652</u>
Less accumulated depreciation for:				
Equipment and Furniture	2,195	187	14	2,368
Information Systems	10,254	203	-	10,457
Leasehold Improvements	201	90	-	291
Total accumulated depreciation	<u>12,650</u>	<u>480</u>	<u>14</u>	<u>13,116</u>
Total capital assets, being depreciated, net	<u>2,951</u>	<u>(413)</u>	<u>2</u>	<u>2,536</u>
Fiduciary fund capital assets, net	<u>\$ 2,951</u>	<u>\$ 325</u>	<u>\$ 54</u>	<u>\$ 3,222</u>

COMPONENT UNIT – Alameda County Medical Center

Capital asset activities of the Alameda County Medical Center for the year ended June 30, 2010, are as follows:

	<u>Balance</u> <u>July 1, 2009</u> <u>(as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 4,733	\$ -	\$ 2,908	\$ 1,825
Total capital assets, not being depreciated	<u>4,733</u>	<u>-</u>	<u>2,908</u>	<u>1,825</u>
Capital assets, being depreciated:				
Structures and improvements	36,865	3,318	-	40,183
Machinery and equipment	64,866	7,638	-	72,504
Total capital assets, being depreciated	<u>101,731</u>	<u>10,956</u>	<u>-</u>	<u>112,687</u>
Less accumulated depreciation for:				
Structures and improvements	23,602	1,582	-	25,184
Machinery and equipment	43,928	8,340	-	52,268
Total accumulated depreciation	<u>67,530</u>	<u>9,922</u>	<u>-</u>	<u>77,452</u>
Total capital assets, being depreciated, net	<u>34,201</u>	<u>1,034</u>	<u>-</u>	<u>35,235</u>
Component unit capital assets, net	<u>\$ 38,934</u>	<u>\$ 1,034</u>	<u>\$ 2,908</u>	<u>\$ 37,060</u>

The restatement of the beginning balance for the net amount of \$156 is due to completed construction projects and depreciation expense not recorded in prior years.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

5. Accounts Payable and Accrued Expenditures/Expenses

Accounts payable and accrued expenditures/expenses as of June 30, 2010, for the County's individual major funds, nonmajor funds in the aggregate, and internal service funds are as follows:

	Governmental Funds						Internal Service Funds	Governmental Activities Total
	General	Property Development	Flood Control	Capital Projects	Other Governmental Funds	Subtotal		
	Accounts payable	\$ 63,014	\$ 33	\$ 1,512	\$ 5,836	\$ 14,990		
Outstanding warrants	51,418	-	-	-	-	51,418	-	51,418
Accrued payroll	36,737	20	1,517	-	4,762	43,036	2,447	45,483
Total accounts payable and accrued expenditures	<u>\$ 151,169</u>	<u>\$ 53</u>	<u>\$ 3,029</u>	<u>\$ 5,836</u>	<u>\$ 19,752</u>	<u>\$ 179,839</u>	<u>\$ 8,936</u>	<u>\$ 188,775</u>

Payables for Pension and Other Employee Benefit Trust Funds are as follows:

Purchase of securities	\$ 9,553
Investment-related payables	3,541
Accrued administrative expenses	1,843
Member benefits	3,424
Other	90
Total accounts payable and accrued expenses	<u>\$ 18,451</u>

Payables for the Investment Trust Fund, Private Purpose Trust Fund, and Agency Funds consist of outstanding warrants.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

6. Long-Term Obligations

The following is a summary of long-term obligations of the County as of June 30, 2010:

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	\$ 4,270
2001A Refunding (a)	12/1/2021	3.80-5.375	148,455	112,785
2007A Refunding (a)	12/1/2021	4-5.625	37,010	<u>30,295</u>
Certificates of participation-principal				147,350
1989 Capital Projects capital appreciation bonds-accretion (b)				12,871
Tobacco Settlement Asset-Backed bonds				
Tobacco Securitization bonds 2002 (g)	6/1/2042	2.25-6.00	220,525	182,415
Tobacco Securitization capital appreciation bonds 2006 - A & B (g)	6/1/2050	6.2-6.7	51,475	51,475
Tobacco Securitization capital appreciation bonds 2006 - C (g)	6/1/2055	7.55	16,384	<u>16,384</u>
Tobacco Securitization bonds-principal				250,274
Tobacco Securitization capital appreciation bonds 2006 - accretion (g)				22,525
Pension obligation bonds				
1996 bonds series B capital appreciation bonds-principal (a)	12/1/2018	7.03-7.58	306,863	178,387
1996 bonds series B capital appreciation bonds-accretion (a)				299,353
Lease revenue bonds				
Alameda County Joint Powers Authority:				
Juvenile Justice Facility Bonds Series D (a)	12/1/2034	3.3-5.125	28,275	19,925
Juvenile Justice Refunding 2008A (a)	12/1/2034	4.0-5.0	120,145	120,145
Association of Bay Area Governments:				
2004 ABAG 40 Refunding (c)	6/1/2012	2-3.75	6,095	<u>1,635</u>
Lease revenue bonds				<u>141,705</u>
Tax allocation bonds				
Alameda County Redevelopment Agency:				
Eden Area Redevelopment Bonds (i)	8/1/2036	4.0-5.0	34,735	<u>32,565</u>
Capital leases				
Fire equipment (h)	11/30/2012	0	697	314
Water efficiency measures (f)	10/30/2023	4.08	3,000	2,750
Structures & Improvement - 7200 Bancroft Ave. (a)	2/28/2021	52.07	1,896	1,896
Structures & Improvement - 2000 San Pablo Ave. (a)	11/21/2035	13.2	25,000	<u>24,889</u>
Capital leases payable				<u>29,849</u>
Other Long-term obligations				
Special assessment bonds with government commitment				
West Happyland assessment district 1999 refunding (d)	9/2/2011	4.2-5.65	395	45
Tennyson-Alquire assessment district 1999 refunding (d)	9/2/2012	4.2-5.70	1,435	<u>290</u>
Special assessment bonds				335
Loans Payable (f)	12/22/2010 to 12/22/2023	3.0-6.0	15,007	11,454
Note Payable (i)	5/19/2014	9.77	675	675
Net pension obligation (e)				42,857
Net OPEB obligation (e)				72,400
Compensated employee absences payable (e)				65,695
Estimated liability for claims and contingencies (f)				98,548
Due to other governmental units (i)				6,707
Obligation to fund Authority deficit (see Note 15) (a)				<u>76,000</u>
Other long-term obligations				<u>374,671</u>
Governmental activities total long-term obligations				<u>\$ 1,489,550</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 Road special revenue fund in non-major governmental funds.
- (d) Tax assessments on benefited properties within the assessment districts.
- (e) Discretionary revenues of the fund in which the employee's salary is charged.
- (f) User-charge reimbursements from general fund and non-major governmental funds.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

- (g) Revenues from tobacco master settlement agreement.
- (h) Discretionary revenues of the Fire special revenue fund in non-major governmental funds.
- (i) Tax increment revenues with respect to the redevelopment project area.

The Alameda County Tobacco Asset Securitization Authority has pledged all revenues received from the tobacco master settlement agreement with four US tobacco manufacturers to repay the outstanding amount as of June 30, 2010 of \$182.4 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 \$1.9 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 \$15.4 million while tobacco settlement revenue was \$14.6 million.

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 \$56.7 million, with the final payment due on August 1, 2036. The tax allocation bonds are secured and to be serviced from tax increment revenues of the project area. 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. The total debt service estimated is \$56.7 million which is 12.08 percent of the total projected net tax increment revenues of \$469 million during the bond period. Pledged tax increment revenue recognized during the fiscal year ended June 30, 2010 was \$2.1 million as against the total debt service payment of \$2.1 million.

COMPONENT UNIT

Type of Obligation	Outstanding
Alameda County Medical Center:	
Compensated employee absences payable	\$ 14,943
Estimated liability for claims and contingencies	20,616
Component unit total long-term obligations	\$ 35,559

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, 2010, the County's debt limit (1.25% of total assessed value) was \$2.48 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 has no deferred interest income as of June 30, 2010.

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, except as noted below.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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 \$52.4 million as of June 30, 2010. 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 \$86.7 million as of June 30, 2010. 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, 2010, \$1.01 million was the remaining outstanding obligation. Similarly, assessment district bonds were issued to construct storm drains, roads, sidewalks, water, and sewer system in Tennyson-Alquire and West Happyland townships in the City of Hayward. At June 30, 2010, \$0.34 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. Even though the County is not obligated to advance any resources to cure any deficiencies in the redemption funds of the Tennyson-Alquire and West Happyland townships issues, the County has the right to do so; therefore the debt has been included in the County's long-term obligations.

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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

Changes in Long-Term Obligations

The changes in long-term obligations for governmental activities for the year ended June 30, 2010, are as follows:

	<u>Balance July 1, 2009</u>	<u>Additional Obligations, Interest Accretion, and Net Increases</u>	<u>Current Maturities, Retirements, and Net Decreases</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and certificates payable					
Certificates of participation	\$ 164,782	\$ -	\$ (17,432)	\$ 147,350	\$ 18,479
Tobacco Securitization bonds	254,839	-	(4,565)	250,274	3,130
Pension obligation bonds	203,021	-	(24,634)	178,387	23,802
Lease revenue bonds	145,520	-	(3,815)	141,705	3,515
Tax allocation bonds	33,215	-	(650)	32,565	675
Special assessment bonds with government commitment	545	-	(210)	335	115
Total bonds and certificates payable before accretion	<u>801,922</u>	<u>-</u>	<u>(51,306)</u>	<u>750,616</u>	<u>49,716</u>
Accretion on capital appreciation bonds					
Certificates of participation	13,566	1,264	(1,959)	12,871	2,001
Tobacco Securitization bonds	16,816	5,709	-	22,525	-
Pension obligation bonds	301,053	35,931	(37,631)	299,353	41,263
Total bonds and certificates payable at accreted value	<u>1,133,357</u>	<u>42,904</u>	<u>(90,896)</u>	<u>1,085,365</u>	<u>92,980</u>
Other debt-related items					
Deferred amount for issuance premiums	9,121	-	(744)	8,377	-
Deferred amount for issuance discount	(4,525)	-	136	(4,389)	-
Deferred amount for refunding loss	(12,675)	-	1,290	(11,385)	-
Total bonds and certificates payable	<u>1,125,278</u>	<u>42,904</u>	<u>(90,214)</u>	<u>1,077,968</u>	<u>92,980</u>
Loans and note payable	8,195	4,732	(798)	12,129	1,102
Net pension obligation	79,399	-	(36,542)	42,857	-
Net OPEB obligation	-	72,400	-	72,400	-
Compensated employee absences payable	58,388	39,304	(31,997)	65,695	34,981
Estimated liability for claims and contingencies	101,386	19,659	(22,497)	98,548	22,400
Capital leases	30,300	-	(451)	29,849	333
Due to other governmental units	6,227	783	(303)	6,707	286
Obligation to fund Coliseum Authority deficit (see Note 15)	79,350	-	(3,350)	76,000	3,550
Governmental activity long-term obligations	<u>\$ 1,488,523</u>	<u>\$ 179,782</u>	<u>\$ (186,152)</u>	<u>\$ 1,482,153</u>	<u>\$ 155,632</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, 2010, \$3.14 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, 2010, are as follows:

Component Unit:	<u>Balance July 1, 2009 (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Compensated employee absences payable	\$ 15,339	\$ 14,445	\$ (14,841)	\$ 14,943	\$ 5,565
Estimated liability for claims and contingencies	20,608	3,104	(3,096)	20,616	5,382
Total component unit long-term obligations	<u>\$ 35,947</u>	<u>\$ 17,549</u>	<u>\$ (17,937)</u>	<u>\$ 35,559</u>	<u>\$ 10,947</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

Annual debt service requirements for long-term obligations outstanding as of June 30, 2010, are as follows:

GOVERNMENTAL ACTIVITIES

For the Year Ending June 30	Lease Revenue Bonds		Tobacco Securitization Bonds			Pension Obligation Bonds		Tax Allocation Bonds		Total Bonds		
	Principal	Interest	Principal	Accreted		Principal	Accreted		Principal	Interest	Accreted	
				Interest	Interest		Interest	Interest				
2011	\$ 3,515	\$ 6,848	\$ 3,130	\$ -	\$ 10,629	\$ 23,802	\$ 41,263	\$ 675	\$ 1,437	\$ 31,122	\$ 41,263	\$ 18,914
2012	4,125	6,681	2,905	-	10,492	23,044	44,951	705	1,409	30,779	44,951	18,582
2013	3,235	6,485	-	-	10,354	22,263	48,792	730	1,381	26,228	48,792	18,220
2014	3,400	6,317	-	-	10,354	21,490	52,760	760	1,351	25,650	52,760	18,022
2015	3,785	6,151	-	-	10,354	20,623	56,972	790	1,320	25,198	56,972	17,825
2016-2020	20,690	28,176	3,475	-	51,606	67,165	232,955	4,455	6,089	95,785	232,955	85,871
2021-2025	26,670	22,538	-	-	50,946	-	-	5,435	5,077	32,105	-	78,561
2026-2030	34,255	14,960	51,485	-	47,985	-	-	6,705	3,785	92,445	-	66,730
2031-2035	42,030	5,310	45,170	-	36,144	-	-	8,355	2,068	95,555	-	43,522
2036-2040	-	-	-	-	22,875	-	-	3,955	200	3,955	-	23,075
2041-2045	-	-	76,250	-	9,150	-	-	-	-	76,250	-	9,150
2046-2050	-	-	51,475	-	-	-	-	-	-	51,475	-	-
2051-2055	-	-	16,384	764,585	-	-	-	-	-	16,384	764,585	-
2056-2060	-	-	-	616,926	-	-	-	-	-	-	616,926	-
Total	\$ 141,705	\$ 103,466	\$ 250,274	\$ 1,381,511	\$ 270,889	\$ 178,387	\$ 477,693	\$ 32,565	\$ 24,117	\$ 602,931	\$ 1,859,204	\$ 398,472

For the Year Ending June 30	Total Bonds			Certificates of Participation			Other Long-Term Obligations		Total Debt		
	Principal	Accreted Interest	Interest	Principal	Accreted		Principal	Interest	Principal	Accreted	
					Interest	Interest				Interest	
2011	\$ 31,122	\$ 41,263	\$ 18,914	\$ 18,479	\$ 2,000	\$ 6,894	\$ 1,550	\$ 5,020	\$ 51,151	\$ 43,263	\$ 30,828
2012	30,779	44,951	18,582	19,539	2,041	5,983	1,672	4,898	51,990	46,992	29,463
2013	26,228	48,792	18,220	20,212	2,077	5,035	1,610	4,831	48,050	50,869	28,086
2014	25,650	52,760	18,022	21,033	2,112	3,974	2,098	4,754	48,781	54,872	26,750
2015	25,198	56,972	17,825	14,135	2,150	3,056	1,485	4,637	40,818	59,122	25,518
2016-2020	95,785	232,955	85,871	37,277	8,882	8,767	7,267	21,429	140,329	241,837	116,067
2021-2025	32,105	-	78,561	16,675	-	817	3,251	16,006	52,031	-	95,384
2026-2030	92,445	-	66,730	-	-	-	1,256	15,057	93,701	-	81,787
2031-2035	95,555	-	43,522	-	-	-	2,382	13,911	97,937	-	57,433
2036-2040	3,955	-	23,075	-	-	-	19,742	1,294	23,697	-	24,369
2041-2045	76,250	-	9,150	-	-	-	-	-	76,250	-	9,150
2046-2050	51,475	-	-	-	-	-	-	-	51,475	-	-
2051-2055	16,384	764,585	-	-	-	-	-	-	16,384	764,585	-
2056-2060	-	616,926	-	-	-	-	-	-	-	616,926	-
Total	\$ 602,931	\$ 1,859,204	\$ 398,472	\$ 147,350	\$ 19,262	\$ 34,526	\$ 42,313	\$ 91,837	\$ 792,594	\$ 1,878,466	\$ 524,835

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, the obligation to fund Coliseum Authority deficit, and the amount due to other governmental units. 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.

On November 3, 2009, the Board of Supervisors approved an updated plan of finance for the Acute Tower Seismic Replacement project. The revised plan provides for the funding of the initial costs of the project with tax-exempt commercial paper notes that will ultimately be retired with long-term fixed rate debt. Commercial paper, a form of short-term debt, provides flexible financing as funds may be drawn only as needed, similar to a line of credit. The commercial paper program will be active for approximately seven years. Fixed rate bonds will be issued in the future to redeem outstanding commercial paper and free up short-term borrowing capacity for remaining project costs. To

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

reduce the costs of the commercial paper program, \$110.3 million was deposited with the fiscal agent as collateral for the letter of credit. As of June 30, 2010, there are no outstanding commercial paper notes.

7. Operating Lease Obligations

The County has numerous operating leases for office space. Rental expense for operating leases for fiscal year 2009/10 was \$29.1 million. Future minimum lease payments for operating leases at June 30, 2010, are as follows:

<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2016-20</u>	<u>2021-25</u>	<u>2026-27</u>	<u>Total</u>
\$ 27,987	\$ 25,500	\$ 23,904	\$ 21,275	\$ 19,139	\$ 78,614	\$ 34,847	\$ 9,351	\$ 240,617

8. Fund Deficits

Individual fund deficit at June 30, 2010, are as follows:

Internal Service Fund - Risk Management \$ 5,842

The fund deficit of the internal service fund is expected to be funded by increased user charges.

9. Fund Balances

Reserve for Legal Restrictions – This reserve represents revenues the County has received but their use has been restricted to specific purposes as required by legislation, county resolution, or other binding agreement.

General government programs	\$ 5,040
Health and sanitation programs	113,464
Public assistance programs	3,353
Public protection programs	133,799
Recreation programs	14
Total general fund	<u>\$255,670</u>

Designations of fund balances indicate that portion of fund balances that is not available for appropriation based on management's plan for future use of the funds. Following is a brief description of the nature of designations as of June 30, 2010:

Designated for Capital Expenditures – This designation represents funds set aside for the construction or acquisition of capital assets.

Designated for General Contingencies – This designation represents funds set aside for unexpected events that may occur during the subsequent year. It also represents funds set aside as an incentive program for departments that have demonstrated their ability to reduce the cost of service delivery during the previous fiscal year.

	<u>Designated for</u>		<u>Undesignated</u>	<u>Total</u>
	<u>Capital Expenditures</u>	<u>General Contingencies</u>		
General fund	\$ 64,702	\$ 563,196	\$ -	\$ 627,898
Property development fund	296,944	-	-	296,944
Flood control fund	58,895	1,070	91,189	151,154
Capital projects fund	-	-	(375,645)	(375,645)
Non-major governmental funds	12,699	1,253	136,280	150,232
Total governmental funds	<u>\$ 433,240</u>	<u>\$ 565,519</u>	<u>\$ (148,176)</u>	<u>\$ 850,583</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

10. Restricted Net Assets

Restricted net assets are net assets that are subject to constraints either externally imposed by creditors, grantors, contributors, or by enabling legislation. Restricted net assets as of June 30, 2010 for governmental activities are as follows:

Restricted for Public Protection			
Flood	\$177,395		
Criminal Justice and Courthouse Construction	49,115		
Fire	30,898		
Public Safety	22,845		
Sheriff	22,419		
Vital Records	19,242		
Consumer Protection	14,794		
Community Development	6,969		
Domestic Violence	1,481		
Vehicle Theft Prevention	1,075		
Survey Monument Preservation	789		
Child Support Enforcement	301		
Probation	284		
Criminal Justice Programs	277		
Other	<u>1,059</u>		
			\$348,943
Restricted for Public Assistance			
Housing and Commercial Development	64,610		
Child Protective Services	2,292		
Social Services Programs	<u>2,223</u>		
			69,125
Restricted for Health and Sanitation			
Public Health	56,988		
Behavioral Health Services	49,490		
Emergency Medical Services	19,198		
Environmental Health	<u>8,741</u>		
			134,417
Restricted for Public Ways and Facilities			
Roads and Bridges Maintenance	56,833		
Streets and Highway Lighting	<u>3,230</u>		
			60,063
Restricted for Education			
Library Services			11,384
Restricted for Other Purposes			
Property Taxes	12,490		
Assessor	5,040		
Art Projects	<u>14</u>		
			<u>17,544</u>
Total Restricted Net Assets-Governmental Activities			<u><u>\$641,476</u></u>

Included in governmental activities restricted net assets as of June 30, 2010 are net assets restricted by enabling legislation of \$109,927.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

11. 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, 2010, is as follows:

	Due to other funds				Total Due from
	Property Development Fund	Capital Projects Fund	Debt Service Fund	Non-major Governmental Funds	
Due from other funds					
General fund	\$ 2,769	\$ 104,107	\$ 9,952	\$ 40,687	\$ 157,515
Debt service fund	9,936	-	-	-	9,936
Non-major governmental funds	-	1,798	-	-	1,798
Total Due to	\$ 12,705	\$ 105,905	\$ 9,952	\$ 40,687	\$ 169,249

The general fund provided a loan to the capital projects fund for \$101.6 million that was used as collateral for the letter of credit under the commercial paper program.

Due to/from primary government and component unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
	Alameda County Medical Center	\$ 124,124
Primary government-governmental		\$ 124,124
Less: allowance for uncollectibles		(88,000)
Net		<u>\$ 36,124</u>
Alameda County Medical Center	Primary government-governmental	<u>\$ 9,470</u>

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	<u>\$ 6,481</u>

Transfers between funds for the year ending June 30, 2010, are as follows:

	Transfers In:						Total Transfers Out
	General Fund	Flood Control Fund	Capital Projects Fund	Debt Service Fund	Non-major Governmental Funds	Internal Service Funds	
Transfers out:							
General fund	\$ -	\$ -	\$ 1,261	\$49,379	\$ 377	\$ 43	\$51,060
Property development fund	684	-	-	9,936	-	-	10,620
Capital projects fund	7,778	-	-	-	-	-	7,778
Non-major governmental funds	2,111	489	251	977	1,075	-	4,903
Internal service funds	1,360	-	-	8,027	-	-	9,387
Total transfers in	\$ 11,933	\$ 489	\$ 1,512	\$68,319	\$ 1,452	\$ 43	\$83,748

The \$51.06 million General Fund transfer-out includes \$37.167 million for pension obligations, \$12.162 million to provide for the payment of debt service, and \$1.092 million to provide funding for construction projects.

The \$10.62 million Property Development Fund transfer out includes \$9.936 million reimbursement to the Debt Service Fund for the Juvenile Justice bond payment.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

The \$7.778 million Capital Projects Fund transfer out includes \$6.612 million for return of excess reimbursements of prior years and \$1.117 million to establish a designation in the general fund.

The \$4.903 million Non-major Governmental Funds transfer out includes \$1.075 million to cover operating costs of the bridges, \$1.938 to reimburse the general fund for recovery grant expenditures, and \$.977 for payment of debt service.

The \$9.387 million Internal Service Funds transfer out includes \$8.027 million for the payment of debt service and \$1.360 million for payment of energy loans and leases.

12. 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 \$882.6 million as of December 31, 2009. 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, the Superior Court of California, 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.

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, 2009 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, probation officers and juvenile hall counselors. General membership includes all other eligible classifications.

Membership of ACERA at December 31, 2009 are as follows (amounts not in thousands):

Members Now Receiving Benefits	
Service Retirement	5,472
Disability Retirement	793
Beneficiaries and Survivors	<u>1,054</u>
Subtotal	<u>7,319</u>
Active Members	
Active Vested Members	7,809
Active Non-vested Members	<u>3,143</u>
Subtotal	<u>10,952</u>
Deferred Members	<u>1,850</u>
Total Membership	<u><u>20,121</u></u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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 6.16 and 20.74 percent of their annual covered salary effective September 2009. 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.

Article 5.5 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 COLA, supplemental retired member death benefits, active death equity benefit 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.

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
2008	\$ 98,386	55.0 %	\$ 44,235
2009	98,540	100.7	43,572
2010	102,658	100.7	42,857

* The annual pension costs for fiscal years 2008 through 2010 on the table above have been recalculated from calendar year basis to fiscal year basis. The amounts also reflect the effects of re-allocation of excess earnings transfers from the pension plan to the postemployment benefit plans. The effects of these changes are reported within the "Adjustment to annual required contributions" on the following table and, therefore, the Annual Pension Cost for fiscal year 2010 is different than the amount shown above.

For the fiscal year ended June 30, 2008, the County made 100% of the annual required contributions of \$98,386 to ACERA. However, the reported contributions are allocated between the pension and the other postemployment benefit plans. Therefore, the County's contributions were reduced to 55% due to the transfer of excess investment earnings to the Supplemental Retiree Benefit Reserve (see Notes 13 and 14). This transfer of excess investment earnings resulted in a net pension obligation of \$44,235 as reported in the table above.

For the fiscal year ended June 30, 2010, the employees' contributions to the plan for the same period were \$50 million.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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	\$ 103,373
Interest on net pension obligation	3,486
Adjustment to annual required contributions	<u>(40,028)</u>
Annual Pension cost	66,831
Pension contributions	<u>(103,373)</u>
Change in net pension obligation	(36,542)
Net pension obligation, beginning of fiscal year	<u>79,399</u>
Net pension obligation, end of fiscal year	<u><u>\$ 42,857</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, 2009 was \$5.9 billion; the actuarial value of assets was \$4.79 billion; the unfunded actuarial accrued liability was \$1.11 billion; and the funded ratio was 81.2%. Covered payroll was \$882.6 million and the ratio of unfunded actuarial accrued liability to covered payroll was 125.8%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 81.

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 pension plan are based on the following actuarial methods and assumptions:

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

Valuation date	12/31/2008	12/31/2009
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	24	23
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods	
Interest rate	8%	7.9%
Inflation rate	3.75%	3.50%
Across-the-Board salary increases	0.25%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.70 - 8.00%
Safety	5.30 - 9.10%	5.30 - 9.10%
Demographics:		
(A) Healthy		
General members and all beneficiaries	RP-2000 Combined Healthy Mortality table set back one year	
Safety members	RP-2000 Combined Healthy Mortality table set back two years	
(B) Disability		
General members	RP-2000 Combined Healthy Mortality table set forward four years	
Safety members	RP-2000 Combined Healthy Mortality table set forward three years	
(C) For Employee Contribution Rate Purposes		
General members	RP-2000 Combined Healthy Mortality table set back one year, weighted 30% male and 70% female	
Safety members	RP-2000 Combined Healthy Mortality table set back two years, weighted 75% male and 25% female	
Postemployment benefit increases:		
Tier 1 and 3 members	3%	3%
Tier 2 members	2%	2%

13. 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, 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

contributions may continue coverage in those same health plans after retirement until they become Medicare 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 2010.

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.

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. For fiscal year 2010, the County's annual postemployment medical benefit cost was equal to the ARC. The County's annual postemployment medical benefit cost, the percentage of annual postemployment medical benefit cost contributed to the plan, and the net OPEB (asset) obligation for fiscal years 2008 through 2010 are as follows:

Fiscal year ended June 30	Annual OPEB Cost *	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset) Obligation
2008	\$ 21,036	187.5 %	\$ (18,405)
2009	24,843	0.0	6,438
2010	25,961	0.0	32,399

* The annual OPEB costs for fiscal years 2008 through 2010 on the table above have been recalculated from calendar year basis to fiscal year basis. The amounts also reflect the effects of re-allocation of excess earnings transfers from the pension plan to the postemployment benefit plans. The effects of these changes are reported within the "Adjustment to annual required contributions" on the following table and, therefore, the Annual OPEB Cost for fiscal year 2010 is different than the amount shown above.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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 (asset) to the retiree health plan:

Annual required contributions	\$	26,042
Interest on net OPEB obligation		515
Adjustment to annual required contributions		45,609
Annual OPEB cost		72,166
OPEB contributions		-
Change in net OPEB obligation		72,166
Net OPEB obligation (asset), beginning of fiscal year		(39,767)
Net OPEB obligation, end of fiscal year	\$	32,399

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 Plan's actuarial accrued liability at December 31, 2009 was \$763.5 million; the actuarial value of assets was \$591.3 million; the unfunded actuarial accrued liability was \$172.2 million; and the funded ratio was 77.4%. Covered payroll was \$882.6 million and the ratio of unfunded actuarial accrued liability to covered payroll was 19.5%. The RSI provides information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 81.

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 following actuarial methods and assumptions:

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010**

Valuation date	12/31/2008	12/31/2009
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	27	26
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods	
Interest rate	8%	7.9%
Inflation rate	3.75%	3.50%
Across-the-Board salary increases	0.25%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.70 - 8.00%
Safety	5.30 - 9.10%	5.30 - 9.10%
Demographics:		
(A) Healthy		
General members and all beneficiaries	RP-2000 Combined Healthy Mortality table set back one year	
Safety members	RP-2000 Combined Healthy Mortality table set back two years	
(B) Disability		
General members	RP-2000 Combined Healthy Mortality table set forward four years	
Safety members	RP-2000 Combined Healthy Mortality table set forward three years	
(C) For Employee Contribution Rate Purposes		
General members	RP-2000 Combined Healthy Mortality table set back one year, weighted 30% male and 70% female	
Safety members	RP-2000 Combined Healthy Mortality table set back two years, 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 10% 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.	Dental and vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. With the exception that the 2011 MMA is expected to be maintained at the same level as 2010, MMA subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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. 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), retired member death benefit, and active death equity benefit. The other postemployment benefits program operates as a cost-sharing multiple-employer benefit plan for the County, the Superior Court of California, 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. The active death equity benefit is available to active members with five or more years of service credit. ACERA will fund the difference between the member's vested surviving spouse annuity benefit and a 100% surviving spouse annuity benefit.

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 benefit 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. For fiscal year 2010, the County's annual other postemployment benefit cost was equal to the ARC. 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 2008 through 2010 are as follows:

Fiscal year ended June	Annual OPEB Cost *	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 14,279	33.6 %	\$ 9,485
2009	14,925	0.0	24,410
2010	15,591	0.0	40,001

* The annual OPEB costs for fiscal years 2008 through 2010 on the table above have been recalculated from calendar year basis to fiscal year basis. The amounts also reflect the effects of re-allocation of excess earnings transfers from the pension plan to the postemployment benefit plans. The effects of these changes are reported within the "Adjustment to annual required contributions" on the following table and, therefore, the Annual OPEB Cost for fiscal year 2010 is different than the amount shown above.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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	\$	15,896
Interest on net OPEB obligation		1,953
Adjustment to annual required contributions		22,152
Annual OPEB cost		40,001
OPEB contributions		-
Change in net OPEB obligation		40,001
Net OPEB obligation, beginning of fiscal year		-
Net OPEB obligation, end of fiscal year	\$	40,001

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, 2009 was \$171.2 million; the actuarial value of assets was \$73.5 million; the unfunded actuarial accrued liability was \$97.7 million; and the funded ratio was 42.9%. Covered payroll was \$882.6 million and the ratio of unfunded actuarial accrued liability to covered payroll was 11.1%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 81.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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:

Valuation date	12/31/2008	12/31/2009
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	27	26
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods	
Interest rate	8%	7.9%
Inflation rate	3.75%	3.50%
Across-the-Board salary increases	0.25%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.70 - 8.00%
Safety	5.30 - 9.10%	5.30 - 9.10%
Demographics:		
(A) Healthy		
General members and all beneficiaries	RP-2000 Combined Healthy Mortality table set back one year	
Safety members	RP-2000 Combined Healthy Mortality table set back two years	
(B) Disability		
General members	RP-2000 Combined Healthy Mortality table set forward four years	
Safety members	RP-2000 Combined Healthy Mortality table set forward three years	
(C) For Employee Contribution Rate Purposes		
General members	RP-2000 Combined Healthy Mortality table set back one year, weighted 30% male and 70% female	
Safety members	RP-2000 Combined Healthy Mortality table set back two years, 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), subject to other limitations.	

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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.

15. 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 (tax-exempt) to retire \$181.9 million of the 1995 Variable Rate Lease Revenue Stadium Bonds (\$188.5 million less \$6.6 million principal payment). In February 2004, the 1995 Fixed Rate Refunding Lease Revenue Bonds were fully repaid from the escrow established in 1995 at the time the Coliseum Authority issued the Stadium 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.

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 payment 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

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010**

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 expires in June, 2012.

Debt service requirements for the Coliseum Authority debt:

For the Period Ending June 30	Stadium Debt		Arena Debt	
	Principal	Interest	Principal	Interest
2011	\$ 7,100	\$ 5,212	\$ 3,950	\$ 6,720
2012	7,500	4,951	4,050	6,474
2013	7,900	4,669	4,400	6,221
2014	8,300	4,399	4,750	5,948
2015	8,700	4,106	5,150	5,652
2016-2020	49,600	15,674	31,000	23,050
2021-2025	62,900	6,031	43,850	11,916
2026	-	-	8,605	520
Total	<u>\$ 152,000</u>	<u>\$ 45,042</u>	<u>\$ 105,755</u>	<u>\$ 66,501</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% of the Coliseum Authority's operating costs and debt service requirements; to the extent such funding is necessary. During the year ended June 30, 2010, the County made contributions of \$10.063 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 \$10.034 million for the year ended June 30, 2011. 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 Assets in an amount equal to its contingent share (50%) of the outstanding Stadium Bonds, in the amount of \$76 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.

16. 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

Effective July 1, 2003, the County adopted the provisions of Governmental Accounting Standards Board (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 APMC. During fiscal year 2004, the Foundation's Articles of Incorporation and bylaws were amended to require APMC to approve Foundation board members and to allow that upon dissolution, the Foundation's remaining assets would be distributed to APMC. The Foundation distributed \$ 500 thousand to APMC during fiscal year 2010 but had raised cumulative funds totaling \$5.1 million in 2010 and prior on behalf of APMC.

Included in the County's outstanding long-term liabilities at June 30, 2010, are \$6.48 million in certificates of participation which were issued to provide for improvements to the Facilities. The County is liable for the repayment of the debt.

As of July 1, 2001, APMC no longer participates in the County's self-insurance program. The County shall ensure that professional liability insurance and/or self insurance reserves will cover claims and liabilities relating to any medical staff actions which had been incurred before July 1, 2001, including incurred but not reported matters. Effective July 1, 2001, APMC became self-insured for workers' compensation. APMC maintains stop-loss insurance to limit its liability for claims under its self-insurance program. The net self-insurance liabilities for APMC as of June 30, 2010, were \$20.6 million, which included \$3.1 million of estimated reserves for current year self-insurance claims, offset by current year claim payments of \$3.1 million.

APMC has experienced significant operating losses and negative cash flows from operations in recent years. APMC has financed its working capital needs through loans from the County. APMC expects to require ongoing working capital support from the County in fiscal year 2011. In fiscal year 2010, APMC has made significant progress towards stabilization of financial performance.

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, 2010, the balance of net loans to APMC was \$118.5 million.

The terms of repayment on the loans called for a reduction of the \$200 million loan limit to \$130 million by June 30, 2010. The outstanding net payable to the County is less than the loan limit, and accordingly, the net loans of \$118.5 million at June 30, 2010 is classified as long-term in the accompanying statement of net assets.

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 revenue is 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 49 percent and 15 percent, respectively, of gross patient service revenues, excluding certain federal aid

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

revenues, for the fiscal year ended June 30, 2010. 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

ACMC 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. ACMC accrued \$141.47 million in SB1100 funds for the fiscal year ended June 30, 2010, and remitted \$41.26 million to the State, providing net SB1100 revenue of \$100.21 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. Generally, charity care adjustment accounts are those accounts for which an indigency standard has been established and for which the patient qualifies. Inability to pay may be determined through an interview process by ACMC or by an outside collection agency. Determinations of charity care may be made prior to or at the time of service, or any time thereafter. The following table summarizes the level of charity and the estimated cost of those services for the year ended June 30, 2010:

Charity care at cost	\$ 27,388
Percent of operating expenses	5.6 %

E. Accounts Receivable

Accounts receivable at June 30, 2010, comprised the following:

Patient accounts receivable	\$ 63,912
Due from State of California	57,033
Other accounts receivable	3,094
Total	\$ 124,039

Patient accounts receivable include amounts due from third party payors, patients, and other agencies for patient services rendered and certain federal aid programs and is net of \$ 68 million in estimated uncollectible accounts. Other receivables include professional and other fees earned on patient services and services provided to various outside agencies. Also included in other accounts receivables are 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, 2010, comprised the following:

Accounts payable	\$ 42,475
Accrued payroll	14,445
Due to third-party payors	18,466
Other accrued liabilities	1,158
	\$ 76,544

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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 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's is required by statute to contribute the amounts necessary to finance the estimated benefits accruing to their employees. The annual pension cost, the transfer of excess earnings from the pension to the SRBR trust for the plan years 2007 through 2009 are as follows:

Plan year ended December 31	Annual Required Contribution	Contribution Before Transfer of Excess Investment Earnings to SRBR	Excess Investment Earnings Transferred to SRBR	Contribution After Transfer of Excess Investment Earnings to SRBR	Contribution as a percent of Total Contribution
2007	\$ 20,200	\$ 20,348	\$ 18,877	\$ 1,471	7.28 %
2008	20,100	19,318	625	18,693	93.00
2009	20,000	20,834	325	20,509	102.55

ACMC has historically made 100% of the Annual Required Contribution (ARC) to ACERA. However, for the plan year ended December 31, 2007 through 2009, the reported contributions are allocated between the pension and other post-employment benefits. Therefore, ACMC's contributions were 7.28% for the plan year ended December 31, 2007 after the contribution was allocated to other postemployment benefits for the transfer of excess investment earnings to the Supplemental Retiree Benefit Reserve. This transfer of excess investment earnings has resulted in a net pension obligation for the fiscal year ended June 30, 2010. For the plan year ended December 31, 2009, the employees' contributions to the plan for the same period were \$12,456.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010**

The following table shows APMC's annual pension cost for the year and the changes in the net plan obligation:

Annual required contributions	\$ 20,000
Interest on net pension obligation	1,588
Adjustment to annual required contributions	<u>(1,914)</u>
Pension cost	19,674
Pension contribution	<u>(20,509)</u>
Decrease in net pension obligation	(835)
Net pension obligation, beginning of year	<u>19,854</u>
Net pension obligation, end of year	<u><u>\$ 19,019</u></u>

H. Postemployment Medical Benefits

APMC's annual postemployment medical benefit cost and the transfer of the excess earnings from the pension to the SRBR trust for the plan years 2007 through 2009 are as follows:

Plan Year ended December 31	Annual Required Contribution	Contribution Before Transfer of Excess Investment Earnings to SRBR	Excess Investment Earnings Transferred to SRBR	Contribution After Transfer of Excess Investment Earnings to SRBR	Contribution as a Percentage of Total Contribution
2007	\$ 7,270	\$ -	\$ 15,241	\$ 15,241	209.64 %
2008	7,937	-	-	-	0.00
2009	10,171	-	-	-	0.00

The following table shows APMC's annual postemployment medical benefit cost for the year and changes in the net plan obligation (asset):

Annual required contribution	\$ 10,171
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
OPEB cost	10,171
OPEB contribution	<u>-</u>
Increase in net OPEB obligation	10,171
Net OPEB obligation (asset), beginning of year	<u>(34)</u>
Net OPEB obligation, end of year	<u><u>\$ 10,137</u></u>

I. Other Postemployment Benefits

APMC's annual other postemployment benefit cost and the transfer of the excess earnings from the pension to the SRBR trust for the plan years 2007 through 2009 are as follows:

Plan Year ended December 31	Annual Required Contribution	Contribution Before Transfer of Excess Investment Earnings to SRBR	Excess Investment Earnings Transferred to SRBR	Contribution After Transfer of Excess Investment Earnings to SRBR	Contribution as a Percentage of Total Contribution
2007	\$ 3,421	\$ -	\$ 3,636	\$ 3,636	106.28 %
2008	3,650	-	625	625	17.12
2009	3,828	-	325	325	8.49

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

The following table shows ACMC's annual other postemployment benefit cost for the year and changes in the net plan obligation:

Annual required contribution	\$ 3,828
Interest on net obligation	225
Adjustment to annual required contribution	(271)
Annual postemployment benefit cost	3,782
Other postemployment benefit contribution	(325)
Increase in net OPEB obligation	3,457
Net OPEB obligation, beginning of year	2,810
Net OPEB obligation, end of year	\$ 6,267

J. Prior Period Adjustments – Restatement of Net Assets

During the fiscal year ended June 30, 2010, ACMC management determined that certain amounts in the prior year's financial statements were misstated and the implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was not implemented correctly.

The following is a summary of the restatement to ACMC's unrestricted net assets at July 1, 2009:

Net assets, beginning of year as previously stated	\$ (86,845)
Overstated self-insurance liability	7,406
Overpaid pension obligation bond payments to County	22,836
Refund of County pension obligation bond overpaid incorrectly recorded as revenue	(13,002)
Incorrect implementation of accounting principle related to pension and other post-employment benefits obligations	(19,854)
Depreciation expense not recorded	(150)
Accounts payable overstated	873
Accrued payroll tax liability not recorded	(93)
Overstated sales tax (Measure A) receivable	(5,577)
ACMC revenue recorded as Foundation revenue	(57)
Net assets, beginning of year as restated	\$ (94,463)

17. 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 the California State Association of Counties-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. A Board of Directors consisting of representatives of the member counties 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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 programs:

Program Description	Funding Sources and Coverage Limits		
	Deductible / Self Insured Retention	Pooled Retention (CSAC-EIA)	Excess Insurance (Various carriers)
General and Auto liability	\$1,000,000	-	\$1,000,000 - \$36,000,000
Medical Malpractice	\$100,000	\$100,000 - \$1,600,000	\$1,600,000 - \$21,600,000
Workers' Compensation and Employer's Liability	\$3,000,000	\$3,000,000 - \$5,000,000	\$5,000,000 - statutory
Property Coverage*			
All Risk Declared value as of March 2, 2010 is \$2,129,637,466	\$50,000	\$50,000 - \$3,000,000	\$3,000,000 - \$602,500,000
Terrorism	\$500,000	\$50,000 - \$3,000,000	\$3,000,000 - \$200,000,000
Flood: Declared value as of March 5, 2010 is \$2,129,637,466	2% of total values per unit up to \$25,000	\$0	\$602,500,000
Earthquake: Declared value as of March 5, 2010 is \$1,869,972,769	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 \$82.5 million in purchased coverage for each tower and an additional \$225 million in annual aggregate purchased coverage shared among all members in Towers I -V only, for total purchased earthquake coverage of \$472.5 million.	

Amounts in excess of these limits are self-insured. None of the insurance settlements over the past three years have exceeded insurance limits.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

The County purchases insurance for the following exposures:

Description	Deductible	Limit
Pollution Liability	\$500,000	\$10 million per occurrence / \$10 million aggregate / \$50 million aggregate all pool members
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
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. Depending on employee's labor representation, coverage for each family member is limited to \$1,200 or \$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 premiums are charged 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>2009/10</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2008/09</u>
Estimated liability for claims and contingencies at the beginning of the fiscal year	\$ 21,381	\$ 16,139	\$ 80,005	\$ 76,539	\$ 101,386	\$ 92,678
Incurred claims and claim adjustment expenses	4,437	12,098	15,222	18,791	19,659	30,889
Payments	(7,732)	(6,856)	(14,765)	(15,325)	(22,497)	(22,181)
Total estimated liability for claims and contingencies at the end of the fiscal year	<u>\$ 18,086</u>	<u>\$ 21,381</u>	<u>\$ 80,462</u>	<u>\$ 80,005</u>	<u>\$ 98,548</u>	<u>\$ 101,386</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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2010

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, 2010, 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.

18. Subsequent Events

On May 4, 2010, the Board of Supervisors approved the creation of a \$100 million lease-based, tax-exempt commercial paper program to provide interim construction financing for the Acute Care Tower Seismic Replacement Project. The County issued \$25 million in commercial paper notes on July 29, 2010 and has completed several subsequent refundings of these short-term notes. As of December 29, 2010, the notes remained outstanding in the amount of initial issuance.

On September 21, 2010, the Board of Supervisors approved the issuance of fixed rate lease revenue bonds to provide long-term financing for the Acute Care Tower Seismic Replacement Project. The bonds were sold on October 20, 2010 in a par amount of \$320 million and with a final maturity of December 1, 2044. The bonds were issued as taxable Build America Bonds and Recovery Zone Economic Development Bonds.



**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]
2007	\$ 4,560,000	\$ 5,112,000	89.2 %	\$ 552,000	\$ 793,000	69.6 %
2008	4,644,000	5,538,000	83.9	894,000	864,200	103.4
2009	4,789,000	5,899,300	81.2	1,110,300	882,600	125.8

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]
2007	\$ 614,800	\$ 639,800	96.1 %	\$ 25,000	\$ 793,000	3.2 %
2008	608,300	703,300	86.5	95,000	864,200	11.0
2009	591,300	763,500	77.4	172,200	882,600	19.5

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]
2007	\$ 78,400	\$ 203,800	38.5 %	\$ 125,400	\$ 793,000	15.8 %
2008	76,000	202,500	37.5	126,500	864,200	14.6
2009	73,500	171,200	42.9	97,700	882,600	11.1

COUNTY OF ALAMEDA, CALIFORNIA

GENERAL FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 484,189	\$ 485,904	\$ 461,221	\$ (24,683)
Licenses and permits	6,875	6,875	5,871	(1,004)
Fines, forfeitures, and penalties	10,396	11,411	40,836	29,425
Use of money and property	14,400	14,400	10,295	(4,105)
State aid	676,543	681,221	629,807	(51,414)
Federal aid	326,786	329,485	363,062	33,577
Other aid	17,841	18,130	28,183	10,053
Charges for services	314,968	302,265	304,506	2,241
Other revenue	38,150	42,327	18,377	(23,950)
Total revenues	1,890,148	1,892,018	1,862,158	(29,860)
Expenditures:				
Current				
General government				
Salaries and benefits	79,341	80,268	76,056	4,212
Services and supplies	49,053	52,108	40,106	12,002
Other charges	25,162	25,321	12,337	12,984
Capital assets	221	240	327	(87)
Public protection				
Salaries and benefits	379,281	398,649	392,533	6,116
Services and supplies	163,388	160,638	152,769	7,869
Other charges	7,562	7,602	6,578	1,024
Capital assets	2,267	3,150	3,048	102
Public assistance				
Salaries and benefits	206,384	205,531	200,934	4,597
Services and supplies	129,367	130,918	123,863	7,055
Other charges	299,455	298,493	290,284	8,209
Capital assets	-	15	12	3
Health and sanitation				
Salaries and benefits	120,608	125,033	112,366	12,667
Services and supplies	356,525	363,074	307,874	55,200
Other charges	127,223	129,032	117,083	11,949
Capital assets	12	250	239	11
Public ways and facilities				
Salaries and benefits	433	441	294	147
Services and supplies	1,978	2,049	1,853	196
Capital assets	-	99	99	-
Recreation and cultural services				
Salaries and benefits	9	9	7	2
Services and supplies	635	635	594	41
Education				
Salaries and benefits	126	127	91	36
Services and supplies	146	146	108	38
Capital outlay	3,144	6,914	4,081	2,833
Pension bond debt service transfer	(37,167)	(37,167)	(37,167)	-
Total expenditures	1,915,153	1,953,575	1,806,369	147,206
Excess (deficiency) of revenues over expenditures	(25,005)	(61,557)	55,789	117,346
Other financing sources (uses):				
Proceeds from loans	-	485	4,732	4,247
Transfers-in	-	35,651	11,933	(23,718)
Transfers-out	(37,167)	(69,073)	(51,060)	18,013
Budgetary reserves and designations	-	(77,255)	-	77,255
Total other financing sources (uses)	(37,167)	(110,192)	(34,395)	75,797
Net change in fund balances	(62,172)	(171,749)	21,394	193,143
Add reserve for encumbrance for current budget year	-	-	41,379	41,379
Fund balance - beginning of period	864,557	864,557	864,557	-
Fund balance - end of period	\$ 802,385	\$ 692,808	\$ 927,330	\$ 234,522

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA
PROPERTY DEVELOPMENT SPECIAL REVENUE FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 243	\$ 243	\$ 10,692	\$ 10,449
Other revenue	8,500	8,500	425	(8,075)
Total revenues	<u>8,743</u>	<u>8,743</u>	<u>11,117</u>	<u>2,374</u>
Expenditures:				
Current				
General government				
Salaries and benefits	436	436	434	2
Services and supplies	4,784	4,784	1,182	3,602
Capital assets	14,225	14,225	28	14,197
Total expenditures	<u>19,445</u>	<u>19,445</u>	<u>1,644</u>	<u>17,801</u>
Excess (deficiency) of revenues over expenditures	<u>(10,702)</u>	<u>(10,702)</u>	<u>9,473</u>	<u>20,175</u>
Other financing sources (uses):				
Proceeds from sale of land	87,000	87,000	-	(87,000)
Transfers-out	(76,404)	(75,113)	(10,620)	64,493
Total other financing sources (uses)	<u>10,596</u>	<u>11,887</u>	<u>(10,620)</u>	<u>(22,507)</u>
Net change in fund balances	(106)	1,185	(1,147)	(2,332)
Add reserve for encumbrance for current budget year	-	-	383	383
Fund balance - beginning of period	<u>305,026</u>	<u>305,026</u>	<u>305,026</u>	<u>-</u>
Fund balance - end of period	<u>\$ 304,920</u>	<u>\$ 306,211</u>	<u>\$ 304,262</u>	<u>\$ (1,949)</u>

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

FLOOD CONTROL SPECIAL REVENUE FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 30,863	\$ 31,031	\$ 29,272	\$ (1,759)
Licenses and permits	36	36	1,187	1,151
Use of money and property	3,965	3,965	1,559	(2,406)
State aid	1,273	1,273	556	(717)
Federal aid	-	-	5	5
Other aid	3,358	3,358	3,215	(143)
Charges for services	12,470	12,513	13,159	646
Other revenue	100	100	265	165
Total revenues	<u>52,065</u>	<u>52,276</u>	<u>49,218</u>	<u>(3,058)</u>
Expenditures:				
Current				
Public protection				
Salaries and benefits	29,471	32,633	19,671	12,962
Services and supplies	80,242	98,415	50,651	47,764
Other charges	1,790	2,630	1,046	1,584
Capital assets	1,442	1,642	599	1,043
Total expenditures	<u>112,945</u>	<u>135,320</u>	<u>71,967</u>	<u>63,353</u>
Excess (deficiency) of revenues over expenditures	<u>(60,880)</u>	<u>(83,044)</u>	<u>(22,749)</u>	<u>60,295</u>
Other financing sources (uses):				
Transfers-in	600	600	489	(111)
Transfers-out	(100)	(103)	-	103
Total other financing sources (uses)	<u>500</u>	<u>497</u>	<u>489</u>	<u>(8)</u>
Net change in fund balances	<u>(60,380)</u>	<u>(82,547)</u>	<u>(22,260)</u>	<u>60,287</u>
Add reserve for encumbrance for current budget year	-	-	25,946	25,946
Fund balance - beginning of period	<u>173,419</u>	<u>173,419</u>	<u>173,419</u>	<u>-</u>
Fund balance - end of period	<u>\$ 113,039</u>	<u>\$ 90,872</u>	<u>\$ 177,105</u>	<u>\$ 86,233</u>

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

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 inmate welfare special revenue fund and the capital projects fund. 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.

Budget 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	\$ 1,806,369	\$ 1,644	\$ 71,967
Encumbrances for current budget year	(41,379)	(383)	(25,946)
GAAP basis expenditures	\$ 1,764,990	\$ 1,261	\$ 46,021

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

**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**

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 (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 29, 2010. Our report includes a reference to other auditors. Our report also includes an explanatory paragraph indicating that the County had a change in its reporting entity due to a change in legislation (AB1125) and a change in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*. 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. Other auditors audited the financial statements of the Alameda County Employees' Retirement Association (ACERA), as described in our report on the County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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*.

We noted certain matters that we reported to management of the County in a separate letter dated December 29, 2010.

This report is intended solely for the information and use of the Grand Jury, Board of Supervisors, County management, federal awarding agencies and pass-through entities and the California State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & Connell LLP
Certified Public Accountants

Oakland, California
December 29, 2010

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

**Independent Auditor's Report on Compliance with Requirements that
Could Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133**

Compliance

We have audited the County of Alameda's, California (County's), 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, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Alameda County Housing and Community Development Department (the Department), the Alameda County Lead Poisoning Prevention Program (the Program), and the Alameda County Medical Center (the ACMC). These separate entities expended \$14,248,401, \$1,061,309, and \$3,346,857, in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards (SEFA) for the year ended June 30, 2010. 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 ACMC because we were engaged to perform an audit in accordance with OMB Circular A-133 and reported on the results separately to ACMC.

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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in finding 2010-4 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding level of effort that are applicable to its Special Education Cluster (CFDA number 84.027). Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

As described in finding 2010-5 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding reporting that are applicable to its Special Education Cluster (CFDA number 84.027) and Block Grants for Community Mental Health Services (CFDA number 93.958). Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to those programs.

As described in finding 2010-6 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding procurement that are applicable to its Special Education Cluster (CFDA number 84.027), Block Grants for Community Mental Health Services (CFDA number 93.958), and Block Grants for Prevention and Treatment of Substance Abuse (CFDA number 93.959). Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the three preceding paragraphs, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, 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 findings 2010-1, 2010-2, 2010-3, 2010-7, 2010-8, and 2010-9.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 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 significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 findings 2010-4, 2010-5, and 2010-6 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2010-1, 2010-2, 2010-3, 2010-7, 2010-8, 2010-9, and 2010-10 to be significant deficiencies.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Grand Jury, Board of Supervisors, County management, federal awarding agencies and pass-through entities and the California State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountants

Oakland, California
March 30, 2011

COUNTY OF ALAMEDA
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Federal/Pass-Through Entity Name Federal Program/Cluster Name Program Name/Subtotals	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S Department of Agriculture				
Passed through the California Department of Aging:				
Senior Farmers Market Nutrition Program	10.576	AP-0910-09	\$ 25,000	\$ 25,000
Subtotal Passed through the California Department of Aging			<u>25,000</u>	<u>25,000</u>
Passed through the California Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	01001-SN-01-R	432,756	-
Subtotal Passed through the California Department of Education			<u>432,756</u>	<u>-</u>
Passed through the California Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care				
Asian Citrus Psyllid	10.025	10-520-1211-CA	25,034	-
European Grapevine Moth		10-8520-1317-CA	29,264	-
GWS - Glassy Winged Sharpshooter		07-0296	297,982	-
Insect Trapping		08-0728	639,455	-
Japanese Dodder		09-0260	19,849	-
Light Brown Apple Moth		09-0631	84,602	-
Light Brown Apple Moth		08-0820	6,462	-
Light Brown Apple Moth Exclusion		09-0655	395,848	-
Light Brown Apple Moth Exclusion		08-0117	197,079	-
SOD - Sudden Oak Death		08-0499	6,060	-
SOD - Sudden Oak Death		09-0433	43,820	-
Subtotal 10.025			<u>1,745,455</u>	<u>-</u>
ARRA - Recovery Act of 2009: Wildland Fire Management	10.688	09-DG-11059702-021	10,747	-
Subtotal Passed through the California Department of Food and Agriculture			<u>1,756,202</u>	<u>-</u>
Passed through the California Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.557	08-85409	4,303,271	-
Subtotal Passed through the California Department of Public Health	10.561	07-65302	<u>3,726,066</u>	<u>348,256</u>
Passed through the California Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Food Stamps - E&T - Admin	10.561	N/A	19,771,817	250,000
CALWIN - Food Stamps		N/A	943,142	-
EBT-Project		N/A	18,154	-
Subtotal 10.561			<u>20,733,113</u>	<u>250,000</u>
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	429,446	-
Subtotal SNAP Cluster			<u>21,162,559</u>	<u>250,000</u>
Subtotal Passed through the California Department of Social Services			<u>21,162,559</u>	<u>250,000</u>
Total for U.S. Department of Agriculture			<u>31,405,854</u>	<u>623,256</u>
U.S. Department of Commerce				
Passed through the California Department of Public Health:				
Centers for Disease Control and Prevention (PHER)				
CDC PHER H1N1 PHASE I & II	11.206	EPO 09-01	597,160	-
CDC PHER H1N1 PHASE III		EPO P3-01	1,548,087	10,053
CDC PHER H1N1 PHASE IV		EPO P4-01	85,507	-
Subtotal 11.206			<u>2,230,754</u>	<u>10,053</u>
Hospital Preparedness Program (H1N1)	11.133L	EPO 09-01	33,573	-
Total for U.S. Department of Commerce			<u>2,264,327</u>	<u>10,053</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Economic Development Initiative -Special Project, Neighborhood Initiative and Miscellaneous Grants				
	14.251	N/A	18,619	-
Passed through ANKA Behavioral Health Services Inc.:				
Supportive Housing Program	14.235	N/A	331,227	-
Total U.S. Department of Housing and Urban Development			<u>349,846</u>	<u>-</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF ALAMEDA
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Federal/Pass-Through Entity Name Federal Program/Cluster Name Program Name/Subtotals	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Justice				
Direct Programs:				
2009 Domestic Cannabis Eradication and Suppression Program	16.UNKNOWN	2009-13	\$ 20,000	\$ -
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	N/A	243,318	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	N/A	234,871	144,340
Bulletproof Vest Partnership Program				
Bulletproof Vest Partnership Program (Probation Department)	16.607	N/A	1,700	-
Bulletproof Vest Partnership Program (Sheriff's Office)		N/A	100,131	-
Subtotal 16.607			<u>101,831</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1405	109,462	94,265
Edward Byrne Memorial Justice Assistance Grant Program		2008-DJ-BX-0606	234,469	226,385
Edward Byrne Memorial Justice Assistance Grant Program		2009-DJ-BX-0128	373,296	218,774
Subtotal 16.738			<u>717,227</u>	<u>539,424</u>
Forensic DNA Backlog Reduction Program				
Forensic DNA Backlog Reduction Program	16.741	2007-DN-BX-K082	4,320	-
Forensic DNA Backlog Reduction Program		2009-DN-BX-K074	121,427	-
Forensic DNA Backlog Reduction Program		2008-DN-BX-K043	155,162	-
Subtotal 16.741			<u>280,909</u>	<u>-</u>
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	25,000	25,000
Congressionally Recommended Awards	16.753	N/A	95,000	-
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	N/A	5,235,782	4,979,757
Subtotal Direct Programs			<u>6,953,938</u>	<u>5,688,521</u>
Passed through the California Department of Corrections and Rehabilitation - Corrections Standards				
Juvenile Accountability Block Grants				
Agression Replacement Training	16.523	CSA 181-09 AMYVPT	52,445	-
Juvenile Accountability Block Grant		CSA 181-09	111,724	-
Juvenile Accountability Block Grant		CSA 181-08.6	66,667	-
Subtotal 16.523			<u>230,836</u>	<u>-</u>
Juvenile Justice and Delinquency Prevention Allocation to States				
Enhanced Disproportionate Minority Contact-TAP	16.540	336-08	137,788	-
Enhanced Disproportionate Minority Contact-TAP		336-09	48,770	-
Subtotal 16.540			<u>186,558</u>	<u>-</u>
Subtotal Passed through the California Department of Corrections and Rehabilitation - CSA			<u>417,394</u>	<u>-</u>
Passed through the California Department of Social Services:				
Part E - Developing, Testing and Demonstrating Promising New Programs				
Older Youth Adoptions	16.541	N/A	867,241	336,773
Office of Justice Programs		N/A	397,500	228,476
Subtotal 16.541			<u>1,264,741</u>	<u>565,249</u>
Subtotal Passed through the California Department of Social Services			<u>1,264,741</u>	<u>565,249</u>
Passed through the California Emergency Management Agency:				
Crime Victim Assistance				
Victim/Witness Assistance Program	16.575	VW09280010	249,795	-
Elder Abuse Advocacy and Outreach Program		EA09100010	140,000	-
Subtotal 16.575			<u>389,795</u>	<u>-</u>
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	RA07010010	200,000	-
Violence Against Women Formula Grants				
Victim/Witness Assistance Program	16.588	VW09280010	131,217	-
Violence Against Women Vertical Prosecution Prgm		VV09010010	200,000	-
Subtotal 16.588			<u>331,217</u>	<u>-</u>
ARRA - Violence Against Women Formula Grants				
VAWA Stimulus	16.588	RV09010010	24,461	-
Probation Specialized Units Recovery Act Program		PR09 01 0010	167,152	-
Subtotal 16.588 (ARRA)			<u>191,613</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program				
Anti-Drug Abuse Enforcement Program/Narcotics Task Force	16.738	DC10200010	127,609	-
Anti-Drug Abuse Program		DC08190010	11,740	-
Anti-Drug Abuse Program		DC09200010	1,095,738	-
Subtotal 16.738			<u>1,235,087</u>	<u>-</u>
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ08060100	143	-
ARRA - Recovery Act - State Victim Assistance Formula Grant Program	16.801	VS09010010	36,318	-
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	Z09-01-0010	1,387,832	797,760
Subtotal Passed through the California Emergency Management Agency			<u>3,772,005</u>	<u>797,760</u>
Total for U.S. Department of Justice			<u>12,408,078</u>	<u>7,051,530</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF ALAMEDA
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Federal/Pass-Through Entity Name Federal Program/Cluster Name Program Name/Subtotals	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Labor				
Direct Programs:				
WIA Pilots, Demonstrations, and Research Projects (Young Offender Planning Grant)	17.261	N/A	\$ 299,666	\$ 299,666
Passed through the California Department of Aging:				
Senior Community Service Employment Program	17.235	TV-0910-09	202,525	202,525
ARRA - Senior Community Service Employment Program	17.235	ES 0809-09	41,048	41,048
Subtotal Passed through the California Department of Aging			<u>243,573</u>	<u>243,573</u>
Passed through the California Department of Employment Development:				
WIA Cluster:				
WIA Adult Program				
WIA Title I Adult Formula - 201	17.258	R970530	12,913	-
WIA Title I Adult Formula - 202		R970530	370,150	326,084
WIA Title I Adult Formula - 202		R970530	46,751	46,751
WIA Title I Adult Formula - 201		K074134	234,146	222,387
WIA Title I Adult Formula - 202		K074134	337,126	258,522
WIA Title I Adult Formula - 202		K074134	21,612	21,612
ARRA - WIA Adult Program		R970530	614,387	534,133
Subtotal 17.258			<u>1,637,085</u>	<u>1,409,489</u>
WIA Youth Activities				
WIA Title I Youth Formula - 301	17.259	R970530	359,075	297,756
WIA Title I Youth Formula - 301		K074134	1,351,806	1,130,886
ARRA - WIA Youth Activities		R970530	1,727,946	1,633,397
Subtotal 17.259			<u>3,438,827</u>	<u>3,062,039</u>
WIA Dislocated Workers				
Title I Dislocated Workers - 501	17.260	R970530	144,345	144,345
Title I Dislocated Workers - 502		R970530	740,611	646,401
Title I Rapid Response - 523		R970530	754,595	636,965
Title I Dislocated Workers - 501		K074134	460,392	334,517
Title I Dislocated Workers - 502		K074134	1,638,537	1,525,608
Rapid Response for RA&PGM - 540		K074134	221,255	58,191
Rapid Response for RA&PGM - 541		K074134	359,715	257,239
Rapid Response for NUMMI - 308		K074134	3,150	3,150
Title I NEG NUMMI Project - 768		K074134	838,815	833,527
ARRA Dsict Worker Formula - 105		R970530	2,072,480	1,818,974
ARRA Rapid Resp Formula - 106		R970530	467,643	368,687
Subtotal 17.260			<u>7,701,538</u>	<u>6,627,604</u>
Subtotal WIA Cluster			<u>12,777,450</u>	<u>11,099,132</u>
Subtotal Passed through the California Department of Employment Development			<u>12,777,450</u>	<u>11,099,132</u>
Passed through the California Department of Health Care Services:				
ARRA - Employee Benefits Security Administration (EBSA)	17.151	IHSS Providers COBRA	150,569	-
Passed through the San Mateo County Community College District:				
Community Based Job Training Grants (CB-18239-09-60-A-6)	17.269	P1001281	76,191	47,174
Total for U.S. Department of Labor			<u>13,547,449</u>	<u>11,689,545</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF ALAMEDA
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Federal/Pass-Through Entity Name Federal Program/Cluster Name Program Name/Subtotals	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Transportation				
Direct Programs:				
Highway Planning and Construction	20.205	N/A	\$ 60,485	\$ 43,000
Passed through the California Department of Transportation:				
Highway Planning and Construction				
Hampton Rd - Mission Blvd & Meekland Ave.	20.205	04-5933R	392,068	392,068
Highway Planning and Construction		STPLZ-5933(030)	11,045	-
Highway Planning and Construction		STPL-5933(074)	3,030,002	-
Highway Planning and Construction		STPLH - 5933 (083)	48,989	-
Highway Planning and Construction		STPL - 5933 (088)	368,679	-
Highway Planning and Construction		SRTSL-5933(090)	74,543	-
Highway Planning and Construction		HSIPL-5933 (096)	34,855	-
Highway Planning and Construction		HRRRL-5933(089)	45,129	-
Highway Planning and Construction		HSIPL-5933 (097)	58,500	-
Highway Planning and Construction		ER-4430 (005)	15,321	-
Highway Planning and Construction		ER-4430 (004)	244,162	-
Highway Planning and Construction		STPLZ - 5933(026)	854,821	-
Subtotal 20.205			<u>5,178,114</u>	<u>392,068</u>
ARRA - Highway Planning and Construction	20.205	ESPL-5933(098)	232,241	-
ARRA - Highway Planning and Construction		ESPL-5933(099)	94,116	-
ARRA - Highway Planning and Construction		ESPL-5933(101)	9,751	-
Subtotal 20.205 (ARRA)			<u>336,108</u>	<u>-</u>
Subtotal Passed through the California Department of Transportation			<u>5,514,222</u>	<u>392,068</u>
Passed through the California Office of Traffic Safety:				
State and Community Highway Safety	20.600	G0803027L01	9,500	-
Total for U.S. Department of Transportation			<u>5,584,207</u>	<u>435,068</u>
Institute of Museum and Library Services				
Passed through the California State Library:				
Grants to State				
Public Library Staff Education Program (PLSEP)	45.310	40-7362	3,029	-
California's Family Place Library Program Implementation-Union City		40-7441	9,900	-
Write To Read: Ashland READS		40-7311	32,665	-
Subtotal 45.310			<u>45,594</u>	<u>-</u>
Total for Institute of Museum and Library Services			<u>45,594</u>	<u>-</u>
U.S. Department of Education				
Passed through the Alameda County Office of Education:				
Special Education_Grants to States	84.027	08-14468-1001	4,084,381	2,292,487
Subtotal Passed through the Alameda County Office of Education			<u>4,084,381</u>	<u>2,292,487</u>
Passed through the California Department of Alcohol and Drug Programs:				
Safe and Drug-Free Schools and Communities_State Grants				
Safe and Drug-Free Schools	84.186	SDF 07-13	58,627	-
Safe and Drug-Free Schools		SDF 07-13	163,280	-
Subtotal 84.186			<u>221,907</u>	<u>-</u>
Subtotal Passed through the California Department of Alcohol and Drug Programs			<u>221,907</u>	<u>-</u>
Passed through the California Department of Rehabilitation:				
ARRA - Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	84.390	H390A090005	73,528	-
Subtotal Passed through the California Department of Rehabilitation			<u>73,528</u>	<u>-</u>
Total for U.S. Department of Education			<u>4,379,816</u>	<u>2,292,487</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF ALAMEDA
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Federal/Pass-Through Entity Name Federal Program/Cluster Name Program Name/Subtotals	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Health and Human Services				
Direct Programs:				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	H80CS00047-08-02	\$ 2,468,788	\$ 613,413
ARRA – Grants to Health Center Programs				
ARRA – Grants to Health Center Programs (Homeless Recovery Act#1)	93.703	1H8BCS11547-01-00	71,067	-
ARRA – Grants to Health Center Programs (Homeless Recovery Act#2)		1C81CS14451-01-00	36,344	-
Subtotal 93.703			<u>107,411</u>	<u>-</u>
HIV Emergency Relief Project Grants				
HIV Emergency Relief Project Grants	93.914	6H89HA00018-18-01	5,930,830	5,066,896
HIV Emergency Relief Project Grants		5H3MHA08444-03-00	401,250	364,323
Subtotal 93.914			<u>6,332,080</u>	<u>5,431,219</u>
Healthy Start Initiative	93.926	H49MC00130-09-00	1,878,365	-
HIV Prevention Activities_Non-Governmental Organization Based (East Oakland HIV/STD Prevention)	93.939	1HP75PS002089-01	170,307	156,056
Subtotal Direct Programs			<u>10,956,951</u>	<u>6,200,688</u>
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals				
Passed through the California Department of Aging:				
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-0910-09	21,912	21,912
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	AP-0910-09	56,386	-
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	AP-0910-09	87,826	87,826
Aging Cluster:				
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	AP-0910-09	1,413,890	919,985
Special Programs for the Aging_Title III, Part C_Nutrition Services				
Congregate Nutrition	93.045	AP-0910-09	1,034,779	875,014
Home-Delivered Meal		AP-0910-09	1,449,107	1,401,615
Subtotal 93.045			<u>2,483,886</u>	<u>2,276,629</u>
Nutrition Services Incentive Program	93.053	AP-0910-09	572,479	572,479
ARRA - Aging Home-Delivered Nutrition Services for States	93.705	NS 0809-09	134,032	120,630
ARRA - Aging Congregate Nutrition Services for States	93.707	NS 0809-09	272,252	245,027
Subtotal Aging Cluster			<u>4,876,539</u>	<u>4,134,750</u>
National Family Caregiver Support, Title III, Part E	93.052	AP-0910-09	680,350	622,692
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations				
HICAP	93.779	HI-0910-09	113,089	103,067
MIPPA		HI-0910-09	19,978	18,860
Subtotal 93.779			<u>133,067</u>	<u>121,927</u>
Subtotal Passed through the California Department of Aging			<u>5,856,080</u>	<u>4,989,107</u>
Passed through the California Department of Alcohol and Drug Programs:				
Block Grants for Prevention and Treatment of Substance Abuse				
SAPT Block Grant - Adolescent Treatment Program	93.959	N/A	412,130	412,130
SAPT Block Grant - Discretionary		N/A	4,205,222	3,173,247
SAPT Block Grant - Friday Night Live and Club Live		N/A	30,000	30,000
SAPT Block Grant - HIV Set Aside		N/A	633,202	383,022
SAPT Block Grant - Perinatal Set Aside		N/A	1,424,757	1,075,117
SAPT Block Grant - Prevention Set Aside		N/A	1,963,248	1,963,248
SAPT Block Grant - SATTA		N/A	403,402	299,416
Subtotal 93.959			<u>9,071,961</u>	<u>7,336,180</u>
Subtotal Passed through California Department of Alcohol and Drug Programs			<u>9,071,961</u>	<u>7,336,180</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF ALAMEDA
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Federal/Pass-Through Entity Name Federal Program/Cluster Name Program Name/Subtotals	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Health and Human Services (continued)				
Passed through the California Department of Child Support Services:				
Child Support Enforcement	93.563	N/A	\$ 14,680,150	\$ -
ARRA - Child Support Enforcement	93.563	N/A	2,899,814	-
Subtotal Passed through the California Department of Child Support Services			<u>17,579,964</u>	<u>-</u>
Passed through the California Department of Education:				
CCDF Cluster:				
Child Care and Development Block Grant				
Local Child Care & Development Planning Council Program (CLPC)	93.575	01-2501-00-9	98,138	-
Child Care Salary/Retention Incentive Program (CRET)		01-2501-00-9	986,320	-
Subtotal 93.575			<u>1,084,458</u>	<u>-</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	624,676	613,034
Subtotal CCDF Cluster			<u>1,709,134</u>	<u>613,034</u>
Subtotal Passed through the California Department of Education			<u>1,709,134</u>	<u>613,034</u>
Passed through the California Department of Health Care Services:				
Foster Care Title IV-E				
CWS-IV-E	93.658	N/A	2,154,733	-
NCWS-FPP		N/A	300,975	-
Subtotal 93.658			<u>2,455,708</u>	<u>-</u>
Medicaid Cluster:				
Medical Assistance Program				
California Children Services	93.778	N/A	3,868,188	76,458
California Children Services		N/A	109,047	-
Medi-Cal		N/A	23,993,565	-
IHSS PCSP/Health Related ADM - DHS		N/A	1,401,342	-
IHSS PCSP/Health Related ADM - DHS- Waiver Plus		N/A	44,498	-
IHSS PCSP/Health Related ADM - DHS		N/A	6,568,446	-
IHSS PCSP/Health Related ADM - DHS-Waiver Plus		N/A	442,308	-
Medi-Cal Administrative Activities (MAA)		08-85116	4,550,011	-
Medi-Cal Administrative Activities (MAA)		08-85116	2,464,592	2,464,592
Medi-Cal Administrative Activities (MAA)		08-85110	1,683,283	1,683,283
APS/CSBG - Health Related -DHS		N/A	5,430,124	152,508
IHSS - Health Related - DHS		N/A	5,732,521	-
Subtotal 93.778			<u>56,287,925</u>	<u>4,376,841</u>
Preventive Health and Health Services Block Grant				
Child Health and Disability Prevention (CHDP) Program Allocation	93.991	N/A	3,489,830	47,562
CHDP -ECC Program		N/A	195,220	-
Subtotal 93.991			<u>3,685,050</u>	<u>47,562</u>
Maternal and Child Health Services Block Grant to the States				
Maternal, Child, and Adolescent Health (MCAH) Program	93.994	200901	1,513,310	-
Black Infant Health		200901	782,783	-
Health Care Program for Children in Foster Care Program		N/A	507,148	-
Subtotal 93.994			<u>2,803,241</u>	<u>-</u>
Subtotal Passed through the California Department of Health Care Services			<u>65,231,924</u>	<u>4,424,403</u>
Passed through California Department of Mental Health:				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	1U79SM059045-01	307,675	115,289
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1946001347J5	263,554	-
Block Grants for Community Mental Health Services				
Community Mental Health Svcs Block Grant (MHBG)	93.958	1946001347J5	180,179	180,179
Community Mental Health Svcs Block Grant (MHBG)		1946001347J5	558,140	359,446
Subtotal 93.958			<u>738,319</u>	<u>539,625</u>
Subtotal Passed through California Department of Mental Health			<u>1,309,548</u>	<u>654,914</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF ALAMEDA
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Federal/Pass-Through Entity Name Federal Program/Cluster Name Program Name/Subtotals	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Health and Human Services (continued)				
Passed through the California Department of Public Health:				
Public Health Emergency Preparedness				
BT-CDC Base Allocation	93.069	EPO 09-01	\$ 877,486	\$ -
BT-Cities Readiness Initiative		EPO 09-01	375,917	115,000
Subtotal 93.069			<u>1,253,403</u>	<u>115,000</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs				
Tuberculosis Control	93.116	N/A	702,271	-
Tuberculosis-FSIE		N/A	44,760	-
Subtotal 93.116			<u>747,031</u>	<u>-</u>
Immunization Cluster:				
Immunization Grant	93.268	09-11266	545,819	234,406
ARRA - Immunization Grant	93.712	09-11266	285,750	-
Subtotal Immunization Cluster			<u>831,569</u>	<u>234,406</u>
Medical Assistance Program	93.778	08-85045	388,117	-
National Bioterrorism Hospital Preparedness Program	93.889	EPO 09-01	628,464	216,054
HIV Care Formula Grants	93.917	07-65038	1,294,887	1,068,575
HIV Prevention Activities_Health Department Based	93.940	07-65038	423,831	347,535
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	07-65872, A03	520,784	499,619
Subtotal Passed through the California Department of Public Health			<u>6,088,086</u>	<u>2,481,189</u>
Passed through the California Department of Social Services:				
Promoting Safe and Stable Families				
Family Preservation / Family Support	93.556	N/A	1,056,409	517,117
Family Preservation / Family Support-Case Wrker		N/A	67,005	-
Subtotal 93.556			<u>1,123,414</u>	<u>517,117</u>
TANF Cluster:				
Temporary Assistance for Needy Families				
CalWORKS CEC Program	93.558	N/A	60,026,764	27,970,385
CWS - Emergency Assistance(TANF)		N/A	6,504,213	-
CALWIN - MEDI-CAL		N/A	109,314	-
CALWIN - CalWorks		N/A	785,472	-
CalWORKs Assistance-30,33,35, 3P,3R,32		N/A	69,532,546	-
Subtotal 93.558			<u>136,958,309</u>	<u>27,970,385</u>
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	N/A	9,656,808	1,662,095
Subtotal TANF Cluster			<u>146,615,117</u>	<u>29,632,480</u>
Refugee and Entrant Assistance_State Administered Programs				
Refugee Administration	93.566	N/A	319,591	-
CALWIN - Refugee		N/A	39	-
Refugee Cash Assistance-01, 08		N/A	888,428	-
CDSS, Refugee Programs Bureau		N/A	108,333	108,333
CDSS, Refugee Programs Bureau		N/A	266,978	266,978
CDSS, Refugee Programs Bureau		N/A	8,470	8,470
Subtotal 93.566			<u>1,591,839</u>	<u>383,781</u>
Refugee and Entrant Assistance_Discretionary Grants	93.576	N/A	6,202	6,202
Child Welfare Services_State Grants	93.645	N/A	6,192,754	-
Foster Care_Title IV-E				
Foster Care_Title IV-E	93.658	N/A	11,941,052	550,942
Foster Care_Title IV-E - Family Preservation Program		N/A	468,080	-
NCWS-KINSHIP-EM		N/A	28,688	-
NCWS-SA-HIV		N/A	96,198	-
NCWS-GHNV		N/A	368,847	-
NCWS-FP		N/A	13,324	-
Foster Home Licensing		N/A	336,109	-
SACWIS		N/A	225,139	-
Fraud Recover incentive earning		N/A	170,426	-
Foster Care Assistance-40,42		N/A	16,163,548	-
EA-Foster Care-5k		N/A	673,089	-
CWS-IV-E		N/A	22,428,083	3,044,892
NCWS-FPP		N/A	350,894	-
ARRA - Foster Care_Title IV-E		N/A	2,622,847	-
Subtotal 93.658			<u>55,886,324</u>	<u>3,595,834</u>
Adoption Assistance				
Adoption Eligibility	93.659	N/A	255,014	-
Adoption -SS		N/A	1,206,404	-
Adoptive Assistance Payments-03, 04		N/A	9,121,020	-
ARRA - Adoption Assistance			1,122,813	-
Subtotal 93.659			<u>11,705,251</u>	<u>-</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF ALAMEDA
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Federal/Pass-Through Entity Name Federal Program/Cluster Name Program Name/Subtotals	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Health and Human Services (continued)				
Passed through the California Department of Social Services (continued):				
Social Services Block Grant				
CWS Title XX	93.667	N/A	\$ 2,976,407	\$ -
CalWORKS CEC Program XX		N/A	5,729,675	-
Subtotal 93.667			<u>8,706,082</u>	<u>-</u>
Chafee Foster Care Independence Program	93.674	N/A	917,787	97,674
ARRA - Medical Assistance Program	93.778	N/A	1,320,211	-
Subtotal Passed through the California Department of Social Services			<u>234,064,981</u>	<u>34,233,088</u>
Passed through the State Secretary of State:				
Voting Access for Individuals with Disabilities_Grants to States	93.617	09G26102	249,999	-
Total for U.S. Department of Health and Human Services			<u>352,118,628</u>	<u>60,932,603</u>
Executive Office of the President - Office of National Drug Control Policy - Northern California HIDTA				
Direct Programs:				
High Intensity Drug Trafficking Areas Program - Gang Violence Suppression	95.001	N/A	14,084	-
Subtotal Direct Programs			<u>14,084</u>	<u>-</u>
Total for Executive Office of the President			<u>14,084</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct Programs:				
Emergency Food and Shelter National Board Program	97.024	N/A	30,130	-
Assistance to Firefighters Grant				
Assistance to Firefighters Grant	97.044	N/A	54,573	54,573
Assistance to Firefighters Grant		N/A	196,771	196,771
Subtotal 97.044			<u>251,344</u>	<u>251,344</u>
Cooperating Technical Partners	97.045	N/A	51,912	-
Port Security Grant Program	97.056	N/A	505,413	-
Subtotal Direct Programs			<u>838,799</u>	<u>251,344</u>
Passed through the California Department of Boat and Waterways:				
Boating Safety Financial Assistance				
Boating Safety Enforcement Equipment Program	97.012	08-204-760	43,882	-
Boating Safety Enforcement Equipment Program		08-204-750	13,509	-
Subtotal 97.012			<u>57,391</u>	<u>-</u>
Subtotal Passed through the California Department of Boat and Waterways			<u>57,391</u>	<u>-</u>
Passed through the California Emergency Management Agency:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1646-DR PW No. 453	463,353	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)		FEMA-1646-DR PW No. 205	102,162	-
Subtotal 97.036			<u>565,515</u>	<u>-</u>
Emergency Management Performance Grants	97.042	2009-15	240,216	-
Homeland Security Grant Program				
FY07 Homeland Security Grant Program	97.067	2007-0008	2,546,690	807,770
FY08 Homeland Security Grant Program		2008-0006	1,634,731	202,348
FY09 Homeland Security Grant Program		2009-0019	472	-
Subtotal 97.067			<u>4,181,893</u>	<u>1,010,118</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF ALAMEDA
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2010

Federal/Pass-Through Entity Name Federal Program/Cluster Name Program Name/Subtotals	Federal CFDA No.	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Homeland Security (continued)				
Passed through the City and County of San Francisco:				
Homeland Security Grant Program	97.067	N/A	\$ 1,000,000	\$ -
Regional Catastrophic Preparedness Grant Program (RCPGP)				
Urban Area Security Initiative	97.111	N/A	1,454	-
Urban Area Security Initiative		N/A	240,499	-
Urban Area Security Initiative		N/A	2,500	-
Urban Area Security Initiative		N/A	196,560	-
Urban Area Security Initiative		N/A	196,560	-
Urban Area Security Initiative		N/A	133,320	-
Urban Area Security Initiative		N/A	133,320	-
Urban Area Security Initiative		N/A	178,632	-
Subtotal 97.111			<u>1,082,845</u>	<u>-</u>
Subtotal Passed through the City and County of San Francisco			<u>2,082,845</u>	<u>-</u>
Total for U.S. Department of Homeland Security			<u>7,966,659</u>	<u>1,261,462</u>
Total Federal Expenditures			<u>\$ 430,084,542</u>	<u>\$ 84,296,004</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF ALAMEDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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 (Note 5) below. The County's financial reporting entity is defined in Note 1(A) to the County's financial statements. The County's financial statements include the operations of the Alameda County Housing and Community Development Department, the Alameda County Lead Poisoning Prevention Program, and the Alameda County Medical Center, which expended \$14,248,401, \$1,061,309, and \$3,346,857 in federal awards, respectively, that 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

Except for Medi-Cal administrative expenditures, 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 as they do not represent fees for services.

COUNTY OF ALAMEDA

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Note 5 – Federal Expenditures of the Alameda County Medical Center not included in the SEFA

The Alameda County Medical Center (ACMC) federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the ACMC listed below are taken from the separate single audit report. The programs of the ACMC are as follows:

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number (CFDA)</u>	<u>Pass-Through Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Passed Through John Hopkins University AIDS Education and Training Centers	93.145	2000011944	\$ 53,938
Passed Through Center for Health Training AIDS Education and Training Centers	93.145	623514-24879-05	17,472
Passed Through Children's Hospital & Research Center at Oakland Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	H12HA00072-12-03	187,330
Passed Through The Regents of the University of California Mental Health Research Grants	93.242	3727SC	24,313
Emergency Food and Shelter National Board Program	93.855	5202SC	49,024
Passed Through Alameda County Health Care Services Agency Consolidated Health Centers	93.244	PHG01CH40500	79,347
Medical Assistance Program	93.778	--	1,385,992
Passed Through Alameda County Public Health Department, Office of AIDS Administration HIV Emergency Relief Project Grants	93.914	PHG08HA60200	107,412
HIV Care Formula Grants	93.917	PHG08HA60100	556,218
HIV Prevention Activities - Health Department Based Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.940	PHG08HA60100	65,000
Passed Through California Department of Public Health HIV Care Formula Grants	93.943	PHG08HA61800	321,599
Passed Through Tri-City Health Care Center Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.917	07-65184 A02	104,268
	93.918	5H76HA00160	<u>367,296</u>
Total U.S. Department of Health and Human Services			<u>3,319,209</u>
U.S. Department of Homeland Security			
Direct Program: Emergency Food and Shelter National Board Program	97.024	--	<u>27,648</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,346,857</u></u>

COUNTY OF ALAMEDA

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

**Note 6 – Federal Expenditures of the Alameda County
Housing & Community Development Department not included in the SEFA**

The Alameda County Housing & Community Development Department (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. The programs of the Department are as follows:

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Domestic Assistance Number (CFDA)</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
Community Development Block Grant	14.218	\$ 1,475,365
Home Grant	14.239	1,837,605
HOPWA SPNS - Project Independence	14.241	397,556
Shelter Plus Care	14.238	4,103,243
Supportive Housing Program	14.235	2,647,647
Emergency Shelter Grant	14.231	86,075
NSP CDBG	14.256	1,146,623
NSP II ARRA	14.256	109,591
Homeless Prevention & Rapid Re-Housing Grant ARRA	14.257	135,596
CDBG ARRA	14.253	<u>186,352</u>
Passed Through Program From City of Oakland		
Housing Opportunities for Persons With Aids	14.251	<u>1,940,445</u>
Passed Through Program From Building Futures with Women & Children Cities of Alameda, Berkeley, Fremont, Hayward, Livermore, Oakland, Union City		
Homeless Prevention & Rapid Re-Housing Grant ARRA	14.257	<u>182,303</u>
Total Expenditures of Federal Awards		<u><u>\$ 14,248,401</u></u>

**Note 7 – Federal Expenditures of the Alameda County
Lead Poisoning Prevention Program not included in the SEFA**

The Alameda County Lead Poisoning Prevention Program (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. The programs of the Program are as follows:

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Domestic Assistance Number (CFDA)</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
Lead Based Paint Abatement (Round XIV)	14.901	\$ 54,355
Lead Based Paint Abatement (Round XVI)	14.900	<u>1,006,954</u>
total U.S. Department of Housing and Urban Development		<u>1,061,309</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,061,309</u></u>

COUNTY OF ALAMEDA

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Note 8 – Department of Aging Federal/State Share

The California Department of Aging (CDA) requires agencies who 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 fiscal year ended June 30, 2010.

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-0910-09	Farmer's Market	\$ 25,000			\$25,000.00	\$25,000			\$ 25,000
93.044	AP-0910-09	Supportive Services	1,413,890		\$206,420	1,620,310	919,985		\$206,420	1,126,405
93.042	AP-0910-09	Ombudsman	56,386			56,386				
93.045	AP-0910-09	Congregate Nutrition	1,034,779	\$112,884		1,147,663	875,014	\$ 112,099		987,113
93.045	AP-0910-09	Home-Delivered Meal	1,449,107	82,216	96,928	1,628,251	1,401,615	82,007	96,928	1,580,550
93.053	AP-0910-09	NSIP	572,479			572,479	572,479			572,479
93.043	AP-0910-09	Disease Prevention	87,826			87,826	87,826			87,826
93.052	AP-0910-09	Caregiver Support	680,350			680,350	622,692			622,692
93.041	AP-0910-09	Elder Abuse	21,912			21,912	21,912			21,912
93.779	HI-0910-09	HICAP	113,089	263,311		376,400	103,067	248,132		351,199
17.235	TV-0910-09	Senior Employment	202,525			202,525	202,525			202,525
93.779	HI-0910-09	MIPPA	19,978			19,978	18,860			18,860
17.235	ES 0809-09	ARRA - Senior Employment	41,048			41,048	41,048			41,048
93.707	NS 0809-09	ARRA - Congregate Nutrition	272,252			272,252	245,027			245,027
93.705	NS 0809-09	ARRA - Home-Delivered Meal	134,032			134,032	120,630			120,630
N/A	AP-0910-09	Ombudsman Initiative		136,449		136,449				
N/A	AP-0910-09	Community Based Services		105,440		105,440		96,894		96,894
			<u>\$6,124,653</u>	<u>\$700,300</u>	<u>\$303,348</u>	<u>\$7,128,301</u>	<u>\$5,257,680</u>	<u>\$539,132</u>	<u>\$303,348</u>	<u>\$6,100,160</u>

COUNTY OF ALAMEDA

Notes to the Schedule of Expenditures of Federal Awards (Continued)

For the Year Ended June 30, 2010

Note 9 – Program/Cluster Totals

The Schedule of Expenditures of Federal Awards does not summarize programs that cross agency funding. The following summarizes those programs that cross agency funding:

Program Name	CFDA #	Federal/Pass-Through Agency	Amount
<i>SNAP Cluster:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	California Department of Public Health	\$ 3,726,066
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	California Department of Social Services	20,733,113
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	California Department of Social Services	429,446
			<u>\$ 24,888,625</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	California Emergency Management Agency	\$ 1,235,087
Edward Byrne Memorial Justice Assistance Grant Program	16.738	U.S. Department of Justice	717,227
			<u>\$ 1,952,314</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	California Emergency Management Agency	\$ 1,387,832
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	16.804	U.S. Department of Justice	5,235,782
			<u>\$ 6,623,614</u>
Highway Planning and Construction	20.205	U.S. Department of Transportation	\$ 60,485
Highway Planning and Construction	20.205	California Department of Transportation	5,178,114
ARRA - Highway Planning and Construction	20.205	California Department of Transportation	336,108
			<u>\$ 5,574,707</u>
Foster Care_Title IV-E	93.658	California Department of Social Services	\$ 53,263,477
ARRA - Foster Care_Title IV-E	93.658	California Department of Social Services	2,622,847
Foster Care_Title IV-E	93.658	California Department of Health Care Services	2,455,708
			<u>\$ 58,342,032</u>
Medical Assistance Program	93.778	California Department of Health Care Services	\$ 56,287,925
Medical Assistance Program	93.778	California Department of Public Health	388,117
ARRA - Medical Assistance Program	93.778	California Department of Social Services	1,320,211
			<u>\$ 57,996,253</u>
Homeland Security Grant Program	97.067	City and County of San Francisco	\$ 1,000,000
Homeland Security Grant Program	97.067	California Emergency Management Agency	4,181,893
			<u>\$ 5,181,893</u>

COUNTY OF ALAMEDA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2010

Section I Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
<ul style="list-style-type: none"> • Material weaknesses identified? • Significant deficiencies identified that are not considered to be material weaknesses? 	<p>No</p> <p>None reported</p>
Noncompliance material to financial statements disclosed?	No

Federal Awards:

Internal control over major programs:	
<ul style="list-style-type: none"> • Material weaknesses identified? • Significant deficiencies identified that are not considered to be material weaknesses? 	<p>Yes</p> <p>Yes</p>
Type of auditor's report issued on compliance for major programs:	Unqualified, except qualified for CFDA # 84.027, 93.958, and 93.959
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

COUNTY OF ALAMEDA
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended June 30, 2010

Section I Summary of Auditor's Results (Continued)

Identification of major programs:

- | | | |
|------|---|--|
| (1) | CFDA #10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |
| (2) | CFDA #10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children |
| (3) | CFDA #16.738 | Edward Byrne Memorial Justice Assistance Grant Program |
| (4) | CFDA #16.804 | ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units Of Local Government |
| (5) | <i>Workforce Investment Act Cluster:</i>
CFDA #17.258
CFDA #17.259
CFDA #17.260 | WIA Adult Program
WIA Youth Activities
WIA Dislocated Workers |
| (6) | CFDA #20.205 | Highway Planning and Construction |
| (7) | CFDA #84.027 | Special Education - Grants to States |
| (8) | <i>Aging Cluster:</i>
CFDA #93.044

CFDA #93.045
CFDA #93.053
CFDA #93.705
CFDA #93.707 | 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
ARRA - Aging Home Delivered Nutrition Services for States
ARRA - Aging Congregate Nutrition Services for States |
| (9) | CFDA #93.556 | Promoting Safe and Stable Families |
| (10) | <i>Temporary Assistance for Needy Families Cluster</i>
CFDA #93.558
CFDA #93.714 | Temporary Assistance for Needy Families
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program |
| (11) | CFDA #93.645 | Child Welfare Services - State Grants |
| (12) | CFDA #93.658 | Foster Care – Title IV, Part E |
| (13) | CFDA #93.778 | Medical Assistance Program |
| (14) | CFDA #93.958 | Block Grants for Community Mental Health Services |
| (15) | CFDA #93.959 | Block Grants for Prevention and Treatment of Substance Abuse |
| (16) | CFDA #93.991 | Preventive Health and Health Services Block Grant |
| (17) | CFDA #97.056 | Port Security Grant Program |
| (18) | CFDA #97.067 | Homeland Security Grant Program |

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Section I **Summary of Auditor's Results (Continued)**

Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	No

Section II **Financial Statement Findings**

None reported.

COUNTY OF ALAMEDA
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended June 30, 2010

Section III Findings and Questioned Costs Related to Federal Awards

Finding 2010-1 Schedule of Expenditures of Federal Awards Completeness

Regulatory or Other Criteria:

The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profits Organizations* (OMB A-133), requires that the County prepare a schedule showing total expenditures for the year for each federal program. Further, OMB Circular A-133 requires that the auditor identify and audit all high-risk type A federal programs. The County's Type A programs are those with current year federal expenditures exceeding \$3,000,000.

Condition Identified and Perspective:

During our audit, we noted that the County included the following misstatements in its draft schedule of expenditures of federal awards (SEFA):

- The County misstated the amount of subrecipient payments on the SEFA for several programs. The County showed subrecipient payments in a single CFDA number even though they were made from more than one federal program. Following are the amounts for which the SEFA was originally over (under) stated:

○ CFDA #16.541 Part E – Developing, Testing and Demonstrating Promising New Programs - Older Youth Adoptions	\$ (33,710)
○ CFDA # 10.561 Supplemental Nutrition Program Cluster	250,000
○ CFDA #93.556 Promoting Safe and Stable Families	(406,311)
○ CFDA #93.566 Refugee and Entrant Assistance – State Administered Programs	106,860
○ CFDA #93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund	(41,308)
○ CFDA #93.645 Child Welfare Services – State Grants	290,660
○ CFDA #93.658 Foster Care-Title IV, Part E	4,183,466
○ CFDA # 93.778 Medical Assistance Program	178,684
○ CFDA #93.674 Chafee Foster Care Independence Program	<u>550,943</u>
Net SEFA Overstatement	<u>\$ 5,079,284</u>

- CFDA #93.958 Block Grants for Community Mental Health Services overstated program expenditures by \$10,724 due to adjustments on claim forms after the general ledger closed.

- CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants and Children overstated program expenditures in the SEFA by \$27,723 due to adjustments on claim forms after the general ledger closed.

- CFDA #93.991 Preventive Health and Health Services Block Grants understated program expenditures in the SEFA by \$63,637 due to adjustments on claim forms after the general ledger closed.

The County subsequently corrected the expenditure amounts reported in its fiscal year 2010 SEFA.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Effect:

The County's SEFA serves as the basis in determining the number of major programs required to be audited in a fiscal year. Inaccuracy in its SEFA reporting may result in high-risk Type A programs not captured for testing and Type B programs not subject to the required audit risk assessment. Further, there is other information reported in SEFA such as the subrecipient payments, that without identifying the accurate subrecipient payments, the County may not accurately identify subrecipient monitoring and debarment as direct and material compliance requirements to be tested during the single audit.

Questioned Costs:

N/A

Recommendation:

The County should update its Single Audit Handbook to provide detailed guidance to grant administrators in County departments. Updates should include example reconciliations between the SEFA and the general ledger. In addition to updating its grants manual, we recommend the County go through the reconciliation process during its annual single audit training. The training should also address expectations of the single audit, provide for changes and updates in available resources (e.g. the OMB Circular A-133 Compliance Supplement) and requirements, and provide guidance and updates on identification of funding source (federal, state, and other) and on when to record revenues and expenditures in the general ledger. In addition, the County should improve its process in requiring the preparation and review of each grant reconciliation of its expenditures (both claimed and unclaimed) reported in the SEFA to the general ledger and related revenues.

Views of Responsible Officials:

We agree that there were errors in the reporting of the subrecipient expenditures on the SEFA by the Social Services Agency (SSA). The SSA contracts with community based organizations (CBOs) to run County programs which are funded by federal agencies, the State of California, and Alameda County. At the time of contracting, when there are more than one funding sources, the County estimates the contract amount for each funding source. Purchase Orders (POs) are set up in the County financial system to reimburse the CBOs upon submission of claims, and a CFDA number is assigned to each PO. The system is designed to capture expenditures by type (salaries & wages, travel, rent, etc.), not by funding source. The system provides information about total funds disbursed to the subrecipients, but not funds from individual funding sources. For the finding in question, the original federal subrecipient expenditures were overstated because total expenditures for the PO and the related CFDA number were reported. The expenditures have been revised to show the federal funds passed to subrecipients only.

Regarding adjustments on claim forms after the general ledger closed, at the time the SEFA was drafted, County departments and agencies reported actual and accruals to date and made best estimates on any additional accruals and unsubmitted claims pertaining to the fiscal year. County departments should notify the Auditor-Controller Agency when any information previously reported by them needs to be updated due to new information. The Auditor-Controller Agency will again remind departments to report any changes in reported expenditures.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-2 Multiple Programs – Known Fraud

Program Identification:

Awarding Agency: United States Department of Agriculture
Passed Through: California Department of Social Services
Program Name: Supplemental Nutrition Assistance Program (SNAP) Cluster
CFDA: 10.561
Award Number: All Awards
Award Year: FYE 6/30/2009

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Social Services
Program Name: Temporary Assistance to Needy Families
CFDA: 93.558
Award Number: All awards
Award Year: FYE 6/30/2009

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Department of Social Services
Program Name: Chafee Foster Care Independence Program
CFDA: 93.674
Award Number: All awards
Award Year: FYE 6/30/2009

Criteria:

OMB Circular A – 133, § .510(a)(6) requires the auditor to report all:

“Known fraud affecting a Federal award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs for Federal awards. This paragraph does not require the auditor to make an additional reporting when the auditor confirms that the fraud was reported outside of the auditor’s reports under the direct reporting requirements of GAGAS.”

Government Auditing Standards, issued by the Comptroller General of the United States, does not require the reporting of known fraud that is “clearly inconsequential.” However, OMB Circular A133 does not have such a reporting exception. Accordingly, auditors performing Single Audits in accordance with the requirements of OMB Circular A133 are required to report all known fraud, which is defined as a criminal conviction for acts of fraudulent financial reporting or misappropriation of assets.

The County’s policy on suspected fraud states that when there is indication of fraud or embezzlement:

“The department head or designee reports the circumstances to the District Attorney’s Office in a confidential memorandum with copies to Risk Management, the Sheriff’s Office, and the Auditor-Controller’s Office.”

COUNTY OF ALAMEDA
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended June 30, 2010

Finding 2010-2 Multiple Programs – Known Fraud (continued)

Condition Identified and Perspective:

The County's Social Services Agency reported a suspected fraud to the District Attorney's Office in July 2010 related to the Independent Living Program. The suspected fraud related to 350 gift cards purchased in December 2008, each with a value of \$100. The Risk Management Office, Sheriff's Office and Auditor-Controller's Office were not notified of the suspected fraud until January 2011. Another suspected fraud related to gift cards of less than \$1,000 was communicated by the Social Services Agency to the District Attorney's Office in December 2010 and similarly to the other departments. The Risk Management Office, Sheriff's Office and Auditor-Controller's Office were not notified.

We reported in the Single Audit report for the year ended June 30, 2009 that the County reported one case in which a County Social Services Agency employee was found guilty on December 17, 2009 in a criminal court for acts of misappropriation of assets involving the fraudulent generation and subsequent use of an electronic benefit transfer ("EBT") card. This fraud occurred over multiple County fiscal years, and involved both the Supplemental Nutrition Assistance Program and the Temporary Aid to Needy Families programs. We also noted that the Auditor-Controller's Office and financial professionals in the County's Social Service Agency were not aware of this known fraud until March 2010, when the auditors brought this to their attention. Accordingly, the calculation of the impact of the known fraud on Federal awards did not start until after such notification.

Questioned Costs:

The following are the questioned costs by County fiscal year and federal program:

Year Ended June 30	Supplemental Nutrition Assistance Program Cluster	Temporary Assistance to Needy Families	Chafee Foster Care Independence Program
2007	\$ 841	\$ 2,590	
2008	1,336	4,320	
2009	1,309	4,330	\$35,000
	\$ 3,486	\$ 11,240	\$35,000

Asserted Cause and/or Effect:

County departments are not fully aware of their responsibilities to report suspected fraud.

Recommendation:

The County should ensure that all departments are fully aware of their responsibilities related to reporting suspected fraud in a timely manner. We also recommend that the County improve its procedures and controls related to preventing and detecting fraud by employees and subrecipients.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Views of Responsible Officials:

The requirement for County departments to immediately report suspected fraud to the District Attorney's Office, Auditor-Controller's Office, Sheriff's Office, and Risk Management is contained in County's Manual of Accounting Policies and Procedures (MAPP).

The Auditor-Controller Office convenes a workshop for County financial managers annually. The single audit workshop presentation includes coverage on the County requirement for all departments to immediately report suspected fraud to the District Attorney's Office and other departments in accordance with the MAPP. The next workshop has been scheduled for June 8, 2011.

We agree that there were two cases of suspected fraud which were not immediately reported to Auditor-Controller Agency, Sheriff's Office, and Risk Management upon discovery as required by MAPP.

An effective internal control system is essential for preventing fraud. Internal control, however, is not designed to provide absolute assurance that fraud will not occur. We believe that County's internal control is generally adequate to prevent and detect fraud. We have an internal control policy which requires departments to perform control self evaluations every three years.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-3 Workforce Investment Act Cluster – Subrecipient Monitoring

Program Identification:

Awarding Agency: United States Department of Labor
Passed Through: California Department of Employment Development
Program Name: Workforce Investment Act (WIA) Cluster
CFDA: 17.258, 17.259, and 17.260
Award Number: All awards
Award Year: FYE 6/30/2010

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 Identified and Perspective:

The County's subrecipients, as well as the County, have nine months following their 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, 2010, three WIA subrecipients reported aggregate expenditures of federal sub-awards during the year ended June 30, 2009 of \$2,693,553. The aggregate contract amounts for these sub-awards was \$2,783,598, resulting in a net difference of \$90,045. The differences per subrecipient ranged from approximately \$74,000 to \$121,000. The County was unable to explain the differences.

Also for the year ended June 30, 2010, single audit reports for two WIA subrecipients for the year ended June 30, 2009 were not received by the County by the March 31 deadline.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

For the year ended June 30, 2009, three WIA subrecipients had aggregate expenditures of federal sub-awards during the year ended June 30, 2008 of \$825,049. Two recipients did not report expenditures of these sub-awards in their audit reports, and the third subrecipient reported the expenditures as non-federal sub-awards from the County. There is inadequate evidence that subrecipient single audit reports were subjected to all of the risk assessments required under OMB Circular A -133, which may have resulted in one or more of these sub-awards being classified as a major program and therefore subject to the audit procedures necessary for an opinion on compliance and internal control over compliance.

In addition, if subrecipients do not properly report their federally-funded sub-awards, the County cannot properly reconcile the amounts passed through to subrecipients of the SEFA.

Asserted Cause and/or Effect:

The County did not adequately evaluate and analyze subrecipients' single audit reports to ensure that all expenditures of federal awards were properly reported in their schedules of expenditures of federal awards.

Questioned Costs:

Questioned costs for the year ended June 30, 2010 related to the three subrecipients reporting different award amounts totaled \$90,045, representing the difference between the aggregate amount reported as federal expenditures by the subrecipients and the aggregate sub-award amounts. Questioned costs for the year ended June 30, 2010 related to the two subrecipients not submitting single audit reports represents their aggregate total award amount, or \$391,888.

Recommendations:

The Workforce Investment Board 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 subrecipient single audit report is received
- Maintain documentation of such communications with subrecipients
- Establish and administer escalating sanctions for non-complying subrecipients
- Reconcile amounts reporting in each subrecipient single audit report to County records
- For findings in subrecipient single audit reports, ensure subrecipient takes timely corrective action and consider implications to County's compliance

Views of Responsible Officials:

The County recognizes the identified deficiencies in the audit reports (for fiscal year 2007-08) of the subrecipients who received WIA federal funds from the County's Workforce Investment Board (WIB) Department for fiscal year 2007-08. The WIB Department has provided its subrecipients with the CFDA number of all funding awarded for each of the past 9 years of WIA. The WIB has advised each subrecipient of the requirements to clearly identify each County contract and to specify all federal expenditures by CFDA number in the annual audit reports issued by the subrecipient. Follow-up letters to request assurance from the subrecipient that the federal WIA funds were in-fact included in the scope of the audit have been issued where applicable. The County requires subrecipients to submit audit reports no later than 6 months after the subrecipient's fiscal year end. Once the reports are received, the County reviews the reports for any matters or corrective actions that require follow-up within 6 months after receipt of the report as required by OMB Circular A -133.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-4 Special Education Cluster – Level of Effort

Program Identification:

Awarding Agency: United States Department of Education
Passed Through: Alameda County Office of Education
Program Name: Special Education Cluster
CFDA: 84.027
Award Number: All awards
Award Year: FYE 6/30/2010

Criteria:

Section 6 of the General Assurances of the County’s agreement with the Alameda County Office of Education states the following:

“(a) When federal funds are made available, they will be used so as to supplement, and, to the extent practicable, increase the amount of state and local funds that would, in the absence of such federal funds, be made available for uses specified in the State Plan, and in no case supplant such state or local funds.

“(b) The awardees shall ensure that federal funds are not used to reduce the level of expenditures for the preceding fiscal year as described in 34 CFR 300.231-300.232.”

34 CFR 300.231 states:

“(a) General. Except as provided in Sec. 300.232 and 300.233, funds provided to an LEA under Part B of the Act may not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

“(b) Information. The LEA must have on file with the SEA information to demonstrate that the requirements of paragraph (a) of this section are met.

“(c) Standard. (1) Except as provided in paragraph (c)(2) of this section, the SEA determines that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA’s eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per-capita amount from either of the following sources as the LEA spent for that purpose for the most recent prior year for which information is available:

- (i) Local funds only.
- (ii) The combination of State and local funds.

“(2) An LEA that relies on paragraph (c)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in—

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-4 Special Education Cluster – Level of Effort (continued)

- (i) The most recent fiscal year for which information is available, if that year is, or is before, the first fiscal year beginning on or after July 1, 1997; or
- (ii) If later, the most recent fiscal year for which information is available and the standard in paragraph (c)(1)(i) of this section was used to establish its compliance with this section.

“(3) The SEA may not consider any expenditures made from funds provided by the Federal Government for which the SEA is required to account to the Federal Government directly or through the SEA in determining an LEA’s compliance with the requirement in paragraph (a) of this section.”

34 CFR 300.232 states:

“An LEA may reduce the level of expenditures by the LEA under Part B of the Act below the level for those expenditures for the preceding fiscal year if the reduction is attributable to the following:

“(a)(1) The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel, who are replaced by qualified, lower-salaried staff.

“(2) In order for an LEA to invoke the exception in paragraph (a)(1) of this section, the LEA must ensure that those voluntary retirements or resignations and replacements are in full conformity with:

- (i) Existing school board policies in the agency;
- (ii) The applicable collective bargaining agreement in effect at that time; and
- (iii) Applicable State statutes.

“(b) A decrease in the enrollment of children with disabilities.

“(c) The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child—

“(1) Has left the jurisdiction of the agency;

“(2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or

“(3) No longer needs the program of special education.

“(d) The termination of costly expenditures for long term purchases, such as the acquisition of equipment or the construction of school facilities.”

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-4 Special Education Cluster – Level of Effort (continued)

Condition Identified and Perspective:

As of March 7, 2011, the County has not submitted its Cost Report to the State of California that shows the federal, state, and local shares for the services provided by the Special Education Cluster. Since this information has not been submitted, the County is not able to demonstrate that it has met the maintenance of effort requirements of the Special Education Cluster.

Questioned Costs:

Questioned costs are the lesser of: 1) the decrease in total non-federal funding, or 2) the federal funding. Since the County is unable to provide the Cost Report and therefore unable to show whether it has complied with the maintenance of effort requirements, the questioned costs for the year ended June 30, 2010 are the entire amount of the federal award or \$4,084,381. These questioned costs are 100% duplicative of the questioned costs in Finding 2010-5.

We note that this is a repeat finding for all years in which the County has received Individuals with Disabilities Education Act (IDEA) funding. Questioned costs in prior years have ranged from \$2,341,598 to \$4,084,381.

Recommendation:

We recommend that the County prepare and submit its Cost Report by the deadline of 240 days after year end and to provide the necessary data to demonstrate its compliance with the maintenance of effort requirements of 34 CFR 300.231 by that deadline.

Views of Responsible Officials:

This is a repeat finding and the County's position on it has remained unchanged. It is our understanding the IDEA funds received by Behavioral Health Care Services from the Alameda County Office of Education are to be used to offset the costs of providing mental health services to special education students with an individualized education plan (IEP), as required by AB 3632. The amount of expense and reimbursement under this program are dependent on the number of pupils who are determined to require an IEP. The use of the IDEA funds in support of AB 3632 services was a State of California budget policy decision. The issue related to the supplantation of State funding is a State-wide issue and must be resolved at the state level, rather than the local level.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-5 Multiple Programs – Reporting

Program Identification

Awarding Agency: United States Department of Education
Passed Through: Alameda County Office of Education
Program Name: Special Education Cluster
CFDA: 84.027
Award Number: All awards
Award Year: FYE 6/30/2010

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Mental Health
Program Name: Block Grants for Community Mental Health Services
CFDA: 93.958
Award Number: All awards
Award Year: FYE 6/30/2010

Criteria:

The State of California required that the final Cost Report be completed and submitted via electronic transmission no later than February 26, 2011, with hard copy submission to follow no later than ten working days after submission of the electronic Cost Report.

Condition Identified and Perspective:

As of March 7, 2011, the final Cost Report (which covers both the Special Education Cluster and the Block Grants for Community Mental Health Services program) had not been submitted to the State of California either electronically or in hard copy. The Cost Report for the year ended June 30, 2010 was also filed late--approximately four months after the February 26, 2010 deadline.

Questioned Costs:

Questioned costs for the Special Education Cluster are 100% of federal expenditures in 2010, or \$4,084,381. These questioned costs are 100% duplicative of the questioned costs in Finding 2010-4.

Questioned costs for Block Grants for Community Mental Health Services are 100% of federal expenditures in 2010, or \$738,319.

Asserted Cause and/or Effect:

We believe there are inadequate internal controls to ensure the completion of the required reports and communications on a timely basis.

Recommendation:

We recommend that the County file its Cost Report each year within the mandated 240 days after year end.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-5 Multiple Programs – Reporting (continued)

Views of Responsible Officials:

Behavioral Health Care Services (BHCS) has been short staffed in the Finance Contracts Unit for some time. The short staffing has resulted in difficulty completing the Department of Mental Health (DMH) cost report in a timely manner. Efforts have been made to withhold payment for non-compliant Community Based Organization (CBO) providers to encourage more timely submission of the cost report information. BHCS is making efforts to recruit for the vacant positions and will continue to make efforts to encourage providers to submit their final cost reports in a timely fashion and to complete the review process to ensure that DMH Cost Reports are completed in a timely manner, which will allow timely reporting for the Single Audit.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-6 Multiple Programs – Procurement

Program Identification:

Awarding Agency: United States Department of Education
Passed Through: Alameda County Office of Education
Program Name: Special Education Cluster
CFDA: 84.027
Award Number: All awards
Award Year: FYE 6/30/2010

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: All awards
Award Years: FYE 6/30/2010

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
CFDA: 93.959
Award Number: All awards
Award Years: FYE 6/30/2010

Criteria:

34 CFR 80.36 is applicable to Department of Education awards. 45 CFR 92.36 is applicable to Department of Health and Human Services awards. Both of these CFR sections set standards for financial management by states and subgrantees (such as the County and its subgrantees). 34 CFR 80.36(b)(1) and 45 CFR 92.36(b)(1) both state in part:

“Grantees and subgrantees will use their own procurement procedures which reflect applicable state and local laws...”

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 two above-mentioned Federal programs. 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 Identified and Perspective:

Subrecipients for the three federal programs were awarded on a sole source basis. The County has no documentation showing compliance with the County’s SSP.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-6 Multiple Programs – Procurement (continued)

Questioned Costs:

Questioned costs on CFDA 84.027 awards are 100% of the subrecipient expenditures, or \$2,292,487.

Questioned costs on CFDA 93.958 awards are 100% of the subrecipient expenditures, or \$539,625.

Questioned costs on CFDA 93.959 awards are \$7,730,673, which includes subrecipient expenditures of \$7,336,180 for subrecipient awards and related share of administrative expenses of \$386,534. The questioned administrative expenses are equal to 5/95 times questioned subrecipient expenditures, and administrative expenditures cannot exceed 5 percent of total SAPT federal expenditures.

Asserted Cause and/or Effect:

The County cannot 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 procurement policies on procurements with subrecipients.

Views of Responsible Officials:

This is a repeat finding. The funding used for these programs is a permanent allocation in the Behavioral Health Care Services' (BHCS) budget, similar to block grant funding. 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 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.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-7 Temporary Assistance for Needy Families – Special Tests and Provisions

Program Identification:

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Social Services
Program Name: Temporary Assistance for Needy Families
CFDA: 93.558
Award Number: All awards
Award Year: FYE 6/30/2010

Criteria:

45 CFR section 264.30 states:

“What procedures exist to ensure cooperation with the child support enforcement requirements?”

(a)(1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency (i.e., the IV-D agency).

(2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child.

(b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with Sec. 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly.

(c) The IV-A agency must then take appropriate action by:

- (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or
- (2) Denying the family any assistance under the program.”

Condition Identified and Perspective:

The County sanctions participants if they refuse to assign support rights to the County by excluding that person from the household in determining the benefit amount. The County penalizes participants for non-cooperation with child/family support. Of 26 sanctioned or penalized participants tested, 13 were sanctioned in error; 11 were correctly sanctioned; 1 was correctly penalized and 1 should have been penalized. For the one selection for which the sanctioned participant should have been penalized, 19% was deducted from benefits but the minimum penalty according to 45 CFR section 264.30 is 25%.

Questioned Costs:

Total questioned cost is \$899,878, representing \$7,562 average annual benefit for all 119 sanctioned or penalized participants. The \$7,562 average annual benefit was derived by taking the total monthly benefit amount for 26 sanctioned or penalized participants of \$16,385 multiplied by twelve months and divided by the 26 sanctioned or penalized participants.

Asserted Cause and/or Effect:

The County believes that these errors resulted from staff not being aware of a new CalWIN input screen.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Recommendation:

We recommend that the County should assure that all changes to CalWIN are communicated to all staff and that appropriate training is conducted whenever significant changes occur.

Views of Responsible Officials:

The Alameda County Social Services Agency acknowledges that the minimum required for a penalty is a 25% reductions and a sanction reduces the maximum grant by the adult household member. The 26 cases have subsequently been reviewed and the findings are as follows:

- In one case concerning the \$246 in questioned costs, a sanction, rather than a penalty was applied in error. As a result, the benefits were not reduced by a minimum of 25%.
- There was one case penalized correctly.
- There were thirteen cases that were sanctioned in error because the Eligibility Technician (ET) did not complete all the necessary fields in the CalWIN system to indicate that the parent had already agreed to assign support rights for the CalWORKs program.
- There were eleven cases in which sanctions were correctly applied. The adult household member was correctly removed from the case.

All cases will be corrected. A corrective action plan has been developed to address this deficiency to ensure the minimum 25% reduction is applied in all applicable cases during the period of non-cooperation with family support. Additionally, sanctions will be applied correctly by completing the necessary fields in the CalWIN system to indicate if the parent has agreed or not to assigned support rights.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-8 Multiple Programs – Reporting

Program Identification

Awarding Agency: United States Department of Agriculture
Passed Through: California Department of Public Health
Program Name: Special Supplemental Nutrition Program for Women, Infants, and Children
CFDA: 10.557
Award Number: All Awards
Award Year: FYE 6/30/2010

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
CFDA: 93.991
Award Number: All Awards
Award Year: FYE 6/30/2010

Criteria:

Page 12.1 of the June 2008 edition of WIC Contract Management Binder, published by the California Department of Public Health, states:

“A Report of Actual Expenditures and Worksheet and a list of unliquidated obligations shall be submitted within seventy-five (75) calendar days following September 30 of each budget period and not later than December 15th. The Report of Actual Expenditures shall be based on actual expenditures, unliquidated obligations and the time study initiated and completed by the Local Agency for the budget period.”

Page 12.4 – 12.5 of the June 2008 edition of WIC Contract Management Binder, published by the California Department of Public Health, states:

“A final Invoice must be received by the State WIC Program no later than March 1 to receive reimbursement for obligations made during the closed budget period. The State WIC Program reserves the right to deny payment of the final invoice if it is received after March 1.”

Page 11.3 of the June 2008 edition of WIC Contract Management Binder, published by the California Department of Public Health, states:

“Original invoices shall be submitted at least once per quarter, but not more frequently than monthly, unless an alternate period has been approved in advance by the State WIC Program. The invoice shall be submitted in arrears within forty-five (45) days after the end of a quarter (The ending months of the quarters are: December, March, June, and September.) except for the final quarter (September) of a budget period.”

Section 7, page 3 of the August 15, 2009 edition of the Children’s Medical Services Plan and Fiscal Guidelines for Fiscal Year 2009-10, published by the California Department of Health Care Services, states related to the CHDP 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.”

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Condition Identified and Perspective:

During our audit we noted the following:

- The WIC Report of Actual Expenditures was submitted unsigned to the State on the December 15 deadline, but the final signed report was submitted on March 5, 2010.
- WIC invoices for all four quarters during the year ended June 30, 2010 were filed after the 45 day deadline.
- CHDP invoices for all four quarters during the year ended June 30, 2010 were filed after the 60 day deadline.

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. In addition, there is confusion over the due date of the reports:

- For WIC, County staff made verbal arrangements with the state WIC branch director to file reports within 60 days instead of the mandated 45 days. The County was unable to provide any documentation of this verbal agreement. In addition, some of the reports were not filed within the 60 day period.
- For CHDP, the County files unsigned electronic copies of the reports for state review, makes revisions based on state comments and files the final signed copy thereafter. The County was unable to provide documentation that an unsigned electronic copy within the mandated deadline is acceptable to the grantor. Some of the electronic reports were not filed within the 60 day period.

Recommendation:

We recommend that the County meet all mandated reporting deadlines. Any agreements with the grantor agency regarding reporting deadlines should be documented, signed by the grantor and maintained by the County

Views of Responsible Officials:

Regarding the WIC Report of Actual Expenditures, the Public Health Department has always submitted the report via email and express mail delivery to the State before the December 15 deadline. The final claim for WIC is due at the end of February. The State had approved, but we did not retain a record of the authorization for the submission deadline extension. We are currently in the process of obtaining confirmation of the submission deadline extension, we note however, that the State has never questioned the timeliness of the submission.

The Public Health Department agrees that there were actual delays in the submission of CHDP invoices. The June 30, 2010 claim was submitted on September 17, 2010 after the August 31 deadline. The late submission was caused by a delay in the closing of County's books for the period ending June 30, 2010 and the subsequent delay in unloading information in GEMS (Grant Expense Management System). The delays for filing claims for other quarters were insignificant. Again, the State has never questioned the timeliness of the invoices and has always paid the invoices.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-9 Workforce Investment Act Cluster – Activities Allowed or Unallowed

Program Identification:

Awarding Agency: United States Department of Labor
Passed Through: California Department of Employment Development
Program: Workforce Investment Act Cluster
CFDA: 17.258, 17.259, and 17.260
Award Number: All awards
Award Years: FYE 6/30/2010

Criteria:

Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments (2 CFR Part 225), Attachment A specifies the general criteria that must be met for costs to be allowable under federal awards.

Condition Identified and Perspective:

We randomly selected and tested forty transaction expenditures out of a total population of 4,411 transactions. We found six transactions in which there was no evidence of WIB management approval of the disbursement.

Questioned Costs:

Known questioned costs for the six expenditures not approved by management are \$302,368.

Asserted Cause and/or Effect:

Related to five of the expenditures missing management approval, during the period June 12 to June 18, 2010, both the Acting Director and the Management Information Systems Analyst were out of the office and no other person was authorized to sign the cover memos.

The sixth expenditure missing management approval was paid to Associated Community Action Program (ACAP), a joint powers agreement created in 1974 by the County and the cities of Alameda, Albany, Dublin, Emeryville, Fremont, Hayward, Livermore, Newark, Piedmont, Pleasanton, San Leandro, and Union City. The purpose of the ACAP is to undertake actions that help to eliminate the causes of poverty within the twelve cities and the unincorporated communities. The Alameda County Treasurer and County Auditor-Controller are the designated treasurer and controller for ACAP. Missing management approval is due to management oversight.

Recommendation:

We recommend that the County ensure compliance with OMB A-87 documentation requirements for all WIA expenditures.

Views of Responsible Officials:

All five cover memos were from a two-week period in June 2010 when neither the Interim WIB Director nor the Interim Assistant WIB Director completed the Departmental Certification section on the 110-7 cover memos for five WIB Dept CBO contractor invoices. The Department Certification signature section was completed by the SSA Contracts Unit Supervisor for each of these five cover memos, which is the next step in the 110-7 / invoice processing from the WIB to SSA Contracts and to the Auditor Controller's Office.

In late May 2010, the WIB Department Interim Director was advised by the SSA Director that the WIB Department would no longer have the Agency Authority to provide the Department Certification as required by the Auditor Controller's Office on each 110-7 Invoice Cover Memo. This Agency Authority would only be instilled to SSA

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Contracts Unit Financial Services Officer and SSA-Finance/Admin Financial Services Officer, with regard to the WIB Department CBO contract invoices.

Upon questioning this change the WIB Department was advised that, in-fact, the Auditor Controller's Office had been requiring SSA Contracts Unit Supervisor signature on all 110-7 Cover Memos and that the WIB Department signatures were not required.

From this information, the WIB Department took the immediate step to stop the signature process as it seemed ineffectual to the processing and payment of the invoice. This was also a time when the availability of both WIB Director and Interim Assistant to provide signature was very limited and the need to process the monthly invoices to assist the year-end cash flow for some of the contractors was pressing.

Upon further consideration the WIB Department recognized the internal need for a clear audit trail of a second level review to the processing of the CBO invoices, which the Department Certification signature afforded. Although the SSA Contracts Unit Financial Services Officer signature ensures that the technical requirements of the invoice payment are in-compliance with the County's contracting requirements, it is the two-levels of review at the WIB Department level that provides the most effective audit trail for WIA compliance of the federal expenditures incurred by each monthly invoice.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Finding 2010-10 Multiple Programs – Internal Control

Program Identification:

Awarding Agency: United States Department of Health and Human Services
Passed Through: California Department of Social Services
Program Name: Temporary Assistance for Needy Families
CFDA: 93.558
Award Number: All awards
Award Year: FYE 6/30/2010

Awarding Agency: United States Department of Agriculture
Passed Through: California Department of Social Services
Program Name: Supplemental Nutrition Assistance Program (SNAP) Cluster
CFDA: 10.561
Award Number: All Awards
Award Year: FYE 6/30/2010

Awarding Agency: United States Health and Human Services
Passed Through: California Department of Social Services
Program Name: Foster Care – Title IV, Part E
CFDA: 93.658
Award Number: All Awards
Award Year: FYE 6/30/2010

Awarding Agency: United States Health and Human Services
Passed Through: California Department of Social Services
Program Name: Promoting Safe and Stable Families
CFDA: 93.556
Award Number: All Awards
Award Year: FYE 6/30/2010

Awarding Agency: United States Health and Human Services
Passed Through: California Department of Social Services
Program Name: Child Welfare Services – State Grants
CFDA: 93.645
Award Number: All Awards
Award Year: FYE 6/30/2010

Awarding Agency: United States Health and Human Services
Passed Through: California Department of Health Care Services
Program Name: Medical Assistance Program
CFDA: 93.778
Award Number: All Awards
Award Year: FYE 6/30/2010

Regulatory or Other Criteria:

The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* (OMB A-133), requires that the County “maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant programs that could have a material effect on each of its federal programs.”

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Condition Identified and Perspective:

The County Expense Claim Form (CEC) is used by the County to prepare claims for reimbursement for several of its federal grant programs, including Temporary Assistance for Needy Families, Supplemental Nutrition Assistance Program, Foster Care, Promoting Safe and Stable Families, Child Welfare Services and Medical Assistance Program. Approximately \$70 million each quarter is claimed by the County on the CEC. The County Department of Social Services' Financial Services Specialist II is the only person with the knowledge and experience to prepare the CEC for the County in a timely and accurate manner. The County does not have a trained backup person in case the Financial Services Specialist II is unavailable.

Questioned Costs:

Not applicable.

Recommendation:

The County should provide training and experience to assure that there are at least two employees capable of preparing the County CEC in a timely and accurate manner.

Views of Responsible Officials:

The County recognizes the possibility of not being able to prepare the claim in a timely and accurate manner when the lead Financial Services Specialist II is unavailable. However, historically, the CEC has been consistently prepared on time.

County of Alameda
Status of Prior Year Findings
For the Year Ended June 30, 2010

Finding No.	Description	Status
2009-01	Reporting of the Schedule of Expenditures of Federal Awards	Not Corrected. See finding 2010-01
2009-02	Multiple Programs - Known Fraud (CFDA No: 10.561, 93.558)	Partially Corrected. See finding 2010-02
2009-03	Multiple Program - Special Tests and Provisions (CFDA No: 10.561, 93.558, 93.778)	Corrected at the County level. Further resolution will be done at the State level.
2009-04	Workforce Investment Act Cluster - Subrecipient Monitoring (CFDA No: 17.259, 17.260)	Not Corrected. See finding 2010-03
2009-05	Special Education Cluster - Maintenance of Effort (CFDA No: 84.027)	Not Corrected. See finding 2010-04
2009-06	Multiple Programs - Procurement (CFDA No: 84.027, 93.958, 93.959)	Not Corrected. See finding 2010-06
2009-07	Multiple Programs - Reporting (CFDA No: 84.027, 93.958)	Not Corrected. See finding 2010-05
2009-08	Promoting Safe and Stable Families - Subrecipient Monitoring (CFDA No: 93.556)	Corrected.
2009-09	Foster Care Title IV-E - Eligibility (CFDA No: 93.658)	Corrected.
2009-10	Foster Care Title IV-E - Special Tests and Provisions (CFDA No: 93.658)	Corrected.
2009-11	Block Grants for Substance Abuse Prevention and Treatment - Earmarking (CFDA No: 93.959)	Corrected.
2009-12	Edward Byrne Memorial Justice Assistance Grant Program (Non-Major Program) - Subrecipient Monitoring (CFDA No: 16.738)	Corrected.

COUNTY OF ALAMEDA, CALIFORNIA
Corrective Action Plan
For the Fiscal Year Ended June 30, 2010

Finding 2010-01: Reporting of the Schedule of Expenditures of Federal Awards

The Auditor-Controller Agency has developed a single audit handbook for County departments. This handbook is updated annually. A single audit workshop is also held annually for departments to facilitate the single audit. We will consider holding a separate workshop specifically for departmental personnel responsible for reporting federal expenditures for the single audit.

The Auditor-Controller Agency has been working on developing a countywide grants manual that will provide guidance for department grant administrators. The manual will cover pre-award, post-award, and after-the-award administration and reporting. The estimated completion date for the manual is December 31, 2011.

The County's financial system has been modified to allow for easier identification of federally funded grants in Special Revenue Funds. A SEFA report, which shows the grant activity that has occurred during the fiscal year, can be generated from the system. Information on this report is compared to federal expenditure data reported by county departments. Any exceptions found are followed up to ensure that those grants that have federal funding are included in the SEFA.

The Auditor-Controller Agency requires department officials responsible for the administration of the federal grants to review and certify federal expenditure datasheets and reconciliations that are submitted to the Auditor-Controller Agency for preparation of the county SEFA. The following procedures are performed once the datasheets and reconciliations are received:

1. Verify the general ledger amounts reported on the department's reconciliation.
2. Review the reconciliation of the general ledger amounts to expenditure amounts on the datasheets submitted by departments for SEFA reporting.
3. Run a SEFA report that lists activity on all department grants with project numbers to determine whether all federal grants are reported by departments.
4. Check the grant and contract documents, www.cfda.gov, grantor agency websites, and obtain information from other sources (for example, by contacting grantors) to verify the federal expenditures reported.

Auditor-Controller Agency also plans to meet with each department to discuss issues that arose from the prior year audit and to ensure that corrective actions are taken to ensure federal expenditures are accurately reported. We plan to implement corrective actions by September 2011.

The Social Services Agency will develop a database to track the funding passed to subrecipients. The following procedures will be implemented to ensure that the SEFA report reflects the correct amount of federal funds paid to subrecipients.

- Maintain a database of all CBO payments based on the date of payment and general ledger posting.
- Distribute the CBO costs accordingly by Federal, State and County share.
- Use the database report in the CEC claim to claims expenditures in the correct program/CFDA Number.
- Use the database in preparing the SEFA report.

The corrective action will be completed by June 30, 2011, in time for the FY 10-11 SEFA reporting.

Contact information for inquiries regarding the corrective action(s):

Name: Ricky Lau
County Department: Auditor-Controller Agency
Telephone Number: (510) 272-6570
Email Address: ricky.lau@acgov.org

Finding 2010-02: Multiple Programs – Known Fraud

In the forthcoming annual workshop for County financial managers, the Internal Audit Unit will reiterate to departments the need to immediately report suspected fraud in accordance with the MAPP. For departments that pass through federal funds to subrecipients, we will emphasize the need for them to monitor subrecipients to ensure that funds are not misused.

The Social Services Agency will have a procedure in place wherein the Social Services Agency's Program Integrity Division will be responsible for reporting suspected fraud to all departments who needs to be informed. The Social Services Agency will ensure that reporting will be in accordance with MAPP.

Contact information for inquiries regarding the corrective action(s):

Name: Ricky Lau

County Department: Auditor-Controller Agency

Telephone Number: (510) 272-6570

Email Address: ricky.lau@acgov.org

Finding 2010-03: Workforce Investment Act Cluster – Subrecipient Monitoring

The County's Workforce Investment Board (WIB) has implemented steps to assist its Workforce Investment Act (WIA) funded sub-recipients to identify the annual federal expenditures and the details of each County contract for the sub-recipients annual audit report. This includes:

1. the details of the federal award in the initial funding award letter;
2. specific award and CFDA information in the County contract documents;
3. Exhibit D – Audit Requirements to each County contract that defines the audit report requirements;
4. reference to the audit requirements during the WIB's annual on-site fiscal monitoring visit;
5. requiring a closeout document from each sub-recipient that identifies the total federal funds received by the sub-recipient for each County contract;
6. notification to each sub-recipient of the total contract expenditures by County PO number detailing the CFDA number, WIA Program Title and total dollar amount spent for the fiscal year ending at June 30; and
7. annual letter/email contact (December of each calendar year) to remind each sub-recipient to submit the annual audit report.

These items have been standard practice since the implementation of WIA in July 2000. Additional follow-up with the WIA-funded sub-recipients to seek full compliance with the Federal and County Audit requirements will be conducted in March-April 2011, and will be included in the contract closeout process that occurs in September-October of each year. Individual contacts will be implemented on an as-needed basis to ensure compliance in future audit reports. WIB will maintain documentation of monitoring and communications with subrecipients.

The County already has an established escalating sanctions policy outlined in the Contracts Administration Manual. Sanctions are applied to non-complying subrecipients when necessary. WIB will review the subrecipient audit reports to ensure that federal funds passed through the County are reported. WIB will also review the subrecipient audit reports for findings related to funds passed through the county and follow up with the subrecipient on corrective actions.

Contact information for inquiries regarding the corrective actions(s):

Name: David Harkess

County Department: Social Services Agency Workforce Investment Board

Telephone Number: (510) 259-3832

Email Address: DHarkess@acgov.org

Finding 2010-04: Special Education Cluster – Maintenance of Effort

Behavioral Health Care Services will continue to follow the guidelines and instructions established by the State in regards to AB 3632 services funding.

Contact information for inquiries regarding corrective action(s):

Name: Fiona Mar

County Department: Behavioral Health Care Services

Telephone Number: (510) 383-1518

Email Address: FMar@acbhcs.org

Finding 2010-05: Multiple Programs – Reporting

Behavioral Health Care Services (BHCS) has been short staffed in the Finance Contracts Unit for some time. The short staffing has resulted in difficulty completing the Department of Mental Health (DMH) cost report in a timely manner. BHCS has reorganized their staffing structure to create a Network Office. With this change in staffing, we should be better able to meet the cost report due date. In addition, efforts have been made to withhold payment for non-compliant Community Based Organization (CBO) providers to encourage more timely submission of the cost report information. BHCS continues to make efforts to recruit for the vacant positions, to encourage providers to submit their final cost reports in a timely fashion, and to complete the review process to ensure that DMH Cost Reports are completed in a timely manner, which will allow timely reporting for the Single Audit.

Contact information for inquiries regarding corrective action(s):

Name: Fiona Mar

County Department: Behavioral Health Care Services

Telephone Number: (510) 383-1518

Email Address: FMar@acbhcs.org

Finding 2010-06: Multiple Programs – Procurement

Behavioral Health Care Services is working with General Services Agency, Auditor-Controller Agency, and County Administrator's Office to amend the Sole Source Policy to provide for continuity of care for health care programs, in particular mental health and alcohol & drug programs. The proposed language to define Community Based Organizations contracts fully exempt them from Small Local Emerging Business policy and exempt them from the procurement process based on continuity of care. The draft language is currently being reviewed by County Counsel and we anticipate it will be forwarded to the Board of Supervisors Procurement Committee in June 2011 and subsequently be heard by the Board of Supervisors.

Contact information for inquiries regarding corrective action(s):

Name: Fiona Mar

County Department: Behavioral Health Care Services

Telephone Number: (510) 383-1518

Email Address: FMar@acbhcs.org

Finding 2010-07: Temporary Aid to Needy Families – Special Tests and Provisions

The following procedures will be implemented to ensure the sanctions and penalties are applied correctly for all individuals that fail to sign support rights or fail to cooperate with family support:

- A reminder will be sent out to all staff regarding the correct procedures and required entries for sanctions and penalties.
- Training will be provided to ensure all staff is informed how to correctly impose a sanction or penalty.
- A quarterly report will be generated and reviewed by eligibility technicians and their supervisors to ensure all sanctions and penalties are correct.

These corrective actions will be completed by May 31, 2011.

Contact information for inquiries regarding the corrective action(s):

Name: Sabrina Jean/Julia Martinez

County Department: Social Services Agency

Telephone Number: (510) 259-3854/(510) 259-3804

Email Address: SJean@acgov.org/JHMartinez@acgov.org

Finding 2010-08: Multiple Programs – Reporting

The Public Health Department will communicate with the State in writing regarding the late submission of reports/invoices and maintain documentation of the state's approval for any extension of the submission deadlines.

Contact information for inquiries regarding corrective action(s):

Name: Binh Cao

County Department: Public Health Department

Telephone Number: (510) 267-8054

Email Address: binh.cao@acgov.org

Finding 2010-09: Workforce Investment Act Cluster – Activities Allowed or Unallowed

Effective at the middle of June 2010, the WIB Department returned to the requirement that either the Interim WIB Director (Patti Castro) or the Interim Assistant WIB Director (Linda Slater) must sign all 110-7 documents prior-to submittal to the SSA Contracts Unit. This has been in effect for every 110-7 processed since June 2010.

ACWIB will maintain this policy, without exception, for every County contract managed by ACWIB.

Contact information for inquiries regarding the corrective actions(s):

Name: David Harkess

County Department: Social Services Agency Workforce Investment Board

Telephone Number: (510) 259-3832

Email Address: DHarkess@acgov.org

Finding 2010-10: Multiple Programs – Internal Control

The County will start training another Financial Services Specialist II (trainee) to back-up the Financial Services Specialist II who is responsible for preparing the CEC claim.

- The training will start on the CEC 4th quarter claims ending June 30, 2011 for FY 10-11.
- The training will be completed by June 30, 2012 after completing 4 regular quarterly claims ending March 31, 2012 and 5 supplemental claims ending September 30, 2012.
- Starting with the quarter ending June 30, 2012, the two Financial Services Specialists II will work together to prepare the CEC claim. Each Financial Services Specialist II will be assigned programs to work on. After one year, they will switch program assignments to be able to prepare the claim completely and accurately independently when needed.
- To supplement the State CEC claim instructions, a desk manual for the CEC claim will be organized.

Contact information for inquiries regarding the corrective action:

Name: Minerva Mendoza

County Department: Social Services Agency

Telephone Number: (510) 267-8604

Email Address: mpmendo@acgov.org