SINGLE AUDIT REPORTS

For the Fiscal Year Ended June 30, 2014

County of Alameda, California

REACH Ashland Youth Center opened to the public in April 2013 in a new state-of-the-art facility with engaging programs and services provided to Alameda County youth, ages 11-24, in the areas of recreation, education, arts & creativity, career development, and health & wellness.

Patrick O'Connell, Auditor-Controller

COUNTY OF ALAMEDA
Single Audit Reports
For the Year Ended June 30, 2014

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Sacramento

Walnut Creek

LA/Century City

Newport Beach

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Seattle

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alameda County Employees' Retirement Association (ACERA), which represents 75%, 79%, and 16%, respectively, of the assets, net position/fund balances, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for ACERA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress, and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 26, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Oakland, California
December 26, 2014, except for our report on the schedule of expenditures of federal awards, as to which the date is March 6, 2015.

Management's Discussion and Analysis

This section of the County of Alameda's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the year ended June 30, 2014. 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 and deferred outflows of resources of the County exceeded its liabilities at the close of the fiscal year by $1,935,372 (net position). Of this amount, $630,253 is restricted for specified purposes and is not available to meet the government's ongoing obligations to citizens and creditors, $619,242 is net investment in capital assets, and $685,877 is available to meet the County's ongoing obligations to citizens and creditors.

- The government's total net position increased for fiscal year 2014 by $81,226. The increase in net position is mostly due to unspent realignment revenue of $90,990.

- As of June 30, 2014, the County's governmental funds reported a combined ending fund balances of $2,277,464, an increase of $203,011 in comparison with the prior year. However, unassigned fund balance has a deficit of $52,164.

- At the end of the current fiscal year, the unassigned fund balance for the general fund was $7,960 or 0.4 percent of total general fund expenditures of $2,039,294.

- The County's gross long-term obligations, excluding unamortized premiums and discounts, increased by $269,386 during the fiscal year 2014. This was due to the issuance of Series 2013A Lease Revenue Bonds in the amount of $287,380 offset by the pay down of existing debts.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County of Alameda's basic financial statements. The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

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

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

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

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

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

Fund financial statements

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

Governmental funds

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

The focus of governmental funds is narrower than that of the government-wide financial statements; it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Proprietary funds

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

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

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

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

Fiduciary funds

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

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

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-89 of this report.

Required supplementary information

This report contains required supplementary information concerning the County's progress in its obligation to provide pension, postemployment medical, and other postemployment benefits to its employees; along with budget-to-actual information for the County's general and major special revenue funds. Required supplementary information can be found on pages 91-95 of this report.

Other supplementary information

The combining statements referred to in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 98-124 of this report. Budgetary comparisons for the County's capital projects and non-major special revenue funds are also presented.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Alameda County, assets exceeded liabilities by $1,935,372 at June 30, 2014.

A portion of the County's net position, $619,242 or 32 percent, reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less related outstanding debt used to acquire those assets and debt-related deferred outflows of resources. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Alameda
Net Position
June 30, 2014 and 2013

	Governmental Activities	
	2014	2013
Assets:		
Current and other assets	$ 2,732,562	$ 2,535,254
Capital assets	1,477,987	1,322,829
Total assets	4,210,549	3,858,083
Deferred outflows of resources	3,292	3,959
Liabilities:		
Current liabilities	475,393	469,647
Long-term liabilities	1,803,076	1,538,249
Total liabilities	2,278,469	2,007,896
Net position:		
Net investment in capital assets	619,242	620,302
Restricted	630,253	655,381
Unrestricted	685,877	578,463
Total net position	$ 1,935,372	$ 1,854,146

Current and other assets increased $197,308 from prior year primarily due to bond proceeds of $299,709 from the issuance of 2013 Series A lease revenue bond for the construction of the Alameda Health System Acute Tower; offset by construction expenditures of $161,562 for fiscal year 2014. In addition, unspent realignment revenue increased cash by $90,990.

Current liabilities increased $5,746 due to an increase of $6,890 in due to component unit. This increase was attributed to $4,875 for providing affordable health care to uninsured people living in Alameda County.

A portion of the County's net position, $630,253, represents resources that are subject to external restrictions as to how they may be used. Unrestricted net position in the amount of $685,877 may be used to meet the government's ongoing obligations to citizens and creditors.

The County's net position increased by $81,226 during the fiscal year 2014 versus an increase of $149,710 for fiscal year 2013. As compared to last fiscal year, expenses increased by $76,751. Operating and capital grants and contributions decreased $22,327 over fiscal year 2013 while charges for services increased $44,901.

County of Alameda
Changes in Net Position
For the Years Ended June 30, 2014 and 2013

	Governmental Activities	
	2014	**2013**
Revenues:		
Program revenues:		
Charges for services	$ 572,062	$ 527,161
Operating grants and contributions	1,459,898	1,482,657
Capital grants and contributions	8,737	8,305
General revenues:		
Property taxes	431,923	444,147
Sales taxes - shared revenues	54,939	52,749
Other taxes	31,312	29,984
Interest and investment income	8,506	22
Other	26,233	40,318
Total Revenues	2,593,610	2,585,343
Expenses:		
General government	162,720	138,512
Public protection	816,218	780,729
Public assistance	672,473	664,085
Health and sanitation	700,454	697,402
Public ways and facilities	43,970	44,269
Recreation and cultural services	539	554
Education	27,202	27,125
Interest on long-term debt	88,808	82,957
Total expenses	2,512,384	2,435,633
Change in net position	81,226	149,710
Net position - beginning of period	1,854,146	1,725,062
Cumulative effect of change in accounting principles	-	(20,626)
Net position - beginning of period, as restated	1,854,146	1,704,436
Net position - end of period	$ 1,935,372	$ 1,854,146

Governmental activities

Governmental activities increased the County's net position by $81,226.

Operating grants and contributions decreased $22,759 or about 2 percent during the year. Federal grants decreased by $34,934 due to the end of the Low Income Health Program (LIHP) on January 1, 2014. This was offset by an increase of $8,925 in federal grants in CalWin and child welfare services programs and $4,371 in Medi-Cal services. There was also a decrease of $10,767 due to reduction in Urban Areas Security Initiative, East Bay Regional Communications System Authority, and Homeland Security programs. State revenue decreased $6,900 in MHSA programs due to changes in program expenditure cycle. This is offset by increase of $16,611 in realignment revenue for human services.

Charges for services increased $44,901 or 9 percent from fiscal year 2013. This increase can be attributed to increase of $17,494 in mental health programs (Medi-Cal) due to increase in utilization, higher reimbursement rate for new eligible clients, and prior year audit settlements. Disproportionate Share Hospital (DSH) revenue for EMS increased $21,516 during the fiscal year. In addition, sale of properties increased $10,437 in fiscal year 2014. These increases were offset by a decrease of $6,809 due to election services revenue received in fiscal year 2013.

General revenues decreased by $14,307 overall in the fiscal year 2014.

- Property tax revenues decreased by $12,224 or 3 percent due to $32,562 received in fiscal year 2013 from post-redevelopment dissolution funds for low to moderate income housing and other redevelopment activities. This was offset by an increase of $16,425 in assessed property value and $5,774 in supplemental property tax due to increase in home sales during the fiscal year.

- Sales and use tax revenue increased by $2,190 or 4 percent due to an improving economy.

- Interest and investment income increased by $8,484 . The increase was attributable to an improved economy and higher daily average cash balance during fiscal year 2014.

Expenses related to governmental activities increased $76,751 or 3 percent during fiscal year 2014.

The major changes in expenses related to governmental activities are in the following areas: general government expenses increased by $24,208, public protection expenses increased by $35,489, public assistance expenses increased $8,388, and health and sanitation expenses increased by $3,052 from fiscal year 2013.

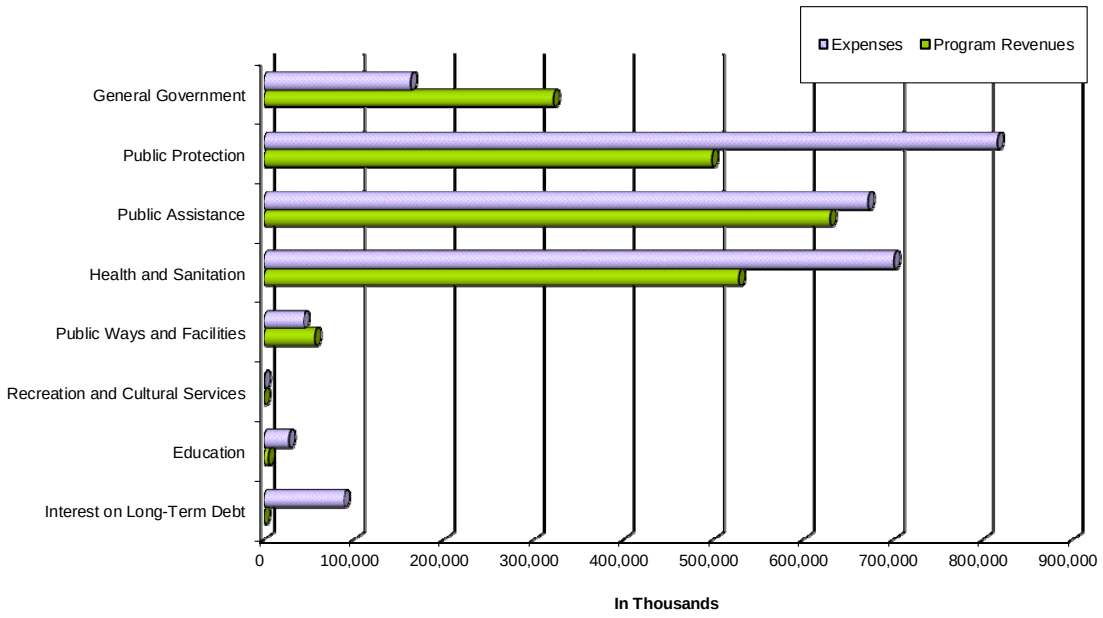
- The $24,208 increase in general government expenses was primarily due to $15,325 in seismic retrofit and tenant improvements expenses for the Peralta Oaks building.

- The $35,489 increase in public protection expenses was primarily due to increase in salaries and benefits expenses. Salaries and benefits for the sheriff office increased $19,880 to meet federal and local mandates concerning the care, custody, and control of inmates. Probation increased $7,487 due to increase in hiring to fill vacant positions and staffing needs. District Attorney increased by $2,554 due to increase in healthcare cost.

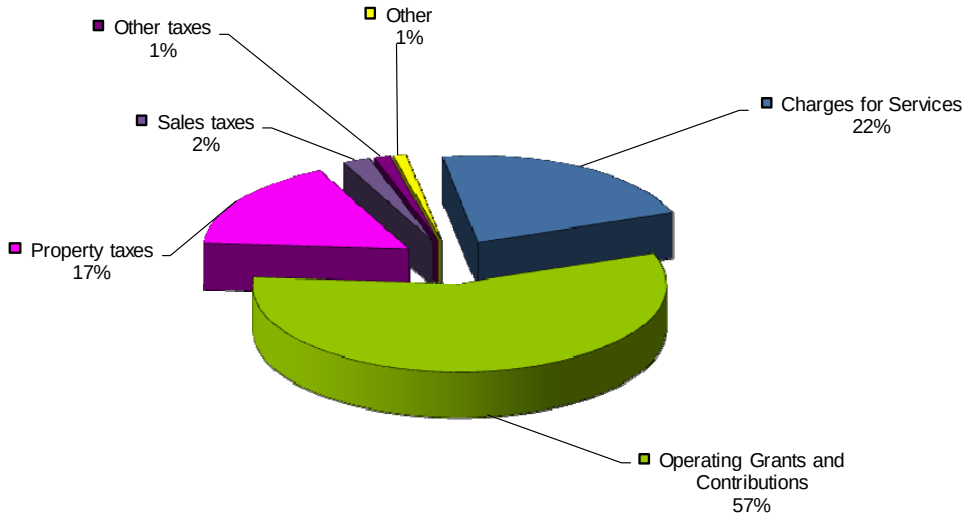
- The $8,388 increase in public assistance expenses was due to the hiring of 185.73 full-time equivalents for the implementation of Affordable Care Act and 61.5 full-time equivalents for In-Home Supportive Services and Adult Protective Services programs.

- The $3,052 increase in health and sanitation expenses was primarily due to the an increase of $11,603 in trauma subsidy to Alameda Health System and $7,724 in expenditure for behavioral health care programs including Primary Behavioral Health Care and Integration (PBHCI), Early Connections, Early Periodic Screening, Diagnosis, and Treatment (EPSDT), and CBO contracts. Salaries and employee benefits increased $8,290 in public health and behavioral health due to recruitment to fill new/vacant positions and program expansions. These increases were offset by the reduction of $23,564 in Alameda Health System contract as a result of the decrease in 1991 Realignment revenue.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the County's Funds

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

Governmental funds

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

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

As of June 30, 2014, the County's governmental funds reported combined ending fund balances of $2,277,464, an increase of $203,011 or 10 percent as compared to fiscal year 2013. However, the County has a deficit of $52,164 in unassigned fund balance versus a balance of $14,793 in fiscal year 2013. The remainder of fund balance consists of nonspendable ($12,053), restricted ($1,002,953), committed ($1,164,690), or assigned ($149,932).

Revenue for governmental funds overall totaled $2,579,836 for the fiscal year 2014, which represents a decrease of $42,667 or 2 percent from the fiscal year 2013. Expenditures for governmental funds, totaling $2,718,476, increased by $145,078 or 6 percent from the fiscal year 2013. The governmental funds' expenditures exceeded revenues by $138,640 or 5 percent.

The general fund is the primary operating fund of the County. At the end of fiscal year 2014, the unassigned fund balance of the general fund was $7,960, while total fund balance was $1,295,336. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 0.4 percent of total general fund expenditures of $2,039,294, while total fund balance represents 64 percent of that same amount.

General fund revenues decreased by $55,569 or 2 percent to due to the following factors:

- State aid increased by $30,151 or 3 percent. This was mainly due to the an increase of the realignment sales tax revenue of $26,925 due to higher consumer spending; $8,031 in ERAF property tax revenues due to rising assessed property values; $4,459 in welfare administration revenue due to increase in Medi-Cal expenditures for the implementation of the Affordable Care Act. These increases were offset by a decrease of $6,900 reduction of mental health programs due to changes in program expenditure cycle.

- Federal aid decreased by $53,233 or 11 percent. This was mainly due to a decrease of $34,549 in indigent health care services due to the end of the Low Income Health Program (LIHP) on January 1, 2014; a decrease of $10,767 in Homeland Security and Urban Areas Security Initiative revenue, and delay of payment from State for $4,764 for HealthPAC/LIHP claims.

- Charges for services decreased by $27,248 or 9 percent. The primary reasons for the decrease was attributed to major election held in fiscal year 2013 which generated election services revenue of $6,809 and the collection of deferred revenue of $36,756 for mental health programs in fiscal year 2013. The decrease was offset by an increase of $17,494 in fiscal year 2014 in mental health

programs due to increase in utilization, increase in additional funding due to MCE higher reimbursement rate for new eligible clients, and prior year audit settlements.

- Other revenue decreased by $10,024 or 20 percent, mainly due to $5,937 tobacco revenue received in fiscal year 2013 and a decrease of $4,143 in revenue for the Early Periodic Screening, Diagnosis and Treatment (EPSDT) Program.

General fund expenditures increased by $46,522 from fiscal year 2013, totaling $2,039,294. Overall, the general fund's performance resulted in revenues exceeding expenditures in the fiscal year 2014, by $136,037. In fiscal year 2013, the general fund revenues exceeded expenditures by $238,128.

The property development fund total fund balance was $325,857. This fund accounts for activities related to the development and sale of County surplus land. The net increase in the fund balance during the fiscal year 2014 was $11,091, primarily due to proceed from sale of land.

The fund balance in the flood control fund decreased in 2014 from $180,305 to $176,454 or 2 percent. Revenue decreased by $4,470 primarily due to $7 million grant revenue from the Department of Water Resources received in fiscal year 2013. Expenditures increased $16,628 due to the purchase of watershed protection property.

The capital projects fund has a total fund balance of $130,751, an increase of $60,569 from fiscal year 2013. The increase was primarily attributable to bond proceeds from the issuance of 2013 Series A lease revenue bond to fund the construction of the Alameda Health System's Acute Tower.

The fund balance in the debt service fund increased $75,794 from $74,989 to $150,783. This increase was primarily due to the issuance of 2013 Series A lease revenue bond and commercial paper to finance the construction of the Alameda Health System Acute Tower.

Proprietary funds

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

The net position of the internal service funds increased by $5,576, which is due to operating income of $11,850, which was reduced by transfers out of $8,713 for debt service.

Fiduciary funds

The County maintains fiduciary funds for the assets of the Alameda County Employees' Retirement Association (ACERA) and funds held in trust for employees for before-tax reimbursement of health care expenses. As of December 31, 2013, ACERA's fiscal year-end, the net position of ACERA and the other employee benefits trust totaled $6,642,164 representing an increase of $971,894 in net position from the prior year's net position. The increase was largely attributable to an increase in fair value of investments as of December 31, 2013.

As of June 30, 2014, the investment trust fund's net position totaled $1,481,945, a $167,296 decrease in net position. The decrease in net position of the investment trust fund was due to withdrawals exceeding contributions to the fund by $176,732, less net investment income of $9,436.

The private-purpose trust fund includes the redevelopment non-housing successor agency, public guardian, and Court Wards & Dependents. As of June 30, 2014, the private-purpose trust fund's net position totaled $13,949, a decrease of $251.

General fund budgetary highlights

The County's final expenditure budget of the general fund differs from the original budget in that it contains supplemental appropriations approved during the fiscal year. The difference of $146,123 between the original budget and the final amended budget represents increased appropriations, the significant appropriations are briefly summarized:

- The public protection departments increased appropriations by $54,792. This included $12,499 of salary and benefit increases and $17,907 year-end budget adjustment approved by the Board of Supervisors. An additional appropriation of $9,318 was from the Public Safety Realignment fund for state allocation adjustments. The Sheriff department received an additional appropriation of $2,275 from the Community Oriented Policing Services (COPS) grant to increase police presence throughout the Alameda County Transit System and another increase of $2,641 in appropriation was for the Urban Area Security Initiative programs.

- The public assistance departments increased appropriations by $21,154. The increase was due to an increase of $8,334 to fund 185.73 full-time equivalents in the Affordable Care Act customer service telephone center and CalFresh, CalWorks, Medi-Cal and Program Integrity Division programs. Appropriation for In Home Supportive Services and Adult Protective programs also increased $3,537 to fund 61.5 full-time equivalents. Another increase of $4,359 was salary and benefit increases approved by the Board of Supervisors.

- Appropriations for health and sanitation increased by $69,624. This increase included a $17,800 adjustment for an intergovernmental transfer to Alameda Health System (AHS) for the purpose of enhancing Medi-Cal managed care rates, $8,602 funding augmentation for Children's Hospital Research Center to maintain critical safety net medical services for children, $12,245 to provide services to Low Income Health Program enrollees, $4,683 in Community-Based Organizations contract to provide continued medical care services to indigent patients, $3,100 charitable donation to Children's Hospital and Research Center. Other increases included $14,182 adjustment as the result of the calculation of the final fund balance for fiscal year 2013 and $3,736 in salary and benefit increases approved by the Board of Supervisors.

  Although the overall appropriation for health and sanitation increased from the original budget, there was a reduction of $11,092 related to State 1991 Realignment funding. With the Medi-Cal expansion under the Affordable Care Act, State believed that county costs for indigent health care will decrease, thus the County must reduce the appropriation by the State allocated amount.

Overall, the County's actual general fund revenues under-realized its budgeted fiscal year 2014 revenues by $103,876 . Revenues that had significant variances include:

- Taxes was under-realized by $11,171 or 3 percent. This was due to a mid-year budget adjustment of $9,318 based on State's allocation to fund public safety programs.
- Fines, forfeitures, and penalties revenue exceeded the budget by $14,459 or 83 percent. This was due to the under-budgeting of penalties for delinquent taxes by $14,314.
- State aid revenue was over-realized by $44,272 or 5 percent. Improved economy resulted in higher sales tax realignment revenue of $43,085. In addition, new CalWork programs increased revenue

by $25,000. These are offset by a decrease of $31,694 in mental health programs due to underutilization of Mental Health Services Act contracts.

- Federal aid revenue was under-realized by $79,540 or 16 percent. Decrease in caseload for CalWorks resulted in lower revenue of $31,102. A mid-year budget adjustment of $9,968 was made for health care services for pass-through claims for Alameda Health System and St Rose Hospital, however, no revenue was received during the fiscal year due to delay in claim process. Underspending in public health programs and sheriff departments resulted in lower revenue of $3,307 and $7,907, respectively. Revenue for mental health programs was lowered by $3,400 due to delay in State reimbursement for claims. Revenue for community development programs was lower by $6,654 due to delay in project assignments.

- Charges for current services under-realized budget by $15,012 or 5 percent. Recording fees decreased by $5,840 due to a 32% decrease in documents recorded. Delay in Medi-Cal reimbursement resulted in lower revenue of $5,293.

- Other revenue was less than budgeted by $61,674 or 60 percent. This was due to $14,613 under-realization of tobacco tax settlement funds. $28,470 was budgeted for donations to benefit hospitals serving the Medi-Cal population through Disproportionate Share Hospital (DSH) program; however, no revenue was approved by the State in 2014. Public health revenue is under-budget by $5,574 due to underspending and funding terminations. Revenue received for Educationally Related Mental Health Services was less than anticipated resulted in lower revenue of $9,487.

Variations between budget and actual expenditures in the general fund reflect overall expenditures under the adjusted budget by $264,567 or 11 percent. In general, this represents savings from the major government functions, primarily due to vacancies, cost-containment measures, and contingency appropriations not spent. Significant savings came from the following County functions:

- General government's total actual expenditures was $20,893 or 13 percent less than budget. Vacant positions resulted in savings of $6,577. Discretionary expenditures were lower by $14,006 due to unspent Fiscal Management Reward and reduction of expenditures.

- Public protection spent $35,539 or 5 percent less than budget. Vacant positions resulted in savings of $13,094 in salaries and benefits. Discretionary services and supplies expenditures were lower by $20,505 due to reduction of expenditures and lower than anticipated levels of activities in probation department.

- Public assistance spent $45,826 or 6 percent less than budget. Vacant positions resulted in savings of $12,896 in salaries and benefits. Discretionary services and supplies expenditures for the Community Development Agency were under-spent by $8,567 due to delayed professional services contracts assignments. Expenditures for Children and Family Services were lower by $5,200 due to under-spent CBO waiver contracts. Workforce Investment Board under-spent by $3,103 due to lower than anticipated activity level. CalWORKs caseload was $4,000 less than projected. In Home Supportive Services providers/caregivers and health benefits payments were $2,700 less due to reduced health plan enrollees; and foster care case load was $2,600 less than budgeted.

- Health and sanitation expenditures were $161,945 or 19 percent less than budget. Salaries and employee benefits were under-spent by $21,965 due to vacant positions. Behavioral health care saved $31,976 due to liquidation of encumbrances and $31,849 underutilized CBO contracts and mental health programs. $29,470 was budgeted for inter-governmental transfers to benefit hospitals serving the Medi-Cal population; however, no payment was approved by the State in 2014. Health care services expenditures were lower due to the delay of a $7,500 pass through

payment to Alameda Health System and the liquidation of $4,400 encumbrance for Children's Hospital. In addition, $4,000 payment to St. Rose Hospital was budgeted but only $500 was paid resulting in underspending of $3,500.

Capital assets and debt administration

Capital Assets

The County's investment in capital assets for its governmental activities amounts to $1,477,987 (net of accumulated depreciation), as shown in the table below. This investment includes land, buildings and improvements, machinery and equipment, roads, bridges, flood control canals and other infrastructure. The total increase in the County's investment in capital assets for fiscal year 2014 was $155,158 or 12 percent.

Capital Assets Net of Accumulated Depreciation
June 30, 2014

	Governmental Activities	
	2014	2013
Land and other assets not being depreciated	$ 546,496	$ 417,895
Structures and improvements, machinery and equipment, and infrastructure, net of depreciation	931,491	904,934
Total	$ 1,477,987	$1,322,829

Major capital asset events that occurred during fiscal year 2014 include:

- Land increased $13,097 due to land purchased by Flood Control for watershed protection.
- Infrastructure increased $52,020 due to the completion of road and flood control projects which increased by $49,319 and $2,701, respectively.
- Structures and improvements increased $20,335 due to the completion of the Ashland Youth Center.
- Construction in progress has a net increase of $115,504 after the transfer of completed projects noted above. Construction on the Phase II of Alameda Health System's Acute Tower resulted in an increase in construction costs of $159,470. Road and flood control projects increased construction in progress by $18,197 and $7,585, respectively.

At the end of the fiscal year, the Acute Tower project has an outstanding contract commitment of $95,972.

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

Governmental fund financial statements record capital asset purchases as expenditures.

Additional information about the County's capital assets can be found in Note 4 (page 54) of the financial statements.

Debt Administration

As of June 30, 2014, the County had long-term obligations outstanding of $1,998,306, excluding unamortized premiums and discounts of $19,555, as summarized below:

Outstanding Long-term Obligations
June 30, 2014 and 2013

	Governmental Activities	
	2014	2013
Certificates of participation	$ 31,474	$ 35,255
Tobacco securitization bonds	277,508	274,222
Pension obligation bonds	318,892	367,753
Lease revenue bonds	818,105	553,615
Capital leases	3,971	4,150
Net pension obligation	95,240	40,350
Net OPEB obligation	177,495	194,877
Other long-term obligations	275,621	258,698
Total	$ 1,998,306	$ 1,728,920

The County's total debt increased by $269,386 during the fiscal year. The net increase was attributable to the issuance of Series 2013A Lease Revenue Bonds in the amount of $287,380, offset by the pay down of $22,890 on existing debts. Outstanding pension obligation bonds decreased by $48,861 due to principal payments of $21,490 and net reduction in accreted value by $27,371. In fiscal year 2014, the County issued an additional $18,600 of commercial paper notes to finance the construction of the Alameda Health System's Acute Tower project.

Alameda County's legal debt limit is 1.25 percent of total assessed value. As of June 30, 2014, the legal limit was $2.63 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 as follows:

	2014 Rating	2013 Rating
Moody's	Aa1	Aa1
Standard & Poor's	AA+	AA+
Fitch	AA+	AA+

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

	2014 Rating	2013 Rating
Moody's	Aa3	Aa3
Standard & Poor's	AA	AA
Fitch	AA	AA-

The County of Alameda's long-term obligations can be found in note 6 (page 58) 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 5.8 percent in June 2014, compared to the rate of 7.4 percent in June 2013. The State's unemployment rate was 9.5 percent in June 2012.
- The assessed value of the County's property increased by 5 percent in 2014 compared to an increase of 2.4 percent in 2013.
- The County experienced an increase in property tax revenue in fiscal year 2014 due to the continued economic recovery and rebound in the housing market. Spending for goods and services throughout the state and the country increased as unemployment rates, as indicated above, declined.

All of the above factors were considered in preparing the County's budget for fiscal year 2015.

The County adopted its fiscal year 2015 budget on June 27, 2014, a week after the State of California adopted its own budget on June 20, 2014.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2014
(amounts expressed in thousands)

	Primary Government	Component Unit
	Governmental Activities	Alameda Health System
ASSETS		
Current assets:		
Cash and investments with County Treasurer	$ 1,543,349	$ 14,744
Cash and investments with fiscal agents	303,506	-
Restricted cash	-	1,106
Deposits with others	5,401	15,808
Receivables, net of allowance for uncollectible accounts	396,351	281,722
Due from component unit	13,801	-
Due from primary government	-	14,034
Advance to component unit	962	-
Inventory of supplies	338	8,656
Prepaid items	5,240	2,456
Total current assets	2,268,948	338,526
Noncurrent assets:		
Restricted assets - cash and investments with County Treasurer	48,192	-
Restricted assets - cash and investments with fiscal agents	261,912	-
Properties held for resale	1,084	-
Due from component unit, net of allowance	138,783	-
Advance to component unit	2,049	-
Loans receivable	11,594	-
Capital assets:		
Land and other assets not being depreciated	546,496	26,005
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	931,491	61,022
Total capital assets, net	1,477,987	87,027
Total noncurrent assets	1,941,601	87,027
Total assets	4,210,549	425,553
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding debt	3,292	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	213,898	167,197
Due to component unit	14,034	-
Due to primary government	-	13,801
Compensated employee absences payable	41,641	14,484
Estimated liability for claims and contingencies	25,476	5,562
Certificates of participation and bonds payable	100,082	-
Lease obligations	187	-
Loans and commercial paper notes	43,619	-
Accrued interest payable	5,100	-
Unearned revenue	27,576	-
Advance from primary government	-	962
Obligation to fund Coliseum Authority deficit	3,780	-
Total current liabilities	475,393	202,006
Noncurrent liabilities:		
Net pension obligation	95,240	8,057
Net OPEB obligation	177,495	50,738
Compensated employee absences payable	23,902	9,758
Estimated liability for claims and contingencies	79,771	20,459
Certificates of participation and bonds payable	1,365,452	-
Lease obligations	3,784	-
Loans and notes payable	7,987	-
Due to primary government	-	169,783
Advance from primary government	-	2,049
Obligation to fund Coliseum Authority deficit	49,445	-
Total noncurrent liabilities	1,803,076	260,844
Total liabilities	2,278,469	462,850
NET POSITION		
Net investment in capital assets	619,242	84,016
Restricted:		
Public protection	354,567	-
Public assistance	11,334	-
Health and sanitation	156,889	-
Public ways and facilities	81,469	-
Education	12,907	-
Other purposes	13,087	24,199
Unrestricted (deficit)	685,877	(145,512)
Total net position	$ 1,935,372	$ (37,297)

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, 2014
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Alameda Health System**
Primary government:						
Governmental activities:						
General government	$ 162,720	$ 127,863	$ 194,201	$ 73	$ 159,417	$ -
Public protection	816,218	209,420	288,696	607	(317,495)	-
Public assistance	672,473	8,473	621,692	-	(42,308)	-
Health and sanitation	700,454	211,742	307,968	8,057	(172,687)	-
Public ways and facilities	43,970	11,323	45,207	-	12,560	-
Recreation and cultural services	539	147	-	-	(392)	-
Education	27,202	2,994	2,134	-	(22,074)	-
Other functions	-	100	-	-	100	-
Interest on long-term debt	88,808	-	-	-	(88,808)	-
Total governmental activities	2,512,384	572,062	1,459,898	8,737	(471,687)	-
Total primary government	$ 2,512,384	$ 572,062	$ 1,459,898	$ 8,737	(471,687)	-
Alameda Health System	$ 717,406	$ 503,402	$ 16	$ -	-	(213,988)
	General revenues:					
	Property taxes				431,923	-
	Sales taxes - shared revenues				54,939	95,071
	Other taxes				31,312	-
	Interest and investment income				8,506	35
	Other				26,233	80,585
	Total general revenues				552,913	175,691
	Change in net position				81,226	(38,297)
	Net position - beginning of period				1,854,146	1,000
	Net position - end of period				$ 1,935,372	$ (37,297)

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

COUNTY OF ALAMEDA, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014
(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	$ 972,591	$ 17,657	$ 176,858	$ -	$ 45,084	$ 169,732	$ 1,381,922
Cash and investments with fiscal agents	-	303,506	-	-	-	-	303,506
Restricted assets - cash and investments with County Treasurer	-	-	-	48,192	-	-	48,192
Restricted assets - cash and investments with fiscal agents	3,682	-	-	142,683	94,087	21,460	261,912
Deposits with others	1,548	-	-	-	-	3,853	5,401
Receivables, net of allowance for uncollectible accounts	365,363	34	4,517	33	-	24,009	393,956
Due from other funds	48,905	-	-	-	-	-	48,905
Due from component unit, net of allowance	140,497	-	-	-	11,612	-	152,109
Advance to component unit	-	-	-	-	3,011	-	3,011
Inventory of supplies	-	-	-	-	-	332	332
Properties held for resale	255	829	-	-	-	-	1,084
Prepaid items	-	-	-	-	-	234	234
Loans receivable	7,738	3,856	-	-	-	-	11,594
Total assets	$ 1,540,579	$ 325,882	$ 181,375	$ 190,908	$ 153,794	$ 219,620	$ 2,612,158
Liabilities, deferred inflows of resources, and fund balances							
Liabilities:							
Accounts payable and accrued expenditures	$ 171,941	$ 25	$ 4,775	$ 13,170	$ -	$ 12,628	$ 202,539
Due to other funds	-	-	-	46,987	-	656	47,643
Due to component unit	13,995	-	-	-	-	17	14,012
Unearned revenue	26,400	-	-	-	-	1,176	27,576
Total liabilities	212,336	25	4,775	60,157	-	14,477	291,770
Deferred inflows of resources							
Unavailable revenue	32,907	-	146	-	3,011	6,860	42,924
Fund balances (deficit):							
Nonspendable	11,487	-	-	-	-	566	12,053
Restricted	292,832	-	176,454	190,875	150,783	192,009	1,002,953
Committed	838,833	325,857	-	-	-	-	1,164,690
Assigned	144,224	-	-	-	-	5,708	149,932
Unassigned	7,960	-	-	(60,124)	-	-	(52,164)
Total fund balances	1,295,336	325,857	176,454	130,751	150,783	198,283	2,277,464
Total liabilities, deferred inflows of resources, and fund balances	$ 1,540,579	$ 325,882	$ 181,375	$ 190,908	$ 153,794	$ 219,620	$ 2,612,158

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

COUNTY OF ALAMEDA, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014
(amounts expressed in thousands)

Fund balances – total governmental funds	$ 2,277,464
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,460,053
The unamortized balance of deferred outflows of resources resulting from the deferred refunding losses.	3,292
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	(1,465,534)
Compensated employee absences payable	(62,058)
Lease obligations	(3,971)
Loans and note payable	(51,606)
Other liabilities	(53,225)
Total long-term liabilities	(1,636,394)
The net OPEB obligation pertaining to governmental fund types is not recorded in the governmental fund statements.	(177,495)
The net pension obligation pertaining to governmental fund types is not recorded in the governmental fund statements.	(95,240)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	42,924
Interest on long-term debt is not accrued in the funds, but is recognized as an expenditure when due.	(5,100)
Internal service funds are used by management to charge the costs of fleet management, building maintenance, communications, information technology, and risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	65,868
Net position of governmental activities	$ 1,935,372

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, 2014
(amounts expressed in thousands)

	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$ 418,683	$ -	$ 31,669	$ -	$ -	$ 68,381	$ 518,733
Licenses and permits	7,784	-	5,496	-	-	1,185	14,465
Fines, forfeitures, and penalties	31,941	-	-	3,936	-	850	36,727
Use of money and property	10,091	3,322	1,555	(131)	758	3,874	19,469
State aid	940,400	-	1,360	-	-	41,316	983,076
Federal aid	432,832	-	567	66	8,057	4,588	446,110
Other aid	29,234	-	4,352	55	-	5,879	39,520
Charges for services	263,875	-	13,027	-	25,358	109,387	411,647
Other revenue	40,491	3,555	375	3,573	1,082	61,013	110,089
Total revenues	2,175,331	6,877	58,401	7,499	35,255	296,473	2,579,836
Expenditures:							
Current							
General government	126,466	750	-	-	-	88	127,304
Public protection	614,973	-	62,252	-	-	128,904	806,129
Public assistance	664,766	-	-	-	-	6,179	670,945
Health and sanitation	626,097	-	-	-	-	66,452	692,549
Public ways and facilities	2,411	-	-	-	-	42,358	44,769
Recreation and cultural services	580	-	-	-	-	-	580
Education	251	-	-	-	-	26,067	26,318
Debt service							
Principal	-	-	-	-	46,908	4,140	51,048
Interest	-	-	-	-	98,571	9,693	108,264
Bond issuance costs	1,749	-	-	-	-	-	1,749
Capital outlay	2,001	-	-	186,820	-	-	188,821
Total expenditures	2,039,294	750	62,252	186,820	145,479	283,881	2,718,476
Excess (deficiency) of revenues over expenditures	136,037	6,127	(3,851)	(179,321)	(110,224)	12,592	(138,640)
Other financing sources (uses):							
Issuance of loans and commercial paper notes	-	-	-	11,355	7,245	-	18,600
Issuance of bonds	1,758	-	-	234,977	50,645	-	287,380
Premium on issuance of bonds	-	-	-	13,106	-	-	13,106
Proceeds from sale of land	-	15,352	-	-	-	-	15,352
Transfers in	2,660	-	-	5,961	128,128	4,826	141,575
Transfers out	(95,820)	(10,388)	-	(25,509)	-	(2,645)	(134,362)
Total other financing sources (uses)	(91,402)	4,964	-	239,890	186,018	2,181	341,651
Net change in fund balances	44,635	11,091	(3,851)	60,569	75,794	14,773	203,011
Fund balances - beginning of period	1,250,701	314,766	180,305	70,182	74,989	183,510	2,074,453
Fund balances - end of period	$ 1,295,336	$ 325,857	$ 176,454	$ 130,751	$ 150,783	$ 198,283	$ 2,277,464

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, 2014 (amounts expressed in thousands)

Net change in fund balances – total governmental funds	$ 203,011
Amounts reported for governmental activities in the statement of activities are different because:	
Some revenues will not be collected within the availability period established for governmental funds. As a result, they are not considered as available revenues in the governmental funds and are reported as deferred inflows of resources in the governmental funds.	(3,525)
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.	
Increase in net pension obligation	(54,890)
Decrease in postemployment medical benefits obligation	26,575
Increase in other postemployment benefits obligation	(9,193)
Increase in compensated absences	(2,208)
Decrease in obligation to fund Coliseum Authority deficit	3,670
Total	(36,046)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The statement of activities reports the gain or loss on disposal of capital assets but the governmental funds do not report any gain or loss. Governmental funds do not report capital assets; hence, capital assets transferred to and from governmental fund to the proprietary fund are not recorded in the governmental fund.	
Capital outlay	205,434
Depreciation expense	(51,542)
Net loss on disposal of capital assets	(348)
Total	153,544
The change in net position of internal service funds is reported with governmental activities.	5,576
Loan and commercial paper issuance proceeds are reported as financing sources in governmental funds, but increase liabilities in the statement of net position.	(18,600)
Net increase in accrued interest increases the liability in the statement of net position but is reported as an expenditure in the governmental funds when paid.	(1,027)
Proceeds from issuance of long-term bonds are reported as financing sources in governmental funds, but increase liabilities in the statement of net position.	(287,380)
Bond premiums are recognized in the governmental funds when the bonds are issued, and are deferred and amortized in the statement of net position.	(13,106)
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 position.	
Principal payment on long-term debt	51,048
Accumulated accretion paid on capital appreciation bonds	54,872
Principal payment on capital leases, loans, and commercial paper notes	5,693
Total	111,613
Interest accreted on bonds and certificates of participation.	(33,674)
Amortization of bond premiums and bond discounts	1,504
Amortization of deferred outflows of resources resulting from the deferred refunding loss	(664)
Changes in net position of governmental activities	$ 81,226

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014
(amounts expressed in thousands)

		Governmental Activities - Internal Service Funds
Assets:		
Current assets:		
Cash and investments with County Treasurer	$	161,427
Other receivables		2,395
Due from component unit		475
Inventory of supplies		6
Prepaid items		5,006
Total current assets		169,309
Noncurrent assets:		
Capital assets:		
Machinery and equipment, net of depreciation		17,934
Total assets		187,243
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses		11,359
Compensated employee absences payable		2,056
Estimated liability for claims and contingencies		25,476
Due to other funds		1,262
Due to component unit		22
Total current liabilities		40,175
Noncurrent liabilities:		
Compensated employee absences payable		1,429
Estimated liability for claims and contingencies		79,771
Total noncurrent liabilities		81,200
Total liabilities		121,375
Net Position		
Investment in capital assets		17,931
Unrestricted		47,937
Total net position	$	65,868

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	$ 212,054
Operating expenses:	
Salaries and benefits	64,482
Contractual services	6,966
Utilities	12,415
Repairs and maintenance	6,656
Other supplies and expenses	60,716
Insurance claims and expenses	25,081
Depreciation	3,962
Telephone	2,772
County indirect costs	8,376
Dental claims	7,916
Other	862
Total operating expenses	200,204
Operating income	11,850
Non-operating revenues (expenses):	
Interest and investment loss	836
Gain on sale of capital assets	96
Total non-operating revenues (expenses)	932
Income before contributions and transfers	12,782
Capital contributions	7
Transfers in	1,500
Transfers out	(8,713)
Change in net position	5,576
Total net position - beginning of period	60,292
Total net position - end of period	$ 65,868

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, 2014
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Internal activity - receipts from other funds	$ 212,329
Payments to suppliers	(91,413)
Payments to employees	(64,212)
Internal activity - payments to other funds	(8,376)
Claims paid	(27,968)
Other receipts (payments), net	(862)
Net cash provided by operating activities	19,498
Cash flows from non-capital financing activities:	
Transfers in	1,500
Transfers out	(8,713)
Net cash used in non-capital financing activities	(7,213)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(5,815)
Proceeds from sale of capital assets	332
Net cash used in capital and related financing activities	(5,483)
Cash flows from investing activities:	
Interest received on pooled cash	836
Net cash provided by investing activities	836
Net increase in cash and cash equivalents	7,638
Cash and cash equivalents - beginning of period	153,789
Cash and cash equivalents - end of period	$ 161,427
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 11,850
Adjustments for non-cash activities:	
Depreciation	3,962
Changes in assets and liabilities:	
Other receivables	275
Inventory of supplies	(6)
Prepaid items	(579)
Accounts payable and accrued expenses	(2,551)
Compensated employee absences payable	270
Estimated liability for claims and contingencies	5,029
Due to other funds	1,251
Due to component unit	(3)
Total adjustments	7,648
Net cash provided by operating activities	$ 19,498

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014
(amounts expressed in thousands)

	Pension, OPEB,[1] and Other Employee Benefits Trust Funds	Investment Trust Fund	Private-Purpose Trust Fund	Agency Funds
Assets:				
Cash and investments with County Treasurer	$ 2,708	$ 1,529,358	$ 31,633	$ 213,944
Investments, at fair value:				
Short-term investments	132,890	-	8,586	-
Domestic equities	1,572,562	-	-	-
Domestic equity commingled funds	832,051	-	-	-
International equities	1,575,853	-	-	-
International equity commingled funds	417,974	-	-	-
Domestic fixed income	704,814	-	-	-
International fixed income	148,571	-	-	-
International fixed income commingled funds	107,725			
Real estate - separate properties	82,492	-	-	-
Real estate - commingled funds	339,035	-	-	-
Real return pool	255,245	-	-	-
Private equity and alternatives	442,782			
Total investments	6,611,994	-	8,586	-
Investment of securities lending collateral	337,579	-	-	-
Deposits with others	607	-	-	-
Taxes receivable	-	-	-	182,120
Other receivables	37,197	-	-	-
Interest receivable	8,275	1,594	29	128
Properties held for redevelopment	-	-	11,279	-
Prepaid items	-	4,069	-	-
Capital assets, net of accumulated depreciation	4,524	-	2,670	-
Total assets	7,002,884	1,535,021	54,197	396,192
Liabilities:				
Accounts payable and accrued expenses	23,141	53,076	-	4,283
Accrued interest payable	-	-	556	-
Securities lending obligation	337,579	-	-	-
Due to other governmental units	-	-	9,727	391,909
Bonds payable	-	-	29,965	-
Total liabilities	360,720	53,076	40,248	396,192
Net Position				
Restricted for pension benefits	5,988,805	-	-	-
Restricted for postemployment medical benefits	624,620	-	-	-
Restricted for other postemployment benefits	26,870	-	-	-
Restricted for other employee benefits	1,869	-	-	-
Restricted for other purposes	-	1,481,945	13,949	-
Total net position	$ 6,642,164	$ 1,481,945	$ 13,949	$ -

[1] Pension and OPEB balances reported as of December 31, 2013.

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)

	Pension, OPEB,[1] and Other Employee Benefits Trust Funds	Investment Trust Fund	Private-Purpose Trust Fund
Additions:			
Contributions:			
Employees	$ 80,583	$ -	$ -
Employer	191,180	-	-
Contributions on pooled investments	-	6,673,415	-
Total contributions	271,763	6,673,415	-
Investment income:			
Interest	38,957	4,081	188
Dividends	60,400	-	-
Net increase in fair value of investments	1,029,649	5,355	82
Real estate	21,724	-	-
Securities lending income	2,461	-	-
Total investment income	1,153,191	9,436	270
Less investment expenses:			
Investment expenses	37,499	-	-
Securities lending borrower rebates and management fees	569	-	-
Real estate	5,354	-	-
Total investment expenses	43,422	-	-
Net investment income	1,109,769	9,436	270
Other Income:			
Redevelopment property tax revenue	-	-	10,171
Miscellaneous income	161	-	9,638
Total other income	161	-	19,809
Total additions, net	1,381,693	6,682,851	20,079
Deductions:			
Benefit payments	388,752	-	-
Refunds of contributions	6,319	-	-
Administration expenses	14,728	-	-
Distribution from pooled investments	-	6,850,147	8,620
General and administrative expenses	-	-	3,648
Project expenses	-	-	1,129
Depreciation	-	-	62
Transfers to taxing entities	-	-	4,819
Contribution to other agencies	-	-	647
Interest on debt	-	-	1,405
Total deductions	409,799	6,850,147	20,330
Change in net position	971,894	(167,296)	(251)
Net position - beginning of period	5,670,270	1,649,241	14,200
Net position - end of period	$ 6,642,164	$ 1,481,945	$ 13,949

[1] Pension and OPEB balances reported as of December 31, 2013.

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

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 and Fiduciary 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, 2013, are included herein.

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

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

• *Alameda County Fire Department (Fire Department)*

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

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

ACERA is a multiple-employer public retirement system organized under the 1937 Retirement Act. The County and its component unit, Alameda Health System (previously the Alameda County Medical Center), are the major participants and contribute 74.41 and 18.63 percent, respectively, of total employer contributions. ACERA is governed by a nine-member board that includes the County treasurer, four County citizens appointed by the Board of Supervisors and four members elected by the ACERA membership. Although ACERA is legally separate from the County, it is reported as part of the County's

reporting entity because it benefits the County by providing substantial services to the County's and its component units' employees. The activities of ACERA are reported within the pension and other employee benefit trust funds. Complete financial statements for ACERA may be obtained from the Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

Postemployment healthcare benefits currently provided by ACERA include medical, dental, and vision benefits. These benefits are reported in the pension and other employee benefits trust funds in the financial statements consistent with GASB Statement No 43. Other forms of postemployment benefits provided by ACERA include supplemental cost of living allowance and death benefits. These benefits are reported in the pension and other employee benefits 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 certificates of participation issues and other financings for the County. The Board of Directors of the Corporation is comprised of the members of the Board of Supervisors; therefore, the Corporation is considered a component unit. The activities of the Corporation are reported within the debt service governmental fund because the Corporation provides services directly to the County. The books and records for the Corporation are maintained by the County. Additional financial data for the Corporation may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *County Service Areas (CSA)*

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

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

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

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

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

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

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

Discretely Presented Component Unit - The following component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the County. Although it has a significant relationship with the County, the entity does not provide services solely to the County and, therefore, is presented discretely.

• *Alameda Health System (AHS)*

Alameda Health System (AHS) is a public hospital authority created originally under the name of Alameda County Medical Center. AHS 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 AHS, the AHS manages and operates the county hospitals and clinics. The County pays the AHS for the provision of indigent care. The hospital facilities and related debt are presented in the governmental activities of the County's statement of net position. All equipment is the property of the AHS. The AHS has a June 30 fiscal year-end. The financial activities of the AHS for the year ended June 30, 2014, are shown herein. Complete financial statements for the AHS may be obtained from the Alameda Health System, 1411 E. 31st Street, Oakland, CA 94602.

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

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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, to the extent they are considered available. 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, motor pool, and the County's risk management programs.

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

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

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

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

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

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

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

Effect of Component Unit with Differing Fiscal Year-End

ACERA has a fiscal year ending on December 31. The amounts reflected in the June 30, 2014 financial statements are the balances as of ACERA's fiscal year ended December 31, 2013. 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. Certain funds, which are held by outside custodians are 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 2013-2014 was approximately .24 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 37.98 percent of the net position in the Treasurer's pool. The deposits held for these entities are included in the investment trust fund.
The funds of the independent special districts and cities that participate in the Treasurer's pool are also accounted for in the investment trust fund.

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

Investment Valuation

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

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

Investment Income

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

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

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

E. Taxes Receivable

The State of California Constitution Article XIIIA 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 XIIIA 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 collects property taxes as follows:

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

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

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

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

G. Inventory of Supplies

Supplies inventory is recorded at cost and charged on a weighted-average basis. In both the governmental and proprietary funds, supplies inventory is accounted for using the consumption method of inventory accounting. This method records an expenditure when supplies are consumed rather than when purchased.

H. Capital Assets

Capital assets, which include land, easements, construction in progress, structures and improvements, machinery and equipment, software, infrastructure assets, and a historical artifact, are reported in the government-wide financial statements. The County capitalizes equipment and computer software with minimum cost of $5,000 and $250,000, respectively, and an estimated useful life in excess of one year.

Structures and improvements and infrastructure with a value of at least $250,000 are capitalized. Land, entitlements, and items in collections costing at least $5,000 are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital additions are recorded as expenditures throughout the governmental funds and as assets in the government-wide financial statements to the extent that the County's capitalization threshold is met.

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

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

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

I. Compensated Employee Absences

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

Estimated unpaid vacation leave, compensatory time, and unexpired in-lieu compensatory time at June 30, 2014, 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, 2014, 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 and fiduciary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and fiduciary fund financial statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred in the statement of activities.

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

K. Fund Balances/Net Position

Fund Balances

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

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

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

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

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

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

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

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

Minimum Fund Balance

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

- Provide for non-recurring unforeseen expenditures of an emergency nature;
- Maximize short-term borrowable capital;

- Provide orderly budgetary adjustments when revenues are lost through the actions of other governmental bodies;
- Provide the local match or required "Maintenance of Effort" appropriation for public or provide programs and grants that may become available; and
- Meet unexpected nominal increases in service delivery costs.

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

Net Investment in Capital Assets

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

Restricted Net Position

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

L. Self-Insurance

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

M. Inter-fund Transfers

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

(1) Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of the fiscal year.

(2) Reimbursements for expenditures, initially made by one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

N. Refunding of Debt

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

O. Cash Flows

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

P. Joint Venture

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

Q. Estimates

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

R. New Accounting Standards Implemented

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*, to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement amends Statement No. 10, *Codification of Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate. This statement did not have any effect on the County's financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* The objective of this statement is to enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees and to enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. This statement did not have any effect on the County's financial statements.

S. New Pronouncements

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

Key changes include:

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

The statements relate to accounting and financial reporting and do not apply to how governments approach the funding of their pension plans. At present, there generally is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial reports. The statements would separate how the accounting and financial reporting is determined from how pensions are funded. Application of Statements 67 and 68 are effective for financial statements for the County's fiscal year ending June 30, 2015.

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

The new standard provides guidance for:

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

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

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

2. Cash and Investments

A. Deposits

As of June 30, 2014, the County's cash and deposits were as follows:

	Bank Balance	Carrying Value
Deposits with financial institutions	$ 251,386	$ 257,870
Cash on hand		4,107
ACERA cash balance as of December 31, 2013		839
Total cash and deposits		$ 262,816

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside entity. The County's investment policy requires that deposits in banks must meet the requirements of California Government Code. Of the $251,386,000 in deposits with financial institutions, $3,003,000 was covered by federal depository insurance and $248,383,000 was collateralized by pledging financial institutions as required by California Government Code Section 53652.

Under the California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a market value of 150 percent of the secured public deposits. The collateral must be held at the pledging bank's trust department or at another bank, acting as the pledging bank's agent, in the public agency's name. The County may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The County, however, has not waived the collateralization requirements.

As of December 31, 2013, ACERA reported a deposit of $839,000. Cash held with a financial institution in a pooled money market account was $654,800 of which $494,000 was uninsured and uncollateralized, and subject to custodial credit risk.

B. Investments

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

a. Treasurer's Investments

Funds with the County Treasurer are invested pursuant to the annual investment policy established by the Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the County deposits funds, the types of investment instruments and the percentage of the portfolio, which may be invested in certain instruments, as permitted by Section 53600 et seq. of the Government Code of the State of California. Authorized instruments in which the Treasurer can invest include U.S. Treasury securities, banker's acceptances, federal, state and local government securities, commercial paper, medium-term corporate notes, negotiable certificates of deposit, local agency investment fund, California asset management program, and money market mutual funds. Although the investment policy permits the Treasurer to invest in reverse repurchase agreements, or to engage in securities lending, such investment activities were not made during the year ended June 30, 2014.

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.

The County has adopted a written investment policy, which is more restrictive than state law as to terms of maturity, credit quality and types of investment. The table below identifies the investment types that are authorized by the investment policy. The table also identifies certain provisions of the investment policy that address interest rate risk and concentration of credit risk. The investment policy places maturity limits based on the type of security.

Types of Investments Authorized by the County's Investment Policy

Authorized Investments	Maximum Maturity	Maximum Percentage of Portfolio
Banker's Acceptance	180 days	30%
Commercial Paper	270 days	25%
Medium Term Notes or Corporate Notes	5 years	30%
Negotiable Certificates of Deposit	1 year	30%
Money Market Mutual Funds	Daily Liquidity	20%
US Treasury Bills, US Government Notes and Bonds, Federal Agency Notes, Debt issues by State of California and local agencies within the state	5 years	100%
Repurchase Agreements	180 days	20%
Reverse Repurchase Agreements	As per code	20%
State of California Local Agency Investment Fund (LAIF)	Daily Liquidity	$50 million
California Asset Management Program (CAMP)	Daily Liquidity	$100 million
Fully Collateralized/FDIC - Insured Time Deposits	5 years	no limit
Fully Collateralized/Money Market Bank Account	Daily Liquidity	no limit

There were no derivative investments in the investment pool for the year ended June 30, 2014.

As of June 30, 2014 Treasurer's investments consisted of the following:

Investment Type	Credit Rating S&P's/Moody's	Investment Maturities (in Years) Less than 1	1 to 5	Fair Value
Federal Agency Notes and Bonds	AA+ / Aaa	$ 348,409	$ 1,558,212	$ 1,906,621
U.S. Treasury Coupon and Bills	AA+ / Aaa	-	50,022	50,022
Medium-Term Notes	AA+ / Aa	40,376	123,993	164,369
Commercial Paper	A-1/P-1	199,866	-	199,866
Negotiable CD	A+/A2	300,030	-	300,030
Local Agency Investment Fund	Not Rated	50,000	-	50,000
Money Market Mutual Funds	AAAm/Aaa	313,000	-	313,000
Municipal Bonds and Notes	Not Rated	35,309	2,998	38,307
California Asset Management Program	AAAm/Aaa	100,000	-	100,000
Total investments		$ 1,386,990	$ 1,735,225	$ 3,122,215

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates 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. The weighted average maturity of the Treasurer's Pool at June 30, 2014 was 535 days.

Credit Risk

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

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

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

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

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

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The investment policy sets no limit on the amount the County may invest in any one issuer. As of June 30, 2014, more than 5 percent of the Treasurer's investments were under the following issuers:

Issuer:	Percentage of Treasurer's Pool Portfolio as of June 30, 2014
Federal Home Loan Bank	24.9%
Federal Farm Credit Bank	19.0%
Federal Home Loan Mortgage Corporation	10.9%
Federal National Mortgage Association	6.4%

The following represents a condensed statement of net position and changes in net position for the Treasurer's pool for the year ended June 30, 2014. Cash and deposits do not include $1,334,000 in department revolving funds.

Statement of Net Position

Assets:	
Cash and deposits	$ 257,919
Investments (at fair value)	3,122,215
Prepaid items	4,069
Accrued interest	3,481
Total assets	3,387,684
Liabilities:	
Accounts payable and accrued expenses	53,076
Net position	$3,334,608
Equity of internal pool participants	$1,852,663
Equity of external pool participants	1,481,945
Total Net Position	$3,334,608

Statement of Changes in Net Position

Net change in investments by pool participants	$ (45,973)
Net position at July 1, 2013	3,380,581
Net position at June 30, 2014	$3,334,608

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2014, to support the value of shares in the pool.

As of June 30, 2014, the Treasurer's cash and investment pool was carried at fair value, based on the current market price of the investment holdings. During the fiscal year, the fair value of the cash and investment pool was determined quarterly and reported to the Board of Supervisors at the end of each calendar quarter.

To request a copy of an Investment Report, contact the Investment Officer at the Office of the Alameda County Treasurer – Tax Collector at 1221 Oak Street, Room 131, Oakland or call (510) 272-6800 for the fair value, the principal amount, ranges of interest rates, and maturities dates of each investment classification for the Treasurer's Pool.

Each County 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, 2014, 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, 2014, the County's investment in Local Agency Investment Fund (LAIF) is $50 million. The LAIF is part of the Pooled Money Investment Account (PMIA), and the Local Investment Advisory Board (LIAB), which consists of five members as designated by State statute, provides oversight for LAIF. All securities are purchased under the authority of Government Code Sections 16430 and 16480.4. The total amount invested by all cities, counties, special districts, nonprofit corporations, or qualified quasigovernmental agencies in LAIF is $21.12 billion as of June 30, 2014. Of that amount, 98.14% was invested in non-derivative financial products and 1.86% in structured notes and asset backed securities as of June 30, 2014. The weighted average maturity of LAIF was 232 days at June 30, 2014.

b. Investments with Fiscal Agents

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

As of June 30, 2014, investments with fiscal agents consisted of the following:

Investment Type	Credit Rating S&P's/Moody's	Investment Maturities (in Years) Less than 1	1 to 5	More than 5	Fair Value
Local Agency Investment Fund	Not rated	$ 7,130	$ -	$ -	$ 7,130
EBRCSA revenue bonds [1]	Not rated	232	1,028	2,422	3,682
Money market mutual funds	AAAm / Aaa	64,358	-	-	64,358
U.S. Treasury securities	AA+/Aaa	7,036	74,404	-	81,440
Federal agency notes and bonds	AA+ / Aa1 to Aaa	60,785	260,708	-	321,493
Corporate bonds	A- to AA+ / A3 to Aa1	38,430	54,426	3,048	95,904
Total cash and investments with fiscal agents		$ 177,971	$ 390,566	$ 5,470	$ 574,007

[1] East Bay Regional Community System Authority

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

As of June 30, 2014, more than 5 percent of total investments with fiscal agents were in the Federal Home Loan Mortgage Corporation (33.78%) and the Federal National Mortgage Association (19.37%).

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, 2014, more than 5 percent of the property development fund's investments were in the Federal National Mortgage Association (34.29%), and the Federal Home Loan Mortgage Corporation (26.89%).

As of June 30, 2014, more than five percent of the debt service fund's investments were in the Federal Home Loan Mortgage Corporation (20.79%), the Federal Home Loan Bank (10.92%), and the Federal National Mortgage Association (7.61%). In addition, more than 5 percent of the capital projects funds' investments were in the Federal Home Loan Mortgage Corporation (65.05%), and more than five percent of the non-major governmental funds' investments were in General Electric Capital Corp. (72.99%).

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

Government Code Section 31595 allows the Board of Retirement to invest funds at its discretion. Instruments authorized by the Board of Retirement are U.S. equity, international equity, U.S. and international fixed income, real estate and Treasurer's pooled investments. ACERA is prohibited from

investing in securities issued by the County of Alameda or any agency thereof. Additionally, ACERA may not invest in futures, written options, swaps or structured notes, unless specific authorization is obtained from the Board of Retirement in advance of the investment. The ACERA investments shown in the statement of fiduciary net position are as of ACERA's fiscal year ended December 31, 2013.

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

Concentration of Credit Risk

The individual investment guidelines for each fixed-income manager restrict concentrations greater than 5 percent in the securities of any one issuer (excluding all federal government and agency securities). As of December 31, 2013, ACERA had no investments in a single issuer that equaled or exceeded 5 percent of ACERA's net position.

Credit Risk

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

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

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

The Credit Risk Analysis table discloses the fair value of debt investments by type and credit rating as of December 31, 2013.

Credit Risk Analysis

		Adjusted Moody's Credit Rating								
Debt Investments by Type	**Total**	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**B**	**Caa**	**Ca and below**	**Not Rated**
Collateralized mortgage obligations	$ 78,597	$ 41,954	$ -	$ 323	$ 5,465	$ 2,084	$ 4,093	$ 13,382	$ 3,396	$ 7,900
Convertible bonds	30,922	-	-	3,571	7,030	8,856	4,072	4,496	-	2,897
Corporate bonds	339,521	7,236	8,950	59,023	154,100	58,724	24,868	8,198	344	18,078
Federal Home Loan Mortgage Corp.	28,482	-	-	-	-	-	-	-	-	28,482
Federal National Mortgage Assn.	60,976	-	-	-	-	-	-	-	-	60,976
Government issues	240,922	106,063	28,155	299	45,616	5,845	-	-	-	54,944
Government National Mortgage Assn. I, II	19,957	-	-	-	-	-	-	-	-	19,957
Municipal	3,327	-	-	3,327	-	-	-	-	-	-
Other asset-backed securities	50,681	20,876	-	749	2,175	955	1,479	5,942	13,361	5,144
Subtotal debt investments	853,385	176,129	37,105	67,292	214,386	76,464	34,512	32,018	17,101	198,378
External Investment Pools of Debt Securities										
Securities Lending Cash Collateral Fund										
Liquidation Pool	318,623	-	-	-	-	-	-	-	-	-
Duration Pool	18,956	-	-	-	-	-	-	-	-	-
Master Custodian Short-Term Investment Fund	102,895	-	-	-	-	-	-	-	-	-
Subtotal external investment pools	440,474	-	-	-	-	-	-	-	-	-
Total	$ 1,293,859	$ 176,129	$ 37,105	$ 67,292	$ 214,386	$ 76,464	$ 34,512	$ 32,018	$ 17,101	$ 198,378

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, 2013, ACERA had no investments that were exposed to custodial credit risk.

ACERA's investments include collateral associated with derivatives activity. As of December 31, 2013, collateral for derivatives was $540,200. 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, 2013. 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

External Investment Pools of Debt Securities	Fair Value	Duration
Securities Lending Cash Collateral Fund		
Liquidity Pool	$ 318,623	41 days
Duration Pool	18,956	41 days
Master Custodian Short-Term Investment Fund	102,895	-
Total	$ 440,474	

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

Debt Investments by Type	Fair Value	Duration in Years
Collateralized mortgage obligations	$ 78,597	3.2
Convertible bonds	30,921	5.3
Corporate bonds	339,521	6.0
Federal Home Loan Mortgage Corp.	28,482	5.3
Federal National Mortgage Assn.	60,976	5.0
Government issues	240,923	8.5
Government National Mortgage Assn. I, II	19,957	4.9
Municipal	3,327	11.8
Other asset-backed securities	50,681	3.3
Total debt investments with duration	$ 853,385	

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, 2013. 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

Investment Type	Investment Description	Interest Rates	Fair Value
Corporate bonds	Various debt related securities	0.0 to 7.6%	$ 8,601
Government Issues	Various debt related securities	2.75% to 8.5%	$ 49,672
Municipals	Municipals	6.70%	$ 2,152

Foreign Currency Risk

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

The Foreign Currency Risk Analysis table shows the fair value of investments by currency denomination and investment type, as of December 31, 2013. 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	Corporate Bonds	Foreign Currency	Govern-ment Issues	Currency Swaps	Net Exposure
Australia Dollar	$ 37,264	$ 4,550	$ 564	$ 20,396	$ 2,152	$ 64,926
Brazil Real	8,799	3,914	-	304	-	13,017
Canada Dollar	40,884	-	477	6,852	(79)	48,134
Chile Peso	-	1,048	-	-	(63)	985
Colombia Peso	-	599	-	-	-	599
Denmark Krone	16,196	-	27	-	7	16,230
Euro Currency	480,984	5,852	24,529	27,631	(381)	538,615
Hong Kong Dollar	129,992	-	10	-	-	130,002
India Rupee	12,253	-	-	-	-	12,253
Indonesia Rupiah	2,669	-	-	-	-	2,669
Israel Shekel	-	-	-	-	13	13
Japan Yen	233,852	-	(1,735)	-	(191)	231,926
Malaysia Ringgit	3,739	-	-	2,509	-	6,248
Mexico Peso	-	1,151	53	20,042	175	21,421
New Taiwan Dollar	9,433	-	-	-	-	9,433
New Zealand Dollar	613	2,093	-	10,048	(41)	12,713
Norway Krone	2,485	-	18	-	101	2,604
Philippine Peso	-	1,169	-	2,911	-	4,080
Singapore Dollar	32,937	-	383	-	(7)	33,313
South Africa Rand	896	-	-	-	-	896
South Korea Won	26,900	-	-	-	-	26,900
Sweden Krona	32,860	-	381	-	(148)	33,093
Switzerland Franc	139,022	-	144	-	103	139,269
Thailand Baht	2,780	-	-	-	-	2,780
Uruguay Peso	-	-	-	573	-	573
UK Pound Sterling	291,630	-	(224)	15,819	(327)	306,898
TOTAL	$ 1,506,188	$ 20,376	$ 24,627	$ 107,085	$ 1,314	$ 1,659,590

Securities Lending

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

For the year ended December 31, 2013, on behalf of ACERA, the securities lending agent lent ACERA's securities (government bonds, corporate stocks, corporate bonds, international equities, and international fixed income) under this agreement and received cash (United States and foreign currency), securities issued or guaranteed by the United States government, sovereign debt and irrevocable bank letters-of-credit as collateral. ACERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102% of the market value of the loaned security for domestic securities or sovereign debt issued by foreign governments, and at least 105% for international securities. Moreover, borrowers were required to maintain the market value of collateral on a daily basis.

ACERA did not impose any restrictions for the year ended December 31, 2013, 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, 2013, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2013, ACERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in short-term investment pools managed by the securities lending agent. During fiscal year 2013, the short-term investment fund was separated into two investment pools: 1) a liquidity pool and 2) a duration pool. As of December 31, 2013, the liquidity pool had an average duration of 41 days and an average weighted final maturity of 91 days for USD collateral. The duration pool had an average duration of 41 days and an average weighted final maturity of 1,976 days for USD collateral. For the year ended December 31, 2013, ACERA had no credit risk exposure to borrowers because, for each borrower, the value of borrower collateral held exceeded the value of the securities on loan to the borrower.

As of December 31, 2013, ACERA had securities on loan with a fair value of $334,500,000 for cash collateral of $337,579,000.

Summary of County Deposits and Investments

The following table is a summary of the deposits and investments as of June 30, 2014:

Cash:	
Cash On Hand	$ 4,107
Cash In Bank - with County Treasurer	208,572
ACERA cash balance as of 12/31/2013	839
Restricted Cash - with County Treasurer	48,192
Restricted Cash - with Component Unit (AHS)	1,106
Total Cash	262,816
Investments:	
In Treasurer's Pool	3,122,215
with ACERA	6,611,994
with fiscal agents	574,007
Securities lending - ACERA	337,579
Total Investments	10,645,795
Total Cash and Investments	$ 10,908,611
Primary Government	$ 10,892,761
Component Unit (AHS)	15,850
Total Cash and Investments	$ 10,908,611

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

	Primary Government					Component Unit
	Governmental Activities	[1]	Fiduciary Funds	[2]	Total	
Cash and investments with County Treasurer	$ 1,543,349		$ 1,777,643		$ 3,320,992	$ 14,744
Cash and investments with fiscal agents	303,506		6,620,580		6,924,086	-
Restricted Assets:						
Cash and investments with County Treasurer	48,192		-		48,192	-
Cash with Component Unit (AHS)	-		-		-	1,106
Cash and investments with fiscal agents	261,912		-		261,912	-
Invested securities lending collateral	-		337,579		337,579	-
Total cash and investments	$ 2,156,959		$ 8,735,802		$ 10,892,761	$ 15,850
Deposits and cash on hand					$ 246,966	$ 15,850
Investments					10,645,795	-
Total deposits and investments					$ 10,892,761	$ 15,850

[1] Includes cash and investments with the County Treasurer of total governmental funds ($1,381,922) and internal service funds ($161,427).

[2] Includes deposits and investments with the County Treasurer of pension and other employee benefits trust funds ($2,708), investment trust fund ($1,529,358), private-purpose trust fund ($31,633) and agency funds ($213,944).

3. Receivables

Receivables as of June 30, 2014, for the County's individual major funds, non-major funds in the aggregate, and the internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds								
	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major Governmental Funds	Subtotal	Internal Service Funds	Governmental Activities Total
Interest	$ 1,441	$ 17	$ 164	$ -	$ -	$ 173	$ 1,795	$ 142	$ 1,937
Taxes	54,823	-	1,507	-	-	3,386	59,716	-	59,716
Departmental accounts	203,306	-	-	-	-	-	203,306	-	203,306
Federal and state grants and subventions	178,383	-	704	33	-	2,427	181,547	-	181,547
Charges for services	87,109	-	105	-	-	10,697	97,911	2,253	100,164
Other	12,552	17	2,037	-	-	7,326	21,932	-	21,932
Gross receivables	537,614	34	4,517	33	-	24,009	566,207	2,395	568,602
Less: allowance for uncollectibles	(172,251)	-	-	-	-	-	(172,251)	-	(172,251)
Net total receivable - governmental activities	$ 365,363	$ 34	$ 4,517	$ 33	$ -	$ 24,009	$ 393,956	$ 2,395	$ 396,351

The departmental accounts receivable, net of allowance for uncollectibles, in the amount of $31,055,000 is reported as unavailable revenue and classified as deferred inflows of resources. It is not practical to determine the amount that will be collected in the subsequent year.

Other receivables for pension and other employee benefits trust funds at December 31, 2013 are as follows:

Contributions	$ 18,250
Derivative investments	4,451
Investments sold	9,045
Investment receivables	5,180
Other	271
Total other receivables at December 31, 2013	$ 37,197

4. Capital Assets

Capital asset activities of the primary government for the year ended June 30, 2014, are as follows:

GOVERNMENTAL ACTIVITIES

	Balance July 1, 2013	Increases	Decreases	Transfers	Balance June 30, 2014
Capital assets, not being depreciated:					
Land and easements	$ 59,648	$ 13,097	$ -	$ -	$ 72,745
Construction in progress	358,197	187,859	-	(72,355)	473,701
Collections	50	-	-	-	50
Total capital assets, not being depreciated	417,895	200,956	-	(72,355)	546,496
Capital assets, being depreciated:					
Structures and improvements	928,027	-	-	20,335	948,362
Machinery and equipment	166,958	10,293	4,188	-	173,063
Software	34,514	-	-	-	34,514
Infrastructure	843,899	-	-	52,020	895,919
Total capital assets, being depreciated	1,973,398	10,293	4,188	72,355	2,051,858
Less accumulated depreciation for:					
Structures and improvements	487,814	24,489	-	-	512,303
Machinery and equipment	130,490	8,987	3,601	-	135,876
Software	34,514	-	-	-	34,514
Infrastructure	415,646	22,028	-	-	437,674
Total accumulated depreciation	1,068,464	55,504	3,601	-	1,120,367
Total capital assets, being depreciated, net	904,934	(45,211)	587	72,355	931,491
Governmental activities capital assets, net	$ 1,322,829	$ 155,745	$ 587	$ -	$ 1,477,987

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

Governmental Activities	
General government	$ 1,572
Public protection	21,400
Public assistance	1,900
Health and sanitation	6,877
Public ways and facilities	18,656
Recreation and cultural services	402
Education	735
Capital assets held by the County's internal service funds	3,962
Total depreciation expense – governmental activities	$ 55,504

The County has active construction projects as of June 30, 2014. 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, 2014 are as follows:

Project	Spent-to-Date	Remaining Commitment
Construction of health care facilities	$ 450,237	$ 95,972
Construction of criminal justice facility	11,406	1,623
Road improvements	3,520	3,738
Flood control channel improvements	6,277	7,715
Other projects	2,261	9,374
Total governmental funds	$ 473,701	$ 118,422

Fines and penalties imposed on criminal offenses provide the source of funding for the commitment for construction of a criminal justice facility. Debt proceeds finance the commitment for construction of health care facilities. Gas tax and state and federal aid provide funding for the commitment for road improvements. The commitment for flood control channel improvements is being funded from general flood zone benefit assessments and property taxes.

Capital Leases

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

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

Structures and Improvements	$ 4,896
Less accumulated amortization	(1,514)
Net book value	$ 3,382

FIDUCIARY FUNDS – Pension and Other Employee Benefits Trust Funds

Capital asset activities of the pension and other employee benefits trust funds for the year ended December 31, 2013, are as follows:

	Balance January 1, 2013	Increases	Decreases	Balance December 31, 2013
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 156	$ 156	$ -
Capital assets, being depreciated:				
Equipment and furniture	3,450	162	-	3,612
Electronic document management system	4,167	6	10	4,163
Information systems	10,457	-	-	10,457
Leasehold improvements	2,578	-	-	2,578
Total capital assets, being depreciated	20,652	168	10	20,810
Less accumulated depreciation and amortization for:				
Equipment and furniture	2,857	278	3	3,132
Electronic document management system	1,209	832	5	2,036
Information systems	10,457	-	-	10,457
Leasehold improvements	566	95	-	661
Total accumulated depreciation	15,089	1,205	8	16,286
Total capital assets, being depreciated, net	5,563	(1,037)	2	4,524
Fiduciary fund capital assets, net	$ 5,563	$ (881)	$ 158	$ 4,524

COMPONENT UNIT – Alameda Health System

Capital asset activities of the Alameda Health System for the year ended June 30, 2014, are as follows:

	Balance July 1, 2013	Increases	Transfers	Balance June 30, 2014
Capital assets, not being depreciated:				
Construction in progress	$ 16,819	$ 6,774	$ (6,609)	$ 16,984
Land	751	8,270	-	9,021
Total capital assets, not being depreciated	17,570	15,044	(6,609)	26,005
Capital assets, being depreciated:				
Structures and improvements	43,223	3,105	-	46,328
Machinery and equipment	108,530	13,655	6,609	128,794
Total capital assets, being depreciated	151,753	16,760	6,609	175,122
Less accumulated depreciation for:				
Structures and improvements	29,734	1,623	-	31,357
Machinery and equipment	72,356	10,387		82,743
Total accumulated depreciation	102,090	12,010	-	114,100
Total capital assets, being depreciated, net	49,663	4,750	6,609	61,022
Component unit capital assets, net	$ 67,233	$ 19,794	$ -	$ 87,027

5. Accounts Payable and Accrued Expenditures/Expenses

Accounts payable and accrued expenditures/expenses as of June 30, 2014, for the County's individual major funds, non-major funds in the aggregate, and internal service funds are as follows:

	Governmental Funds								
	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major Governmental Funds	Subtotal	Internal Service Funds	Governmental Activities Total
Accounts payable	$ 81,841	$ 11	$ 2,928	$ 13,170	$ -	$ 8,021	$ 105,971	$ 7,960	$ 113,931
Outstanding warrants	38,780	-	-	-	-	-	38,780	-	38,780
Accrued payroll	51,320	14	1,847	-	-	4,607	57,788	3,399	61,187
Total accounts payable and accrued expenditures/expenses	$ 171,941	$ 25	$ 4,775	$ 13,170	$ -	$ 12,628	$ 202,539	$ 11,359	$ 213,898

Payables for pension and other employee benefits trust funds at December 31, 2013 are as follows:

Purchase of securities	$ 7,518
Investment-related payables	10,942
Member benefits	2,342
Accrued administrative expenses	1,987
Other	352
Total accounts payable and accrued expenses	$ 23,141

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

6. Long-Term Obligations

The following is a summary of long-term obligations of the County as of June 30, 2014:

GOVERNMENTAL ACTIVITIES

Type of Obligation and Purpose	Maturity	Interest Rates	Original Issue	Outstanding
Certificates of participation:				
Public Facilities Corporation:				
1989 Capital Projects capital appreciation certificates-principal (b)	6/15/2019	6.70 - 6.80%	$ 26,664	$ 2,042
2007A Refunding (a)	12/1/2021	4 - 5.625	37,010	20,715
Certificates of participation-principal				22,757
1989 Capital Projects capital appreciation certificates-accretion (b)				8,717
Tobacco Settlement Asset-Backed bonds				
Tobacco Securitization bonds 2002 (e)	6/1/2042	2.25 - 6.00	220,525	160,140
Tobacco Securitization capital appreciation bonds 2006 - A & B (e)	6/1/2050	6.2 - 6.7	51,475	51,475
Tobacco Securitization capital appreciation bonds 2006 - C (e)	6/1/2055	7.55	16,384	16,384
Tobacco Securitization bonds-principal				227,999
Tobacco Securitization capital appreciation bonds 2006 - accretion (e)				49,509
Pension obligation bonds				
1996 bonds series B capital appreciation bonds-principal (a)	12/1/2018	7.03 - 7.58	306,863	87,788
1996 bonds series B capital appreciation bonds-accretion (a)				231,104
Lease revenue bonds				
Alameda County Joint Powers Authority:				
Juvenile Justice Facility Bonds Series D (a)	12/1/2015	3.3 - 5.125	28,275	7,285
Juvenile Justice Refunding Bonds 2008A (a)	12/1/2034	4.0 - 5.0	120,145	120,145
Multiple Capital Projects Bonds 2010A (a)	12/1/2044	7.046	320,000	320,000
North County Center Bonds 2004 (a)	12/1/2035	3.07 - 4.38	45,675	43,455
Lease Revenue Refunding Bonds 2012 (a)	12/1/2021	1.5 - 5	75,915	39,840
Multiple Capital Projects Bonds 2013A (a)	12/1/2035	3 - 5.25	287,380	287,380
Lease revenue bonds				818,105
Capital leases				
Water efficiency measures (a)	10/30/2023	4.08	3,000	2,075
Structures & Improvement - 7200 Bancroft Ave. (a)	2/28/2021	4.34	1,896	1,896
Capital leases payable				3,971
Other Long-term obligations				
Loans payable (d)	6/22/2015 to 6/22/2026	1.0 - 4.1	16,613	9,531
Commercial paper notes (a)	7/12/2013 to 8/9/2013	0.17 - 0.23	27,500	42,075
Net pension obligation (see Note 11) (c)				95,240
Net OPEB obligation (see Notes 12 and 13) (c)				177,495
Compensated employee absences payable (c)				65,543
Estimated liability for claims and contingencies (d)				105,247
Obligation to fund Authority deficit (see Note 14) (a)				53,225
Other long-term obligations				548,356
Governmental activities total long-term obligations				$ 1,998,306

Debt service payments are generally made from the following sources:

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

The Alameda County Tobacco Asset Securitization Authority has pledged all revenues received from the tobacco master settlement agreement with four U.S. tobacco manufacturers to repay the outstanding amount as of June 30, 2014 of $160.14 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 $1.83 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 $13.83 million while tobacco settlement revenue was $13.3 million.

COMPONENT UNIT

Type of Obligation	Outstanding
Alameda Health System	
Compensated employee absences payable	$ 24,242
Estimated liability for claims and contingencies	26,021
Component unit total long-term obligations	$ 50,263

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, 2014, the County's debt limit (1.25% of total assessed value) was $2.63 billion. The County does not have any general obligation debt and therefore, has not used any of its debt limit.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debts issued after August 31, 1986, are subject to arbitrage rebate requirements. The requirements stipulate, in general, that the excess of earnings from the investment of tax-exempt bond proceeds over related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The County has evaluated each outstanding debt obligation that is subject to the arbitrage rebate requirements and there is no arbitrage rebate liability as of June 30, 2014.

Conduit Debt

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

Mortgage revenue bonds - In order to facilitate affordable housing to first time home buyers, the County issued mortgage revenue bonds with an outstanding aggregate balance of $33.6 million as of June 30, 2014. 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 $95.5 million as of June 30, 2014. 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, 2014, $0.45 million was the remaining outstanding obligation. Unpaid assessments constitute fixed liens on the lots and parcels assessed within the assessment district and do not constitute a personal indebtedness of the respective owners of such lots and parcels.

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

Changes in Long-Term Obligations

The changes in long-term obligations for governmental activities for the year ended June 30, 2014, are as follows:

	Balance July 1, 2013	Additional Obligations, Interest Accretion, and Net Increases	Current Maturities, Retirements, and Net Decreases	Balance June 30, 2014	Amounts Due Within One Year
Governmental activities:					
Certificates of participation and bonds payable					
Certificates of participation	$ 25,285	$ -	$ (2,528)	$ 22,757	$ 2,600
Tobacco securitization bonds	232,139	-	(4,140)	227,999	-
Pension obligation bonds	109,278	-	(21,490)	87,788	20,623
Lease revenue bonds	553,615	287,380	(22,890)	818,105	16,085
Total certificates of participation and bonds payable before accretion	920,317	287,380	(51,048)	1,156,649	39,308
Accretion on capital appreciation certificates and bonds					
Certificates of participation	9,970	859	(2,112)	8,717	2,150
Tobacco Securitization bonds	42,083	7,426	-	49,509	-
Pension obligation bonds	258,475	25,389	(52,760)	231,104	56,972
Total certificates of participation and bonds payable at accreted value	1,230,845	321,054	(105,920)	1,445,979	98,430
Other debt-related items					
Deferred amount for issuance premiums	11,935	13,106	(1,640)	23,401	1,788
Deferred amount for issuance discount	(3,982)	-	136	(3,846)	(136)
Total bonds and certificates payable	1,238,798	334,160	(107,424)	1,465,534	100,082
Loans and commercial paper notes	38,520	18,600	(5,514)	51,606	43,619
Net pension obligation	40,350	154,359	(99,469)	95,240	-
Net OPEB obligation	194,877	38,482	(55,864)	177,495	-
Compensated employee absences payable	63,065	34,954	(32,476)	65,543	41,641
Estimated liability for claims and contingencies	100,218	26,594	(21,565)	105,247	25,476
Capital leases	4,150	-	(179)	3,971	187
Obligation to fund Coliseum Authority deficit	56,895	-	(3,670)	53,225	3,780
Governmental activity long-term obligations	$ 1,736,873	$ 607,149	$ (326,161)	$ 2,017,861	$ 214,785

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, 2014, $3.49 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, 2014, are as follows:

Component Unit:	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Amounts Due Within One Year
Compensated employee absences payable	$ 18,035	$ 29,114	$ (22,907)	$ 24,242	$ 14,484
Estimated liability for claims and contingencies	26,077	3,616	(3,672)	26,021	5,562
Total component unit long-term obligations	$ 44,112	$ 32,730	$ (26,579)	$ 50,263	$ 20,046

Annual debt service requirements for long-term obligations outstanding as of June 30, 2014, are as follows:

GOVERNMENTAL ACTIVITIES

For the Year Ending June 30	Lease Revenue Bonds		Tobacco Securitization Bonds			Pension Obligation Bonds		Total Bonds		
	Principal	Interest	Principal	Accreted Interest	Interest	Principal	Accreted Interest	Principal	Accreted Interest	Interest
2015	$ 16,085	$ 46,581	$ -	$ -	$ 9,455	$ 20,623	$ 56,972	$ 36,708	$ 56,972	$ 56,036
2016	9,065	46,067	-	-	9,455	20,053	61,032	29,118	61,032	55,522
2017	8,870	45,664	-	-	9,455	19,392	65,343	28,262	65,343	55,119
2018	9,280	45,257	-	-	9,455	18,782	69,763	28,062	69,763	54,712
2019	20,775	44,606	-	-	9,455	8,938	36,817	29,713	36,817	54,061
2020-2024	109,865	207,778	-	-	47,276	-	-	109,865	-	255,054
2025-2029	123,700	179,660	38,720	-	47,276	-	-	162,420	-	226,936
2030-2034	158,830	143,760	-	-	36,144	-	-	158,830	-	179,904
2035-2039	150,435	99,583	45,170	-	25,529	-	-	195,605	-	125,112
2040-2044	172,315	45,102	76,250	-	13,725	-	-	248,565	-	58,827
2045-2049	38,885	1,370	-	-	-	-	-	38,885	-	1,370
2050-2054	-	-	51,475	764,585	-	-	-	51,475	764,585	-
2055-2058	-	-	16,384	616,926	-	-	-	16,384	616,926	-
Total	$ 818,105	$ 905,428	$ 227,999	$ 1,381,511	$ 217,225	$ 87,788	$ 289,927	$ 1,133,892	$ 1,671,438	$ 1,122,653

For the Year Ending June 30	Total Bonds			Certificates of Participation			Other Long-Term Obligations		Total Debt		
	Principal	Accreted Interest	Interest	Principal	Accreted Interest	Interest	Principal	Interest	Principal	Accreted Interest	Interest
2015	$ 36,708	$ 56,972	$ 56,036	$ 2,600	$ 2,150	$ 991	$ 43,806	$ 1,442	$ 83,114	$ 59,122	$ 58,469
2016	29,118	61,032	55,522	2,695	2,180	868	1,697	1,413	33,510	63,212	57,803
2017	28,262	65,343	55,119	2,791	2,208	737	1,450	1,383	32,503	67,551	57,239
2018	28,062	69,763	54,712	2,900	2,235	607	1,693	1,140	32,655	71,998	56,459
2019	29,713	36,817	54,061	3,001	2,259	478	1,549	938	34,263	39,076	55,477
2020-2024	109,865	-	255,054	8,770	-	604	4,946	1,010	123,581	-	256,668
2025-2029	162,420	-	226,936	-	-	-	436	14	162,856	-	226,950
2030-2034	158,830	-	179,904	-	-	-	-	-	158,830	-	179,904
2035-2039	195,605	-	125,112	-	-	-	-	-	195,605	-	125,112
2040-2044	248,565	-	58,827	-	-	-	-	-	248,565	-	58,827
2045-2049	38,885	-	1,370	-	-	-	-	-	38,885	-	1,370
2050-2054	51,475	764,585	-	-	-	-	-	-	51,475	764,585	-
2055-2058	16,384	616,926	-	-	-	-	-	-	16,384	616,926	-
Total	$ 1,133,892	$ 1,671,438	$ 1,122,653	$ 22,757	$ 11,032	$ 4,285	$ 55,577	$ 7,340	$ 1,212,226	$ 1,682,470	$ 1,134,278

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

The County issued $18.6 million in commercial paper notes during fiscal year 2014 and has completed several subsequent refundings of these short-term notes. The commercial paper notes were issued to provide construction financing for the Acute Tower Seismic Replacement Project.

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

7. Operating Lease Obligations

The County has numerous operating leases for office space. Rental expense for operating leases for fiscal year 2013/14 was $23.4 million. Future minimum lease payments for operating leases at June 30, 2014, are as follows:

2015	2016	2017	2018	2019	2020-24	Total
$ 23,403	$ 17,606	$ 17,348	$ 14,357	$ 10,391	$ 23,319	$ 106,424

8. Fund Balances

Details of the fund balance classifications of the major and non-major governmental funds as of June 30, 2014 are as follows:

	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major	Total
Nonspendable in form:							
Inventory	$ -	$ -	$ -	$ -	$ -	$ 332	$ 332
Long-term receivables	11,232	-	-	-	-	-	11,232
Properties held for resale	255	-	-	-	-	-	255
Prepaid items	-	-	-	-	-	234	234
Total Nonspendable	11,487	-	-	-	-	566	12,053
Restricted for:							
Public protection	143,617	-	176,454	-	-	46,603	366,674
Public assistance	2,817	-	-	-	-	9,870	12,687
Health and sanitation	141,312	-	-	-	-	18,319	159,631
Public ways and facilities	-	-	-	-	-	82,942	82,942
Education	-	-	-	-	-	12,815	12,815
Capital projects	-	-	-	190,875	-	-	190,875
Debt service	-	-	-	-	150,783	21,460	172,243
Other purposes	5,086	-	-	-	-	-	5,086
Total Restricted	292,832	-	176,454	190,875	150,783	192,009	1,002,953
Committed to:							
Fiscal management rewards	228,689	-	-	-	-	-	228,689
Settlement claims	38,000	-	-	-	-	-	38,000
General contingencies	201,231	-	-	-	-	-	201,231
Capital projects	178,404	-	-	-	-	-	178,404
Pension obligation bonds	61,300	-	-	-	-	-	61,300
Capital projects and related debt	-	325,857	-	-	-	-	325,857
Public assistance	3,493	-	-	-	-	-	3,493
Public protection	1,745	-	-	-	-	-	1,745
Other commitments	125,971	-	-	-	-	-	125,971
Total Committed	838,833	325,857	-	-	-	-	1,164,690
Assigned to:							
Appropriations in subsequent year	57,164	-	-	-	-	-	57,164
General government	11,867	-	-	-	-	-	11,867
Public protection	15,352	-	-	-	-	5,708	21,060
Public assistance	20,004	-	-	-	-	-	20,004
Health and sanitation	39,393	-	-	-	-	-	39,393
Public ways and facilities	340	-	-	-	-	-	340
Education	15	-	-	-	-	-	15
Recreation and cultural services	30	-	-	-	-	-	30
Other purposes	59	-	-	-	-	-	59
Total Assigned	144,224	-	-	-	-	5,708	149,932
Unassigned	7,960	-	-	(60,124)	-	-	(52,164)
Total Fund Balances	$ 1,295,336	$ 325,857	$ 176,454	$ 130,751	$ 150,783	$ 198,283	$ 2,277,464

Encumbrance balances by major funds and non-major funds as of June 30, 2014 are:

	Restricted	Committed	Assigned	Total
General Fund	$ 10,944	$ -	$ 81,222	$ 92,166
Property Development	-	159	-	159
Flood Control	24,389	-	-	24,389
Capital Projects	131,871	-	-	131,871
Non-major governmental funds	22,852	-	336	23,188
Total encumbrances	$ 190,056	$ 159	$ 81,558	$ 271,773

9. Restricted Net Position

Restricted net position is net position that is subject to constraints either externally imposed by creditors, grantors, contributors, or by enabling legislation. Restricted net position as of June 30, 2014 for governmental activities is as follows:

Restricted for Public Protection		
Flood	$176,601	
Criminal Justice and Courthouse Construction	47,706	
Fire	29,293	
Sheriff	26,554	
Public Safety	23,664	
Vital Records	17,138	
Consumer Protection	13,558	
Community Development	6,127	
Vehicle Theft Prevention	689	
Domestic Violence	892	
Survey Monument Preservation	709	
Criminal Justice Programs	860	
Probation	81	
Child Support Enforcement	8,052	
Other	2,643	$354,567
Restricted for Public Assistance		
Housing and Commercial Development	9,463	
Social Services Programs	1,871	11,334
Restricted for Health and Sanitation		
Behavioral Health Services	80,501	
Public Health	39,951	
Emergency Medical Services	25,461	
Environmental Health	10,976	156,889
Restricted for Public Ways and Facilities		
Roads and Bridges Maintenance	77,507	
Streets and Highway Lighting	3,962	81,469
Restricted for Education		
Library Services		12,907
Restricted for Other Purposes		
Property Taxes	8,005	
Assessor	5,082	13,087
Total Restricted Net Position-Governmental Activities		$630,253

Included in governmental activities restricted net position as of June 30, 2014 is net position restricted by enabling legislation of $126,151,000.

10. Interfund Receivables, Payables, and Transfers

"Due to" and "due from" balances have been recorded for cash overdraft and inter-fund loans. The composition of inter-fund balances as of June 30, 2014, is as follows:

	Due to other funds			
Due from other funds	Capital Projects Funds	Non-major Governmental Funds	Internal Service Funds	Total Due from
General fund	$ 46,987	$ 656	$ 1,262	$ 48,905

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

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

Due to/from primary government and component unit:

Receivable Entity	Payable Entity	Amount
	Alameda Health System	$ 183,584
Primary government-governmental		$ 183,584
Less allowance for uncollectibles		(31,000)
Net		$ 152,584
Alameda Health System	Primary government-governmental	$ 14,034

Advances to/from primary government and component unit:

Receivable Entity	Payable Entity	Amount
Primary government-governmental	Alameda Health System	$ 3,011

Transfers between funds for the year ended June 30, 2014, are as follows:

	Transfers In:					
Transfers out:	General Fund	Capital Projects Fund	Debt Service Fund	Non-major Governmental Funds	Internal Service Funds	Total Transfers Out
General fund	$ -	$ 5,748	$ 86,291	$ 2,926	$ 855	95,820
Property development fund	671	-	9,717	-	-	10,388
Capital projects fund	36	-	25,278	-	195	25,509
Non-major governmental funds	-	213	82	1,900	450	2,645
Internal service funds	1,953	-	6,760	-	-	8,713
Total transfers in	$ 2,660	$ 5,961	$ 128,128	$ 4,826	$ 1,500	$ 143,075

The $95.8 million General Fund transfer out includes $37.7 million for pension obligation debt service, $48.6 million to provide for the payment of debt service, and $6.6 million to provide funding for capital projects.

The $10.4 million Property Development Fund transfer out includes $9.7 million reimbursement to the Debt Service Fund for the Juvenile Justice bond payment.

The $25.5 million transfer out from Capital Projects Fund to the Debt Service Fund was for payment of interest on the Multiple Capital Projects 2010A and 2013A bonds.

The $2.6 million Non-major Governmental Funds transfer out includes $2 million to cover operating costs of the bridges.

The $8.7 million Internal Service Funds transfer out includes $6.8 million for the payment of debt service and $1.9 million for payment of energy loans and leases.

11. Defined Benefit Pension Plan

A. Plan Description

The County is the major participant in the Alameda County Employees' Retirement Association (ACERA). The total payroll covered by ACERA was $916.8 million as of December 31, 2013. ACERA began operations on January 1, 1948 and is governed by the California Constitution, the County Employees Retirement Law of 1937, the California Public Employees' Pension Reform Act (PEPRA) of 2012 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 Alameda Health System, the Superior Court of California for the County of Alameda, and four participating special districts located in the County, but not under the control of the County Board of Supervisors.

ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State Law and are subject to amendment only by an act of the State of California legislature. Alternative benefit and contribution schedules are permissible with the Board of Supervisors' approval. All risks and costs, including benefit costs, are shared by the participating entities. An actuarial valuation is performed annually for the system as a whole. ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2013 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, except for Alameda Health System, appointed to permanent positions are required by statute to become members of ACERA. Safety membership includes employees who are in active law enforcement, deferred firefighters, probation officers, and juvenile hall group counselors. General membership includes all other eligible classifications.

B. Funding Policy

The pension plan under the 1937 Act has no legal or contractual maximum contribution rates. The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits, and are between 5.09 and 22.12 percent of their annual covered salary effective September 2013. Member contributions are refundable upon termination from the retirement system.

State and Federal laws as well as the California Constitution provide the authority for the establishment of ACERA benefit provisions. In most cases where the 1937 Act 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 its assets be used only for the benefit of retired members and their beneficiaries. The 1937 Act grants exclusive authority over the use of the SRBR funds to the Board of Retirement. Supplemental benefits currently provided through the SRBR include supplemental COLA, retiree death benefit, and retiree health benefits including the Monthly Medical Allowance (MMA), dental and vision care and Medicare Part B reimbursement. The provision of all supplemental benefits from the SRBR is subject to available funding and annual review and authorization by the Board of Retirement. SRBR benefits are not vested.

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

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

Fiscal Year Ended June 30	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2012	$ 129,692	100.6 %	$ 41,251
2013	133,527	100.7	40,350
2014	154,359	64.4	95,240

For the year ended June 30, 2014, the County made 100 percent of the annual required contributions of $155,333 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 64.4 percent due to the transfer of excess investment earnings to the Supplemental Retirees Benefit Reserve (see Notes 12 and 13). This transfer of excess investment earnings resulted in an increase in net pension obligation of $54,890,000, bringing the balance as of June 30, 2014 to $95,240,000.

For the year ended June 30, 2014, the employees' contributions to the plan for the same period were $55.17 million.

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

Annual required contributions	$ 155,333
Interest on net pension obligation	3,228
Adjustment to annual required contributions	(4,202)
Annual pension cost	154,359
Pension contributions	(99,469)
Change in net pension obligation	54,890
Net pension obligation, beginning of fiscal year	40,350
Net pension obligation, end of fiscal year	$ 95,240

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, 2013 was $6.86 billion; the actuarial value of assets was $5.21 billion; the unfunded actuarial accrued liability was $1.65 billion; and the funded ratio was 75.9 percent. Covered payroll was $916.8 million and the ratio of unfunded actuarial accrued liability to covered

payroll was 180.1 percent. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 91.

C. *Actuarial Assumptions*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The projections for the pension plan are based on the actuarial methods and assumptions for the annual required contribution (12/31/2012 valuation) and the funded status of the plan (12/31/2013 valuation), as shown in the schedule below.

Valuation date	12/31/2012	12/31/2013
Actuarial cost method	Entry Age Normal	
Amortization of UAAL (Prior to January 1, 2012)	Closed periods 30 years (decreasing)	Closed periods 30 years (decreasing)
Remaining amortization period (Prior to January 1, 2012)	20 years	19 years
Amortization of New UAAL (After January 1, 2012)	Plan amendments over separate decreasing 15 years Early retirement incentive program over separate decreasing 5 years Assumption and method changes over separate decreasing 20 years Experience gains/losses over separate decreasing 20	
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over 10 six-month periods	
Interest rate	7.80%	
Inflation rate	3.50%	
Across-the-Board salary increases	0.50%	
Salary increases:		
General	4.60 - 7.20%	
Safety	4.70 - 10.20%	
Demographics:		
(A) Healthy	PR-2000 Combined Healthy Mortality Table	
General members and all beneficiaries Safety members	Set back two years for males and one year for females	
(B) Disability	PR-2000 Combined Healthy Mortality Table	
General members	Set forward four years	
Safety members	Set forward two years	
(C) For Employee Contribution Rate Purposes	PR-2000 Combined Healthy Mortality Table	
General members	Set back two years for male and one year for female, weighted 30% male and 70% female	
Safety members	Set back two years for male and one year for female, weighted 75% male and 25% female	
Postemployment benefit increases:		
Tier 1 and 3 members	3%	
Tier 2 and 4 members	2%	

12. Postemployment Medical Benefits

A. Plan Description

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

The County arranges health insurance coverage for employees, negotiating coverage levels and premium rates annually with several carriers. Employees who meet certain eligibility conditions and make the required contributions may continue coverage in those same health plans after retirement until they become Medicare 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 2014.

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

ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2013 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Funding Policy

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

The County's OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's annual postemployment medical benefit cost, the percentage of annual postemployment medical benefit cost contributed to the plan, and the net OPEB obligation for fiscal years 2012 through 2014 are as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 23,862	0.0 %	$ 87,700
2013	29,910	0.0	117,610
2014	26,953	198.6	91,035

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

Annual required contributions	$ 29,074
Interest on net OPEB obligation	9,409
Adjustment to annual required contributions	(11,530)
Annual OPEB cost	26,953
OPEB contributions	(53,528)
Change in net OPEB obligation	(26,575)
Net OPEB obligation, beginning of fiscal year	117,610
Net OPEB obligation, end of fiscal year	$ 91,035

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, 2013 was $724.6 million; the actuarial value of assets was $617.6 million; the unfunded actuarial accrued liability was $106.9 million; and the funded ratio was 85.2 percent. Covered payroll was $916.8 million and the ratio of unfunded actuarial accrued liability to covered payroll was 11.7 percent. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 91.

C. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarially determined amounts for the OPEB plan are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The projections for postemployment medical benefits plan are based on the actuarial methods and assumptions for the annual required contribution (12/31/2012 valuation) and the funded status of the plan (12/31/2013 valuation), as shown in a schedule on the next page.

Valuation date	12/31/2012	12/31/2013
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	23 years	22 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over 10 six-month periods	
Interest rate	7.80%	
Inflation rate	3.50%	
Across-the-Board salary increases	0.50%	
Salary increases:		
General	4.60 - 7.20%	
Safety	4.70 - 10.20%	
Demographics:		
(A) Healthy	RP-2000 Combined Healthy Mortality Table	
General members and all beneficiaries Safety members	Set back two years for males and one year for females	
(B) Disability	RP-2000 Combined Healthy Mortality Table	
General members	Set forward four years	
Safety members	Set forward two years	
(C) For Employee Contribution Rate Purposes	RP-2000 Combined Healthy Mortality Table	
General members	Set back two years for males and one year for females, weighted 30% male and 70% female	
Safety members	Set back two years for males and one year for females, weighted 75% male and 25% female	
Healthcare Cost Trend Rates:		
Monthly Medical Allowance (MMA)	Graded down from 8.5% by 0.5% per annum until ultimate rate of 5%	Graded down from 8.0% by 0.5% per annum until ultimate rate of 5%
Dental and Vision	5%	
Medicare Part B	5%	
Postemployment benefit increases	Dental, vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. Monthly Medical Allowance (MMA) subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit, with the exception that the 2014 MMA will remain at 2013 levels for non-Medicare insurer; for Medicare insurer will be $400.	Dental, vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. Monthly Medical Allowance (MMA) subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit, with the exception that the 2015 MMA will remain at 2014 levels for non-Medicare insurer; for Medicare insurer will be $400.

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

13. Other Postemployment Benefits

A. Plan Description

ACERA also provides other postemployment benefits for retired members and their beneficiaries. The payment of these benefits is subject to available funding and must be periodically reauthorized by the Board of Retirement. These benefits include supplemental cost of living adjustment (COLA) and retired member death benefit. The other postemployment benefits program operates as a cost-sharing multiple-employer benefit plan for the County, the Alameda Health System, the Superior Court of California for the County of Alameda, and four 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 $1,000 lump sum payment to the beneficiary of a retiree.

ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2013 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Funding Policy

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

The County's other postemployment benefits cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's annual postemployment benefit cost, the percentage of annual postemployment benefit cost contributed to the plan, and the net OPEB obligation for fiscal years 2012 through 2014 are as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 12,727	0.0 %	$ 65,356
2013	11,911	0.0	77,267
2014	11,529	20.3	86,460

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

Annual required contributions	$ 12,922
Interest on net OPEB obligation	6,182
Adjustment to annual required contributions	(7,575)
Annual OPEB cost	11,529
OPEB contributions	(2,336)
Change in net OPEB obligation	9,193
Net OPEB obligation, beginning of fiscal year	77,267
Net OPEB obligation, end of fiscal year	$ 86,460

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, 2013 was $178.8 million; the actuarial value of assets was $26.9 million; the unfunded actuarial accrued liability was $151.9 million; and the funded ratio was 15.0 percent. Covered payroll was $916.8 million and the ratio of unfunded actuarial accrued liability to covered payroll was 16.6 percent. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 91.

C. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarially determined amounts for the other postemployment benefits plan are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The projections for other postemployment benefits plan are based on the following actuarial methods and assumptions for the annual required contribution (12/31/2012 valuation) and the funded status of the plan (12/31/2013 valuation):

Valuation date	12/31/2012	12/31/2013
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	23 years	22 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over 10 six-month periods	
Interest rate	7.80%	
Inflation rate	3.50%	
Across-the-Board salary increases	0.50%	
Salary increases:		
General	4.60 - 7.20%	
Safety	4.70 - 10.20%	
Demographics:		
(A) Healthy	RP-2000 Combined Healthy Mortality Table	
General members and all beneficiaries Safety members	Set back two years for males and one year for females	
(B) Disability	RP-2000 Combined Healthy Mortality Table	
General members	Set forward four years	
Safety members	Set forward two years	
(C) For Employee Contribution Rate Purposes	RP-2000 Combined Healthy Mortality Table	
General members	Set back two years for males and one year for females, weighted 30% male and 70% female	
Safety members	Set back two years for males and one year for females, weighted 75% male and 25% female	
Postemployment benefit increases	Supplemental COLA benefits are assumed to increase by the difference between inflation and the cost-of-living benefit guaranteed in the Pension Plan (3.00% for Tier 1 and Tier 3; and 2.00% for Tier 2, Tier 2C, Tier 2D and Tier 4), subject to other limitations.	

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

14. Joint Venture

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

Stadium Background

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

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

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

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

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

The Stadium Bonds are limited obligations of the Coliseum Authority payable solely from certain revenues of the Coliseum Authority, including revenues from the Stadium and Arena Complex and base rental payments from the City and the County. The source of the Coliseum Authority's revenues relating to football games consists primarily of a portion of the club dues, concession, and parking payments. The Coliseum Authority has pledged the base rental payments and most other revenues received under the Master Lease from the lessees, the City, and the County to the trustee to pay debt service on the bonds. In the event that 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 shortfall 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. Base rental payments are projected to cover one hundred percent of the debt service requirements over the life of the bonds. The obligation of the City and the County to make such payments is reduced to the

extent the Coliseum Authority receives revenues generated at the complex to pay debt service and for operations and maintenance. The Stadium Bonds are not general obligations of either the City or the County.

Arena Background

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 are limited obligations of the Coliseum Authority, payable solely from revenues received by the Coliseum Authority on behalf of the City and the County. Revenues consist of base rental payments from the City and County, certain payments from the Warriors of up to $7.428 million annually from premium seating revenues, the sale of personal seat licenses by the Coliseum Authority, concessionaire payments and Arena naming rights. If necessary to prevent default, additional premium revenues up to $10 million may be pledged to service Arena debt. 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 the County are obligated to make up the shortfall in the base rental payments from their respective general funds. The County and the City each have covenanted to appropriate up to $9.5 million annually to cover such shortfalls in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the County could have to pay up to $19 million annually in the event of default by the City.

Allied Irish Bank had issued a direct-pay letter of credit for the Series A-2 Lease Revenue Bonds. Over the past several years, the bank's credit rating decreased significantly, increasing the interest rates the Coliseum Authority had to pay on the bonds. The Coliseum Authority replaced Allied Irish Bank with The Bank of New York as the letter of credit provider, so currently both bond series are backed by The Bank of New York.

Debt Obligations

Long-term debt outstanding as of June 30, 2014 is as follows:

	Maturity	Interest Rate	Authorized and Issued	Outstanding
Stadium Bonds				
2012 Refunding Series A Lease Revenue Bonds	February 1, 2025	Fixed	$ 122,815	$ 106,450
Arena Bonds				
1996 Series A-1 Lease Revenue Bonds	February 1, 2026	Variable	70,000	43,205
1996 Series A-2 Lease Revenue Bonds	February 1, 2026	Variable	70,000	41,680
Subtotal			140,000	84,885
Total Long-term debt			$ 262,815	$ 191,335

As of June 30, 2014, the variable interest rates for the 1996 Series A-1 and A-2 Lease Revenue Bonds were .18 percent and .16 percent, respectively.

Debt payments during the fiscal year ended June 30, 2014 were as follows:

	Stadium	Arena	Total
Principal	$ 7,340	$ 5,410	$ 12,750
Interest	5,467	215	5,682
Total	$ 12,807	$ 5,625	$ 18,432

The following is a summary of long-term debt transactions for the year ended June 30, 2014:

Outstanding lease revenue bonds, July 1, 2013	$ 204,085
Principal repayments	(12,750)
Outstanding lease revenue bonds, June 30, 2014	191,335
Amount due within one year	(12,710)
Amount due beyond one year	$ 178,625

Annual debt service requirements to maturity for the lease revenue bonds, including interest payments, are as follows:

For the Period	Stadium Bonds		Arena Bonds		Total	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 7,560	$ 5,246	$ 5,150	$ 141	$ 12,710	$ 5,387
2016	7,865	4,944	5,400	132	13,265	5,076
2017	8,255	4,552	5,800	122	14,055	4,674
2018	8,670	4,138	6,200	112	14,870	4,250
2019	9,100	3,706	6,600	102	15,700	3,808
2020-2024	52,805	11,226	40,850	316	93,655	11,542
2025-2026	12,195	610	14,885	23	27,080	633
Total	$106,450	$ 34,422	$ 84,885	$ 948	$ 191,335	$ 35,370

Management of Coliseum Authority

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

Under the joint exercise of power agreement, which formed the Coliseum Authority, the County is responsible for funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements; to the extent such funding is necessary. During the year ended June 30, 2014, the County made contributions of $9.925 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 $9.894 million for the year ending June 30, 2015. There are many uncertainties in the estimation of revenues for the Coliseum Authority beyond one year into the future; therefore, the County has established a contingent liability

to fund the Coliseum Authority deficit in the statement of net position in an amount equal to its contingent share (50 percent) of the outstanding Stadium Bonds, in the amount of $53.225 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.

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.

15. Alameda Health System Discretely Presented Component Unit

Alameda Health System (AHS) operates medical and health facilities within Alameda County. In accordance with the Master Contract (Contract) between the County and AHS dated June 23, 1998, effective July 1, 1998, AHS 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 AHS.

In accordance with the Medical Facilities Lease between AHS and the County dated June 12, 1998, AHS 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 AHS unrestricted use of the facilities.

On July 30, 2013, a donation and transfer agreement was signed between the AHS, Sutter Health, a California nonprofit public benefit corporation, and Eden Medical Center, a California nonprofit public benefit corporation (collectively known as "Sutter") to donate the business and all the assets owned by Sutter and used exclusively in connection with the operation of San Leandro Hospital (SLH). SLH is located at 13855 East 14th Street, San Leandro, California. The transfer was completed on October 31, 2013.

The AHS intends to continue to operate SLH as an acute care hospital with 36 acute staffed beds. During the transition period after October 31, 2014, SLH experienced reduced cash flow for approximately six to eight months after the transfer of ownership due to the timelines required by Medicare for acceptance of the provider number transfer. The AHS received $14.0 million in cash transferred from Sutter Health on November 1, 2013, per the donation and transfer agreement. In addition, the City of San Leandro and the County each provided $1.0 million in fiscal year 2014.

The acquisition of Alameda Hospital (AH) under a Joint Powers Agreement with the City of Alameda Health Care District was completed May 1, 2014. The AHS intends to continue to operate AH with 64 acute staffed beds, 35 sub-acute staffed beds, 146 skilled nursing staffed beds, and clinics. During the transition period after May 1, 2014, AH has experienced reduced cash flow due to the timelines required by Medicare for acceptance of the provider number transfer. Cash flow is expected to resume in full by January 31, 2015. Additionally, it is anticipated that AH will need $15.0 million to $20.0 million in capital improvements over the next two years.

Effective July 1, 2003, the County adopted the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*. This resulted in the Alameda Health System Foundation (Foundation) being included as a discretely presented component unit of AHS. During fiscal year 2004, the Foundation's Articles of Incorporation and bylaws were amended to require AHS to approve Foundation board members and to allow that upon dissolution, the Foundation's remaining assets would be distributed to AHS. The Foundation distributed $130 thousand to AHS during fiscal year 2014.

Included in the County's outstanding long-term liabilities at June 30, 2014, are $3 million in lease revenue bonds which refunded the 2001A Refunding certificates of participation that were issued to provide for improvements to the Facilities. The County is liable for the repayment of the debt.

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

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

	2013/14	2012/13
Estimated liability for claims and contingencies at the beginning of the fiscal year	$ 26,077	$ 23,162
Additional obligations	3,367	6,497
Payments	(3,423)	(3,582)
Estimated liability for claims and contingencies at the end of the fiscal year	$ 26,021	$ 26,077

AHS has experienced significant operating losses and negative cash flows from operations in recent years. AHS has financed its working capital needs through loans from the County. AHS expects to require ongoing working capital support from the County in fiscal year 2015.

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 AHS. On June 3, 2014, the voters of Alameda County approved Measure AA, which extends the expiration date of Measure A from June 30, 2019 to June 30, 2034.

In August 2004, the County placed a $200 million limitation on net loans to AHS. As defined, this limitation is calculated as gross loans to AHS, reduced by board-designated funds held by the County on behalf of AHS. As of June 30, 2014, the balance of net loans to AHS was $169.78 million.

The terms of loan repayment, amended in April 2011, called for a reduction of the $200 million loan limit to $110 million by June 30, 2014. The outstanding net payable to the County exceeds the $110 million loan limit; therefore, AHS was not in compliance with the loan agreement. AHS and the County signed an interim agreement, which is effective from October 28, 2014 through December 31, 2014. On December 16, 2014, the interim agreement was extended to February 27, 2015. The purpose of the agreement is to allow AHS and the County time to develop a longer term agreement on repayment of AHS's obligation to the County. Under this agreement, AHS's net obligation cannot exceed $195 million. Failure to come to a long term agreement between AHS and the County by February 27, 2015 will result in the County no longer being able to extend credit to AHS. The net loans of $169.78 million at June 30, 2014 is classified as long-term in the accompanying statement of net position.

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

A. *Net Patient Service Revenue*

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, including the State of California, and others for services rendered at AHS, 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 AHS'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 48 percent and 19 percent, respectively, of gross patient service revenues, excluding certain federal aid revenues, for the year ended June 30, 2014. 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*

AHS also receives significant revenues from the Medi-Cal 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. AHS accrued $188 million in SB1100 funds for the year ended June 30, 2014, and remitted $108 million to the State, providing net SB1100 revenue of $80 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. AHS provides services to patients who are financially screened and qualify to receive charity care under the guidelines of AB 774. AHS captures the amount of unreimbursed costs for services and supplies for patients who qualify for the charity care program and County programs. The following table summarizes the estimated cost of charity care for the year ended June 30, 2014:

Charity care at cost	$ 4,434
Percent of operating expenses	0.6 %

In addition to the direct cost of charity care, AHS recognizes the unreimbursed costs of care provided to medically indigent patients covered by the Health Plan of Alameda County (HPAC) as contractual allowances. The following table summarizes the estimated HPAC unreimbursed costs for the year ended June 30, 2014:

HPAC unreimbursed cost	$ 59,995
Percent of operating expenses	8.4 %

E. Accounts Receivable

Accounts receivable at June 30, 2014, comprised the following:

Patient accounts receivable	$ 110,603
Due from State of California	109,820
Other accounts receivable	61,299
Total	$ 281,722

Patient accounts receivable include amounts due from third party payors, patients, and other agencies for patient services rendered and is net of $580.8 million in estimated contractual adjustments and uncollectible accounts. Other accounts receivable include professional and other fees earned on patient services and services provided to various outside agencies. Also included in other accounts receivable are reimbursement claims for grants expenditures and amounts owed to AHS from the State for payments under the SB 1100 program.

F. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2014, comprised the following:

Accounts payable	$ 67,945
Accrued payroll	24,849
Due to third-party payors	74,247
Other accrued liabilities	156
	$ 167,197

G. Defined Benefit Pension Plan

AHS 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 boards 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, 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.

AHS is required by statute to contribute the amounts necessary to finance the estimated benefits accruing to their employees. AHS's annual pension cost and the percentage of annual pension cost contributed for fiscal years 2012 to 2014 are as follows:

Fiscal Year ended June 30	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2012	$ 26,633	100.60 %	$ 8,452
2013	32,343	100.60	8,263
2014	36,393	100.60	8,057

AHS has historically made 100% of the Annual Required Contribution (ARC) to ACERA. However, as part of the plan agreement, 50% of excess investment earnings are transferred from the Defined Benefit Pension Plan to the SRBR. In fiscal year 2008 (not included in table above), there were excess earnings that were transferred to the SRBR. This transfer of excess investment earnings in fiscal year 2008 resulted in a net pension obligation carry forward in subsequent years including the year ended June 30, 2014. Refer to table on following page for the carry forward obligation balance. For the year ended June 30, 2014, the employees' contributions to the plan were $15.3 million.

The following table shows AHS's annual pension cost and the changes in the net pension obligation for the year ended June 30, 2014:

Annual required contributions	$ 36,599
Interest on net pension obligation	644
Adjustment to annual required contributions	(850)
Annual pension cost	36,393
Pension contributions	(36,599)
Decrease in net pension obligation	(206)
Net pension obligation, beginning of year	8,263
Net pension obligation, end of year	$ 8,057

H. Postemployment Medical Benefits

AHS's annual postemployment medical benefits cost for fiscal years 2012 to 2014 are shown below. There are no transfers of the excess investment earnings from the pension to the SRBR trust for the same periods.

Fiscal Year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 3,455	0.00 %	$ 19,436
2013	7,144	0.00	26,580
2014	6,533	0.00	33,113

The following table shows AHS's annual postemployment medical benefits cost and the changes in the net OPEB obligation for the year ended June 30, 2014:

Annual required contributions	$ 8,070
Interest on net OPEB obligation	1,990
Adjustment to annual required contributions	(3,527)
Annual postemployment medical benefits cost	6,533
Postemployment medical benefits contributions	-
Increase in net OPEB obligation	6,533
Net OPEB obligation, beginning of year	26,580
Net OPEB obligation, end of year	$ 33,113

I. Other Postemployment Benefits

AHS's annual other postemployment benefit cost fiscal years 2012 to 2014 are shown below. There are no transfers of the excess investment earnings from the pension to the SRBR trust for the same periods.

Fiscal Year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 2,744	0.00 %	$ 12,039
2013	2,773	0.00	14,812
2014	2,813	0.00	17,625

The following table shows AHS's annual other postemployment benefits cost and the changes in the net OPEB obligation for fiscal year ended June 30, 2014:

Annual required contributions	$ 3,049
Interest on net OPEB obligation	1,158
Adjustment to annual required contributions	(1,394)
Annual other postemployment benefits cost	2,813
Other postemployment benefits contributions	-
Increase in net OPEB obligation	2,813
Net OPEB obligation, beginning of year	14,812
Net OPEB obligation, end of year	$ 17,625

16. Self-Insurance and Contingencies

A. Self-insurance and Purchased Insurance

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

The County uses a combination of self-insurance, participation in insurance pools, and purchased insurance coverage for protection against adverse losses. Excess general liability, workers' compensation, and medical malpractice coverage are provided by CSAC-Excess Insurance Authority (CSAC-EIA), a joint

powers authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties and other California public entities. A Board of Directors consisting of one representative from each member county and seven members selected by the public entity membership governs the Authority. Purchased insurance includes primary all-risk property insurance for the entire County's real and personal property, equipment and vehicles; earthquake insurance for selected real property; Public Officials Dishonesty Bond coverage for losses related to theft of funds; and other coverage as listed below (amounts not in thousands).

PRIMARY GOVERNMENT

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

Property insurance is purchased on a March 31 policy year. Therefore, information is provided separately in the tables below for property insurance policies covering the disclosure periods July 1, 2013 to March 31, 2014 and March 31, 2014 to June 30, 2014.

Property Insurance – Declared values as of March 4, 2014 for Policy Period 3/31/2014 - 3/31/2015			
	Funding Sources and Coverage Limits		
Coverage type and declared value, if applicable	**Deductible**	**Pooled Retention Limit (CSAC-EIA)**	**Excess Insurance Limit (Various carriers)**
All Risk		$3,000,000 per occurrence, $10,000,000 Aggregate	$600,000,000
Real and personal property and rents: $2,302,628,904	$50,000		
Vehicles and mobile equipment (excluding buses): $92,914,010	$20,000, except $100,000 for vehicles with replacement value greater than $250,000		
Buses: $3,110,076	$100,000		
Fine Arts (scheduled): $1,634,493	$50,000		
Terrorism	$500,000	$3,000,000	$200,000,000
Flood: $2,302,628,904	2% of total values per unit up to $25,000	$0	$415,000,000 (except $300,000,000 as respects Flood Zones A/V for Tower II)
Earthquake: $2,193,204,979	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 $90 million in purchased coverage for each tower and an additional $290.5 million in annual aggregate purchased coverage shared among all members in Towers I –V only, for total purchased earthquake coverage of $740 million, subject to limits of $380.5 million per tower. The total limit available to Alameda County across the three towers in which its property is scheduled is $560.5 million.	

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

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

	Funding Sources and Coverage Limits		
Program Description	**Self Insured Retention**	**Pooled Retention Limit (CSAC-EIA)**	**Excess Insurance Limit (Various carriers)**
General and Auto liability	$1,000,000	$0	$35,000,000
Medical Malpractice	$100,000	$1,500,000	$21,500,000
Workers' Compensation	$3,000,000	Pool layer from SIR to $5,000,000 is self insured with a corridor retention of $20,250,641	Statutory
Employer's Liability	$3,000,000	$5,000,000	$50,000,000
Pollution Liability	$500,000	$0	$10,000,000 per occurrence / $10,000,000 aggregate / $50,000,000 aggregate all pool members

The County purchases insurance for the following exposures:

Description	Deductible	Limit
Aircraft Coverage:		
Aircraft Liability	Some coverage is sub-limited	$15,000,000
Aircraft Hull (1980 Cessna)	$0	$680,000
Watercraft Coverage:		
Watercraft Protection and Indemnity	$1,000	$1,000,000
Watercraft Collision and Towers	$1,000	$1,000,000
Watercraft Hull and Machinery	$1,000	Varies by vessel ($12,500 to $4,800,000)
Foster Parents Liability	$250	$300,000
Crime Bond / Employee Dishonesty	$2,500	$10,000,000
Cyber Liability	$100,000	$1,000,000 aggregate per member / $10,000,000 aggregate per pool
Public Guardian Bonds	$2,500	$10,000,000
Notary Public Errors and Omissions	$0	$10,000

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

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

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

	General Liability		Workers' Compensation		Total	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Estimated liability for claims and contingencies at the beginning of the fiscal year	$ 19,226	19,402	$ 80,992	$ 78,569	$ 100,218	$ 97,971
Incurred claims and claim adjustment expenses	5,460	7,682	21,134	18,239	26,594	25,921
Payments	(4,920)	(7,858)	(16,645)	(15,816)	(21,565)	(23,674)
Total estimated liability for claims and contingencies at the end of the fiscal year	$ 19,766	$ 19,226	$ 85,481	$ 80,992	$ 105,247	$ 100,218

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.

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, 2014, 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 Health System'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. AHS believes that it has adequately provided for any potential liabilities which may arise from the intermediaries' reviews.

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

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

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

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

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

Capital asset activities of the private-purpose trust fund for the year ended June 30, 2014, are as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, being depreciated:				
Infrastructure	$ 3,111	$ -	$ -	$ 3,111
Less accumulated depreciation for:				
Infrastructure	379	62	-	441
Total capital assets, being depreciated, net	$ 2,732	$ (62)	$ -	$ 2,670

The changes in liabilities, other than long-term debt, of the private-purpose trust fund for the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Amounts Due Within One Year
Due to other governmental units	$ 10,890	$ 592	$ 1,755	$ 9,727	$ 2,558
Notes payable	1,322	-	1,322	-	-
Total private-purpose trust other long-term liabilties	$ 12,212	$ 592	$ 3,077	$ 9,727	$ 2,558

The outstanding tax allocation bonds of the Alameda County Redevelopment Successor Agency as of June 30, 2014:

Type of Obligation and Purpose	Maturity	Interest Rates	Original Issue	Outstanding
Tax allocation bonds				
Alameda County Successor Agency				
Eden Area Redevelopment Bonds	8/1/2036	4.0 - 5.0 %	$ 34,735	$ 29,695

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 $48.2 million, with the final payment due on August 1, 2036. The tax allocation bonds are secured by and to be serviced from tax increment revenues of the project areas. All project tax increment revenues except dedicated housing tax increment allocation are the security for the bonds. These revenues have been pledged until the year 2036. Pledged tax increment revenue recognized during the year ended June 30, 2014 was $2.1 million as against the total debt service payment of $2.1 million. Pursuant to California Assembly Bill ABx1 26, the responsibility for the payment of this debt was transferred to the Alameda County Redevelopment Successor Agency private-purpose trust fund.

The changes in the tax allocation bonds of the Alameda County Redevelopment Successor Agency for the year ended June 30, 2014, are as follows:

	Balance July 1, 2013	Additional Obligations and Net Increases	Current Maturities, Retirements, and Net Decreases	Balance June 30, 2014	Amounts Due Within One Year
Tax allocation bonds	$ 30,455	$ -	$ (760)	$ 29,695	$ 790
Deferred amount for issuance premium	282	-	(12)	270	12
Total private-purpose trust bonds payable	$ 30,737	$ -	$ (772)	$ 29,965	$ 802

Annual debt service requirements for Alameda County Redevelopment Successor Agency tax allocation bonds outstanding as of June 30, 2014 are as follows:

For the Year Ending June 30	Tax Allocation Bonds		
	Principal	Interest	Total
2015	$ 790	$ 1,320	$ 2,110
2016	825	1,288	2,113
2017	855	1,254	2,109
2018	890	1,219	2,109
2019	925	1,183	2,108
2020-2024	5,215	5,301	10,516
2025-2029	6,430	4,068	10,498
2030-2034	7,975	2,462	10,437
2035-2037	5,790	444	6,234
	$ 29,695	$ 18,539	$ 48,234

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REQUIRED SUPPLEMENTARY INFORMATION

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]
2011	$ 4,868,689	$ 6,359,483	76.6 %	$ 1,490,794	$ 892,489	167.0 %
2012	4,883,872	6,612,929	73.9	1,729,057	906,500	190.7
2013	5,210,944	6,861,687	75.9	1,650,743	916,803	180.1

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]
2011	$ 542,936	$ 754,216	72.0 %	$ 211,280	$ 892,489	23.7 %
2012	545,429	754,838	72.3	209,409	906,500	23.1
2013	617,627	724,576	85.2	106,949	916,803	11.7

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]
2011	$ 67,020	$ 185,846	36.1 %	$ 118,826	$ 892,489	13.3 %
2012	26,018	165,917	15.7	139,899	906,500	15.4
2013	26,870	178,799	15.0	151,929	916,803	16.6

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 407,867	$ 429,854	$ 418,683	$ (11,171)
Licenses and permits	8,719	8,719	7,784	(935)
Fines, forfeitures, and penalties	14,072	17,482	31,941	14,459
Use of money and property	6,555	6,955	10,091	3,136
State aid	939,226	896,128	940,400	44,272
Federal aid	441,065	512,372	432,832	(79,540)
Other aid	26,645	26,645	29,234	2,589
Charges for services	260,392	278,887	263,875	(15,012)
Other revenue	58,471	102,165	40,491	(61,674)
Total revenues	2,163,012	2,279,207	2,175,331	(103,876)
Expenditures:				
Current				
General government				
Salaries and benefits	89,783	92,804	86,227	6,577
Services and supplies	47,175	48,963	34,956	14,007
Other charges	25,550	17,835	17,288	547
Capital assets	109	148	386	(238)
Public protection				
Salaries and benefits	432,628	476,052	462,958	13,094
Services and supplies	184,369	196,397	175,958	20,439
Other charges	6,447	7,091	6,561	530
Capital assets	6,221	4,917	3,441	1,476
Public assistance				
Salaries and benefits	221,602	238,056	225,160	12,896
Services and supplies	184,664	189,267	170,355	18,912
Other charges	298,280	298,280	284,280	14,000
Capital assets	14,178	14,275	14,257	18
Health and sanitation				
Salaries and benefits	160,204	171,080	149,115	21,965
Services and supplies	482,578	505,139	420,275	84,864
Other charges	125,925	161,548	106,574	54,974
Capital assets	162	726	584	142
Public ways and facilities				
Salaries and benefits	392	393	393	-
Services and supplies	2,047	2,449	2,373	76
Recreation and cultural services				
Salaries and benefits	10	10	7	3
Services and supplies	675	675	603	72
Education				
Salaries and benefits	132	61	61	-
Services and supplies	118	205	205	-
Capital outlay	4,350	7,351	7,138	213
Pension bond debt service transfer	(37,695)	(37,695)	(37,695)	-
Total expenditures	2,249,904	2,396,027	2,131,460	264,567
Excess (deficiency) of revenues over expenditures	(86,892)	(116,820)	43,871	160,691
Other financing sources (uses):				
Issuance of loans	-	3,000	-	(3,000)
Issuance of bonds	-	-	1,758	1,758
Transfers in	-	28,469	2,660	(25,809)
Transfers out	(37,695)	(107,531)	(95,820)	11,711
Budgetary reserves and designations	-	(2,500)	-	2,500
Total other financing sources (uses)	(37,695)	(78,562)	(91,402)	(12,840)
Net change in fund balance	(124,587)	(195,382)	(47,531)	147,851
Add outstanding encumbrances for current budget year	-	-	92,166	92,166
Fund balance - beginning of period	1,250,701	1,250,701	1,250,701	-
Fund balance - end of period	$ 1,126,114	$ 1,055,319	$ 1,295,336	$ 240,017

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PROPERTY DEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	$ 238	$ 238	$ 3,322	$ 3,084
Other revenue	3,000	3,000	3,555	555
Total revenues	3,238	3,238	6,877	3,639
Expenditures:				
Current				
General government				
Salaries and benefits	459	459	255	204
Services and supplies	1,856	1,856	649	1,207
Capital assets	225	225	5	220
Total expenditures	2,540	2,540	909	1,631
Excess (deficiency) of revenues over expenditures	698	698	5,968	5,270
Other financing sources (uses):				
Proceeds from sale of land	24,375	24,375	15,352	(9,023)
Transfers out	(25,148)	(55,364)	(10,388)	44,976
Total other financing sources (uses)	(773)	(30,989)	4,964	35,953
Net change in fund balance	(75)	(30,291)	10,932	41,223
Add outstanding encumbrances for current budget year	-	-	159	159
Fund balance - beginning of period	314,766	314,766	314,766	-
Fund balance - end of period	$ 314,691	$ 284,475	$ 325,857	$ 41,382

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FLOOD CONTROL SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 28,569	$ 31,994	$ 31,669	$ (325)
Licenses and permits	25	25	5,496	5,471
Use of money and property	1,094	1,094	1,555	461
State aid	937	937	1,360	423
Federal aid	-	-	567	567
Other aid	3,400	3,400	4,352	952
Charges for services	12,670	12,670	13,027	357
Other revenue	305	305	375	70
Total revenues	47,000	50,425	58,401	7,976
Expenditures:				
Current				
Public protection				
Salaries and benefits	35,777	36,850	17,429	19,421
Services and supplies	71,987	108,644	52,287	56,357
Other charges	3,404	3,967	1,999	1,968
Capital assets	15,676	15,776	14,926	850
Total expenditures	126,844	165,237	86,641	78,596
Excess (deficiency) of revenues over expenditures	(79,844)	(114,812)	(28,240)	86,572
Other financing uses:				
Transfers out	-	(19)	-	19
Total other financing uses	-	(19)	-	19
Net change in fund balance	(79,844)	(114,831)	(28,240)	86,591
Add outstanding encumbrances for current budget year	-	-	24,389	24,389
Fund balance - beginning of period	180,305	180,305	180,305	-
Fund balance - end of period	$ 100,461	$ 65,474	$ 176,454	$ 110,980

See the notes to required supplementary information.

1. Budget and Budgetary Accounting

General Budget Policies

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

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

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

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

Budgetary Basis of Accounting

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

2. Reconciliation of Budget vs. GAAP Basis Expenditures

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

Reconciliation of Budget vs. GAAP Basis Expenditures

	General Fund	Property Development Fund	Flood Control Fund
Budget basis expenditures	$ 2,131,460	$ 909	$ 86,641
Encumbrances for current budget year	(92,166)	(159)	(24,389)
GAAP basis expenditures	$ 2,039,294	$ 750	$ 62,252

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Walnut Creek

LA/Century City

Newport Beach

San Diego

Seattle

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 26, 2014, except for our report on the schedule of expenditures of federal awards, as to which the date is March 6, 2015. Our report includes a reference to other auditors who audited the financial statements of the Alameda County Employees' Retirement Association (ACERA), as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Macias Gini & O'Connell LLP

Oakland, California
December 26, 2014

MGO Certified Public Accountants.

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Seattle

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the County of Alameda's, California (County), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Alameda County Medical Center, dba Alameda Health System (AHS); Alameda County Housing and Community Development Department (Department); and the Alameda County Healthy Homes (Program), which expended $2,762,247, $17,817,394, and $637,627 in federal awards, respectively, which are not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2014. Our audit, described below, did not include the operations of the Department and the Program because each entity engaged other auditors to perform audits in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Our audit, described below, also did not include the operations of AHS because we were engaged to perform an audit in accordance with OMB Circular A-133 and reported on the results separately to AHS.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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. 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.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002, that we consider to be significant deficiencies.

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

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

Macias Gini & O'Connell LLP

Oakland, California
March 6, 2015

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County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Agriculture								
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	11-0386FR	California Department of Food and Agriculture	GWS - Glassy Winged Sharpshooter	$ 343,678	$ -
				11-8520-0934-GR	California Department of Food and Agriculture	Insect Trapping	596,611	-
				11-8520-1165-CA	California Department of Food and Agriculture	Dog Team	34,346	-
				12-00351SF	California Department of Food and Agriculture	Asian Citrus Psyllid	6,238	-
				12-0206-FR	California Department of Food and Agriculture	SOD - Sudden Oak Death	552	-
				13-0242-FR	California Department of Food and Agriculture	Insect Trapping	61,705	-
				13-0259-FR	California Department of Food and Agriculture	SOD - Sudden Oak Death	36,598	-
				13-0326-FR	California Department of Food and Agriculture	Light Brown Apple Moth	33,484	-
				13-0444-FR	California Department of Food and Agriculture	European Grapevine Moth	6,964	-
				13-0480-FR	California Department of Food and Agriculture	Light Brown Apple Moth	51,329	-
				13-08506-1317-CA	California Department of Food and Agriculture	European Grapevine Moth	11,878	-
				13-8506-0934-GR	California Department of Food and Agriculture	Insect Trapping	709,842	-
				13-8506-1164-CA	California Department of Food and Agriculture	Light Brown Apple Moth	214,824	-
				13-8506-1165-CA	California Department of Food and Agriculture	Dog Team	201,823	-
						10.025 Total	**2,309,872**	**-**
10.555	National School Lunch Program	Child Nutrition	Pass-through	01001-SN-01-R	California Department of Education	National School Lunch Program	366,881	-
						10.555 Total	**366,881**	**-**
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		Pass-through	11-10429	California Department of Public Health	Women, Infant, Children (WIC) Program	4,481,808	-
						10.557 Total	**4,481,808**	**-**
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP						
			Pass-through	13-20018	California Department of Public Health	Nutrition Education and Obesity Prevention Program	3,703,904	832,514
				N/A	California Department of Social Services	Calfresh NUT Ed	274,222	257,898
						Food Stamps - E&T - Admin	24,497,260	522,105
						FS Modern	76,584	-
						SNAP-Ed	61,199	47,376
						10.561 Total	**28,613,169**	**1,659,893**
10.576	Senior Farmers Market Nutrition Program		Pass-through	AP-1314-09	California Department of Aging	Farmers' Market	30,000	30,000
						10.576 Total	**30,000**	**30,000**
U.S. Department of Agriculture Total							**35,801,730**	**1,689,893**
U.S. Department of Housing and Urban Development								
14.235	Supportive Housing Program		Pass-through	CA01B602020CA5065	Anka Behavioral Health, Inc.	Oakland Homeless Families Program - Families in Transition	95,958	-
						14.235 Total	**95,958**	**-**
U.S. Department of Housing and Urban Development Total							**95,958**	**-**

County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Justice								
16.523	Juvenile Accountability Block Grants		Pass-through	181-13	Board of State and Community Corrections	Juvenile Justice and Delinquency Prevention Allocation to States	$ 53,657	$ -
						16.523 Total	**53,657**	**-**
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States		Pass-through	BSCC 377-12	Board of State and Community Corrections	Evening Reporting Center	190,955	-
				BSCC 377-13	Board of State and Community Corrections	Evening Reporting Center	176,877	-
						16.540 Total	**367,832**	**-**
16.575	Crime Victim Assistance		Pass-through	UV13040010	California Emergency Management Agency	Unserved/Underserved Victim Advocacy and Outreach Program	88,965	-
				VW13320010	California Emergency Management Agency	Victim/Witness Assistance Program	435,957	-
						16.575 Total	**524,922**	**-**
16.588	Violence Against Women Formula Grants		Pass-through	VV13050010	California Emergency Management Agency	Violence Against Women Vertical Prosecution Program	215,488	-
				VW13320010	California Emergency Management Agency	Victim/Witness Assistance Program	39,380	-
						16.588 Total	**254,868**	**-**
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		Direct	N/A	N/A	N/A	435,495	-
						16.590 Total	**435,495**	**-**
16.607	Bulletproof Vest Partnership Program		Direct	N/A	N/A	N/A	44,870	-
						16.607 Total	**44,870**	**-**
16.710	Public Safety Partnership and Community Policing Grants		Direct	N/A	N/A	N/A	1,394,275	-
						16.710 Total	**1,394,275**	**-**
16.738	Edward Byrne Memorial Justice Assistance Grant Program	JAG Program	Direct	N/A	N/A	N/A	795,766	703,986
			Pass-through	BSCC 646-12	Board of State and Community Corrections	Anti-Drug Abuse Enforcement Program/Narcotics Task Force	181,755	-
				BSCC 646-13	Board of State and Community Corrections	Anti-Drug Abuse Enforcement Program/Narcotics Task Force	381,964	-
				DC11220010	Board of State and Community Corrections	Anti-Drug Abuse Enforcement Program/Narcotics Task Force	(12)	-
						16.738 Total	**1,359,473**	**703,986**
16.741	DNA Backlog Reduction Program		Direct	N/A	N/A	N/A	358,166	-
						16.741 Total	**358,166**	**-**
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		Pass-through	CQ-12080010	California Emergency Management Agency	Coverdell Science Improvement Program	7,649	-
						16.742 Total	**7,649**	**-**
16.812	Second Chance Act Prisoner Reentry Initiative		Direct	N/A	N/A	N/A	217,237	-
			Pass-through	N/A	City of Oakland	Juvenile Second Chance Prisoner Reentry Program	141,751	-
						16.812 Total	**358,988**	**-**
16.xxx	Cannabis Eradication		Direct	N/A	N/A	N/A	67,194	-
						16.xxx Total	**67,194**	**-**
U.S. Department of Justice Total							**5,227,389**	**703,986**

County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Labor								
17.235	Senior Community Service Employment Program		Pass-through	TV-1314-09	California Department of Aging	Senior Employment	$ 145,973	$ 145,973
						17.235 Total	**145,973**	**145,973**
17.258	WIA Adult Program	WIA	Pass-through	K386290	California Employment Development Department	WIA Title I Adult Formula - 202	965,350	835,291
				K491011	California Employment Development Department	WIA Title I Adult Formula - 201	50,902	19,454
						WIA Title I Adult Formula - 202	1,418,924	1,048,821
						17.258 Total	**2,435,176**	**1,903,566**
17.259	WIA Youth Activities	WIA	Pass-through	K386290	California Employment Development Department	WIA Title I 15% Youth Career Technical Education Project - 310	13,781	-
						WIA Title I Youth Formula - 301	617,796	596,008
				K491011	California Employment Development Department	WIA Title I Youth Formula - 301	1,845,460	1,416,157
						17.259 Total	**2,477,037**	**2,012,165**
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	13-W058	South Bay Workforce Investment Board	WIA 25% Dislocated Workers Additional Assistance Project	400,788	156,808
				K282468	California Employment Development Department	Title I Dislocated Workers - 541/WIA Title I Rapid Response for RA&PGM	66,109	31,516
				K386290	California Employment Development Department	Title I Dislocated Workers - 502	839,636	695,565
						Title I Dislocated Workers - 541/WIA Title I Rapid Response for RA&PGM	166,388	94,489
				K491011	California Employment Development Department	Title I Dislocated Workers - 501	297,640	265,541
						Title I Dislocated Workers - 502	2,066,367	1,545,973
						Title I Dislocated Workers - 540/WIA Title I Rapid Response for RA&PGM	132,312	72,111
						Title I Dislocated Workers - 541/WIA Title I Rapid Response for RA&PGM	442,613	358,367
						17.278 Total	**4,411,853**	**3,220,370**
U.S. Department of Labor Total							**9,470,039**	**7,282,074**

County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Transportation								
20.205	Highway Planning and Construction	Highway Planning and Construction	Direct	N/A	N/A	N/A	$ 237,770	$ -
			Pass-through	N/A	California Department of Transportation	CML-5933 (127)	14,226	-
						HPLUL-5933 (126)	1,030	-
						STPL-5933 (125)	7,372	-
				Program Supplement M045	California Department of Transportation	STPLZ-5933(028)	4,123	-
				Program Supplement N061	California Department of Transportation	HSIPL-5933(097)	1,600	-
				Program Supplement N062	California Department of Transportation	SRTSL-5933(090)	41,322	-
				Program Supplement N066	California Department of Transportation	HSIPL-5933 (096)	570,232	-
				Program Supplement N071	California Department of Transportation	SRTSL-5933(107)	827,779	-
				Program Supplement N072	California Department of Transportation	STPL-5933(110)	781,254	-
				Program Supplement N073	California Department of Transportation	STPL-5933(111)	1,049,013	-
				Program Supplement N074	California Department of Transportation	TCSPL-09CA(018)	38,667	-
				Program Supplement N075	California Department of Transportation	CML-5933(109)	65,600	-
				Program Supplement N076	California Department of Transportation	HPLUL-5933(113)	23,881	-
				Program Supplement N077	California Department of Transportation	RPSTPLE-5933(112)	931,766	-
				Program Supplement N078	California Department of Transportation	DEM05L-5933(114)	20,210	-
				Program Supplement N079	California Department of Transportation	HPLUL-5933(116)	5,251	-
				Program Supplement N081	California Department of Transportation	TCSPL-5933(121)	63,178	-
				Program Supplement N082	California Department of Transportation	DEM06L-5933(122)	16,711	-
				Program Supplement N083	California Department of Transportation	DEM05L-5933(123)	10,467	-
				SRTSL-5933(091)	California Department of Transportation	Golden Sneakers Program, Safety Patrols	85,531	-
						20.205 Total	**4,796,983**	**-**
U.S. Department of Transportation Total							**4,796,983**	**-**
U.S. Department of Health and Human Services								
93.041	Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation		Pass-through	AP-1314-09	California Department of Aging	Elder Abuse	19,964	19,964
						93.041 Total	**19,964**	**19,964**
93.042	Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals		Pass-through	AP-1314-09	California Department of Aging	Ombudsman	53,496	-
						93.042 Total	**53,496**	**-**

County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (Continued)								
93.043	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services		Pass-through	AP-1314-09	California Department of Aging	Preventive Health and Health Services Block Grant	$ 86,198	$ 86,198
						93.043 Total	**86,198**	**86,198**
93.044	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	Aging	Pass-through	AP-1314-09	California Department of Aging	Supportive Services	1,289,809	750,953
						93.044 Total	**1,289,809**	**750,953**
93.045	Special Programs for the Aging_Title III, Part C_Nutrition Services	Aging	Pass-through	AP-1314-09	California Department of Aging	Congregate Nutrition	830,366	686,942
						Home-Delivered Meal	1,651,231	1,574,619
						93.045 Total	**2,481,597**	**2,261,561**
93.052	National Family Caregiver Support, Title III, Part E		Pass-through	AP-1314-09	California Department of Aging	Caregiver Support	598,295	544,819
						93.052 Total	**598,295**	**544,819**
93.053	Nutrition Services Incentive Program	Aging	Pass-through	AP-1314-09	California Department of Aging	Nutrient Service Incentive Program (NSIP)	460,602	460,602
						93.053 Total	**460,602**	**460,602**
93.069	Public Health Emergency Preparedness		Pass-through	EPO 12-01	California Department of Public Health	Risk Based Initiative	25,175	20,175
						93.069 Total	**25,175**	**20,175**
93.071	Medicare Enrollment Assistance Program		Pass-through	MI-1314-09	California Department of Aging	MIPPA	14,336	12,351
						93.071 Total	**14,336**	**12,351**
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements		Pass-through	EPO 12-01	California Department of Public Health	BT-CDC Base Allocation	936,565	13,282
						BT-Cities Readiness Initiative	325,861	-
						BT-HRSA Emergency Preparedness Program	400,666	60,000
						93.074 Total	**1,663,092**	**73,282**
93.090	Guardianship Assistance		Pass-through	N/A	California Department of Social Services	KINGAP - 4T	2,112,399	-
						KINGAP IV-E Admin	182,019	-
						93.090 Total	**2,294,418**	**-**
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		Direct	N/A	N/A	N/A	1,419,484	193,878
						93.104 Total	**1,419,484**	**193,878**
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Pass-through	N/A	California Department of Public Health	Tuberculosis Control	378,684	-
						93.116 Total	**378,684**	**-**
93.136	Injury Prevention and Control Research and State and Community Based Programs		Direct	N/A	N/A	N/A	275,702	86,764
						93.136 Total	**275,702**	**86,764**
93.150	Projects for Assistance in Transition from Homelessness (PATH)		Pass-through	1946001347J5	California Department of Health Care Services	Projects for Assistance in Transition from Homelessness (PATH)	266,199	239,579
						93.150 Total	**266,199**	**239,579**

County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (Continued)								
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	Health Centers	Direct	N/A	N/A	N/A	$ 2,239,426	$ 595,701
						93.224 Total	**2,239,426**	**595,701**
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance		Direct	N/A	N/A	N/A	500,000	168,924
						93.243 Total	**500,000**	**168,924**
93.268	Immunization Cooperative Agreements		Pass-through	13-20283	California Department of Public Health	State Immunization Assessment and Immunization Registry Awards	500,860	-
						93.268 Total	**500,860**	**-**
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance		Pass-through	2013-012307	National Association of County and City Health Officials	Community-Dwelling Older Adults Project	14,784	3,000
						93.283 Total	**14,784**	**3,000**
93.297	Teenage Pregnancy Prevention Program		Direct	N/A	N/A	N/A	855,632	426,400
						93.297 Total	**855,632**	**426,400**
93.556	Promoting Safe and Stable Families		Pass-through	N/A	California Department of Social Services	Family Preservation / Family Support	887,075	204,436
						Family Preservation / Family Support-Case	128,966	-
						93.556 Total	**1,016,041**	**204,436**
93.558	Temporary Assistance for Needy Families	TANF	Pass-through	N/A	California Department of Social Services	CALWIN	3,758,984	-
						CALWIN-AB6	93,019	-
						CALWIN-SB1041	176,136	-
						CALWIN-WINS	111,894	-
						CalWORKs Assistance-30,33,35, 3P,3R,3E,3H,3U	26,950,716	-
						CalWORKS CEC Program	46,617,048	23,033,472
						CWS - Emergency Assistance(TANF)	6,500,058	-
						93.558 Total	**84,207,855**	**23,033,472**
93.563	Child Support Enforcement		Pass-through	LCSA 13-09	California Department of Child Support Services	Child Support Enforcement	17,922,105	-
						93.563 Total	**17,922,105**	**-**
93.566	Refugee and Entrant Assistance_State Administered Programs		Pass-through	N/A	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	536,903	-
				RESS 1201/ 1301	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	385,886	385,886
						93.566 Total	**922,789**	**385,886**
93.575	Child Care and Development Block Grant	CCDF	Pass-through	01-2501-00-3	California Department of Education	Child Care Salary / Retention Incentive Program (CRET)	624,911	-
						Local Child Care & Development Planning Council Program (CLPC)	56,647	-
						93.575 Total	**681,558**	**-**

County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (Continued)								
93.576	Refugee and Entrant Assistance_Discretionary Grants		Pass-through	TARL 1201/ 1301	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	$ 8,369	$ 8,369
				TART 1201/ 1301	California Department of Social Services	CDSS, Refugee Programs Bureau	35,161	35,161
						93.576 Total	**43,530**	**43,530**
93.584	Refugee and Entrant Assistance_Targeted Assistance Grants		Pass-through	TAFO 1201/ 1301	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	280,171	280,171
						93.584 Total	**280,171**	**280,171**
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CCDF	Pass-through	01-2401-00-3	California Department of Education	Child Care Development	560,579	522,433
						93.596 Total	**560,579**	**522,433**
93.598	Services to Victims of a Severe Form of Trafficking		Pass-through	90ZV0092	SAGE Project, Inc.	Anti-Trafficking in Persons	14,000	-
						93.598 Total	**14,000**	**-**
93.626	Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models		Pass-through	FA-1316-09	California Department of Aging	Financial Alignment	4,104	-
						93.626 Total	**4,104**	**-**
93.645	Stephanie Tubbs Jones Child Welfare Services Program		Pass-through	N/A	California Department of Social Services	CWS-IV-B	8,061,987	-
						93.645 Total	**8,061,987**	**-**
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services	EA-Foster Care-5k	32,893	-
						Foster Care	837,467	-
						Foster Care Assistance-40,42	13,845,961	-
						Foster Care EFC	3,134,755	-
						Foster Care XX	3,243,000	-
						Foster Home Licensing	419,229	-
						Kin-GAP S	168,109	-
						SACWIS	314,002	-
					California Department of Social Services & California Department of Health Care Services	CWS-IV-E	33,347,726	8,408,680
						NCWS-FPP	1,413,026	-
					Social Services Agency	Family Preservation Program	468,080	-
						Foster_Care Title IV-E	8,079,804	-
						93.658 Total	**65,304,052**	**8,408,680**

County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (Continued)								
93.659	Adoption Assistance		Pass-through	N/A	California Department of Social Services	Adoption Eligibility	$ 816,512	$ -
						Adoption SS	1,247,359	-
						Adoptive Assistance Payments-03, 04	10,094,429	-
						93.659 Total	**12,158,300**	**-**
93.667	Social Services Block Grant		Pass-through	N/A	California Department of Social Services	CalWorks Single XX	9,256,732	-
						CWS Title XX	2,293,000	-
						93.667 Total	**11,549,732**	**-**
93.670	Child Abuse and Neglect Discretionary Activities		Pass-through	90CA1810-01, Subacct: ACYFCB2013-NCAN	California Department of Social Services	Youth Transitions Partnership	80,008	-
						93.670 Total	**80,008**	**-**
93.674	Chafee Foster Care Independence Program		Pass-through	N/A	California Department of Social Services	Independent Living Skills	813,044	584,888
						93.674 Total	**813,044**	**584,888**
93.767	Children's Health Insurance Program		Pass-through	1Z0CMS331216-01-00 SubAcct:	California Department of Social Services	Connecting Kids to Coverage	280,883	112,132
						93.767 Total	**280,883**	**112,132**
93.778	Medical Assistance Program	Medicaid	Pass-through	13-90009	California Department of Health Care Services	Medi-Cal Administrative Activities (MAA)	9,790,704	3,950,228
				N/A	California Department of Health Care Services	California Children Services	4,251,860	61,436
						IHSS PCSP/Health Related ADM - DHS	9,576,541	-
						Medi-Cal	29,030,434	64,367
					California Department of Social Services	CALWIN-CalHEERS	1,871,869	-
						CALWIN-Medical	103,788	-
					California Department of Social Services & California Department of Health Care Services	APS/CSBG - Health Related - DHS	6,153,272	581,728
						IHSS - Health Related - DHS	10,071,751	-
						93.778 Total	**70,850,219**	**4,657,759**
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		Pass-through	HI 1314-09	California Department of Aging	HICAP	135,013	121,900
						93.779 Total	**135,013**	**121,900**
93.914	HIV Emergency Relief Project Grants		Direct	N/A	N/A	N/A	5,416,660	3,354,377
						93.914 Total	**5,416,660**	**3,354,377**
93.917	HIV Care Formula Grants		Pass-through	13-20001	California Department of Public Health	HIV Care	1,354,523	812,010
						93.917 Total	**1,354,523**	**812,010**
93.926	Healthy Start Initiative		Direct	N/A	N/A	N/A	1,738,098	-
						93.926 Total	**1,738,098**	**-**
93.940	HIV Prevention Activities_Health Department Based		Pass-through	13-20242	California Department of Public Health	HIV Care	851,957	651,294
						93.940 Total	**851,957**	**651,294**

County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (Continued)								
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups		Pass-through	13-10006	California Department of Public Health	Expanded & Integrated HIV Test	$ 366,162	$ 151,544
						93.943 Total	**366,162**	**151,544**
93.958	Block Grants for Community Mental Health Services		Pass-through	1946001347J5	California Department of Health Care Services	Community Mental Health Services Block Grant (MHBG)	724,432	685,528
						93.958 Total	**724,432**	**685,528**
93.959	Block Grants for Prevention and Treatment of Substance Abuse		Pass-through	N/A	California Department of Health Care Services	SAPT Block Grant - Adolescent Treatment Program	412,130	391,523
						SAPT Block Grant - Discretionary	4,459,775	4,236,786
						SAPT Block Grant - Friday Night Live and Club Live	52,147	52,147
						SAPT Block Grant - HIV Set Aside	668,585	407,583
						SAPT Block Grant - Perinatal Set Aside	1,426,025	1,354,724
						SAPT Block Grant - Prevention Set Aside	1,928,698	1,928,698
						93.959 Total	**8,947,360**	**8,371,461**
93.991	Preventive Health and Health Services Block Grant		Pass-through	N/A	California Department of Health Care Services	Child Health and Disability Prevention (CHDP) Program Allocation	2,753,339	150,713
						93.991 Total	**2,753,339**	**150,713**
93.994	Maternal and Child Health Services Block Grant to the States		Pass-through	201301	California Department of Public Health	Black Infant Health	685,856	-
						California Home Visiting Program	951,906	-
						Maternal and Child Health Services Block Grant to the States	2,931,514	-
				N/A	California Department of Health Care Services	Health Care Program for Children in Foster Care Program	567,829	-
						93.994 Total	**5,137,105**	**-**
U.S. Department of Health and Human Services Total							**317,613,359**	**58,476,365**
U.S. Department of Homeland Security								
97.024	Emergency Food and Shelter National Board Program		Direct	N/A	N/A	N/A	6,250	-
						97.024 Total	**6,250**	**-**
97.042	Emergency Management Performance Grants		Pass-through	2012-0027	California Emergency Management Agency	Emergency Management Performance Grants	295,221	-
				2013-0047	California Emergency Management Agency	Emergency Management Performance Grants	300,780	-
						97.042 Total	**596,001**	**-**
97.045	Cooperating Technical Partners		Direct	N/A	N/A	N/A	143,320	-
						97.045 Total	**143,320**	**-**

County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2014

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Homeland Security (Continued)								
97.056	Port Security Grant Program		Direct	N/A	N/A	N/A	$ 975,000	$ -
			Pass-through	GB-T8-K063 IJ1	Marine Exchange of the San Francisco Bay Region	Port Robotics	140,427	-
						97.056 Total	**1,115,427**	**-**
97.067	Homeland Security Grant Program		Direct	N/A	N/A	N/A	887,158	-
			Pass-through	2010-0085	City and County of San Francisco	Urban Area Security Initiative	236,486	-
				2011-SS-0077	City and County of San Francisco	Urban Area Security Initiative	1,718,126	-
				2012-SS-00123	California Emergency Management Agency	Homeland Security Cluster	992,440	-
					City and County of San Francisco	Urban Area Security Initiative	3,541,413	-
				2013-00110	California Emergency Management Agency	Homeland Security Cluster	104,982	-
					City and County of San Francisco	Urban Area Security Initiative	1,687,459	-
						97.067 Total	**9,168,064**	**-**
97.111	Regional Catastrophic Preparedness Grant Program (RCPGP)		Pass-through	2010-CA-T0-0002	City and County of San Francisco	Urban Area Security Initiative	311,440	-
				2011-SS-0077	City and County of San Francisco	Urban Area Security Initiative	297,035	-
						97.111 Total	**608,475**	**-**
U.S. Department of Homeland Security Total							**11,637,537**	**-**
Total Expenditures of Federal Awards							**$ 384,642,995**	**$ 68,152,318**

Note 1 – General

The accompanying schedule of expenditures of federal awards (SEFA) presents the expenditures for all federal award programs of the County of Alameda (the County), except as discussed (in notes 5, 6 and 7) below. The County's financial reporting entity is defined in note 1.A. to the County's basic financial statements. The County's basic financial statements include the operations of the Alameda Health System, the Alameda County Housing and Community Development Department, and Alameda County Healthy Homes, which expended $2,762,247, $17,817,394, and $637,627 in federal awards, respectively. These federal expenditures are not included in the accompanying SEFA, except as noted, because they are separately audited. Additionally, Medical Assistance (Medi-Cal) and Medicare Hospital Insurance (Medicare) are not considered federal awards (note 4).

Note 2 – Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting, which is described in note 1.C. to the County's basic financial statements.

Note 3 – Relationship to the Financial Statements

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

Note 4 – Medi-Cal and Medicare

Medi-Cal and Medicare program expenditures are excluded from the SEFA. These expenditures represent fees for services; therefore, neither is considered a federal award program of the County for the purposes of the SEFA 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 SEFA as they do not represent fees for services.

Note 5 – Federal Expenditures of the Alameda Health System

The Alameda Health System (AHS) federal expenditures are excluded from the SEFA because such expenditures are audited separately, except for CFDA 93.224, 93.778, 93.914, 93.917, and 93.940 which are included within the County's SEFA. Expenditures for the programs of the AHS listed below are taken from AHS's single audit report for the year ended June 30, 2014.

COUNTY OF ALAMEDA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures
Department of Justice, Office for Victims of Crime			
Passed Through California Emergency Management Agency			
Crime Victim Assistance	16.575	RC12280010	$ 25,660
Crime Victim Assistance	16.575	RC13290010	166,876
Total Department of Justice, Office of Victims of Crime			**192,536**
U.S. Department of Labor			
Passed Through Alameda County Health Care Foundation			
WIA Youth Activities	17.259	None	53,527
Total U.S. Department of Labor			**53,527**
U.S. Department of Health and Human Services			
Direct Programs:			
ARRA-Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement	93.403	1 D5FHP20666-01-00	148,280
Ryan White HIV/AIDS Dental Reimbursements and Community Based Dental Partnership Grants	93.924	1 T22HA26478-01-00	37,725
Subtotal of direct programs			**186,005**
Passed Through Children's Hospital & Research Center at Oakland			
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	12.8958_13-14 004	168,329
Passed Through Alameda County Health Care Services Agency			
Mental Health Clinical and AIDS Service-Related Training Grants	93.224	PHG01CH40500	33,226
Passed Through Johns Hopkins University			
National Research Service Awards - Health Services Research Training	93.225	2001376220	58,140
Passed Through RTI International			
Mental Health Research Grants	93.242	2-312-0212795-50851L	27,570
Passed Through the Regents of the University of California			
Allergy, Immunology and Transplantation Research	93.855	7655SC	13,785
Passed Through Alameda County Health Care Services Agency			
Medical Assistance Program	93.778	MAA MOU 2012-2013	1,077,039
Passed Through Tri-City Health Center, California			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	5 H76 HA 00160	342,652
Passed Through Alameda County Public Health Department, Office of AIDS Administration			
HIV Emergency Relief Project Grants	93.914	PHG08HA60200	53,004
HIV Care Formula Grants	93.917	PHG08HA60100	471,434
HIV Prevention Activities - Health Department Based	93.940	PHG08HA61000	85,000
Subtotal of pass-through programs			2,330,179
Total U.S. Department of Health and Human Services			**2,516,184**
Total Expenditures of Federal Awards			**$ 2,762,247**

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

The Alameda County Housing and Community Development Department (the Department) federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the Department listed below are taken from the separate single audit report for the year ended June 30, 2014. The programs of the Department are as follows:

Federal Grantor/ Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures
U.S. Department of Housing and Urban Development		
Community Development Block Grants/Entitlement Grants	14.218	$ 1,946,118
NSP I HERA	14.218	73,223
Emergency Solutions Grant Program	14.231	183,298
Supportive Housing Program	14.235	3,526,910
Shelter Plus Care	14.238	6,563,364
Home Investment Partnerships Program	14.239	2,497,118
Housing Opportunities for Persons with AIDS	14.241	445,787
Neighborhood Stabilization Program II ARRA	14.256	431,263
Subtotal of direct programs		15,667,081
Passed Through City of Oakland		
Housing Opportunities for Persons with AIDS	14.241	2,150,313
Total U.S. Department of Housing and Urban Development		**17,817,394**
Total Expenditures of Federal Awards		**$ 17,817,394**

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

The Alameda County Healthy Homes (the Program) federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the Program listed below are taken from the separate single audit report for the year ended June 30, 2014. The programs of the Program are as follows:

Federal Grantor/ Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures
U.S. Department of Housing and Urban Development		
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	$ 631,033
Passed Through Wayne State University		
Healthy Homes Technical Studies Grants	14.906	6,594
Total U.S. Department of Housing and Urban Development		637,627
Total Expenditures of Federal Awards		**$ 637,627**

Note 8 – California Department of Aging Federal/State Share

The California Department of Aging (CDA) requires agencies that receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following federal and state amounts under these grants in the year ended June 30, 2014.

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-1314-09	Senior Farmers Market Nutrition Program	$ 30,000			$ 30,000	$ 30,000			$ 30,000
17.235	TV-1314-09	Senior Community Service Employment Program	145,973		3,823	149,796	145,973		3,823	149,796
93.041	AP-1314-09	Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	19,964		1,505	21,469	19,964		1,505	21,469
93.042	AP-1314-09	Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	53,496			53,496				-
93.043	AP-1314-09	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	86,198		4,668	90,866	86,198		4,668	90,866
93.044	AP-1314-09	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	1,289,809		268,009	1,557,818	750,953		268,009	1,018,962
93.045	AP-1314-09	Special Programs for the Aging_Title III, Part C_Nutrition Services	830,366	198,104	189,304	1,217,774	686,942	197,320	189,304	1,073,566
93.045	AP-1314-09	Special Programs for the Aging_Title III, Part C_Nutrition Services	1,651,231	194,710	116,928	1,962,869	1,574,619	194,501	116,928	1,886,048
93.052	AP-1314-09	National Family Caregiver Support, Title III, Part E	598,295		35,984	634,279	544,819		35,984	580,803
93.053	AP-1314-09	Nutrition Services Incentive Program	460,602			460,602	460,602			460,602
93.071	MI-1314-09	Medicare Enrollment Assistance Program	14,336			14,336	12,351			12,351
93.626	FA-1316-09	Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models	4,104			4,104				-
93.779	HI 1314-09	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	135,013	266,027		401,040	121,900	247,191		369,091
			$ 5,319,387	**$658,841**	**$ 620,221**	**$ 6,598,449**	**$ 4,434,321**	**$639,012**	**$620,221**	**$ 5,693,554**

The federal expenditure of $30,000 under CDA Program No. AP-1314-09 (CFDA No. 10.576) was in the form of noncash federal assistance that Alameda County Social Services Agency (SSA) received through the CDA. This noncash assistance was in the form of coupons issued to seniors for use at certified farmers' markets.

Note 9 – Program Totals

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

Program Title	CFDA Number	Expenditures
WIA Cluster		
WIA Adult Program		
Pass-through California Employment Development Department	17.258	$ 2,435,176
WIA Youth Activities		
Pass-through California Employment Development Department	17.259	2,477,037
WIA Dislocated Worker Formula Grants		
Pass-through California Employment Development Department	17.278	4,011,065
South Bay Workforce Investment Board	17.278	400,788
Subtotal WIA Dislocated Worker Formula Grants		4,411,853
Total WIA Cluster		$ 9,324,066
Aging Cluster		
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and		
Pass-through California Department of Aging	93.044	$ 1,289,809
Special Programs for the Aging_Title III, Part C_Nutrition Services		
Pass-through California Department of Aging	93.045	2,481,597
Nutrition Services Incentive Program		
Pass-through California Department of Aging	93.053	460,602
Total Aging Cluster		$ 4,232,008
CCDF Cluster		
Child Care and Development Block Grant		
Pass-through California Department of Education	93.575	$ 681,558
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		
Pass-through California Department of Education	93.596	560,579
Total CCDF Cluster		$ 1,242,137

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COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	Yes

Section I Summary of Auditor's Results (Continued)

Identification of major programs:

(1)	CFDA No.10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
(2)		Workforce Investment Act Cluster:
	CFDA No. 17.258	WIA Adult Program
	CFDA No. 17.259	WIA Youth Activities
	CFDA No. 17.278	WIA Dislocated Worker Formula Grants
(3)	CFDA No. 20.205	Highway Planning and Construction
(4)	CFDA No. 93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements
(5)	CFDA No. 93.558	Temporary Assistance for Needy Families (TANF)
(6)	CFDA No. 93.563	Child Support Enforcement
(7)	CFDA No. 93.659	Adoption Assistance
(8)	CFDA No. 93.667	Social Services Block Grant
(9)	CFDA No. 93.674	Chafee Foster Care Independence Program
(10)	CFDA No. 93.914	HIV Emergency Relief Project Grants
(11)	CFDA No. 93.958	Block Grants for Community Mental Health Services
(12)	CFDA No. 93.959	Block Grants for Prevention and Treatment of Substance Abuse
(13)	CFDA No. 93.991	Preventive Health and Health Services Block Grant
(14)	CFDA No. 93.994	Maternal and Child Health Services Block Grant to the States

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.

Section III Federal Award Findings and Questioned Costs

Finding 2014-001 Subrecipient Monitoring

Program Identification:

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Social Services
Program Name:	Temporary Aid to Needy Families (TANF)
CFDA:	93.558
Award Number:	All awards
Award Year:	FYE 6/30/2014

Awarding Agency:	United States Department of Agriculture
Passed Through:	California Department of Social Services and California Department of Public Health
Program Name:	Supplemental Nutrition Assistance Program (SNAP) Cluster
CFDA:	10.561
Award Number:	All Awards
Award Year:	FYE 6/30/2014

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.

Finding 2014-001 Subrecipient Monitoring (continued)

Exhibit D of the County's contract with its subrecipients states, in part, that:

> "At least two copies of the audit report package, including all attachments and any management letter with its corresponding response, should be sent to the County supervising department within six months after the end of the audit period, or other timeframe as indicated by the County."

Condition Identified and Context:

The County's subrecipients, have six months following their fiscal year-ends to submit their single audit reports to the County. Accordingly, the County's evaluation of subrecipient single audit reports typically occurs up to one year in arrears.

For the year ended June 30, 2014, we tested 4 of 18 subrecipients. The four TANF Program subrecipients tested were not properly monitored. For the four subrecipients, while the County performed the *during-the-award monitoring* and the required single audit report was received from the subrecipient, the County did not issue a management decision within six months after receipt of the subrecipient's audit report. For three subrecipients, the County did not obtain subrecipient audit reports within six months following the subrecipients' fiscal year-end. For one subrecipient, the audit report referred to findings in a separate management letter but the County did not obtain a copy of this letter. For one subrecipient, the monitoring report was not signed by the County nor subrecipient. The disbursements to the four subrecipients resulted in questioned costs.

For the year ended June 30, 2014, we tested two of six subrecipients. One of two SNAP Program subrecipients tested was not properly monitored. While the County performed the *during-the-award monitoring* and the required single audit report was received from the subrecipient in a timely manner, the County did not issue a management decision within six months after receipt of the subrecipient's audit report. The disbursement to the one subrecipient resulted in questioned costs.

Questioned Costs:

Questioned costs for the year ended June 30, 2014 related to the TANF Program subrecipients totaled $3,615,138, representing the amount of federal expenditures to the four subrecipients for the year.

Questioned costs for the year ended June 30, 2014 related to the SNAP Program subrecipient totaled $179,393, representing the amount of federal expenditures to the subrecipient for the year.

Asserted Cause and Effect:

The County was not adequately staffed during the audit period, therefore, did not adequately monitor its subrecipients as required by the Code of Federal Regulations and OMB Circular A-133.

Recommendation:

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

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

Views of Responsible Officials:

Social Services Agency:

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

In order to ensure audit reports are received within six months after the end of the audit period, in fiscal year 2014-15, SSA will periodically generate a report from its centralized contracts database for tracking contractor audit reports. A trained staff is responsible for the reviews of the financial and audit reports, which are conducted in accordance with Generally Accepted Government Auditing Standards, and the issuance of the Management Decision Reports within six months of receipt of the subrecipients' audit reports. In addition, SSA continues to provide relevant training to monitoring staff for conducting scheduled site visits, and maintaining complete and signed monitoring report files.

Regarding one subrecipient's audit report referring to findings in a separate management letter, SSA will request that management letter for review and follow up with the subrecipient to solve any deficiency item as needed. A supplemental Management Decision letter will be issued after the deficiency is cleared. In the future, those details in audit reports will be more closely attended to.

Regarding one subrecipient's monitoring report being unsigned by County and Subrecipient, the County acknowledges this oversight and on January 15, 2015, obtained the required signatures after the auditor's discovery. In the future, reports will be more closely monitored to ensure all required signatures are in place before finalizing.

Regarding the assertion that the Department does not have adequate staffing and cannot adequately monitor its subrecipients as required, it is true that the department has suffered vacancies in key positions; however, as of the date of this response, February 6, 2015, the Contracts Division and Finance Division are nearly fully staffed, and quickly acquiring new hires within the next sixty days in order to ensure adequate monitoring of subrecipients as required by the Code of Federal Regulations and OMB Circular A-133.

The SNAP program is shared between Public Health Department and Social Services Agency. The portion of SSA's share of $179,393 total subrecipient amount is $79,644.

Public Health

The subrecipients specified were all for contracts of less than $500,000 and therefore did not meet the threshold to require a single audit be provided from the subrecipients.

Nutrition Services has in place a contract monitoring system for all contractors. While none of Nutrition Services subrecipients currently meet the threshold to require Single Audits be provided, it is a good fiscal practice to request copies of any audits our subrecipients complete as part of their larger operational picture. In the future, Nutrition Services will request copies of any Single Audits completed by subrecipients for use by Program Specialists, the Director and fiscal staff in evaluation and compliance activities.

The Recommendations in finding provide good guidelines for maintaining compliance on required Single Audit reports. While none of Nutrition Services subrecipients currently meet the threshold to require Single Audits be provided, it is a good fiscal practice to request copies of any audits our subrecipients complete as part of their larger operational picture. In the future, Nutrition Services will request copies of any Single Audits completed by subrecipients for use by Program Specialists, the Director and fiscal staff in evaluation and compliance activities.

Finding 2014-002 Reporting

Program Identification

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Social Services
Program Name:	Chafee Foster Care Independence Program
CFDA:	93.674
Award Number:	All awards
Award Year:	FYE 6/30/2014

Criteria:

The General Instructions for preparation of the Chafee Foster Care Independence Program quarterly statistical report "Exit Outcomes for Youth Aging Out of Foster Care", Form SOC 405E, available on the California Department of Social Services website states that:

"Reports are to be received on or before the 20th calendar day of the month following the end of the report quarter."

Condition Identified and Context:

During our audit, we noted that:

- The report for the quarter ended March 31, 2014, was due by April 20, 2014 but not submitted until May 13, 2014.
- The report for the quarter ended June 30, 2014, was due by July 20, 2014 but not submitted until July 24, 2014.

Questioned Costs:

None

Asserted Cause and Effect:

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

Recommendation:

We recommend that the County meet all mandated reporting deadlines.

Views of Responsible Officials:

The County agrees with the finding that two quarterly reports, SOC 405E were submitted after the due dates. The County finds that the late submissions were due to the following:

1) The Department of Children & Family Services was waiting on Probation Department to report on the youth that had exited their program within the reporting time frame.
2) The second quarter report was initially submitted on time, but in an old format Excel document. The State Office notified the Department of Children & Family Services and provided an appropriate reporting form. The Department re-submitted the second quarter report on a correct form; however, it was past the deadline.

The Department of Children & Family Services management acknowledges this finding. Management will establish stronger internal controls to ensure the report is filed on time with updated forms and complete and accurate information.

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County of Alameda
Status of Prior Year Findings
For the Year Ended June 30, 2014

Finding No.	Description	Status
Financial Statement Findings:		
	None.	
Federal Awards Findings:		
2013-001	Subrecipient Monitoring (CFDA No.: 93.674)	Partially Corrected.The County implemented and documented policies and procedures as recommended in prior year. However, this requirement is a finding for CFDA Nos. 93.558 and 10.561 for FY 2014. See finding 2014-001.
2013-002	Procurement (CFDA No.: 93.958)	Corrected. The County complied with all of its policies on procurements with subrecipients as recommended in prior years.
2013-003	Multiple Programs - Reporting (CFDA Nos: 93.991, 93.994, 93.558, 93.959, 17.258, 17.259, 17.278, 17.277)	Partially Corrected. The County has corrected reporting requirements for previous programs. However, this requirement is a finding for CFDA No. 93.674 for FY 2014. See finding 2014-002.
2013-004	Eligibility (CFDA No.: 93.674)	Corrected. The County complied with this requirement as recommended in prior year.
2012-1	Multiple Programs - Subrecipient Monitoring (CFDA Nos: 93.674, 93.658, 93.558)	Partially Corrected. The County implemented and documented policies and procedures as recommended in prior years for CFDA Nos. 93.658 and 93.558 in FY 2013, and for CFDA No. 93.674 in FY 2014. However, this requirement is a finding for CFDA Nos. 93.558 and 10.561 for FY 2014. See finding 2014-001.
2012-2	Multiple Programs - Procurement (CFDA Nos: 93.958, 93.959)	Corrected. The County complied with all of its policies on procurements with subrecipients as recommended in prior years.
2012-3	Multiple Programs - Reporting (CFDA Nos: 10.557, 93.991, 93.994, 93.069, 93.674, 17.258, 17.259, 17.260, 17.278, 17.275, 17.277, 93.914)	Partially Corrected. The County has corrected reporting requirements for previous programs. However, this requirement is a finding for CFDA No. 93.674 for FY 2014. See finding 2014-002.
2011-3	Multiple Programs - Procurement (CFDA Nos: 84.027A, 93.958, 93.959)	Corrected. The County complied with all of its policies on procurements with subrecipients as recommended in prior years.
2011-4	Multiple Programs - Reporting (CFDA Nos: 10.557, 93.991, 93.994, 93.069)	Partially Corrected. The County has corrected reporting requirements for previous programs. However, this requirement is a finding for CFDA No. 93.674 for FY 2014. See finding 2014-002.

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Mission

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

Vision

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

Values

Integrity, honesty and respect fostering mutual trust.

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

Fiscal stewardship reflecting the responsible management of resources.

Customer service built on commitment, accessibility and responsiveness.

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

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

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

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

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

Cover Image Credits (top to bottom, left to right) - Front Cover: Ashland youth; detail of "Ripple" by Joyce Hsu; REACH building; REACH front entry with building surface design collaboration titled "Clearing" by Artist Amy Trachtenberg and Architect Mallory Scott Cusenbery; "Meet Me Here" by Miranda Bergman; "Diversity is Beautiful #1" by James E. Gayles Jr.; "Diversity is Beautiful #2" by James E. Gayles Jr.; "Earth" by Miranda Bergman. Back Cover: building with stage; REACH youth and staff team; building viewed from the park; amphitheater with youth, site-specific artwork in amphitheater titled "Codex to the Future" by Eduardo Pineda and Joaquin A. Newman; detail of "Roots and Rhythm" by Marion Coleman. Artwork copyright © the artists. Photos of artwork and amphitheater © Sibila Savage Photography; Photos of REACH © Mark Singer Photography / marksinger.com. Design/Bridging Architect: RossDrulisCusenbery Architecture; Design Principal: Mallory Scott Cusenbery. The Public Art Program is funded through Alameda County's "Percent-for-Art" public art ordinance managed by the Alameda County Arts Commission, on behalf of the Alameda County Board of Supervisors.

Alameda County REACH Ashland Youth Center
We envision a vibrant community in which all youth thrive.
When youth thrive, so does our future.