

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2011



Castro Valley Branch, Alameda County Library

Patrick O'Connell, Auditor-Controller



New Beginnings

a partnership to benefit the youth of Alameda County

Cover Images: The new Castro Valley Library opened on October 31, 2009. The Library is a place for learning and gathering, a center for technology, and a vital partner with the schools and other community organizations. Visitors' experiences are enhanced by the features of this innovative, green building and the Castro Valley Creek. Visitors to the library can also buy a cup of coffee and a set of Library artwork note cards at the Fresh Start Café for Book Lovers, a project of the New Beginnings Program. The Castro Valley Library is located at 3600 Norbridge Avenue, Castro Valley, CA 94546.

Credits: Five major site-specific artworks and eleven framed artworks were created for this site. This 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. Images (top to bottom, left to right) - Front Cover: Castro Valley Library; Main Reading Room with wall sculpture by Andre Caradec and Robert Fukuda; Children's Room with tile mural by Jos Sances; Main Entry with metal sculpture by Eric Powell; and pedestrian bridge over day-lighted creek with sculptural fence by David Duskin and David Whippen. Back Cover: Detail of mural by Jos Sances; detail of wall sculpture by Andre Caradec and Robert Fukuda; detail of Teen Room light artwork by Nancy Mizuno Elliott and Norman E. Moore; pastel on paper by Mark G. Mertens; fiber collage by Marion Coleman; watercolor on paper by Karen Frey; and mixed-media discarded book collage by Lisa Kokin. Artworks copyright the artists. Photographs copyright Sibila Savage Photography.

COUNTY OF ALAMEDA STATE OF CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2011**

**Patrick O'Connell
Auditor-Controller**

COUNTY OF ALAMEDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2011

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INTRODUCTORY SECTION



ALAMEDA COUNTY AUDITOR-CONTROLLER AGENCY PATRICK O'CONNELL

AUDITOR-CONTROLLER/CLERK-RECORDER

December 22, 2011

The Honorable Board of Supervisors
Alameda County
County Administration Building
Oakland, CA 94612

Members of the Board of Supervisors and the Citizens of Alameda County:

The Comprehensive Annual Financial Report (CAFR) of Alameda County (the County) for the fiscal year ended June 30, 2011, is hereby submitted in compliance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California.

The CAFR has been prepared by the Auditor-Controller's Office in compliance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal controls should not surpass their benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

The CAFR has been audited by the independent certified public accounting firm of Macias Gini & O'Connell LLP. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the County of Alameda for the year ended June 30, 2011, are free of material misstatements. The independent certified public accounting firm has issued an unqualified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2011.

Management's discussion and analysis (MD&A) immediately follow the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

In addition to the annual audit of this CAFR, the County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the 1996 amendments to that act, and the US Office of Management and Budget Circular A-133 "*Audits of States, Local Governments and Non-Profit Organizations*." Information related to the single audit, including the schedule of expenditures of federal awards, findings and questioned costs, and the auditor's report on the internal control and compliance with applicable laws and regulations, is presented in a separate publication.

The CAFR includes all funds of the County. The County provides a full range of services, including public protection; social services; health care for the indigent; construction and maintenance of highways, streets and other infrastructure; recreational activities; library services and cultural events.

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In addition to general government activities, this CAFR includes activities of the Alameda County Medical Center Hospital Authority (as a discretely presented component unit), the Alameda County Employees' Retirement Association and certain special districts and county service areas. The Oakland-Alameda County Coliseum Authority, which includes the Oakland-Alameda County Coliseum Financing Corporation as its blended component unit, is a joint venture between the County and the City of Oakland, each funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements, to the extent such funding is necessary. Finally, information about the Master Tobacco Settlement Corporation is included (as a blended component unit).

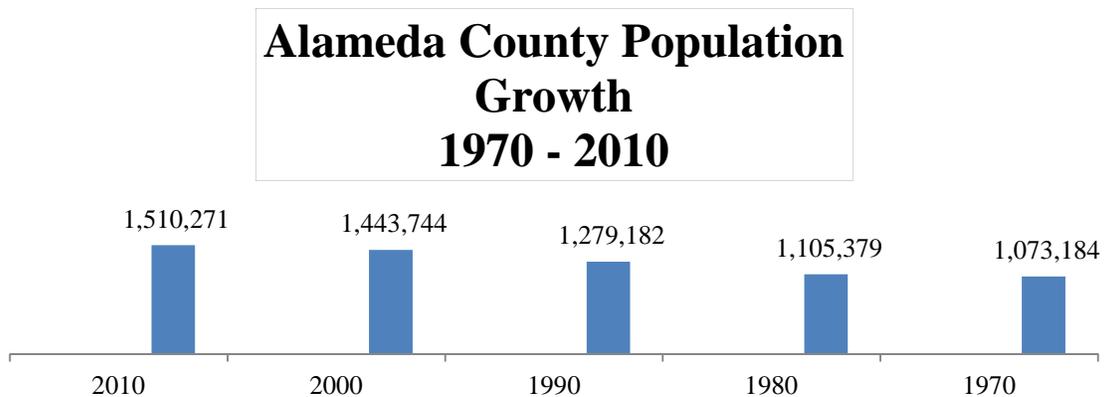
ALAMEDA COUNTY

Profile of Government:

Alameda County was established in 1853 and is governed by a five-member Board of Supervisors elected by popular vote. Other elected officials include the Auditor-Controller/Recorder, Assessor, Treasurer-Tax Collector, District Attorney, and Sheriff/Coroner. The Board of Supervisors is responsible for providing policy direction, approving the County budget, and representing the County in a number of areas including special districts. The County Administrator reports to the Board and is responsible for delivering County services.

Local Economy:

Located on the east side of the San Francisco Bay, Alameda County encompasses 813 square miles and extends from Albany in the North to Fremont in the South and Livermore in the East. The population of Alameda County exceeds 1.5 million making it the seventh most populous county in California according to US Census Bureau data. Population growth in Alameda County has been fairly consistent during the last forty years making it a desirable place to live and work.



Source US Census 2010

Alameda County possesses a large and diverse economic base, consisting of research and high technology, professional services, manufacturing, farming, finance, transportation, wholesale and retail trade, higher education, medical and health services, and government services. The County also has a diversified industrial base that provides well-paying jobs to its residents.

In international trade, Alameda County has a long history of strong cultural and business ties with Pacific Rim trading partners. Because of its central location and state-of-the-art port facilities, it is a major port for the Pacific Rim trade. The County's extensive network of air, sea, highway and rail facilities have made the County a major transportation hub for regional, national and international trade.

The Port of Oakland serves an essential role for the agricultural and manufacturing sectors of the California economy. California is the leading agricultural state in the nation, producing \$34.8 billion in farm products for calendar year 2009. California farm products, such as fruits, nuts, vegetables, rice, and raw cotton are exported through the Port of Oakland, as are other products, including animal feed, chemicals, lumber, recycled paper and scrap metal. The Port is one of the top twenty shipping facilities in the world in annual container traffic and ranks in the top four nationally. The Port of Oakland loads and discharges more than 99 percent of the containerized goods moving through Northern California, the nation's fourth largest metropolitan area.

Oakland International Airport (OAK), owned and operated by the Port of Oakland, is a world class international airport handling in excess of 9 million passengers and over 1.1 billion pounds of cargo annually. Calendar year 2010 saw the total number of passengers handled at OAK increase to 9,542,333 or an increase of .4 percent. Air cargo traffic was up slightly to 1.106 billion pounds in calendar year 2010, up from 1.063 billion pounds in calendar year 2009 or an increase of 4 percent. Landed weights decreased by 4.4 percent to 8.7 billion pounds in calendar year 2010. The airport is the regional center for cargo distribution for Federal Express, United States Postal Service, United Parcel Service and Airborne Express.

In addition to its focus on passenger and cargo operations, the airport operates a successful general and corporate aviation facility at Oakland Airport's North Field. Approximately 60 tenants run businesses at the North Field, consisting of airline charters, flight and aircraft maintenance schools, flying clubs, aerial advertising and photography, aircraft maintenance, repair and sales of aircraft components, and aircraft fueling. The Rolls Royce Corporation is the North Field's largest employer with more than 380 employees.

The Livermore Valley is home to one of California's oldest wine regions with a rich winemaking tradition dating back to 1840. Currently, the Livermore Valley has 40 plus wineries, and more than 5,000 acres of vineyards. Wineries vary in size from limited release, 100-case special reserves to 400,000-case mass produced operations. The region's climate is ideal for producing fully ripened, balanced grapes for winemaking. The Livermore Valley's long and rich tradition of winemaking makes it a true tourist destination for wine lovers.

Alameda County is also the home of Ernest Orlando Lawrence Berkeley National Laboratory and Lawrence Livermore National Laboratory. Both sites are world-renowned scientific centers, where cutting-edge science and engineering are used to break new ground to enhance national security. Other areas of research at the two locations include developments in energy, biomedicine, and environmental science.

Many institutions of higher education are located in Alameda County, including the prestigious University of California at Berkeley, California State University of the East Bay, Mills College, Holy Names University, the California College of Arts and Crafts, seven community colleges and many vocational and specialty schools. These institutions of higher learning help to produce an educated work force to drive the economy of the Bay Area.

A number of major freeways, bridges, the Alameda-Contra Costa Transit system (AC Transit) and the Bay Area Rapid Transit system (BART) provide the County with a modern and efficient transportation system.

ECONOMIC OUTLOOK

California's economy continues to suffer because of the lasting impacts of the recent recession. Unemployment in California continues to be higher than the nationwide average. United States Department of Labor statistics show that nationally, the unemployment rate was at 9.1 percent in June 2011, down from 9.5 percent June 2010. However, unemployment in California stood at 11.8 percent in June 2011, down from the June 2010 rate of 12.3 percent. In Alameda County, the unemployment rate dropped from 11.5 percent in June 2010 to 10.9 percent in June 2011.

While these numbers reflect a positive trend, the overall unemployment rate in Alameda County is still uncharacteristically high for a region with such a diverse economic foundation.

The State of California and its ongoing budget problems have had a major impact on the County of Alameda's ability to provide essential services to its most vulnerable population. On June 24, 2011, the Board of Supervisors adopted a budget for the 2011 – 2012 Fiscal Year by closing a \$137.9 million funding gap through a combination of permanent ongoing reductions, revenue increase and one-time strategies.

The prospects for a full economic recovery in California remain bleak. The UCLA Anderson School of Business Senior Economist Jerry Nickelsburg refers to what he sees as a "bifurcated" state, one in which the coastal regions continue to grow out of the recession, while the inland regions suffer from economic "doldrums." Nickelsburg goes on to say that "the most likely scenario for the state will be a slow build over the next 12 months followed by an incipient recovery period." The Anderson School of Business forecast for California sees virtually no growth in employment, with employment growth of 0.7 percent in 2012.

While the signs point to a slow and painful economic recovery for California, Alameda County is positioning itself to be one of the leaders in California out of the difficult economic times. Alameda County continues to be a location where innovation and new ideas in industry are welcomed and encouraged. Last year, Tesla Motors purchased the former NUMI automobile factory in Fremont. The Tesla Factory is the only auto assembly plant in California, and the first facility dedicated exclusively to the mass production of electric vehicles. Also, the Lawrence Berkeley National Laboratory is set to expand the size of its campus and several cities in Alameda County are being considered to house this ambitious project.

Despite the dismal economic predictions for the foreseeable future the leadership of Alameda County continues to employ sound fiscal judgment to address the severe economic issues it is facing. In the last two fiscal years Alameda County has closed budget gaps totaling \$290.3 million while still providing essential services to the citizens of Alameda County.

MAJOR INITIATIVES

The County closed a \$137.9 million funding gap by using a combination of permanent ongoing reductions, revenue increases and one-time strategies.

The Assessor's Office enhanced the capability of the property valuation program to provide an accurate, efficient and proactive annual review of properties for declines in market value. This practice reduces the need for taxpayers to file assessment appeals and saves the County the cost of adjudicating thousands of formal appeal applications.

The County Administrator's Office implemented a non-refundable \$50 per parcel processing fee for assessment appeal applications which ensured adequate staffing and technological enhancements.

The County Administrator's Office in collaboration with the Information Technology Department implemented on-line filing of assessment appeals applications for the 2010 filing period.

The Information Technology Department was awarded the 2010 Digital Government Best of the Web Finalist for the Alameda county website for the second year in a row. The award is presented for progressive and innovative worldwide web sites and digital applications.

The Information Technology Department moved 30 servers to the County Data Center for various County departments resulting in \$379,000 in annual savings.

The Auditor-Controller's Office developed online, Small, Local and Emerging Business (SLEB) and contracting compliance training for staff and contracting community and increased the number of certified SLEB vendors from 1,000 to over 1,300.

The General Services Agency completed construction and commissioning of a new 250 kilowatt rooftop photovoltaic array capable of fully powering the new Castro Valley Library.

The Community Development Agency initiated development of a Memorandum of Understanding with the City of Hayward to coordinate a planning process for redevelopment of the under-utilized Highway 238 parcels.

RELEVANT FINANCIAL POLICIES

Internal Control: The management of the County is responsible for establishing and maintaining adequate internal controls to assure that County operations are effective and efficient, applicable laws and regulations are followed, and financial reports are reliable. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that cost-benefit analyses require estimates and judgments by management.

Countywide internal control standards are established by the Auditor-Controller's Office. The Board of Supervisors adopted a policy that requires County departments to conduct triennial self-assessments of their internal controls, using control self-assessment tools developed by the Auditor-Controller's Office, and make improvements to enhance their fiscal accountability. The County's internal audit staff monitors the countywide assessment program.

Audit of Financial Statements: The County Charter and the California Government Code require an annual audit of the financial statements of the County. The accounting firm of Macias Gini & O'Connell LLP was selected by the County to perform the audit for fiscal year 2010-11. The independent auditor's report on the Basic Financial Statements is included in the financial section of this report and states that the County's Basic Financial Statements present fairly, in all material respects, the financial position of the County, as of June 30, 2011, and the changes in its financial position and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Audit of the Alameda County Employees' Retirement Association (ACERA): ACERA engaged the accounting firm of Williams, Adley & Company, LLP to perform an audit of its financial statements. The independent auditor's report states that ACERA's financial statements present fairly, in all material respects, the plan net assets of ACERA, as of December 31, 2010, and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Audit of the Alameda County Medical Center Hospital Authority (ACMC): ACMC engaged the accounting firm of Macias Gini and O'Connell LLP, to perform an audit of its financial statements. The independent auditor's report states that ACMC's financial statements present fairly, in all material respects, the financial position of ACMC, as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Single Audit: The County engaged the accounting firm of Macias Gini & O'Connell LLP to perform the annual audit of the expenditure of federal awards required by the Single Audit Act of 1984 and Amendments of 1996, and the related OMB Circular A-133. As part of the Single Audit, tests were made to determine the adequacy of internal controls related to the administration of federal financial assistance programs and to determine that the County had complied with applicable laws and regulations. The Single Audit report is available separately from this report.

Budgetary Controls: In accordance with the provisions of Sections 29000 through 29143, of the Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and adopts a budget for each fiscal year. Activities of the general fund, special revenue funds and capital projects fund are included in the annual budget. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established for major expenditure categories in each budget unit. The budgeted expenditures become law through the passage of the Appropriation Ordinance. This Ordinance constitutes the authorized spending threshold for the fiscal year, and cannot be exceeded, except by subsequent amendment of the budget by the Board of Supervisors. In the governmental funds, an encumbrance system is used to ensure effective budgetary control and to enhance cash planning and control. Encumbrances outstanding at June 30 are reported as reservations of fund balance. As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound fiscal management.

Pension and Other Postemployment Benefit Trust Fund Operations: All investment managers are under the supervision of the Board of Retirement and invest funds of the Alameda County Employees' Retirement Association (ACERA). ACERA operates as a cost-sharing multi-employer defined benefit plan for employees of Alameda County, the Superior Court of California for Alameda County, the Zone 7 Water Agency, and five participating special districts located in the County but not under the control of the County Board of Supervisors. All risks and costs are shared by the participating entities.

ACERA's funding objective is to meet long-term benefit obligations through contributions and investment income. Total contributions of \$225.1 million, net investment income of \$648.1 million, postemployment medical benefits on behalf of employers of \$29.5 million, Employer Implicit Subsidy from Postemployment Medical Benefits of \$5.3 million and miscellaneous income of \$0.5 million combined for a total increase of \$908.5 million. Of the total contributions of \$225.1 million, the employers' share was \$147.5 million while the employees' share was \$77.6 million. Total contributions increased by \$15.7 million in 2010 compared with \$4.2 million increase in the previous year. For 2010, overall changes to plan net assets were \$908.5 million, compared to increases of \$1,207.5 million in 2009.

The net assets held in trust for pension and other postemployment benefits were \$5.2 billion at December 31, 2010. All of the assets were available to meet ACERA's ongoing obligations to plan participants and their beneficiaries. The net assets held in trust for total benefits increased by \$547.6 million or 11.7 percent, primarily as a result of favorable market investments in 2010. The actuarial value of the pension plan assets as a percentage of the actuarial accrued liability (funded ratio) for ACERA was 77.5 percent at December 31, 2010, a decline of 3.7 percent from December 31, 2009. According to the Supplemental Retirees Benefits Reserve (SRBR) actuarial valuation completed as of December 31, 2010, the Postemployment Medical Benefits and the Other Postemployment Benefits were 76.6 percent and 39.2 percent funded, respectively.

Total benefit payments for 2010 were \$307.5 million which represented a \$23 million or 8 percent increase over the prior year.

The postemployment medical benefits expense for 2010 was \$29.8 million, up \$2 million or 7 percent over the prior year.

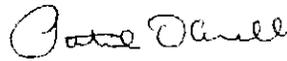
AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Alameda for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the twenty-seventh consecutive year that Alameda County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily

readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the entire staff of the Auditor-Controller's Office. I would like to express my appreciation to all members of the departments who assisted and contributed to its preparation. In addition, I acknowledge the leadership and support provided by the Board of Supervisors and the County Administrator, which have made the preparation of this report possible.



Patrick O'Connell
Auditor-Controller
of Alameda County

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Alameda
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

COUNTY OF ALAMEDA, CALIFORNIA
ELECTED AND APPOINTED PUBLIC OFFICIALS

As of June 30, 2011

ELECTED OFFICIALS

Board of Supervisors

Scott Haggerty	District 1
Nadia Lockyer	District 2
Wilma Chan	District 3
Nathan Miley	District 4
Keith Carson	District 5

Department Heads

Ronnie Thomsen	Assessor
Patrick O'Connell	Auditor-Controller-Clerk-Recorder
Nancy O'Malley	District Attorney
Gregory Ahern	Sheriff-Coroner
Donald R. White	Treasurer-Tax Collector

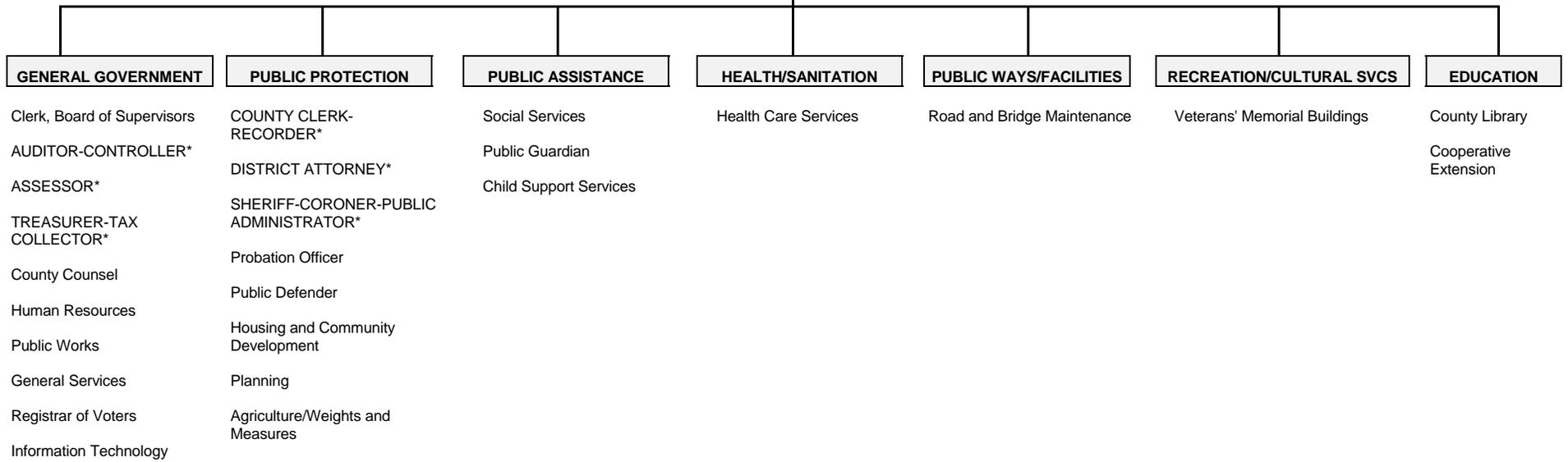
APPOINTED DEPARTMENT HEADS

Susan Muranishi	County Administrator
Crystal Hishida	Clerk, Board of Supervisors
Christopher Bazar	Director, Community Development
Lucrecia Farfan-Ramirez	Director, Cooperative Extension
Richard Karlsson	Interim County Counsel
Aki Nakao	Director, General Services
Alex Briscoe	Director, Health Care Services
Vacant	Director, Human Resource Services
David G. Macdonald	Director, Information Technology
Jean Hofacket	County Librarian
David Muhammad	Chief Probation Officer
Diane Bellas	Public Defender
Daniel Woldesenbet	Director, Public Works
David G. Macdonald	Registrar of Voters
Lori Cox-Jones	Acting Co-Director, Social Services Agency
Daniel B. Kaplan	Acting Co-Director, Social Services Agency

COUNTY OF ALAMEDA ELECTORS

BOARD OF SUPERVISORS

COUNTY ADMINISTRATOR



* Elected Officials



FINANCIAL SECTION

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alameda County Employees' Retirement Association (ACERA), which represents 71.4%, 75.1%, and 10.5%, respectively, of the assets, net assets/fund balances, and revenues/additions of the aggregate remaining fund information as of and for the year ended June 30, 2011. The ACERA financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for ACERA, are based on the 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.K. to the financial statements, as of July 1, 2010, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 for the General Fund, Property Development, Flood Control and Grant Revenue special revenue funds 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 an appropriate operational, economic, or historical context. We and the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, the combining financial statements and other supplementary information, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & Connell LLP

Oakland, California
December 22, 2011

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2011

Management's Discussion and Analysis

This section of the County of Alameda's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,676,927 (net assets). Of this amount, \$697,984 is restricted for specified purposes and is not available to meet the government's ongoing obligations to citizens and creditors, \$404,686 is invested in capital assets (net of related debt), and \$574,257 is available to meet the County's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$146,276 during the fiscal year. This change in the County's net asset is primarily due to the increase in revenues of \$156,517 and a decrease in expenses of \$15,378. The largest decreases in expenses came from Public Protection and Health and Sanitation, by \$14,034 and \$12,633, respectively.
- As of June 30, 2011, the County's governmental funds reported a combined ending fund balance of \$2,164,615, an increase of \$422,132 in comparison with the prior year. Less than one percent of this total amount, \$15,066, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$16,996 or 1 percent of total general fund expenditures of \$1,772,428.
- The County's gross long-term debt (excluding unamortized premiums, discounts and refunding losses) increased by \$329,059 during the fiscal year ended June 30, 2011. This was mostly due to the issuance of debt for the building of the Alameda County Medical Center – Acute Tower.
- The County received \$45 million in American Recovery and Reinvestment Act funds in fiscal year 2011, this is \$3 million less than the \$48.8 million received in fiscal year 2010.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

The County maintains several individual governmental funds organized according to their type (special revenue, capital projects, debt service, and general fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and

COUNTY OF ALAMEDA, CALIFORNIA
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changes in fund balances for the general fund, property development special revenue fund, flood control special revenue fund, grant revenue fund, capital projects fund, and debt service fund, all of which are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds

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

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

The County does maintain internal service funds, which are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, maintenance of buildings, risk management services, communications services and information technology services. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the internal service funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary funds

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

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

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-82 of this report.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information other than this discussion and analysis concerning the County's progress in its obligation to provide pension benefits, postemployment medical benefits, and other postemployment benefits to its employees and budget-to-actual information for the County's general and

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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major special revenue funds. Required supplementary information can be found on pages 83-88 of this report.

Other supplementary information

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 89-117 of this report. Budgetary comparisons for the County's capital projects fund and non-major special revenue funds are also presented.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Alameda County, assets exceeded liabilities by \$1,676,927 at June 30, 2011.

A large portion of the County's net assets, \$404,686 or 24 percent, reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Alameda
Net Assets
June 30, 2011

	Governmental	
	Activities	
	<u>2011</u>	<u>2010</u>
Assets:		
Current and other assets	\$ 2,578,161	\$ 2,193,267
Capital assets	1,119,620	1,046,386
Total assets	<u>3,697,781</u>	<u>3,239,653</u>
Liabilities:		
Current liabilities	398,699	382,481
Long-term liabilities	1,622,155	1,326,521
Total liabilities	<u>2,020,854</u>	<u>1,709,002</u>
Net assets:		
Invested in capital assets		
net of related debt	404,686	560,449
Restricted	697,984	641,476
Unrestricted (deficit)	574,257	328,726
Total net assets	<u>\$ 1,676,927</u>	<u>\$ 1,530,651</u>

An additional portion of the County's net assets, \$697,984, represents resources that are subject to external restrictions as to how they may be used. The remaining balance of unrestricted net assets, \$574,257, may be used to meet the government's ongoing obligations to citizens and creditors.

There was an increase of \$56,508 in restricted net assets reported in connection with the County's governmental activities.

COUNTY OF ALAMEDA, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
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The County's net assets increased by \$146,276 during the fiscal year ended June 30, 2011 versus a decrease of \$25,618 before transfers for last fiscal year. As compared to last fiscal year, expenses decreased by \$15,378. General revenues increased by a total of \$11,851. There were increases in charges for services of \$83,861 and in operating and capital grants and contributions of \$60,805 over the previous year.

**County of Alameda
Changes in Net Assets
June 30, 2011**

	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 598,729	\$ 514,868
Operating grants and contributions	1,232,027	1,170,990
Capital grants and contributions	5,550	5,782
General revenues:		
Property taxes	399,701	403,847
Sales taxes - shared revenues	150,328	140,643
Other taxes	27,503	28,144
Interest and investment income	5,751	9,369
Other	34,009	23,439
Total Revenues	<u>2,453,598</u>	<u>2,297,082</u>
Expenses:		
General government	141,862	143,497
Public protection	752,191	766,225
Public assistance	674,181	680,142
Health and sanitation	584,815	597,448
Public ways and facilities	43,312	36,598
Recreation and cultural services	608	557
Education	22,863	22,813
Interest and long-term debt	87,490	75,420
Total expenses	<u>2,307,322</u>	<u>2,322,700</u>
Increase/(decrease) in net assets before transfers	146,276	(25,618)
Transfers	-	-
Change in net assets	<u>146,276</u>	<u>(25,618)</u>
Net assets - beginning	1,530,651	1,556,269
Net assets - end of period	<u>\$ 1,676,927</u>	<u>\$ 1,530,651</u>

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2011

Governmental activities

Governmental activities increased the County's net assets by \$146,276, and accounted for the total addition in net assets of the County.

Operating grants and contributions increased \$61,037 or about 5 percent during the year. The largest increase \$39 million in state aid was due primarily to funding for mental health services provided for Mental Health Services Act and Early Periodic Screening, Diagnosis, and Treatment programs. There was a one-time increase in federal funding of \$9.5 million for Alcohol and Drugs programs. Grant revenues increased \$10 million for road and bridge maintenance. Federal funding increased \$6.7 million for services to the 4,700 dislocated workers of NUMMI auto manufacturing plant in Fremont.

Charges for services increased \$83,861 or 16 percent from the previous year. This increase was primarily due to an allowance reduction of \$57 million for uncollectible accounts receivable from the Alameda County Medical Center. Revenues increased by \$16 million because of contracts with the cities of Newark and Union City to provide fire protection services. Also, the sale of land to AvalonBay Communities by the Surplus Property Authority added \$13.4 million to the revenues.

Capital grants and contributions decreased \$232 as a result of a reduction in funding from the state for the Castro Valley Library project.

General revenues increased by \$11,850 or 2 percent overall in the year ended June 30, 2011.

- Property tax revenues decreased by \$4,146 or 1 percent during the year primarily due to reductions in assessed property values.
- Sales and use tax revenue increased by \$9,685 or 7 percent during the year due to increased consumer spending as the economy began to recover slightly with a decreased unemployment rate compared to fiscal year 2010. Public protection alone received \$4,521 more sales tax revenue than in the prior year and Measure A sales tax increased by \$2,849.
- Other taxes decreased \$641 or 2 percent, mostly due to lower utility users tax revenue of \$531 and aircraft tax revenue of \$351. These were partially offset by property transfer tax revenue which increased \$176.5.
- Interest and investment income decreased by \$3,618 or 39 percent. The average daily balance of funds invested through the Treasurer decreased 2 percent during fiscal year 2011. The gross annual yield on the Treasurer's pooled investments decreased from 0.72 percent in 2010 to 0.55 percent in fiscal year 2011. The net interest rate for the last quarter of fiscal year 2011 was only 0.7 percent.
- Other revenue increased \$10,570 or over 45 percent largely due to sales of property which increased revenues by \$13 million and offset by decreases in Tobacco Tax Settlement of \$1 million.

Expenses related to governmental activity decreased \$15,378 or 1 percent during the fiscal year ended June 30, 2011.

Public assistance expenses decreased \$5,961, health and sanitation decreased by \$12,633, general government expenses decreased by \$1,635 and public protection expenses decreased by \$14,034 from the previous year. Public ways and facilities increased by \$6,714.

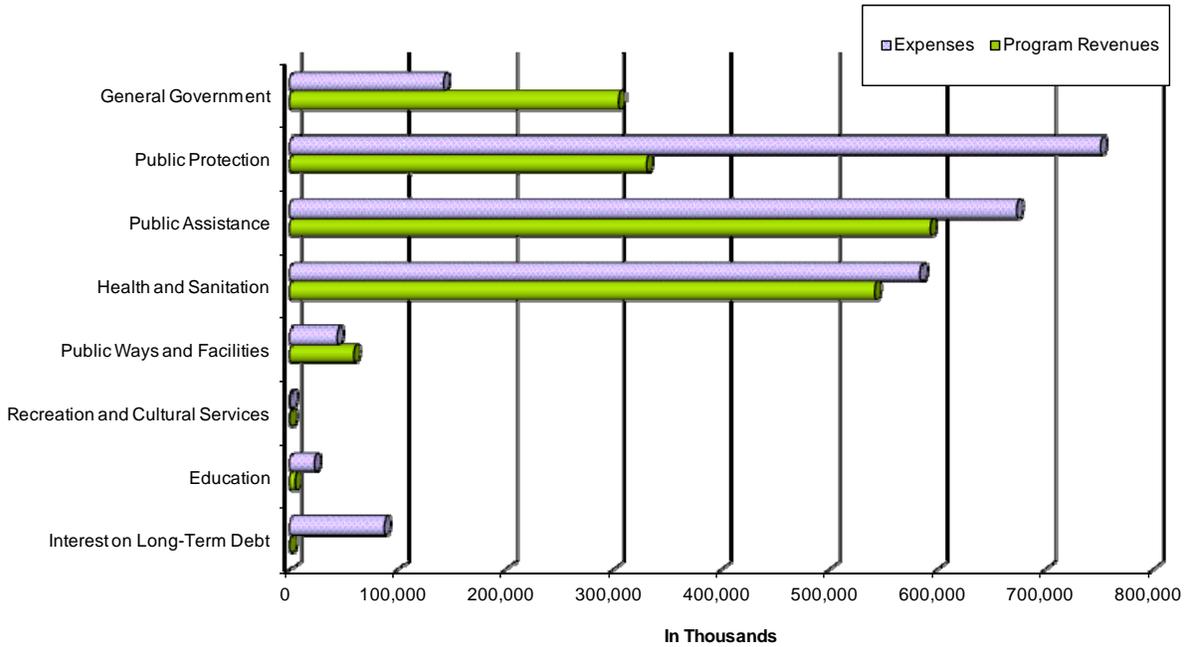
COUNTY OF ALAMEDA, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2011**

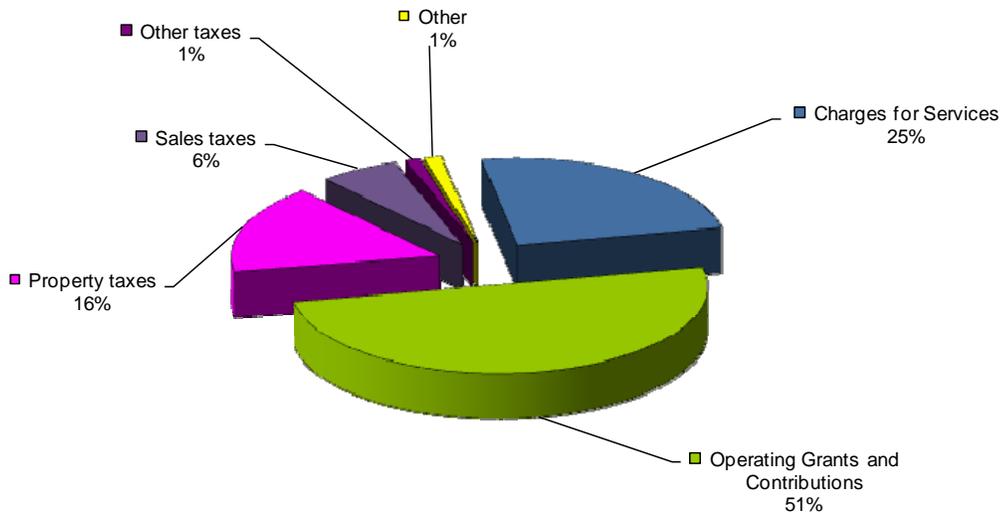
- The \$5,961 decrease in public assistance expenses were due in large part to a \$10.3 million reduction in General Assistance offset by a \$7.5 million increase in funding to provide services for dislocated NUMMI workers.
- The \$12,633 decrease in Health and Sanitation was primarily due to a \$3.6 million decrease in American Recovery and Reinvestment Act (ARRA) funds, a \$6.5 million decrease in program expenditures, and \$24 million decrease due to a reduction in expenditure accruals for health care administration over the previous year. An increase of \$19 million in behavioral health care expenses was due to the hiring of additional staff and increased services and supplies expenses.
- The \$1,635 decrease in general government expenses was primarily caused by a decrease in contributions of \$4 million to other post-employment benefits with an offset of \$2 million due to a write-off of a deposit for the BART West Dublin Station.
- The \$14,034 decrease in public protection expenses was due to a \$17 million reduction of OPEB obligations for the Sheriff's department, coupled with a nearly \$5 million reduction in ARRA. Expenses for salaries and benefits increased \$7.4 million in order to provide fire protection services to Newark and Union City.
- The \$6,714 increase in public ways and facilities was primarily due to an increase of \$4.5 million from ARRA funding for construction projects in Altamont, Redwood, San Miguel, and Bockman, as well as a LED street light conversion project.

COUNTY OF ALAMEDA, CALIFORNIA
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 (Amounts expressed in thousands)
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Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

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

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

As of the end of the fiscal year ended June 30, 2011, the County's governmental funds reported combined ending fund balances of \$2,164,615, an increase of \$422,132 or 24 percent as compared to the prior year. Approximately 1 percent of this total amount (\$15,066) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance consists of non-spendable (\$7,146), restricted (\$830,917), committed (\$1,206,522), or assigned (\$104,964).

Revenues for governmental funds overall totaled approximately \$2.473 billion for the fiscal year ended June 30, 2011, which represents an increase of \$149,707 or 6 percent from the fiscal year ended June 30, 2010. Expenditures for governmental funds, totaling \$2.421 billion, increased by \$103,684 or almost 4 percent from the fiscal year ended June 30, 2010. In the fiscal year ended June 30, 2011, revenues for governmental funds exceeded expenditures by \$51,886.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$16,996, while total fund balance was \$1,062,918. 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 1 percent of total general fund expenditures of \$1,772,428, while total fund balance represents 60 percent of that same amount.

General fund revenues increased 6 percent and expenditures remained relatively unchanged for the year. The fund balance in the County's general fund increased \$135,588 during the fiscal year because revenues exceeded expenditures. This is due to the following factors:

- Property taxes revenue decreased \$3,380 or 1%. This decrease was primarily caused by a reduction in assessed property values.
- Sales tax revenue increased \$9,481 or 6.9% due to higher consumer spending.
- Fines, forfeitures, and penalties decreased by \$7,527 or 18.4%. This was a result of net reduction of \$3.2 million in revenues from general fines and forfeits and decrease of \$4.6 million in revenue from penalties on delinquent taxes due to a drop in delinquency rate to 2.65 percent in fiscal year 2011 from 3.27 percent in the prior year.
- State aid increased by \$31,293 or 5.0%. State funding for health services programs increased \$42 million, social services administration increased \$7 million, and public assistance programs increased \$14 million due to program expansions, increased services, and funding shifts from federal to state aid. This was offset by a \$25 million decrease in Medi-Cal state revenue mostly

COUNTY OF ALAMEDA, CALIFORNIA

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because Medi-Cal federal revenues were posted to the federal aid account in fiscal year 2011 unlike in previous years where it was posted entirely to state aid.

- Charges for services increased by \$17,891 or 5.9%, this was mostly due to a \$28 million increase in Medi-Cal funding and an \$11.5 million offset in law enforcement services revenue.
- Other revenue increased by \$71,475 or 389%. This increase was primarily due to an allowance reduction of \$57 million for uncollectible accounts receivable from the Alameda County Medical Center. A \$10 million increase in welfare administration was largely due to one-time close-out revenues for programs due to availability of state funding at year end.

General fund expenditures increased by \$7,438 from last fiscal year.

Overall, the general fund's performance resulted in revenues exceeding expenditures in the fiscal year ended June 30, 2011, by \$198,167. In the prior year, general fund revenues exceeded expenditures by \$97,168.

The property development fund has a total fund balance of \$308,958. This fund accounts for activities related to the development and sale of County surplus land. The net increase in the fund balance during the current year was \$4,696. This was primarily due to the sale of land to AvalonBay Communities.

The fund balance in the flood control fund decreased 2 percent in 2011 or a total of \$4.0 million, from \$177,105 to \$173,138 primarily due to increases in maintenance and project activities during the fiscal year.

The capital projects fund has a total fund balance of \$258,963, an increase of \$214,165 from last year. The increase was primarily attributable to the construction of the Alameda County Medical Center - Acute Tower.

The fund balance in the debt service fund increased \$42,542 from \$68,076 to \$110,618. This increase was primarily from the issuance of debt for the building of the 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 any enterprise fund to report.

The net assets of the internal service fund increased \$16 million mostly due to operating income of \$24.5 million, which was reduced by transfers-out of \$9 million mostly 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, 2010, the end of ACERA's fiscal year, the net assets of ACERA and the other employee benefits trust totaled approximately \$5.2 billion, representing an increase of \$548 million

COUNTY OF ALAMEDA, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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in net assets from the prior year's net assets. The increase was primarily due to an increase in the fair value of investments and interest and dividend revenues.

As of June 30, 2011, the investment trust fund's net assets totaled \$1,418,230, a \$154,162 decrease in net assets during the fiscal year. The decrease in net assets of the investment trust fund was due to withdrawals exceeding contributions to the fund by \$158,200, plus a net investment income of \$4,038.

General fund budgetary highlights

The County's final budget of the general fund differs from the original budget in that it contains supplemental appropriations approved during the fiscal year. The difference of \$47,975 between the original budget and the final amended budget represents increased appropriations, the most significant of which are briefly summarized as follows:

- General government increased appropriations by \$5,453. The increase was primarily due to an additional appropriation of \$3.3 million as a result of final fund balance calculations for the previous fiscal year, and a \$0.8 million mid-year Board approved salary and benefits adjustments.
- The public protection departments increased appropriations by \$20,778. This included \$7 million mid-year salary and benefit increases approved by the Board of Supervisors. An increase of \$3.6 million in the Detention and Corrections Division was due to the hiring of 22 additional staff. An additional appropriation of \$3.3 million was for budget adjustments and to prepare the County's financial report for FY 2010-11.
- The public assistance departments increased appropriations by \$5,490. This included \$2.3 million mid-year salary and benefit increases approved by the Board of Supervisors, and a \$0.8 million increase for a Youth Board program.
- Appropriations for health and sanitation increased by \$19,439. The increase includes a \$7.5 million addition for Alameda County Excellence (ACE) health services, an additional appropriation of \$7.2 million as a result of final fund balance calculations for the previous fiscal year, and \$4.7 million state-approved Mental Health Services Act (MHSA) payments to Community Based Organizations (CBO).

Overall, the County's actual general fund revenues exceeded its budgeted fiscal year 2011 revenues by \$79,216 or 4 percent. Revenues that had significant variances include the following:

- Fines, forfeitures and penalties revenue exceeded the budget by \$16,429 or 97 percent. The major variance from budget of \$17.1 million was due to increase in property tax delinquencies. Due to the increased number of foreclosures, banks are paying prior secured property taxes and related supplemental taxes, bringing them current. Those payments include the related penalties.
- State aid revenue was under-realized by \$11,105 or 2 percent, while Federal aid revenue was over-realized by \$24,711 or 7 percent. CalWORKS received \$7.1 million less in federal aid and \$8 million more in state aid than budgeted for administration. CalWORKS assistance payments state aid came in at \$13.8 million higher than budget and federal aid was \$17.4 million less. Medi-Cal revenues came in at \$49 million under budget for state aid and \$38 million over budget for federal aid because all Medi-Cal program revenue was budgeted to state aid, but was posted to state/federal revenue accounts as it was received.
- Charges for current services exceeded budget by \$9,712 or over 3 percent. An increase of \$4.7 million in revenue for Medi-Cal is due to the receipt of funds from the prior year in excess of the accrued

COUNTY OF ALAMEDA, CALIFORNIA
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amount. Revenues from the Santa Rita Jail exceeded budget by \$2.8 million. Unanticipated elections resulted in increased revenue of \$1.3 million for election services.

- Other revenue exceeded budget by \$47,377 or 112 percent. This is primarily due to a \$57 million reduction of the allowance for uncollectible receivables from Alameda County Medical Center. That amount was reduced by a \$6.7 million under-realization of the Tobacco Tax Settlement funds.

Variations between budget and actual expenditures in the general fund reflect overall expenditures less than the adjusted budget by \$143,384 or 7 percent. In general, this represents savings from the major governmental functions, primarily due to vacancies, delays in start-up of new programs or projects, cost-containment measures and contingency appropriations that did not have to be spent. Significant savings came from the following County functions:

- Health and sanitation expenses came in at \$73,430 or 12 percent less than budget. Measure A expenditures were \$11.3 million lower than budgeted. Approximately \$19.2 million under expenditures was due to vacant positions, liquidation of prior encumbrances, and underutilizations of funds set aside for mental health services at state hospitals.
- Public assistance spent \$26,614 or 4 percent less than budget. A reduction in full time staff resulted in savings of \$5.5 million. Assistance payments were \$11.4 million lower than budgeted because CalWORKS and Refugee Assistance expenditures were over-projected for the year.
- General government spent \$26,802 or 17 percent less than budget. A savings of \$11.5 million was due to less than budgeted subsidy provided for the Oakland-Alameda County Coliseum Authority. The budget was \$4 million under-realized due to fiscal management reward savings. Savings of \$5.9 million was due to unfilled positions and cost savings in services and supplies expenses. The Registrar of Voters was below budget by \$3 million due to lower election costs than was anticipated.
- Public protection spent \$15,921 or 3 percent less than budget. Budget savings of about \$9.7 million were due to reduction in discretionary spending, project delays, and staff vacancies. Decreased construction activity during the fiscal year resulted \$1.3 million in expenditures savings due to fewer building inspections. Savings of \$1.9 million for the jails was primarily due to costs reduction resulting from lower average daily population in the jails, unfilled vacant positions, and other cost savings.

Capital assets and debt administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$1,119,620 (net of accumulated depreciation), as shown in the table below. This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, bridges, flood control canals and other infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was 7 percent.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2011

Capital Assets Net of Accumulated Depreciation
June 30, 2011

	Governmental	
	Activities	
	2011	2010
Land and other assets not being depreciated	\$ 223,826	\$ 129,051
Structures and improvements, machinery and equipment, and infrastructure, net of depreciation	895,794	917,335
Total	\$ 1,119,620	\$1,046,386

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

- Several infrastructure projects in the road fund added \$20.7 million to construction in progress during the year.
- Additional construction on the Alameda County Medical Center-Acute Tower resulted in an increase in construction costs of \$64.5 million. The purchase of land and buildings at 1111 Jackson Street and 235 12th Street resulted in a net increase of \$19.7 million.

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

Governmental fund financial statements record capital asset purchases as expenditures.

Additional information about the County's capital assets can be found in Note 4 (page 50) to the financial statements.

Debt Administration

At the end of the current fiscal year, the County had long-term obligations outstanding of \$1.8 billion, excluding unamortized premiums and refunding losses of \$6,718. Of this amount, \$140,914 is certificates of participation bonds, \$274,880 is tobacco securitization bonds, \$446,593 is pension obligation bonds, \$458,190 is lease revenue bonds, \$31,890 is tax allocation bonds, \$42,085 is net pension obligation, \$116,467 is net OPEB obligation, and \$29,516 is capital leases. The remainder, \$278,074, includes special assessment debt with government commitment and other long-term obligations of the County.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2011

Outstanding Long-term Obligations
June 30, 2011

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Certificates of participation	\$ 140,914	\$ 160,221
Tobacco securitization bonds	274,880	272,799
Special assessment debt with governmental commitment	220	335
Pension obligation bonds	446,593	477,740
Lease revenue bonds	458,190	141,705
Tax allocation bonds	31,890	32,565
Capital leases	29,516	29,849
Net pension obligation	42,085	42,857
Net OPEB obligation	116,467	72,400
Other long-term obligations	277,854	259,079
Total	<u>\$ 1,818,609</u>	<u>\$ 1,489,550</u>

The County's total debt increased by \$329,059. This was primarily due to the increase in lease revenue debt issued for the building of Alameda County Medical Center – Acute Tower and other long-term obligations. These increases were partially offset by a decrease in certificates of participation and pension obligation bonds.

Alameda County's legal debt limit is 1.25 percent of total assessed value. As of June 30, 2011, the legal limit was \$2.45 billion; however, the County did not have any general obligation bonds and, therefore, has not used any of its debt limitation.

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

	<u>2011 Rating</u>	<u>2010 Rating</u>
Moody's	Aa2	Aa3
Standard and Poor's	AA+	AA
Fitch	AA-	AA-

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

	<u>2011 Rating</u>	<u>2010 Rating</u>
Moody's	A1	A1
Standard and Poor's	AA	AA
Fitch	AA-	A+

Additional information on the County of Alameda's long-term obligations can be found in note 6 (page 54) of the notes to the basic financial statements.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2011

Economic factors and next year's budget and rates

- According to the U.S. Department of Labor, the unemployment rate for Alameda County was 10.9 percent in June 2011, compared to the revised rate of 11.4 percent in June 2010. The State's seasonally adjusted unemployment rate was 11.8 percent in June 2011.
- The assessed value of the County's property increased 8.0 percent in 2008 and 4.7 percent in 2009. A negative growth of 2.6 and 1.5 percent was recorded in 2010 and 2011, respectively.
- The county government experienced an increase in sales tax revenue during fiscal year 2011. This was due to an economic recovery and improvements in the housing market. Spending for goods and services throughout the state and the country showed signs of improvement as unemployment rates, as indicated above, began to decrease.

All of the above factors were considered in preparing the County's budget for fiscal year 2012.

The County adopted its fiscal year 2012 budget on June 24, 2011 before the State of California adopted its own budget on June 30, 2011.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET ASSETS
 JUNE 30, 2011
 (amounts expressed in thousands)

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Alameda County Medical Center</u>
ASSETS		
Current assets:		
Cash and investments with County Treasurer	\$ 1,484,602	\$ 49,747
Cash and investments with fiscal agents	293,332	-
Restricted cash	-	600
Deposits with others	4,566	2,118
Receivables, net of allowance for uncollectible accounts	338,776	143,445
Due from component unit	3,284	-
Due from primary government	-	6,587
Advance to component unit	848	-
Inventory of supplies	266	4,093
Prepaid items	4,451	1,593
Loans receivable	3,000	-
Total current assets	<u>2,133,125</u>	<u>208,183</u>
Noncurrent assets:		
Restricted assets - cash and investments with fiscal agents	303,026	-
Unamortized bond issuance cost	20,042	-
Properties held for resale	7,983	-
Properties held for redevelopment	13,986	-
Due from component unit, net of allowance	88,984	-
Advance to component unit	4,819	-
Loans receivable	6,196	-
Capital assets:		
Land and other assets not being depreciated	223,826	3,671
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	895,794	33,507
Total capital assets, net	<u>1,119,620</u>	<u>37,178</u>
Total noncurrent assets	<u>1,564,656</u>	<u>37,178</u>
Total assets	<u>3,697,781</u>	<u>245,361</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	175,783	77,323
Due to component unit	6,587	-
Due to primary government	-	3,284
Compensated employee absences payable	39,404	8,410
Estimated liability for claims and contingencies	23,200	5,319
Certificates of participation and bonds payable	96,751	-
Lease obligations	343	-
Loans and notes payable	26,288	-
Accrued interest payable	4,940	-
Unearned revenue	21,653	-
Advance from primary government	-	848
Due to other governmental units	-	-
Obligation to fund Coliseum Authority deficit	3,750	-
Total current liabilities	<u>398,699</u>	<u>95,184</u>
Noncurrent liabilities:		
Net pension obligation	42,085	8,625
Net OPEB obligation	116,467	25,276
Compensated employee absences payable	27,318	7,201
Estimated liability for claims and contingencies	69,605	16,371
Certificates of participation and bonds payable	1,249,218	-
Lease obligations	29,173	-
Loans and notes payable	12,777	-
Due to primary government	-	119,984
Advance from primary government	-	4,819
Due to other governmental units	6,812	-
Obligation to fund Coliseum Authority deficit	68,700	-
Total noncurrent liabilities	<u>1,622,155</u>	<u>182,276</u>
Total liabilities	<u>2,020,854</u>	<u>277,460</u>
Net Assets		
Invested in capital assets, net of related debt	404,686	31,511
Restricted:		
Public protection	330,628	-
Public assistance	76,575	-
Health and sanitation	189,484	-
Public ways and facilities	71,414	-
Education	12,325	-
Other purposes	17,558	25,311
Unrestricted (deficit)	<u>574,257</u>	<u>(88,921)</u>
Total net assets (deficit)	<u>\$ 1,676,927</u>	<u>\$ (32,099)</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Alameda County Medical Center
Primary government:						
Governmental activities:						
General government	\$ 141,862	\$ 125,619	\$ 179,643	\$ -	\$ 163,400	\$ -
Public protection	752,191	238,915	91,450	506	(421,320)	-
Public assistance	674,181	18,860	574,681	-	(80,640)	-
Health and sanitation	584,815	202,110	335,540	4,993	(42,172)	-
Public ways and facilities	43,312	10,513	48,949	-	16,150	-
Recreation and cultural services	608	169	-	-	(439)	-
Education	22,863	2,543	1,764	51	(18,505)	-
Interest on long-term debt	87,490	-	-	-	(87,490)	-
Total governmental activities	<u>2,307,322</u>	<u>598,729</u>	<u>1,232,027</u>	<u>5,550</u>	<u>(471,016)</u>	<u>-</u>
Total primary government	<u>\$ 2,307,322</u>	<u>\$ 598,729</u>	<u>\$ 1,232,027</u>	<u>\$ 5,550</u>	<u>(471,016)</u>	<u>-</u>
Alameda County Medical Center	\$ 491,487	\$ 478,242	\$ 16	\$ -	-	(13,229)
General revenues:						
Property taxes					399,701	-
Sales taxes - shared revenues					150,328	77,220
Other taxes					27,503	-
Interest and investment income					5,751	578
Other					34,009	802
Total general revenues					<u>617,292</u>	<u>78,600</u>
Change in net assets					<u>146,276</u>	<u>65,371</u>
Net assets (deficit) - beginning of period					<u>1,530,651</u>	<u>(97,470)</u>
Net assets (deficit) - end of period					<u>\$ 1,676,927</u>	<u>\$ (32,099)</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

(amounts expressed in thousands)

	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Assets:								
Cash and investments with County Treasurer	\$ 865,277	\$ 10,717	\$174,899	\$ -	\$ 38,666	\$ 53,633	\$ 204,318	\$ 1,347,510
Cash and investments with fiscal agents	-	293,332	-	-	-	-	-	293,332
Restricted assets - cash and investments with fiscal agents	3,682	-	-	-	220,899	56,928	21,517	303,026
Deposits with others	1,303	-	-	-	-	-	3,263	4,566
Receivables, net of allowance for uncollectible accounts	271,281	235	2,005	27,516	1,760	57	33,864	336,718
Due from other funds	29,805	-	-	-	-	-	1,798	31,603
Due from component unit	91,389	-	-	-	-	-	4	91,393
Advance to component unit	-	-	-	-	-	5,667	-	5,667
Inventory of supplies	-	-	-	-	-	-	211	211
Properties held for resale	255	829	-	-	6,899	-	-	7,983
Properties held for redevelopment	-	-	-	-	-	-	13,986	13,986
Prepaid items	-	-	-	-	-	-	114	114
Loans receivable	4,454	3,856	-	886	-	-	-	9,196
Total assets	\$ 1,267,446	\$ 308,969	\$176,904	\$ 28,402	\$ 268,224	\$ 116,285	\$ 279,075	\$ 2,445,305
Liabilities:								
Accounts payable and accrued expenditures	\$ 135,275	\$ 11	3,584	\$ 8,107	\$ 5,173	-	\$ 13,011	\$ 165,161
Due to other funds	-	-	-	21,186	4,088	-	6,329	31,603
Due to component unit	6,305	-	-	178	-	-	33	6,516
Deferred revenue	43,089	-	182	-	-	5,667	6,819	55,757
Unearned revenue	19,859	-	-	861	-	-	933	21,653
Total liabilities	204,528	11	3,766	30,332	9,261	5,667	27,125	280,690
Fund balances:								
Nonspendable	1,725	-	-	-	-	-	5,421	7,146
Restricted	303,635	-	173,138	-	-	110,618	243,526	830,917
Committed	638,601	308,958	-	-	258,963	-	-	1,206,522
Assigned	101,961	-	-	-	-	-	3,003	104,964
Unassigned	16,996	-	-	(1,930)	-	-	-	15,066
Total fund balances	1,062,918	308,958	173,138	(1,930)	258,963	110,618	251,950	2,164,615
Total liabilities and fund balances	\$ 1,267,446	\$ 308,969	\$176,904	\$ 28,402	\$ 268,224	\$ 116,285	\$ 279,075	\$ 2,445,305

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

COUNTY OF ALAMEDA, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011
(amounts expressed in thousands)

Fund balances – total governmental funds	\$ 2,164,615
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,107,658
Bond issuance costs are not financial resources and, therefore, are not reported in the funds.	20,042
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	(1,345,969)
Compensated employee absences payable	(63,557)
Lease obligations	(29,516)
Loans and note payable	(39,065)
Due to other governmental units	(6,812)
Other liabilities	(72,450)
Total long-term liabilities	<u>(1,557,369)</u>
The net OPEB obligation pertaining to governmental fund types is not recorded in governmental fund statements.	(116,467)
The net pension obligation pertaining to governmental fund types is not recorded in governmental fund statements.	(42,085)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the governmental funds and thus not included in fund balance.	55,757
Interest on long-term debt is not accrued in the funds, but is recognized as an expenditure when due.	(4,940)
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 assets.	<u>49,716</u>
Net assets of governmental activities	<u><u>\$ 1,676,927</u></u>

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 466,724	\$ -	\$ 28,617	\$ -	\$ -	\$ 2,078	\$ 79,767	\$ 577,186
Licenses and permits	4,980	-	2,733	1,107	-	-	815	9,635
Fines, forfeitures, and penalties	33,309	-	-	-	5,266	-	312	38,887
Use of money and property	6,861	6,150	981	-	888	1,334	3,472	19,686
State aid	661,100	-	1,033	21,057	51	-	41,899	725,140
Federal aid	362,572	-	437	76,081	2,946	2,047	36,927	481,010
Other aid	22,799	-	2,982	3	-	-	4,130	29,914
Charges for services	322,398	-	12,541	37	-	16,544	103,695	455,215
Other revenue	89,852	668	66	1,424	2,206	7,815	34,049	136,080
Total revenues	1,970,595	6,818	49,390	99,709	11,357	29,818	305,066	2,472,753
Expenditures:								
Current								
General government	123,302	5,464	-	-	-	-	1,213	129,979
Public protection	537,667	-	53,357	30,716	-	-	118,070	739,810
Public assistance	593,696	-	-	37,076	-	-	36,829	667,601
Health and sanitation	512,856	-	-	33,944	-	-	34,033	580,833
Public ways and facilities	2,279	-	-	-	-	-	47,426	49,705
Recreation and cultural services	675	-	-	-	-	-	-	675
Education	120	-	-	-	-	-	21,959	22,079
Debt service								
Principal	-	-	-	-	-	89,850	4,015	93,865
Interest	-	-	-	-	-	28,159	10,629	38,788
Bond issuance costs	780	-	-	-	-	1,685	-	2,465
Capital outlay	1,053	-	-	-	94,014	-	-	95,067
Total expenditures	1,772,428	5,464	53,357	101,736	94,014	119,694	274,174	2,420,867
Excess (deficiency) of revenues over expenditures	198,167	1,354	(3,967)	(2,027)	(82,657)	(89,876)	30,892	51,886
Other financing sources (uses):								
Issuance of loans and commercial paper notes	-	-	-	-	25,000	-	3,040	28,040
Issuance of debt	800	-	-	-	263,593	55,607	-	320,000
Proceeds from sale of land	-	13,452	-	-	-	-	-	13,452
Transfers-in	3,139	-	-	116	11,175	76,811	1,832	93,073
Transfers-out	(66,518)	(10,110)	-	(468)	(2,946)	-	(4,277)	(84,319)
Total other financing sources (uses)	(62,579)	3,342	-	(352)	296,822	132,418	595	370,246
Net change in fund balances	135,588	4,696	(3,967)	(2,379)	214,165	42,542	31,487	422,132
Fund balance - beginning of period	927,330	304,262	177,105	449	44,798	68,076	220,463	1,742,483
Fund balance - end of period	\$ 1,062,918	\$ 308,958	\$ 173,138	\$ (1,930)	\$ 258,963	\$ 110,618	\$ 251,950	\$ 2,164,615

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, 2011
 (amounts expressed in thousands)

Net change in fund balances – total governmental funds	\$ 422,132
Amounts reported for governmental activities in the statement of activities are different because:	
Some revenues will not be collected within the accrual period established for governmental funds. As a result, they are not considered as available revenues in the governmental funds. This change reflects the decrease in the deferred revenue that occurred during the year.	<u>(28,912)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease in net pension obligation	772
Increase in postemployment medical benefits obligation	(31,439)
Increase in other postemployment benefits obligation	(12,628)
Increase in compensated absences	(1,000)
Decrease in obligation to fund Coliseum Authority deficit	3,550
Claim for reimbursements, to the extent of tax increment revenue, due and payable to other governmental unit	(391)
Total	<u>(41,136)</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The statement of activities reports the gain or loss on disposal of capital assets but the governmental funds do not report any gain or loss. Governmental funds do not report capital assets; hence, capital assets transferred to and from governmental fund to proprietary fund are not recorded in the governmental fund.	
Capital outlay	126,976
Depreciation expense	(53,899)
Net loss on disposal of capital assets	(18)
Total	<u>73,059</u>
The net income of certain activities of internal service funds is reported with governmental activities.	<u>16,060</u>
Proceeds from issuance of long-term debt are reported as financing sources in governmental funds, but increase liabilities in the statement of net assets.	<u>(323,040)</u>
Proceeds from issuance of commercial paper notes are reported as financing sources in governmental funds, but increase liabilities in the statement of net assets.	<u>(25,000)</u>
Net increase in accrued interest increases the liability in the statement of net assets and results in additional expenses in the statement of activities.	<u>(1,765)</u>
Bond issuance costs are expended in the governmental funds when paid but are capitalized and amortized in the statement of net assets. This is the amount by which current year bond issuance costs exceeded the amortization expense in the current period.	<u>1,441</u>
The repayment of the principal of long-term debt, capital leases, and loans consume the current financial resources of governmental funds. These transactions, however, have no effect on net assets.	
Principal payment on long-term debt	93,865
Principal payment on leases and loans	1,437
Total	<u>95,302</u>
Interest accreted on bonds and certificates payable.	<u>(41,186)</u>
Amortization of bond premiums, bond discounts and refunding loss.	<u>(679)</u>
Changes in net assets of governmental activities	<u>\$ 146,276</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2011
 (amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Cash and investments with County Treasurer	\$ 137,092
Other receivables	2,058
Due from component unit	875
Inventory of supplies	55
Prepaid items	4,337
Total current assets	<u>144,417</u>
Noncurrent assets:	
Capital assets:	
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	<u>11,962</u>
Total noncurrent assets	<u>11,962</u>
Total assets	<u>156,379</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	10,622
Compensated employee absences payable	1,819
Estimated liability for claims and contingencies	23,200
Due to component unit	71
Total current liabilities	<u>35,712</u>
Noncurrent liabilities:	
Compensated employee absences payable	1,346
Estimated liability for claims and contingencies	69,605
Total noncurrent liabilities	<u>70,951</u>
Total liabilities	<u>106,663</u>
Net assets	
Invested in capital assets, net of related debt	11,962
Unrestricted	37,754
Total net assets	<u>\$ 49,716</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 203,362
Total operating revenues	<u>203,362</u>
Operating expenses:	
Salaries and benefits	58,103
Contractual services	6,057
Utilities	11,682
Repairs and maintenance	5,475
Other supplies and expenses	59,946
Insurance claims and expenses	14,541
Depreciation	3,379
Telephone	3,260
County indirect costs	7,680
Dental claims	8,281
Other	426
Total operating expenses	<u>178,830</u>
Operating income	24,532
Non-operating revenues (expenses):	
Interest and investment income	289
Gain (loss) on sale of capital assets	<u>(7)</u>
Total non-operating revenues (expenses)	<u>282</u>
Income before transfers	24,814
Transfers-in	276
Transfers-out	<u>(9,030)</u>
Change in net assets	16,060
Total net assets - beginning of period	<u>33,656</u>
Total net assets - end of period	<u>\$ 49,716</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Cash flows from operating activities	
Internal activity - receipts from other funds	\$ 203,068
Payments to suppliers	(88,895)
Payments to employees	(58,077)
Internal activity - payments to other funds	(7,680)
Claims paid	(28,565)
Other receipts (payments)	(426)
Net cash provided by operating activities	<u>19,425</u>
Cash flows from noncapital financing activities	
Transfers-in	276
Transfers-out	(9,030)
Net cash used in noncapital financing activities	<u>(8,754)</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(3,806)
Proceeds from sale of capital assets	247
Net cash used in capital and related financing activities	<u>(3,559)</u>
Cash flows from investing activities:	
Interest on investments	289
Net cash provided by investing activities	<u>289</u>
Net decrease in cash and cash equivalents	7,401
Cash and cash equivalents - beginning of period	129,691
Cash and cash equivalents - end of period	<u>\$ 137,092</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 24,532
Adjustments for non-cash activities:	
Depreciation	3,379
Changes in assets and liabilities:	
Other receivables	(294)
Inventory of supplies	(7)
Prepaid items	(4,183)
Accounts payable and accrued expenses	1,686
Compensated employee absences payable	26
Estimated liability for claims and contingencies	(5,743)
Due to component unit	29
Total adjustments	<u>(5,107)</u>
Net cash provided by operating activities	<u>\$ 19,425</u>

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

COUNTY OF ALAMEDA, CALIFORNIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	Pension and Other Employee Benefits Trust Funds	Investment Trust Fund	Private Purpose Trust Fund	Agency Funds
Assets:				
Cash and investments with County Treasurer	\$ 2,896	\$ 1,459,119	\$ 13,332	\$ 161,119
Investments, at fair value:				
Short-term investments	127,347	-	-	-
Domestic equities	1,336,675	-	-	-
Domestic equity commingled funds	771,880	-	-	-
International equities	1,216,473	-	-	-
International equity commingled funds	77,621	-	-	-
Domestic fixed income	903,232	-	-	-
International fixed income	314,241	-	-	-
Real estate - separate properties	88,034	-	-	-
Real estate - commingled funds	190,568	-	-	-
Private equity and alternatives	189,407	-	-	-
Total investments	<u>5,215,478</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment of securities lending collateral	523,857	-	-	-
Deposits with others	562	-	-	-
Taxes receivable	-	-	-	251,957
Other receivables	34,340	-	-	-
Interest receivable	14,382	1,739	15	67
Prepaid items	-	3,759	-	-
Capital assets, net of accumulated depreciation	4,383	-	-	-
Total assets	<u>5,795,898</u>	<u>1,464,617</u>	<u>13,347</u>	<u>413,143</u>
Liabilities:				
Accounts payable and accrued expenses	45,912	46,387	-	8,098
Securities lending obligation	523,857	-	-	-
Due to other governmental units	-	-	-	405,045
Total liabilities	<u>569,769</u>	<u>46,387</u>	<u>-</u>	<u>\$ 413,143</u>
Net Assets				
Held in trust for pension	4,589,383	-	-	
Held in trust for postemployment medical benefits	565,856	-	-	
Held in trust for other postemployment benefits	69,256	-	-	
Held in trust for other employee benefits	1,634	-	-	
Held in trust for other purposes	-	1,418,230	13,347	
Total net assets held in trust	<u>\$ 5,226,129</u>	<u>\$ 1,418,230</u>	<u>\$ 13,347</u>	

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund
Additions:			
Contributions:			
Employees	\$ 81,860	\$ -	\$ -
Employer	147,543	-	-
Contributions on pooled investments	-	7,192,242	2,628
Total contributions	<u>229,403</u>	<u>7,192,242</u>	<u>2,628</u>
Investment income:			
Interest	66,606	8,013	72
Dividends	49,140	-	-
Net increase (decrease) in fair value of investments	542,128	(3,975)	(38)
Real estate	21,162	-	-
Securities lending income	3,510	-	-
Total investment income	<u>682,546</u>	<u>4,038</u>	<u>34</u>
Less investment expenses:			
Investment expenses	24,624	-	-
Securities lending borrower rebates and management fees	1,433	-	-
Real estate	8,373	-	-
Total investment expenses	<u>34,430</u>	<u>-</u>	<u>-</u>
Net investment income	<u>648,116</u>	<u>4,038</u>	<u>34</u>
Miscellaneous income	508	-	-
Total additions, net	<u>878,027</u>	<u>7,196,280</u>	<u>2,662</u>
Deductions:			
Benefit payments	311,557	-	-
Refunds of contributions	5,645	-	-
Administration expenses	13,001	-	-
Distribution from pooled investments	-	7,350,442	5,028
Total deductions	<u>330,203</u>	<u>7,350,442</u>	<u>5,028</u>
Change in net assets	<u>547,824</u>	<u>(154,162)</u>	<u>(2,366)</u>
Net assets - beginning of period	4,678,305	1,572,392	15,713
Net assets - end of period	<u>\$ 5,226,129</u>	<u>\$ 1,418,230</u>	<u>\$ 13,347</u>

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011

1. Summary of Significant Accounting Policies

A. Scope of Financial Reporting Entity

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

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

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

Blended Component Units - Blended component units are, in substance, part of the County's operations and their financial data are combined with data of the primary government. These component units have a June 30 fiscal year-end, with the exception of the Alameda County Employees' Retirement Association (ACERA), which has a December 31 fiscal year-end. The financial activities of ACERA for the year ended December 31, 2010, 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. The financial transactions of the Flood Control Districts are reported within the flood control fund. The books and records for the Flood Control Districts are maintained by the County. Additional financial data for the Flood Control Districts may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Fire Department (Fire Department)*

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

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

ACERA is a multiple-employer public retirement system organized under the 1937 Retirement Act. The County is the major participant and contributes 76.63 percent of total employer contributions. ACERA is governed by a nine-member board that includes the County treasurer, four County citizens appointed by the Board of Supervisors and four members elected by the ACERA membership. Although ACERA is legally separate from the County, it is reported as if it were part of the primary government because it benefits the County by providing substantial services to the County's employees. The activities of ACERA are reported within the pension and other employee benefit trust funds. Complete financial statements for ACERA may be obtained from the Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
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Post employment healthcare benefits currently provided by ACERA include medical, dental, and vision benefits. These benefits are reported in the pension and other employee benefit trust funds in the financial statements consistent with GASB Statement No 43. Other forms of post employment benefits provided by ACERA include supplemental cost of living allowance and death benefits. These benefits are reported in the pension and other employee benefit trust funds in the financial statements consistent with GASB Statement No. 25, as they are considered pension benefits.

• *Alameda County Public Facilities Corporation (Corporation)*

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

• *County Service Areas (CSA)*

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

• *Alameda County Redevelopment Agency (Redevelopment Agency)*

The Redevelopment Agency was reactivated by the Board of Supervisors on December 14, 1999, in order to proceed with the Eden area redevelopment plan in the unincorporated area of Alameda County. The Redevelopment Agency board is composed of the members of the Board of Supervisors and is therefore considered to be a part of the primary government. The books and records of the Redevelopment Agency are maintained by the County and its activities are reported within non-major governmental funds. Additional financial data for the Redevelopment Agency may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

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

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

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011

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

The ACMC is governed by an eleven-member board of trustees, appointed by a majority vote of the Board of Supervisors of the County. Pursuant to the agreement dated July 1, 1998, between the County and the ACMC, the ACMC manages and operates the county hospitals and clinics. The County pays the ACMC for the provision of indigent care. The hospital facilities and related debt are presented in the governmental activities of the County's statement of net assets. All equipment is the property of the ACMC. The ACMC has a June 30 fiscal year-end. The financial activities of the ACMC for the year ended June 30, 2011, are shown herein. Complete financial statements for the ACMC may be obtained from the Alameda County Medical Center Hospital Authority, 1411 E. 31st Street, Oakland, CA 94602.

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011

liabilities of the current period. The County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 180 days of the end of the current fiscal period. It is the County's policy to submit claims for federal and state grant revenues within 90 days of the end of the program cycle and payment is generally received within 90 days thereafter. Expenditures are recognized when the liability is incurred, except for interest on long-term debt and payments related to vacation, sick leave, claims and judgments, which are recorded when due.

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

The County reports the following major governmental funds:

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

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

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

The **Grant Revenue Fund** is used to account for various federal, state or private grants that are not otherwise accounted for in another special revenue fund.

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

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

Additionally, the County reports the following fund types:

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

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

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

The **Private Purpose Trust Fund** reflects the activities of the Public Guardian in managing the assets of conservatees of the County.

The **Agency Funds** account for the resources held by the County in a custodial capacity on behalf of other agencies. These resources include property taxes receivable which are held pending disputes or

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011

litigation and apportionment, payroll deduction and collection clearing funds, and local agencies' share of federal and state program funds.

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

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

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

Effect of Component Unit with Differing Fiscal Year-End

ACERA has a fiscal year ending on December 31. The amounts reflected in the June 30, 2011 financial statements are the balances as of ACERA's fiscal year ended December 31, 2010. The difference in the cash balance and interfund transactions are reconciled in the Cash and Investments footnote (Note 2).

D. Cash and Investments

The County follows the practice of pooling cash and investments of all funds with the County Treasurer, except for certain restricted funds which are generally held by outside custodians and classified as "Cash and investments with fiscal agents" on the accompanying financial statements. The earned interest yield on all funds held by the County Treasurer for fiscal year 2010-2011 was approximately .55 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 38.48 percent of the net assets in the Treasurer's pool. The deposits held for these entities are included in the investment trust fund.

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

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 market value. Investments with maturity of more than one year, whether pooled or specific, are carried at fair value. The fair value of investments is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the fund's current share price.

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

Investment Income

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

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

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

E. Taxes Receivable

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

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

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
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F. Inter-fund Receivables/Payables/Advances

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

G. Inventory of Supplies

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

H. Capital Assets

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

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

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

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

I. Compensated Employee Absences

The County permits its employees to accumulate up to fifty days of unused vacation leave over their working career. The unused vacation leave, compensatory time, and unexpired in-lieu compensatory time are redeemed in cash upon termination or by extended absence immediately preceding retirement. Such cash 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, 2011, 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, 2011, have been compensated for any accumulated vacation, compensatory time, and unexpired in-lieu compensatory time.

J. Bond Issuance Costs and Premiums/Discounts

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental

COUNTY OF ALAMEDA, CALIFORNIA
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(amounts in tables expressed in thousands)
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activities or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Unamortized bond issuance costs are reported on the statement of net assets and amortized over the term of the related debt.

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

K. Fund Balances/Net Assets

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 can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors, the County's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same type of action used in committing the amounts. 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 or committed. The intent can be established by the Board of Supervisors or by a body or official designated by the Board of Supervisors.

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.

The Board of Supervisors establishes, modifies, or removes commitments of fund balance for specific purposes through ordinance or resolution. 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.

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

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

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Minimum Fund Balance

The County appropriates an annual amount of up to five percent of the total General Fund budget within a designated contingency account and establishes a goal of maintaining a designated fund balance at a level of at least ten percent of the General Fund annual budgeted operating expenditures. 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 fund.

Restricted Net Assets

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

L. Self-Insurance

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

M. Inter-fund Transfers

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

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

N. Refunding of Debt

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

O. Cash Flows

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.

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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 Pronouncement

In June 2011, GASB issued *Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This Statement sets forth criteria to establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2012.

2. Cash and Investments

A. Deposits

As of June 30, 2011, the County's cash and deposits were as follows:

	<u>Bank Balance</u>	<u>Carrying Value</u>
Deposits with financial institutions	\$ 599,863	\$ 594,402
Cash on hand		1,135
Deposits in transit		1,590
Adjustment to restate pension trust fund cash balance to December 31, 2010		1,027
Total cash and deposits		\$ 598,154

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 \$599,263,000 deposits with financial institutions, \$3,561,000 was covered by federal depository insurance, \$147,750,000 was collateralized with securities held by pledging financial institutions in County's name, and \$447,952,000 was collateralized with securities held by pledging financial institutions, or its trust departments or agent, but not in County's name. As required by California Government Code Section 53652, the market value of the pledged securities must equal at least 110 percent of the County's deposits, with the exception of mortgage-backed securities, which must equal at least 150 percent.

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As of December 31, 2010, ACERA reported a deposit of \$1,114,000. Cash held with a financial institution in a pooled money market fund was \$3,213,000, of which \$3,192,000 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, money market funds, mutual funds that invest in authorized securities, and mortgage-backed securities. Although the investment policy permits the Treasurer to invest in repurchase agreements and reverse repurchase agreements, or to engage in securities lending, such investment activities were not made during the year ended June 30, 2011.

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

There were no derivative investments in the investment pool for the year ended June 30, 2011.

As of June 30, 2011 Treasurer's investments consisted of the following:

<u>Investment Type</u>	<u>Credit Rating S&P's/Moody's</u>	<u>Investment Maturities (in Years)</u>		<u>Fair Value</u>
		<u>Less than 1</u>	<u>1 to 5</u>	
Federal agency notes and bonds	AA+ / Aaa	\$ 30,006	\$ 1,412,592	\$ 1,442,598
Federal agency discounted notes	A-1+ / P-1	245,539	-	245,539
U.S. Treasury Coupon	N/A	105,615	265,449	371,064
Medium term notes	AA+ / Aa2	-	5,293	5,293
Negotiable CD	A-1+ / P-1	250,002	-	250,002
Local Agency Investment Fund	Not rated	50,000	-	50,000
Mutual funds	AAAm / Aaa	191,000	-	191,000
Municipal	Not rated	17,765	-	17,765
Total investments		<u>\$ 889,927</u>	<u>\$ 1,683,334</u>	<u>\$ 2,573,261</u>

Interest Rate Risk

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

Credit Risk

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

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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, 2011, more than 5 percent of the Treasurer's investments were in the Federal Farm Credit Bank (23.58%), Federal Home Loan Bank (32.89%), and Federal National Mortgage Association (7.97%).

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's pool for the fiscal year ended June 30, 2011. Cash and deposits do not include \$ 1,284 thousand in department revolving funds.

Statement of Net Assets

Assets:	
Cash and deposits	\$ 595,245
Investments (at fair value)	2,573,261
Accrued interest	3,654
Total assets	\$3,172,160
Total Liabilities	-
Net Assets	\$3,172,160
Equity of internal pool participants	\$1,753,930
Equity of external pool participants	1,418,230
Total Net Assets	\$3,172,160

Statement of Changes in Net Assets

Net change in investments by pool participants	\$ 46,367
Net assets at July 1, 2010	3,125,793
Net assets at June 30, 2011	\$3,172,160

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2011, to support the value of shares in the pool.

As of June 30, 2011, 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

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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 Investment Officer at the Alameda County Treasurers' Office at 1221 Oak Street, Room 131, Oakland or call (510) 272-6800 for the fair value, the principle amount, ranges of interest rates, and maturities dates of each investment classification for the Treasurer's pool.

Each fund's equity in the pool is the fund's actual cash position as of any given date. Any "value" that served to either increase or decrease the pool's valuation as a result of the current fair value of the pool on June 30, 2011, 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, 2011, the County's investment in Local Agency Investment Fund (LAIF) is \$50 million. The LAIF is part of the Pooled Money Investment Account (PMIA), and the Local Investment Advisory Board (LIAB), which consists of five members as designated by State statute, provides oversight for LAIF. All securities are purchased under the authority of Government Code Sections 16430 and 16480.4. The total amount invested by all cities, counties, special districts, nonprofit corporations, or qualified quasigovernmental agencies in LAIF is \$23.98 billion as of June 30, 2011. Of that amount, 94.99% was invested in non-derivative financial products and 5.01% in structured notes and asset backed securities as of June 30, 2011.

b. Investments with Fiscal Agents

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

As of June 30, 2011, investments with fiscal agents consisted of the following:

<u>Investment Type</u>	<u>Credit Rating</u> S&P's/Moody's	<u>Investment Maturities (in Years)</u>			<u>Fair Value</u>
		<u>Less than 1</u>	<u>1 to 5</u>	<u>More than 5</u>	
Cash and Deposits	N/A	\$ 111,288	\$ -	\$ -	\$111,288
EBRCSA revenue bonds	¹ N/A	-	555	3,127	3,682
Money market funds	AAA / Aaa	50,633	-	-	50,633
U.S. Treasury securities	N/A	15,269	-	-	15,269
Federal agency notes and bonds	AA+ -AAA / Aaa A-AAA / Baa1-	43,940	272,497	-	316,437
Corporate bonds	Aaa	32,667	64,253	2,129	99,049
Total cash and investments with fiscal agent		<u>\$ 253,797</u>	<u>\$ 337,305</u>	<u>\$ 5,256</u>	<u>\$596,358</u>

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 in commercial paper, guaranteed investment contract, and money market funds to the highest two ratings issued by nationally recognized statistical rating organizations.

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Concentration of Credit Risk

As of June 30, 2011, more than 5 percent of total investments with fiscal agents were in the Federal Home Loan Bank (9.72%), the Federal National Mortgage Association (25.66%), and the Federal Home Loan Mortgage Corporation (17.68%).

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, 2011, more than 5 percent of the property development fund's investments were in the Federal Home Loan Bank (19.77%), the Federal National Mortgage Association (17.53%), and the Federal Home Loan Mortgage Corporation (24.92%).

As of June 30, 2011, more than five percent of the debt service fund's investments were in the Federal Home Loan Mortgage Corporation (59.33%), and the Federal National Mortgage Association (34.62%). In addition, more than 5 percent of the non-major governmental funds' investments were in FCAR Owner Trust (66.09%) and Bank of America (8.99%).

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 assets are as of ACERA's fiscal year ended December 31, 2010.

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 broad across-the-board investment policies with respect to these investment risks. The guidelines stipulate the investment style, the performance objective, performance benchmarks, and portfolio characteristics. For example, in the case of foreign currency risk, the policy guidelines for the U.S. dollar equity portfolios differ from those for the non-U.S. dollar equity portfolios. Likewise in the case of credit risk, the guidelines for one fixed income manager stipulate a minimum acceptable credit rating for each debt instrument while the guidelines for a different fixed income portfolio merely require that the average of credit ratings for a certain fair value percentage of the portfolio meet a minimum requirement. Each manager is likewise subject to a "manager standard of care" that establishes a fiduciary relationship requiring the manager to act prudently and solely in the best interest of ACERA. ACERA's guidelines require each manager's investment return performance to compare favorably with the performance of the relevant passive market index such as the Barclays Capital Aggregate Bond Index. ACERA's investment staff continually monitors all investment managers for compliance with the respective guidelines.

Concentration of Credit Risk

The individual investment guidelines for each fixed-income manager restrict concentrations greater than 5 percent in the securities of any one issuer (excluding all government and agency securities). As of December 31, 2010, ACERA had no investments in a single issuer that equaled or exceeded 5 percent of ACERA's net assets.

Credit Risk

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

- A minimum of 51 percent of the market value of the portfolio must be rated BBB- or higher by Standard & Poor's (S&P) or Baa3 or higher by Moody's Investor Services (Moody's). (Medium Grade Fixed Income)
- Investments must be rated Baa/BBB or better by Moody's/S&P at time of purchase. (Enhanced Index Fixed Income)

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- 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, 2010.

Credit Risk Analysis

<u>Debt Investments by Type</u>	Total	Adjusted Moody's Credit Rating							Ca and below	Not Rated
		Aaa	Aa	A	Baa	Ba	B	Caa		
Collateralized mortgage obligations	\$ 158,217	\$ 67,524	\$ 7,682	\$ 5,325	\$ 9,555	\$ 936	\$ 10,642	\$ 46,987	\$ 2,973	\$ 6,593
Convertible bonds	33,288	-	-	7,635	676	4,923	12,966	4,559	-	2,529
Corporate bonds	455,448	42,418	31,688	80,792	156,248	53,228	64,677	16,799	1,745	7,853
Federal Home Loan Mortgage Corp.	61,526	61,526	-	-	-	-	-	-	-	-
Federal National Mortgage Assn.	89,940	89,940	-	-	-	-	-	-	-	-
Government issues	349,037	248,050	7,402	48,611	22,370	12,172	-	-	-	10,432
Government National Mortgage Assn. I, II	13,352	13,352	-	-	-	-	-	-	-	-
Municipal	9,300	-	-	8,307	993	-	-	-	-	-
Other asset-backed securities	47,365	13,072	4,685	3,799	-	1,052	4,908	10,027	6,248	3,574
Subtotal debt investments	<u>1,217,473</u>	<u>535,882</u>	<u>51,457</u>	<u>154,469</u>	<u>189,842</u>	<u>72,311</u>	<u>93,193</u>	<u>78,372</u>	<u>10,966</u>	<u>30,981</u>
<u>External Investment Pools of Debt Securities</u>										
Securities Lending Cash Collateral Fund	-	-	-	-	-	-	-	-	-	-
Liquidation Pool	356,501	-	-	-	-	-	-	-	-	356,501
Duration Pool	167,356	-	-	-	-	-	-	-	-	167,356
Master Custodian Short-Term Investment Fund	106,033	-	-	-	-	-	-	-	-	106,033
Subtotal external investment pools	629,890	-	-	-	-	-	-	-	-	629,890
Total	<u>\$ 1,847,363</u>	<u>\$ 535,882</u>	<u>\$ 51,457</u>	<u>\$ 154,469</u>	<u>\$ 189,842</u>	<u>\$ 72,311</u>	<u>\$ 93,193</u>	<u>\$ 78,372</u>	<u>\$ 10,966</u>	<u>\$ 660,871</u>

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

Custodial Credit Risk

The individual investment guidelines for each investment manager require that managed investments be held and maintained with the master custodian in the name of ACERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments, investments in commingled pools, and private equity and alternative investments. As of December 31, 2010, ACERA had no investments that were exposed to custodial credit risk.

ACERA's investments include collateral associated with derivatives activity. As of December 31, 2010, collateral for derivatives were \$8.6 million. The collateral margins are maintained in margin accounts at financial services firms that provide brokerage services. Each account is uninsured and uncollateralized, and subject to custodial credit risk.

Interest Rate Risk

ACERA has investments in three external investment pools containing debt securities that are subject to interest rate risk. ACERA has no general policy on interest rate risk for investments in external pools. The Interest Rate Risk Analysis – Duration of External Investment Pools of Debt Securities table indicates interest rate risk for the investments in these pools in terms of the duration of the pool securities as of December 31, 2010. Duration is a

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measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present values of cash flows, weighted for those cash flows as a percentage of the investment's full price.

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

<u>External Investment Pools of Debt Securities</u>	<u>Fair Value</u>	<u>Duration</u>
Securities Lending Cash Collateral Fund		
Liquidity Pool	\$ 356,501	26 days
Duration Pool	167,356	35 days
Master Custodian Short-Term Investment Fund	106,033	-
Total	<u>\$ 629,890</u>	

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

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

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

Interest Rate Risk Analysis – Duration of Fixed Income Portfolios

<u>Debt Investments by Type</u>	<u>Fair Value</u>	<u>Duration in Years</u>
Collateralized mortgage obligations	\$ 158,217	5.5
Convertible bonds	33,288	7.9
Corporate bonds	455,448	6.5
Federal Home Loan Mortgage Corp.	61,526	3.4
Federal National Mortgage Assn.	89,940	3.1
Government issues	349,037	8.7
Government National Mortgage Assn. I, II	13,352	4.6
Municipal	9,300	11.9
Other asset-backed securities	47,365	4.7
Subtotal of investments with duration	<u>1,217,473</u>	
Other Asset Backed Securities	-	-
Subtotal of investments without duration	-	
Total debt investments	<u>\$ 1,217,473</u>	

Fair Value Highly Sensitive to Changes in Interest Rate

The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. The two Interest Rate Risk Analysis – Duration tables above disclose the degree to which ACERA's investments are sensitive to interest rate changes due simply to the remaining term to maturity. In contrast, ACERA's investments with fair values that are highly sensitive to interest rates due to other factors are disclosed on the Interest Rate Risk Analysis – Highly Sensitive table as of December 31, 2010. ACERA has no general investment policy with respect to investments with fair values that are highly sensitive to changes in interest rates.

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

<u>Investment Type</u>	<u>Investment Description</u>	<u>Interest Rates</u>	<u>Fair Value</u>
Collateralized mortgage obligation	Mortgage-related securities	2.33 to 6.25%	<u>\$ 42,074</u>

Foreign Currency Risk

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

The Foreign Currency Risk Analysis table shows the fair value of investments by currency denomination and investment type, as of December 31, 2010. It provides an indication of the magnitude of ACERA's foreign currency risk for each foreign currency.

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Foreign Currency Risk Analysis

Currency	Common Stock and Depository Receipts	International Equity Mutual Funds	Corporate Bonds	Foreign Currency	Government Issues	Currency Swaps	Equity Index Swaps	Total Exposure Net of Currency Swaps
Australia Dollar	\$ 69,891	\$ -	\$ 31,592	\$ 2	\$ 6,484	\$ 625	\$ 150	\$ 108,744
Brazil Real	13,160	-	-	-	9,439	505	15	23,119
Canada Dollar	57,238	-	3,624	292	31,220	(401)	(223)	91,750
Chile Peso	-	-	-	-	-	109	-	109
China Yuan Renminbi	-	-	-	-	-	17	-	17
Colombia Peso	-	-	-	-	1,255	-	-	1,255
Denmark Krone	14,986	-	-	98	-	(31)	-	15,053
Egypt Pound	-	-	-	-	-	-	-	-
Euro Currency	346,950	-	-	9,113	1,361	(1,353)	(397)	355,674
Hong Kong Dollar	61,581	-	-	374	-	(18)	189	62,126
Hungary Forint	-	-	-	-	5,950	69	-	6,019
Iceland Krona	-	-	-	61	938	-	-	999
India Rupee	18,041	-	9,176	-	-	58	-	27,275
Indonesia Rupiah	4,234	-	4,209	3	9,961	(3)	-	18,404
Israel Shekel	5,524	-	-	-	-	-	11	5,535
Japan Yen	228,351	-	7,308	443	-	(805)	(231)	235,066
Malaysia Ringgit	5,034	-	-	-	15,211	74	(2)	20,317
Mexico Peso	9,482	-	1,221	214	6,306	97	37	17,357
New Russia Ruble	-	-	-	-	-	(153)	-	(153)
New Taiwan Dollar	5,443	-	-	-	-	142	-	5,585
New Zealand Dollar	2,956	-	8,689	119	10,572	(206)	-	22,130
Norway Krone	1,310	-	-	35	13,206	1,005	-	15,556
Peru Nouveau Sol	-	-	-	-	-	3	-	3
Philippine Peso	-	-	4,792	-	-	(5)	-	4,787
Poland Zloty	4,697	-	-	-	18,764	335	(25)	23,771
Singapore Dollar	16,369	-	5,758	31	-	(65)	2	22,095
South Africa Rand	11,755	-	-	(46)	-	414	49	12,172
South Korea Won	24,786	-	6,205	-	14,293	94	752	46,130
Sweden Krona	10,793	-	-	77	15,260	1,023	(31)	27,122
Switzerland Franc	72,211	-	-	14	-	(969)	208	71,464
Thailand Baht	4,884	-	-	105	-	(4)	-	4,985
Turkey Lira	629	-	-	(11)	-	(701)	(11)	(94)
UK Pound Sterling	173,703	-	-	200	15,603	135	8	189,649
Various Currencies	-	89,904	-	-	-	-	-	89,904
TOTAL	\$ 1,164,008	\$ 89,904	\$ 82,574	\$ 11,124	\$ 175,823	\$ (9)	\$ 501	\$ 1,523,925

Securities Lending

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

For the year ended December 31, 2010, on behalf of ACERA, the master custodian lent ACERA securities (government bonds, corporate stocks, corporate bonds, and international equities) under this agreement and received cash (United States and foreign currency), securities issued or guaranteed by the United States government, sovereign debt and irrevocable bank letters-of-credit as collateral. ACERA did not have the ability to

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pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102% of the market value of the loaned security for domestic securities or sovereign debt issued by foreign governments, and 105% for international securities. Moreover, borrowers were required to maintain the market value of collateral on a daily basis.

ACERA did not impose any restrictions for the year ended December 31, 2010, 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, 2010, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2010, 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 2010, the short term investment fund was separated into two investment pools: 1) a liquidity pool and 2) a duration pool. As of December 31, 2010, the liquidity pool had an average duration of 26 days and an average weighted final maturity of 32 days for USD collateral. The duration pool had an average duration of 35 days and an average weighted final maturity of 477 days for USD collateral. For the year ended December 31, 2010, ACERA had no credit risk exposure to borrowers because the amounts ACERA owes them exceeded the amounts they owe ACERA.

As of December 31, 2010, ACERA had securities on loan with a fair value of \$538.5 million for cash collateral of \$523.9 million.

Summary of County Deposits and Investments

The following table is a summary of the deposits and investments as of June 30, 2011:

Cash:	
Cash On Hand and Deposits in Transit	\$ 2,725
Cash In Bank - with County Treasurer	593,802
Adjust ACERA cash to 12/31/2010	1,027
Restricted Cash - with Component Unit (ACMC)	600
Total Cash	598,154
Investments:	
In Treasurer's Pool	\$ 2,573,261
with ACERA	5,215,478
with fiscal agents	596,358
Securities lending - ACERA	523,857
Total Investments	8,908,954
Total Cash and Investments	\$ 9,507,108
Primary Government	\$ 9,456,761
Component Unit (ACMC)	50,347
Total Cash and Investments	\$ 9,507,108

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

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	
Cash and investments with County Treasurer	\$ 1,484,602 ¹	\$ 1,636,466 ²	\$ 3,121,068	\$ 49,747
Cash and investments with fiscal agents	293,332	5,215,478	5,508,810	-
Restricted Assets:				
Cash and investments with fiscal agents	303,026	-	303,026	600
Invested securities lending collateral	-	523,857	523,857	-
Total cash and investments	<u>\$ 2,080,960</u>	<u>\$ 7,375,801</u>	<u>\$ 9,456,761</u>	<u>\$ 50,347</u>
Deposits and cash on hand			\$ 547,807	\$ 50,347
Investments			8,908,954	-
Total deposits and investments			<u>\$ 9,456,761</u>	<u>\$ 50,347</u>

1 Includes cash and investments with the County Treasurer of total governmental funds (\$1,347,510) and internal service funds (\$137,092).

2 Includes deposits and investments with the County Treasurer of pension and other employee benefits trust funds (\$2,896), investment trust fund (\$1,459,119), private purpose trust (\$13,332) and agency funds (\$161,119).

3. Receivables

Receivables as of June 30, 2011, for the County's individual major funds, non-major funds in the aggregate, and the internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>							<u>Internal Service Funds</u>	<u>Governmental Activities Total</u>	
	<u>General</u>	<u>Property Development</u>	<u>Flood Control</u>	<u>Grant Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-major Governmental Funds Subtotal</u>			
Interest	\$ 1,336	\$ 10	\$ 184	\$ (19)	\$ 62	\$ 57	\$ 205	\$ 1,835	\$ 137	\$ 1,972
Taxes	45,266	-	1,471	-	-	-	4,533	51,270	-	51,270
Departmental accounts	155,163	-	-	-	-	-	-	155,163	-	155,163
Federal and state grants and subventions	106,407	-	127	27,384	1,279	-	6,941	142,138	-	142,138
Charges for services	83,481	-	223	-	-	-	13,932	97,636	1,921	99,557
Other	6,821	225	-	151	419	-	8,253	15,869	-	15,869
Gross receivables	398,474	235	2,005	27,516	1,760	57	33,864	463,911	2,058	465,969
Less: allowance for uncollectibles	(127,193)	-	-	-	-	-	-	(127,193)	-	(127,193)
Net total receivable - governmental activities	<u>\$ 271,281</u>	<u>\$ 235</u>	<u>\$ 2,005</u>	<u>\$ 27,516</u>	<u>\$ 1,760</u>	<u>\$ 57</u>	<u>\$ 33,864</u>	<u>\$ 336,718</u>	<u>\$ 2,058</u>	<u>\$ 338,776</u>

Other receivables for pension and other employee benefit trust funds at December 31, 2010, are as follows:

Contributions	\$ 12,765
Derivative Investments	9,145
Investments Sold	6,998
Investment Receivables	5,129
Other	303
Total other receivables at December 31, 2010	<u>\$ 34,340</u>

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4. Capital Assets

Capital asset activities of the primary government for the year ended June 30, 2011, are as follows:

GOVERNMENTAL ACTIVITIES

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Capital assets, not being depreciated:				
Land and easements	\$ 43,974	\$ 2,261	\$ -	\$ 46,235
Construction in progress	85,027	100,929	8,415	177,541
Collections	50	-	-	50
Total capital assets, not being depreciated	<u>129,051</u>	<u>103,190</u>	<u>8,415</u>	<u>223,826</u>
Capital assets, being depreciated:				
Structures and improvements	893,002	17,616	631	909,987
Machinery and equipment	144,119	10,209	3,227	151,101
Software	34,514	-	-	34,514
Infrastructure	756,966	8,262	-	765,228
Total capital assets, being depreciated	<u>1,828,601</u>	<u>36,087</u>	<u>3,858</u>	<u>1,860,830</u>
Less accumulated depreciation for:				
Structures and improvements	418,503	22,634	568	440,569
Machinery and equipment	108,715	12,307	2,941	118,081
Software	30,579	1,574	-	32,153
Infrastructure	353,469	20,764	-	374,233
Total accumulated depreciation	<u>911,266</u>	<u>57,279</u>	<u>3,509</u>	<u>965,036</u>
Total capital assets, being depreciated, net	<u>917,335</u>	<u>(21,192)</u>	<u>349</u>	<u>895,794</u>
Governmental activities capital assets, net	<u>\$ 1,046,386</u>	<u>\$ 81,998</u>	<u>\$ 8,764</u>	<u>\$ 1,119,620</u>

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

Governmental Activities	
General government	\$ 4,633
Public protection	22,670
Public assistance	1,380
Health and sanitation	5,992
Public ways and facilities	18,088
Recreation and cultural services	381
Education	756
Capital assets held by the County's internal service funds charged to the various functions on a prorated basis based on their usage of the assets	<u>3,379</u>
Total depreciation expense – governmental activities	<u>\$ 57,279</u>

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The County has active construction projects as of June 30, 2011. 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, 2011 are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Construction of new health care facilities	\$ 121,301	\$ 377,605
Construction of new criminal justice facility	7,328	3,972
Road improvements	40,455	19,836
Flood control channel improvements	8,457	4,665
Total governmental funds	<u>\$ 177,541</u>	<u>\$ 406,078</u>

Fines and penalties imposed on criminal offenses provide the source of funding for the commitment for construction of a new criminal justice facility. Tobacco funds received from the master settlement agreement and issuance of debt finance the commitment for construction of new 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 buildings, fire equipment, and water efficiency improvements. The lease agreements for fire equipment qualify as capital leases for accounting purposes because title transfers at the end of the lease term and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The leases for the buildings qualify as capital leases for accounting purposes because one lease agreement contains a bargain purchase option while the present value of the minimum lease payments at the inception of the lease for the other lease agreement equals at least 90% of the fair value of the leased property. The leased buildings were recorded at fair market value at the date of the lease agreement. The lease agreement for the water efficiency improvements contains a bargain purchase option; hence, the water efficiency improvements were capitalized as structures and improvements at an amount equal to the present value of the minimum lease payments as of the beginning of the lease term.

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

Structures and Improvements	\$ 29,896
Machinery and equipment	991
Total	<u>30,887</u>
Less accumulated amortization	<u>(5,854)</u>
Net book value	<u>\$ 25,033</u>

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FIDUCIARY FUNDS – Pension and Other Employee Benefit Trust

Capital asset activities of the Pension and other employee benefit trust for the year ended December 31, 2010, are as follows:

	<u>Balance</u> <u>January 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2010</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 686	\$ 1,338	\$ -	\$ 2,024
Capital assets, being depreciated:				
Equipment and Furniture	2,730	47	-	2,777
Information Systems	10,457	-	-	10,457
Leasehold Improvements	2,465	-	-	2,465
Total capital assets, being depreciated	<u>15,652</u>	<u>47</u>	<u>-</u>	<u>15,699</u>
Less accumulated depreciation for:				
Equipment and Furniture	2,368	134	-	2,502
Information Systems	10,457	-	-	10,457
Leasehold Improvements	291	90	-	381
Total accumulated depreciation	<u>13,116</u>	<u>224</u>	<u>-</u>	<u>13,340</u>
Total capital assets, being depreciated, net	<u>2,536</u>	<u>(177)</u>	<u>-</u>	<u>2,359</u>
Fiduciary fund capital assets, net	<u>\$ 3,222</u>	<u>\$ 1,161</u>	<u>\$ -</u>	<u>\$ 4,383</u>

COMPONENT UNIT – Alameda County Medical Center

Capital asset activities of the Alameda County Medical Center for the year ended June 30, 2011, are as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 1,825	\$ 5,381	\$ 4,286	\$ 2,920
Land	-	751	-	751
Total capital assets, not being depreciated	<u>1,825</u>	<u>6,132</u>	<u>4,286</u>	<u>3,671</u>
Capital assets, being depreciated:				
Structures and improvements	40,183	2,983	751	42,415
Machinery and equipment	72,504	5,391	23	77,872
Total capital assets, being depreciated	<u>112,687</u>	<u>8,374</u>	<u>774</u>	<u>120,287</u>
Less accumulated depreciation for:				
Structures and improvements	25,184	1,480	-	26,664
Machinery and equipment	52,268	7,868	20	60,116
Total accumulated depreciation	<u>77,452</u>	<u>9,348</u>	<u>20</u>	<u>86,780</u>
Total capital assets, being depreciated, net	<u>35,235</u>	<u>(974)</u>	<u>754</u>	<u>33,507</u>
Component unit capital assets, net	<u>\$ 37,060</u>	<u>\$ 5,158</u>	<u>\$ 5,040</u>	<u>\$ 37,178</u>

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5. Accounts Payable and Accrued Expenditures/Expenses

Accounts payable and accrued expenditures/expenses as of June 30, 2011, for the County's individual major funds, non-major funds in the aggregate, and internal service funds are as follows:

	Governmental Funds							Internal Service Funds	Governmental Activities Total
	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Other Governmental Funds	Subtotal		
	Accounts payable	\$ 51,212	\$ -	\$ 2,024	\$ 6,928	\$ 5,173	\$ 8,659		
Outstanding warrants	44,979	-	-	-	-	-	44,979	-	44,979
Accrued payroll	39,084	11	1,560	1,179	-	4,352	46,186	2,720	48,906
Total accounts payable and accrued expenditures	<u>\$ 135,275</u>	<u>\$ 11</u>	<u>\$ 3,584</u>	<u>\$ 8,107</u>	<u>\$ 5,173</u>	<u>\$ 13,011</u>	<u>\$ 165,161</u>	<u>\$ 10,622</u>	<u>\$ 175,783</u>

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

Purchase of securities	\$ 27,813
Investment-related payables	12,904
Member benefits	2,587
Accrued administrative expenses	2,450
Other	158
Total accounts payable and accrued expenses	<u>\$ 45,912</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
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6. Long-Term Obligations

The following is a summary of long-term obligations of the County as of June 30, 2011:

GOVERNMENTAL ACTIVITIES

<u>Type of Obligation and Purpose</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Certificates of participation:				
Public Facilities Corporation:				
1989 Capital Projects capital appreciation bonds-principal (b)	6/15/2019	6.70-6.80%	\$ 26,664	\$ 3,656
2001A Refunding (a)	12/1/2021	3.80-5.375	148,455	97,455
2007A Refunding (a)	12/1/2021	4-5.625	37,010	<u>27,760</u>
Certificates of participation-principal				128,871
1989 Capital Projects capital appreciation bonds-accretion (b)				<u>12,043</u>
Tobacco Settlement Asset-Backed bonds				
Tobacco Securitization bonds 2002 (g)	6/1/2042	2.25-6.00	220,525	178,400
Tobacco Securitization capital appreciation bonds 2006 - A & B (g)	6/1/2050	6.2-6.7	51,475	51,475
Tobacco Securitization capital appreciation bonds 2006 - C (g)	6/1/2055	7.55	16,384	<u>16,384</u>
Tobacco Securitization bonds-principal				246,259
Tobacco Securitization capital appreciation bonds 2006 - accretion (g)				<u>28,621</u>
Pension obligation bonds				
1996 bonds series B capital appreciation bonds-principal (a)	12/1/2018	7.03-7.58	306,863	154,585
1996 bonds series B capital appreciation bonds-accretion (a)				<u>292,008</u>
Lease revenue bonds				
Alameda County Joint Powers Authority:				
Juvenile Justice Facility Bonds Series D (a)	12/1/2034	3.3-5.125	28,275	17,210
Juvenile Justice Refunding 2008A (a)	12/1/2034	4.0-5.0	120,145	120,145
Multiple Capital Projects 2010A (a)	12/1/2044	7.046	320,000	320,000
Association of Bay Area Governments:				
2004 ABAG 40 Refunding (c)	6/1/2012	2-3.75	6,095	<u>835</u>
Lease revenue bonds				<u>458,190</u>
Tax allocation bonds				
Alameda County Redevelopment Agency:				
Eden Area Redevelopment Bonds (i)	8/1/2036	4.0-5.0	34,735	<u>31,890</u>
Capital leases				
Fire equipment (h)	11/30/2012	0	697	174
Water efficiency measures (f)	10/30/2023	4.08	3,000	2,591
Structures & Improvement - 7200 Bancroft Ave. (a)	2/28/2021	52.07	1,896	1,896
Structures & Improvement - 2000 San Pablo Ave. (a)	11/21/2035	13.2	25,000	<u>24,855</u>
Capital leases payable				<u>29,516</u>
Other Long-term obligations				
Special assessment bonds with government commitment				
West Happyland assessment district 1999 refunding (d)	9/2/2011	4.2-5.65	395	20
Tennyson-Alquire assessment district 1999 refunding (d)	9/2/2012	4.2-5.70	1,435	<u>200</u>
Special assessment bonds				220
Loans Payable (f)	6/22/2016 to 6/22/2026	1.0-4.1	16,620	12,743
Note Payable (a)	1/5/2012	.14-.20	25,000	25,000
Note Payable (i)	5/1/2014	4.5-9.77	1,322	1,322
Net pension obligation (e)				42,085
Net OPEB obligation (e)				116,467
Compensated employee absences payable (e)				66,722
Estimated liability for claims and contingencies (f)				92,805
Due to other governmental units (i)				6,812
Obligation to fund Authority deficit (see Note 14) (a)				<u>72,450</u>
Other long-term obligations				<u>436,626</u>
Governmental activities total long-term obligations				<u>\$ 1,818,609</u>

Debt service payments are generally made from the following sources:

- (a) Discretionary revenues of the general fund.
- (b) Discretionary revenues of the fund that received the benefit of the asset, purchased or constructed.
- (c) Discretionary revenues of the Road special revenue fund in non-major governmental funds.
- (d) Tax assessments on benefited properties within the assessment districts.
- (e) Discretionary revenues of the fund in which the employee's salary is charged.
- (f) User-charge reimbursements from the general fund and the non-major governmental funds.
- (g) Revenues from tobacco master settlement agreement.

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- (h) Discretionary revenues of the Fire special revenue fund in non-major governmental funds.
- (i) Tax increment revenues with respect to the redevelopment project area.

The Alameda County Tobacco Asset Securitization Authority has pledged all revenues received from the tobacco master settlement agreement with four US tobacco manufacturers to repay the outstanding amount as of June 30, 2011 of \$178.4 million in tobacco securitization bonds issued in October 2002 and \$67.86 million of tobacco securitization capital appreciation bonds issued in February 2006. The bonds were issued to finance the acquisition of the County Tobacco Assets from the County of Alameda. Total principal, interest, and interest accretion remaining on the bonds is \$1.9 billion, payable through June 2055. The tobacco revenue is determined by applying a rate to the number of cigarettes sold; hence, the amount to be received over the term of the bonds is not estimable. During the year, principal and interest payments were \$14.6 million while tobacco settlement revenue was \$13.2 million.

On February 2, 2006, the Alameda County Redevelopment Agency issued \$34.7 million in tax allocation bonds Series 2006A to finance redevelopment eligible activities in Castro Valley, Cherryland, and San Lorenzo project areas. Interest on the bonds varies from 4.0 to 5.0 percent and is payable twice a year, August 1 and February 1, while principal on the bonds is payable on August 1 every year. Total principal and interest remaining on the bonds is \$54.6 million, with the final payment due on August 1, 2036. The tax allocation bonds are secured and to be serviced from tax increment revenues of the project 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. The total debt service estimated is \$54.6 million which is 11.89 percent of the total projected net tax increment revenues of \$459 million during the bond period. Pledged tax increment revenue recognized during the fiscal year ended June 30, 2011 was \$2.1 million as against the total debt service payment of \$2.1 million.

COMPONENT UNIT

Type of Obligation	Outstanding
Alameda County Medical Center:	
Compensated employee absences payable	\$ 15,611
Estimated liability for claims and contingencies	21,690
Component unit total long-term obligations	\$ 37,301

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, 2011, the County's debt limit (1.25% of total assessed value) was \$2.45 billion. The County does not have any general obligation debt and therefore, has not used any of its debt limit.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debts issued after August 31, 1986, are subject to arbitrage rebate requirements. The requirements stipulate, in general, that the excess of earnings from the investment of tax-exempt bond proceeds over related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The County has evaluated each outstanding debt obligation that is subject to the arbitrage rebate requirements and has no deferred interest income as of June 30, 2011.

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Conduit Debt

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

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 \$36.0 million as of June 30, 2011. 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 \$102 million as of June 30, 2011. 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, 2011, \$0.89 million was the remaining outstanding obligation. Similarly, assessment district bonds were issued to construct storm drains, roads, sidewalks, water, and sewer system in Tennyson-Alquire and West Happyland townships in the City of Hayward. At June 30, 2011, \$0.22 million was the remaining outstanding obligation. Unpaid assessments constitute fixed liens on the lots and parcels assessed within the assessment district and do not constitute a personal indebtedness of the respective owners of such lots and parcels. Even though the County is not obligated to advance any resources to cure any deficiencies in the redemption funds of the Tennyson-Alquire and West Happyland townships issues, the County has the right to do so; therefore the debt has been included in the County's long-term obligations.

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
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JUNE 30, 2011

Changes in Long-Term Obligations

The changes in long-term obligations for governmental activities for the year ended June 30, 2011, are as follows:

	<u>Balance July 1, 2010</u>	<u>Additional Obligations, Interest Accretion, and Net Increases</u>	<u>Current Maturities, Retirements, and Net Decreases</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and certificates payable					
Certificates of participation	\$ 147,350	\$ -	\$ (18,479)	\$ 128,871	\$ 19,539
Tobacco Securitization bonds	250,274	-	(4,015)	246,259	2,905
Pension obligation bonds	178,387	-	(23,802)	154,585	23,044
Lease revenue bonds	141,705	320,000	(3,515)	458,190	4,125
Tax allocation bonds	32,565	-	(675)	31,890	705
Special assessment bonds with government commitment	335	-	(115)	220	120
Total bonds and certificates payable before accretion	<u>750,616</u>	<u>320,000</u>	<u>(50,601)</u>	<u>1,020,015</u>	<u>50,438</u>
Accretion on capital appreciation bonds					
Certificates of participation	12,871	1,173	(2,001)	12,043	2,041
Tobacco Securitization bonds	22,525	6,096	-	28,621	-
Pension obligation bonds	<u>299,353</u>	<u>33,918</u>	<u>(41,263)</u>	<u>292,008</u>	<u>44,951</u>
Total bonds and certificates payable at accreted value	<u>1,085,365</u>	<u>361,187</u>	<u>(93,865)</u>	<u>1,352,687</u>	<u>97,430</u>
Other debt-related items					
Deferred amount for issuance premiums	8,377	-	(746)	7,631	743
Deferred amount for issuance discount	(4,389)	-	135	(4,254)	(136)
Deferred amount for refunding loss	<u>(11,385)</u>	<u>-</u>	<u>1,290</u>	<u>(10,095)</u>	<u>(1,286)</u>
Total bonds and certificates payable	<u>1,077,968</u>	<u>361,187</u>	<u>(93,186)</u>	<u>1,345,969</u>	<u>96,751</u>
Loans and notes payable	12,129	28,040	(1,104)	39,065	26,288
Net pension obligation	42,857	-	(772)	42,085	-
Net OPEB obligation	72,400	44,067	-	116,467	-
Compensated employee absences payable	65,695	32,383	(31,356)	66,722	39,404
Estimated liability for claims and contingencies	98,548	15,692	(21,435)	92,805	23,200
Capital leases	29,849	-	(333)	29,516	343
Due to other governmental units	6,707	391	(286)	6,812	-
Obligation to fund Coliseum Authority deficit (see Note 14)	76,000	-	(3,550)	72,450	3,750
Governmental activity long-term obligations	<u>\$ 1,482,153</u>	<u>\$ 481,760</u>	<u>\$ (152,022)</u>	<u>\$ 1,811,891</u>	<u>\$ 189,736</u>

Internal service funds predominantly serve the governmental funds, the long-term liabilities of which are included as part of the above totals for governmental activities. At the year ended June 30, 2011, \$3.17 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, 2011, are as follows:

Component Unit:	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Compensated employee absences payable	\$ 14,943	\$ 18,899	\$ (18,231)	\$ 15,611	\$ 8,410
Estimated liability for claims and contingencies	20,616	3,486	(2,412)	21,690	5,319
Total component unit long-term obligations	<u>\$ 35,559</u>	<u>\$ 22,385</u>	<u>\$ (20,643)</u>	<u>\$ 37,301</u>	<u>\$ 13,729</u>

COUNTY OF ALAMEDA, CALIFORNIA

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Annual debt service requirements for long-term obligations outstanding as of June 30, 2011, are as follows:

GOVERNMENTAL ACTIVITIES

For the Year Ending June 30	Lease Revenue Bonds		Tobacco Securitization Bonds			Pension Obligation Bonds		Tax Allocation Bonds		Total Bonds		
	Principal	Interest	Principal	Accreted		Principal	Accreted		Principal	Interest	Accreted	
				Interest	Interest		Interest	Interest			Principal	Interest
2012	\$ 4,125	\$ 29,228	\$ 2,905	\$ -	\$ 10,450	\$ 23,044	\$ 44,951	\$ 705	\$ 1,409	\$ 30,779	\$ 44,951	\$ 41,087
2013	3,235	29,032	-	-	10,312	22,263	48,792	730	1,381	26,228	48,792	40,725
2014	3,400	28,864	-	-	10,312	21,490	52,760	760	1,351	25,650	52,760	40,527
2015	3,785	28,698	-	-	10,312	20,623	56,972	790	1,320	25,198	56,972	40,330
2016	3,500	28,548	-	-	10,312	20,053	61,032	825	1,288	24,378	61,032	40,148
2017-2021	22,005	139,939	2,590	-	51,315	47,112	171,923	4,630	5,906	76,337	171,923	197,160
2022-2026	28,040	133,907	-	-	50,946	-	-	5,665	4,842	33,705	-	189,695
2027-2031	36,010	125,940	51,485	-	45,025	-	-	6,995	3,487	94,490	-	174,452
2032-2036	56,665	115,348	45,170	-	33,490	-	-	8,765	1,645	110,600	-	150,483
2037-2041	150,655	79,217	-	-	22,875	-	-	2,025	51	152,680	-	102,143
2042-2046	146,770	21,197	76,250	-	4,575	-	-	-	-	223,020	-	25,772
2047-2051	-	-	51,475	-	-	-	-	-	-	51,475	-	-
2052-2056	-	-	16,384	764,585	-	-	-	-	-	16,384	764,585	-
2057-2061	-	-	-	616,926	-	-	-	-	-	-	616,926	-
Total	\$ 458,190	\$ 759,918	\$ 246,259	\$ 1,381,511	\$ 259,924	\$ 154,585	\$ 436,430	\$ 31,890	\$ 22,680	\$ 890,924	\$ 1,817,941	\$ 1,042,522

For the Year Ending June 30	Total Bonds			Certificates of Participation			Other Long-Term Obligations		Total Debt		
	Principal	Accreted		Principal	Accreted		Principal	Interest	Principal	Accreted	
		Interest	Interest		Interest	Interest				Interest	
2012	\$ 30,779	\$ 44,951	\$ 41,087	\$ 19,539	\$ 2,041	\$ 5,983	\$ 26,751	\$ 4,957	\$ 77,069	\$ 46,992	\$ 52,027
2013	26,228	48,792	40,725	20,212	2,078	5,035	1,730	4,941	48,170	50,870	50,701
2014	25,650	52,760	40,527	21,033	2,112	3,974	2,901	4,828	49,584	54,872	49,329
2015	25,198	56,972	40,330	14,135	2,150	3,056	1,644	4,678	40,977	59,122	48,064
2016	24,378	61,032	40,148	7,580	2,180	2,491	1,711	4,644	33,669	63,212	47,283
2017-2021	76,337	171,923	197,160	37,832	6,702	6,889	7,832	20,350	122,001	178,625	224,399
2022-2026	33,705	-	189,695	8,540	-	204	3,065	15,745	45,310	-	205,644
2027-2031	94,490	-	174,452	-	-	-	1,407	14,883	95,897	-	189,335
2032-2036	110,600	-	150,483	-	-	-	21,760	12,306	132,360	-	162,789
2037-2041	152,680	-	102,143	-	-	-	-	-	152,680	-	102,143
2042-2046	223,020	-	25,772	-	-	-	-	-	223,020	-	25,772
2047-2051	51,475	-	-	-	-	-	-	-	51,475	-	-
2052-2056	16,384	764,585	-	-	-	-	-	-	16,384	764,585	-
2057-2061	-	616,926	-	-	-	-	-	-	-	616,926	-
Total	\$ 890,924	\$ 1,817,941	\$ 1,042,522	\$ 128,871	\$ 17,263	\$ 27,632	\$ 68,801	\$ 87,332	\$ 1,088,596	\$ 1,835,204	\$ 1,157,486

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

The County issued \$25 million in commercial paper notes on July 29, 2010 and has completed several subsequent refunding of these short-term notes. The commercial paper notes were issued to provide construction financing for the Acute Care Tower Seismic Replacement Project.

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On November 4, 2010, the Alameda County Joint Powers Authority issued \$320 million Lease Revenue Bonds (Multiple Capital Projects) 2010 Series A to fund the first phase of the Acute Tower Replacement project at the Alameda County Medical Center; to fund the required deposit to the Reserve Fund; to fund the Capitalized Interest account; and to pay for the costs of issuance of the 2010 Series A bonds. The issuance was for term bonds at a fixed rate of 7.046 percent maturing between 12/1/2035 and 12/1/2044. The bonds will receive interest subsidies at 35 percent for the \$208 million Build America Bonds (BABs) and 45 percent for the \$112 million Recovery Zone Economic Development Bonds (RZEDB). The interest subsidies reduce the County's costs to 4.58 percent for the BABs and 3.875 percent for the RZEDB. The financing was undertaken to modernize and ensure that the Alameda County Medical Center meets the seismic standards issued by the State of California.

7. Operating Lease Obligations

The County has numerous operating leases for office space. Rental expense for operating leases for fiscal year 2009/10 was \$23.1 million. Future minimum lease payments for operating leases at June 30, 2011, are as follows:

<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2017-21</u>	<u>2022-26</u>	<u>Total</u>
\$ 25,215	\$ 19,295	\$ 16,657	\$ 14,515	\$ 13,525	\$ 46,447	\$ 4,352	\$ 140,006

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
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8. Fund Balances

Details of the fund balance classifications of the major and non-major governmental funds as of June 30, 2011 are as follows:

	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Nonmajor	Total
Nonspendable in form:								
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$211	\$211
Long-term receivables	1,470	-	-	-	-	-	-	1,470
Properties for resale	255	-	-	-	-	-	-	255
Properties for redevelopment	-	-	-	-	-	-	5,096	5,096
Prepaid items	-	-	-	-	-	-	114	114
Total Nonspendable	1,725	-	-	-	-	-	5,421	7,146
Restricted for:								
Public protection	123,078	-	173,138	-	-	-	43,836	340,052
Public assistance	1,465	-	-	-	-	-	77,291	78,756
Health and sanitation	174,020	-	-	-	-	-	16,703	190,723
Public ways and facilities	-	-	-	-	-	-	71,968	71,968
Education	-	-	-	-	-	-	12,211	12,211
Debt service	-	-	-	-	-	110,618	21,517	132,135
Other purposes	5,072	-	-	-	-	-	-	5,072
Total Restricted	303,635	-	173,138	-	-	110,618	243,526	830,917
Committed to:								
Fiscal management rewards	169,790	-	-	-	-	-	-	169,790
Settlement claims	163,500	-	-	-	-	-	-	163,500
General contingencies	149,758	-	-	-	-	-	-	149,758
Capital projects	55,587	-	-	-	258,963	-	-	314,550
Pension obligation bonds	32,500	-	-	-	-	-	-	32,500
Capital projects and related debt	-	308,958	-	-	-	-	-	308,958
Public assistance	417	-	-	-	-	-	-	417
Public protection	397	-	-	-	-	-	-	397
Other commitments	66,652	-	-	-	-	-	-	66,652
Total Committed	638,601	308,958	-	-	258,963	-	-	1,206,522
Assigned to:								
Appropriations in subsequent year	56,792	-	-	-	-	-	-	56,792
General government	9,761	-	-	-	-	-	-	9,761
Public protection	11,384	-	-	-	-	-	3,003	14,387
Public assistance	7,444	-	-	-	-	-	-	7,444
Health and sanitation	16,463	-	-	-	-	-	-	16,463
Public ways and facilities	75	-	-	-	-	-	-	75
Education	12	-	-	-	-	-	-	12
Recreation and cultural services	5	-	-	-	-	-	-	5
Other purposes	25	-	-	-	-	-	-	25
Total Assigned	101,961	-	-	-	-	-	3,003	104,964
Unassigned	16,996	-	-	(1,930)	-	-	-	15,066
Total Fund Balances	\$1,062,918	\$308,958	\$173,138	(\$1,930)	\$258,963	\$110,618	\$251,950	\$2,164,615

Encumbrance balances by major funds and non-major funds as of June 30, 2011 are:

	Restricted	Committed	Assigned	Total
General Fund	\$ 1,532	\$ -	\$ 42,057	\$ 43,589
Property Development	-	388	-	388
Flood Control	32,463	-	-	32,463
Grant Revenue	8,155	-	-	8,155
Capital projects	-	397,535	-	397,535
Non-major governmental funds	31,157	-	224	31,381
Total encumbrances	\$ 73,307	\$ 397,923	\$ 42,281	\$ 513,511

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9. Restricted Net Assets

Restricted net assets are net assets that are subject to constraints either externally imposed by creditors, grantors, contributors, or by enabling legislation. Restricted net assets as of June 30, 2011 for governmental activities are as follows:

Restricted for Public Protection			
Flood	\$173,502		
Criminal Justice and Courthouse Construction	49,504		
Fire	27,569		
Public Safety	17,045		
Sheriff	23,188		
Vital Records	17,686		
Consumer Protection	10,865		
Community Development	6,350		
Domestic Violence	536		
Vehicle Theft Prevention	979		
Survey Monument Preservation	713		
Child Support Enforcement	1,027		
Probation	115		
Criminal Justice Programs	378		
Other	<u>1,171</u>		
			\$330,628
Restricted for Public Assistance			
Housing and Commercial Development	75,042		
Social Services Programs	<u>1,533</u>		
			76,575
Restricted for Health and Sanitation			
Public Health	47,925		
Behavioral Health Services	105,424		
Emergency Medical Services	27,320		
Environmental Health	<u>8,815</u>		
			189,484
Restricted for Public Ways and Facilities			
Roads and Bridges Maintenance	67,940		
Streets and Highway Lighting	<u>3,474</u>		
			71,414
Restricted for Education			
Library Services			12,325
Restricted for Other Purposes			
Property Taxes	12,490		
Assessor	<u>5,068</u>		
			<u>17,558</u>
Total Restricted Net Assets-Governmental Activities			<u><u>\$697,984</u></u>

Included in governmental activities restricted net assets as of June 30, 2011 are net assets restricted by enabling legislation of \$116,797.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
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10. Interfund Receivables, Payables and Transfers

“Due to” and “due from” balances have been recorded for cash overdraft, inter-fund loans, and reimbursement of expenditures. The composition of inter-fund balances as of June 30, 2011, is as follows:

	Due to other funds			Total Due from
	Grant Revenue Fund	Capital Projects Fund	Non-major Governmental Funds	
Due from other funds				
General fund	\$ 21,186	\$ 2,290	\$ 6,329	\$ 29,805
Non-major governmental funds	-	1,798	-	1,798
Total Due to	<u>\$ 21,186</u>	<u>\$ 4,088</u>	<u>\$ 6,329</u>	<u>\$ 31,603</u>

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

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

Due to/from primary government and component unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
	Alameda County Medical Center	<u>\$ 123,268</u>
Primary government-governmental		\$ 123,268
Less: allowance for uncollectibles		(31,000)
Net		<u>\$ 92,268</u>
Alameda County Medical Center	Primary government-governmental	<u>\$ 6,587</u>

Advances to/from primary government and component unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government-governmental	Alameda County Medical Center	<u>\$ 5,667</u>

Transfers between funds for the year ending June 30, 2011, are as follows:

	Transfers In:						Total Transfers Out
	General Fund	Grant Revenue Fund	Capital Projects Fund	Debt Service Fund	Non-major Governmental Funds	Internal Service Funds	
Transfers out:							
General fund	\$ -	\$ 116	\$ 10,020	\$ 56,340	\$ -	\$ 42	\$66,518
Property development fund	602	-	-	9,501	7	-	10,110
Grant revenue fund	208	-	-	26	-	234	468
Capital projects fund	-	-	-	2,946	-	-	2,946
Non-major governmental funds	354	-	1,155	943	1,825	-	4,277
Internal service funds	1,975	-	-	7,055	-	-	9,030
Total transfers in	<u>\$ 3,139</u>	<u>\$ 116</u>	<u>\$ 11,175</u>	<u>\$ 76,811</u>	<u>\$ 1,832</u>	<u>\$ 276</u>	<u>\$93,349</u>

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The \$66.518 million General Fund transfer-out includes \$37.208 million for pension obligations, \$19.132 million to provide for the payment of debt service, and \$9.745 million to provide funding for acquisition of real estate properties.

The \$10.110 million Property Development Fund transfer out includes \$9.501 million reimbursement to the Debt Service Fund for the Juvenile Justice bond payment.

The \$2.946 million Capital Projects Fund transfer out is for the payment of debt service.

The \$4.277 million Non-major Governmental Funds transfer out includes \$1.825 million to cover operating costs of the bridges, \$1.155 million to provide funding for construction projects, and \$.861 million for payment of debt service, and \$.562 million to reimburse the general fund for grant expenditures.

The \$9.030 million Internal Service Funds transfer out includes \$7.055 million for the payment of debt service and \$1.938 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 \$898.3 million as of December 31, 2010. ACERA began operations on January 1, 1948 and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, policies and procedures adopted by the Board of Retirement. ACERA operates as a cost-sharing multiple-employer defined benefit plan for the County, the Superior Court of California, the Zone 7 Water Agency, and five participating special districts located in the County, but not under the control of the County Board of Supervisors.

ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State Law and are subject to amendment only by an act of the State of California legislature. Alternative benefit and contribution schedules are permissible with the Board of Supervisors' approval. All risks and costs, including benefit costs, are shared by the participating entities. An actuarial valuation is performed annually for the system as a whole. ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2010 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

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

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Membership of ACERA as of December 31, 2010 is as follows (amounts not in thousands):

Members Now Receiving Benefits	
Service Retirement	5,696
Disability Retirement	798
Beneficiaries and Survivors	1,054
Subtotal	7,548
 Active Members	
Active Vested Members	7,824
Active Non-vested Members	3,025
Subtotal	10,849
 Deferred Members	
	1,847
Total Membership	20,244

B. Funding Policy

The Pension Plan under the 1937 Act has no legal or contractual maximum contribution rates. The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits, and are between 6.36 and 20.95 percent of their annual covered salary effective September 2010. Member contributions are refundable upon termination from the retirement system.

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

Article 5.5 provides for the systematic funding of the SRBR and stipulates that it be used only for the benefit of retired members and beneficiaries. The law grants discretionary authority over the use of the SRBR funds to the Board of Retirement. Supplemental benefits currently provided through the SRBR include supplemental COLA, supplemental retired member death benefits, active death equity benefit and the retiree monthly medical allowance, vision, dental, and Medicare Part B coverage. The payment of supplemental benefits from the SRBR is subject to available funding and must be periodically re-authorized by the Board of Retirement. SRBR benefits are not vested.

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

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

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Fiscal year ended June 30	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2009	\$ 98,540	100.7 %	\$ 43,572
2010	102,658	100.7	42,857
2011	117,675	100.7	42,085

For the fiscal year ended June 30, 2011, the employees' contributions to the plan for the same period were \$56.4 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	\$ 118,447
Interest on net pension obligation	3,429
Adjustment to annual required contributions	<u>(4,201)</u>
Annual pension cost	117,675
Pension contributions	<u>(118,447)</u>
Change in net pension obligation	(772)
Net pension obligation, beginning of fiscal year	<u>42,857</u>
Net pension obligation, end of fiscal year	<u><u>\$ 42,085</u></u>

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Pension Plan's actuarial accrued liability at December 31, 2010 was \$6.16 billion; the actuarial value of assets was \$4.78 billion; the unfunded actuarial accrued liability was \$1.39 billion; and the funded ratio was 77.5%. Covered payroll was \$898.3 million and the ratio of unfunded actuarial accrued liability to covered payroll was 154.4%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 83.

C. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The projections for pension plan are based on the following actuarial methods and assumptions:

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Valuation date	12/31/2009	12/31/2010
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 ten 6-months periods	
Interest rate	7.90%	7.90%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.70 - 8.00%
Safety	5.30 - 9.10%	5.30 - 9.10%
Demographics:		
(A) Healthy		
General members and all beneficiaries	RP-2000 Combined Healthy Mortality table set back one year	
Safety members	RP-2000 Combined Healthy Mortality table set back two years	
(B) Disability		
General members	RP-2000 Combined Healthy Mortality table set forward four years	
Safety members	RP-2000 Combined Healthy Mortality table set forward three years	
(C) For Employee Contribution Rate Purposes		
General members	RP-2000 Combined Healthy Mortality table set back one year, weighted 30% male and 70% female	
Safety members	RP-2000 Combined Healthy Mortality table set back two years, weighted 75% male and 25% female	
Postemployment benefit increases:		
Tier 1 and 3 members	3%	3%
Tier 2 members	2%	2%

12. Postemployment Medical Benefits

A. Plan Description

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

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

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eligible. Currently, the County uses a single blended rate for budgeting and setting premium and contribution rates for both active employees and non-Medicare eligible retirees. The County funds the premiums for employees while ACERA funds the premiums for retirees. ACERA establishes the amount of the Monthly Medical Allowance (MMA). For employees who retire with a minimum 20 years of service, the MMA has been set at \$522.16 per month in 2011.

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, 2010 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Funding Policy

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

The County's OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's annual postemployment medical benefit cost, the percentage of annual postemployment medical benefit cost contributed to the plan, and the net OPEB (asset) obligation for fiscal years 2009 through 2011 are as follows:

Fiscal year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset) Obligation
2009	\$ 24,843	0.0 %	\$ 6,438
2010	25,961	0.0	32,399
2011	31,439	0.0	63,838

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

Annual required contributions	\$	31,882
Interest on net OPEB obligation		2,592
Adjustment to annual required contributions		<u>(3,035)</u>
Annual OPEB cost		31,439
OPEB contributions		<u>-</u>
Change in net OPEB obligation		31,439
Net OPEB obligation, beginning of fiscal year		<u>32,399</u>
Net OPEB obligation, end of fiscal year	\$	<u><u>63,838</u></u>

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Postemployment Benefit Plan's actuarial accrued liability at December 31, 2010 was \$732.9 million; the actuarial value of assets was \$561.3 million; the unfunded actuarial accrued liability was \$171.5 million; and the funded ratio was 76.6%. Covered payroll was \$898.3 million and the ratio of unfunded actuarial accrued liability to covered payroll was 19.1%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 83.

C. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarially determined amounts for the OPEB plan are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The projections for postemployment medical benefits plan are based on the following actuarial methods and assumptions:

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Valuation date	12/31/2009	12/31/2010
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	26 years	25 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods	
Interest rate	7.90%	7.90%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.70 - 8.00%
Safety	5.30 - 9.10%	5.30 - 9.10%
Demographics:		
(A) Healthy		
General members and all beneficiaries	RP-2000 Combined Healthy Mortality table set back one year	
Safety members	RP-2000 Combined Healthy Mortality table set back two years	
(B) Disability		
General members	RP-2000 Combined Healthy Mortality table set forward four years	
Safety members	RP-2000 Combined Healthy Mortality table set forward three years	
(C) For Employee Contribution Rate Purposes		
General members	RP-2000 Combined Healthy Mortality table set back one year, weighted 30% male and 70% female	
Safety members	RP-2000 Combined Healthy Mortality table set back two years, weighted 75% male and 25% female	
Healthcare Cost Trend Rates:		
Monthly Medical Allowance (MMA)	Graded down from 10% by 0.5% per annum until ultimate rate of 5%	Graded down from the range [8%- 10%] by 0.5% per annum until ultimate rate of 5%
Dental and Vision	5%	5%
Medicare Part B	5%	5%
Postemployment benefit increases	Dental and vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. With the exception that the 2011 MMA is expected to be maintained at the same level as 2010, MMA subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit.	Dental and vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. With the exception that the 2012 MMA is expected to be maintained at the same level as 2011, MMA subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit.

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

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), retired member death benefit, and active death equity benefit. The other postemployment benefits program operates as a cost-sharing multiple-employer benefit plan for the County, the Superior Court of California, the Zone 7 Water Agency and five participating special districts located in the County, but not under the control of the County Board of Supervisors.

The supplemental COLA is to maintain each retiree's purchasing power at no less than 85% of the purchasing power of the original benefit. The retired member death benefit is a one-time \$4,250 lump sum payment to the beneficiary of a retiree. The active death equity benefit is available to active members with five or more years of service credit. ACERA will fund the difference between the member's vested surviving spouse annuity benefit and a 100% surviving spouse annuity benefit.

ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2010 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 benefit cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. 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 2009 through 2011 are as follows:

Fiscal year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 14,925	0.0 %	\$ 24,410
2010	15,591	0.0	40,001
2011	12,628	0.0	52,629

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

Annual required contributions	\$	13,175
Interest on net OPEB obligation		3,200
Adjustment to annual required contributions		(3,747)
Annual OPEB cost		12,628
OPEB contributions		-
Change in net OPEB obligation		12,628
Net OPEB obligation, beginning of fiscal year		40,001
Net OPEB obligation, end of fiscal year	\$	52,629

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, 2010 was \$176.5 million; the actuarial value of assets was \$69.2 million; the unfunded actuarial accrued liability was \$107.2 million; and the funded ratio was 39.2%. Covered payroll was \$898.3 million and the ratio of unfunded actuarial accrued liability to covered payroll was 11.9%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 83.

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarially determined amounts for the other postemployment benefits plan are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The projections for other postemployment benefits plan are based on the following actuarial methods and assumptions:

Valuation date	12/31/2009	12/31/2010
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	26 years	25 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods	
Interest rate	7.90%	7.90%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.70 - 8.00%
Safety	5.30 - 9.10%	5.30 - 9.10%
Demographics:		
(A) Healthy		
General members and all beneficiaries	RP-2000 Combined Healthy Mortality table set back one year	
Safety members	RP-2000 Combined Healthy Mortality table set back two years	
(B) Disability		
General members	RP-2000 Combined Healthy Mortality table set forward four years	
Safety members	RP-2000 Combined Healthy Mortality table set forward three years	
(C) For Employee Contribution Rate Purposes		
General members	RP-2000 Combined Healthy Mortality table set back one year, weighted 30% male and 70% female	
Safety members	RP-2000 Combined Healthy Mortality table set back two years, weighted 75% male and 25% female	
Postemployment benefit increases	Supplemental COLA benefits are assumed to increase by the difference between inflation and the cost-of-living benefit guaranteed in the Pension Plan (3% for Tier 1 and Tier 3, and 2% for Tier 2), subject to other limitations.	

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the County and plan members to that point. The actuarial 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.

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14. Joint Venture

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

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

On May 25, 2000, the Coliseum Authority issued \$201.3 million in series 2000 C and D Refunding Bonds (tax-exempt) to retire \$181.9 million of the 1995 Variable Rate Lease Revenue Stadium Bonds (\$188.5 million less \$6.6 million principal payment). In February 2004, the 1995 Fixed Rate Refunding Lease Revenue Bonds were fully repaid from the escrow established in 1995 at the time the Coliseum Authority issued the Stadium Bonds.

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

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

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

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture (OCJV) to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its 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

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whereby, in return for certain consideration, the Coliseum Authority agreed to perform the duties of Coliseum, Inc. on and after August 1, 2006. The Authority's management agreement with OCJV expires in June 2012.

Debt service requirements for the Coliseum Authority debt:

For the Period Ending June 30	Stadium Debt		Arena Debt	
	Principal	Interest	Principal	Interest
2012	\$ 7,500	\$ 94	\$ 4,050	\$ 3,650
2013	7,900	89	4,400	3,510
2014	8,300	84	4,750	3,355
2015	8,700	79	5,150	3,187
2016	9,000	73	5,400	3,005
2017-2021	52,000	272	33,200	11,900
2022-2026	51,500	86	43,245	5,060
Total	<u>\$ 144,900</u>	<u>\$ 777</u>	<u>\$ 100,195</u>	<u>\$ 33,667</u>

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

Under the joint exercise of power agreement, which formed the Coliseum Authority, the County is responsible for funding up to 50% of the Coliseum Authority's operating costs and debt service requirements; to the extent such funding is necessary. During the year ended June 30, 2011, the County made contributions of \$10.034 million to fund its share of operating deficits and debt service payments of the Coliseum Authority.

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium Bonds, such that the City and County will have to contribute to base rental payments. Of the \$20.5 million appropriated in the general fund as part of the above agreements, it is estimated that the County will have to contribute \$10 million for the year ended June 30, 2012. There are many uncertainties in the estimation of revenues for the Coliseum Authority beyond one year into the future; therefore the County has established a contingent liability to fund the Coliseum Authority deficit in the Statement of Net Assets in an amount equal to its contingent share (50%) of the outstanding Stadium Bonds, in the amount of \$72.45 million. The County has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to cover the debt payments.

15. Alameda County Medical Center Discretely Presented Component Unit

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

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

Effective July 1, 2003, the County adopted the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*. This resulted in the Alameda County Health Care Foundation (Foundation) being included as a discretely presented component unit of ACMC. During fiscal year 2004, the Foundation's Articles of Incorporation and bylaws were amended to require ACMC to

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approve Foundation board members and to allow that upon dissolution, the Foundation's remaining assets would be distributed to ACMC. The Foundation distributed \$2.9 million to ACMC during fiscal year 2011 but had raised cumulative funds totaling \$6.11 million in 2010 and prior on behalf of ACMC.

Included in the County's outstanding long-term liabilities at June 30, 2011, are \$5.67 million in certificates of participation which were issued to provide for improvements to the Facilities. The County is liable for the repayment of the debt.

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

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

	2010/11	2009/10
Estimated liability for claims and contingencies at the beginning of the fiscal year	\$ 20,616	\$ 20,608
Additional obligations	3,486	3,104
Payments	(2,412)	(3,096)
Estimated liability for claims and contingencies at the end of the fiscal year	\$ 21,690	\$ 20,616

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

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

In August 2004, the County placed a \$200 million limitation on net loans to ACMC. As defined, this limitation is calculated as gross loans to ACMC, reduced by board-designated funds held by the County on behalf of ACMC. As of June 30, 2011, the balance of net loans to ACMC was \$120.0 million.

The terms of loan repayment, amended in April 2011, called for a reduction of the \$200 million loan limit to \$137.5 million by June 30, 2011. The outstanding net payable to the County is less than the \$137.5 million loan limit, and accordingly, the net loans of \$120.0 million at June 30, 2011 is classified as long-term in the accompanying statement of net assets.

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

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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 ACMC, 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 ACMC'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 47 percent and 15 percent, respectively, of gross patient service revenues, excluding certain federal aid revenues, for the fiscal year ended June 30, 2011. Reimbursement rates are tentative and final reimbursement for services is determined after submission of annual cost reports and audits by third-party intermediaries.

C. Other Program Revenues

ACMC also receives significant revenues from the Medical Waiver Program, California Senate Bill 1100 (SB1100). Beginning in fiscal year 2006, SB1100 provides additional funding to hospitals that provide a significant portion of their services to Medi-Cal and medically indigent recipients. SB1100 provides additional funds through a reimbursement rate increase for each Medi-Cal patient day provided, up to a maximum number of days. ACMC accrued \$126.03 million in SB1100 funds for the fiscal year ended June 30, 2011, and remitted \$33.87 million to the State, providing net SB1100 revenue of \$92.16 million.

D. Charity Care

Counties are required by federal statute, Section 17000 of the Health and Welfare Act, to provide charity care to patients who are unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigency standard has been established and for which the patient qualifies. Inability to pay may be determined through an interview process by ACMC or by an outside collection agency. Determinations of charity care may be made prior to or at the time of service, or any time thereafter. The following table summarizes the level of charity and the estimated cost of those services for the year ended June 30, 2011:

Charity care at cost	\$ 30,519
Percent of operating expenses	6.2 %

E. Accounts Receivable

Accounts receivable at June 30, 2011, comprised the following:

Patient accounts receivable	\$ 75,390
Due from State of California	66,460
Other accounts receivable	1,595
Total	\$ 143,445

Patient accounts receivable include amounts due from third party payors, patients, and other agencies for patient services rendered and is net of \$ 171.6 million in estimated contractual adjustments and uncollectible accounts. Other receivables include professional and other fees earned on patient services and services provided to various outside agencies. Also included in other accounts receivables are reimbursement claims for grants expenditures and amounts owed to ACMC from the state for payments under the SB 1100 program.

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F. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2011, comprised the following:

Accounts payable	\$ 35,615
Accrued payroll	16,463
Due to third-party payors	25,026
Other accrued liabilities	219
	\$ 77,323

G. Defined Benefit Pension Plan

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

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

Article 5.5 of the 1937 Act provides for the systematic funding of the SRBR and stipulates that it be used only for the benefit of retired members and beneficiaries. The law grants discretionary authority over the use of the SRBR funds to the Board of Retirement. Supplemental benefits currently provided through the SRBR include supplemental cost-of-living allowance, supplemental retired member death benefits, active death equity benefit and the retiree monthly medical allowance, vision, dental, and Medicare Part B coverage. The payment of supplemental benefits from the SRBR is subject to available funding and must be periodically re-authorized by the Board of Retirement. SRBR benefits are not vested.

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

ACMC is required by statute to contribute the amounts necessary to finance the estimated benefits accruing to their employees. ACMC's annual pension cost, the transfer of the excess investment earnings from the pension to the SRBR trust and its contributions for fiscal years 2009 to 2011 are as follows:

Plan Fiscal Year Ended June 30	Annual Required Contribution (ARC) *	Contribution Before Transfer of Excess Investment Earnings to SRBR	Excess Investment Earnings Transferred to SRBR	Contribution After Transfer of Excess Investment Earnings to SRBR	Contribution as a Percentage of ARC
2009	\$ 20,297	\$ 20,297	\$ -	\$ 20,297	100.00 %
2010	21,593	21,593	-	21,593	100.00
2011	23,375	23,375	-	23,375	100.00

* During the year ended June 30, 2011, ACMC changed its methodology in estimating its share of the pension and other postemployment (medical and other) costs. For the year ended June 30, 2010, ACMC estimated its

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011**

costs using information from ACERA's calendar year financial statements and the results from a consultant. For the year ended June 30, 2011, ACMC determined that an allocation methodology based on actual employer contributions is a preferable method in determining its share of the pension and other postemployment benefit (OPEB) plan costs.

ACMC has historically made 100% of the Annual Required Contribution (ARC) to ACERA. However, as part of the plan agreement, 50% of excess investment earnings are transferred from the Defined Benefit Pension Plan to the Supplemental Retiree Benefit Reserve (SRBR). In fiscal year 2008 (not included in table above), there were excess earnings that were transferred to the SRBR. This transfer of excess investment earnings in fiscal year 2008 resulted in a net pension obligation carry forward in subsequent years including fiscal year ended June 30, 2011. Refer to table below for carry forward obligation balance. Since fiscal year 2008, ACERA has not made any excess investment earnings transfers. For fiscal year ended June 30, 2011, the employees' contributions to the plan were \$13.2 million.

The following table shows ACMC's annual pension cost and the changes in the net pension obligation for fiscal year ended June 30, 2011:

Annual required contributions	\$ 23,375
Interest on net pension obligation	694
Adjustment to annual required contributions	<u>(11,088)</u>
Annual pension cost	12,981
Pension contributions	<u>(23,375)</u>
Decrease in net pension obligation	(10,394)
Net pension obligation, beginning of year	<u>19,019</u>
Net pension obligation, end of year	<u><u>\$ 8,625</u></u>

H. Postemployment Medical Benefits

ACMC's annual postemployment medical benefits cost and the transfer of the excess investment earnings from the pension to the SRBR trust for fiscal years 2009 to 2011 are as follows:

Plan Fiscal Year Ended June 30	Annual Required Contribution (ARC) *	Contribution Before Transfer of Excess Investment Earnings to SRBR	Excess Investment Earnings Transferred to SRBR	Contribution After Transfer of Excess Investment Earnings to SRBR	Contribution as a Percentage of ARC
2009	\$ 5,455	\$ -	\$ -	\$ -	0.00 %
2010	6,453	-	-	-	0.00
2011	7,941	-	-	-	0.00

* During the year ended June 30, 2011, ACMC changed its methodology in estimating its share of the pension and other postemployment (medical and other) costs. For the year ended June 30, 2010, ACMC estimated its costs using information from ACERA's calendar year financial statements and the results from a consultant. For the year ended June 30, 2011, ACMC determined that an allocation methodology based on actual employer contributions is a preferable method in determining its share of the pension and other postemployment benefit (OPEB) plan costs.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011**

The following table shows ACMC's annual postemployment medical benefits cost and the changes in the net OPEB obligation for fiscal year ended June 30, 2011:

Annual required contributions	\$ 7,941
Interest on net OPEB obligation	644
Adjustment to annual required contributions	<u>(2,741)</u>
Annual postemployment medical benefits cost	5,844
Postemployment medical benefits contributions	<u>-</u>
Increase in net OPEB obligation	5,844
Net OPEB obligation, beginning of year	<u>10,137</u>
Net OPEB obligation, end of year	<u><u>\$ 15,981</u></u>

I. Other Postemployment Benefits

ACMC's annual other postemployment benefit cost and the transfer of the excess investment earnings from the pension to the SRBR trust for fiscal years 2009 to 2011 are as follows:

Plan Fiscal Year Ended June 30	Annual Required Contribution (ARC) *	Contribution Before Transfer of Excess Investment Earnings to SRBR	Excess Investment Earnings Transferred to SRBR	Contribution After Transfer of Excess Investment Earnings to SRBR	Contribution as a Percentage of ARC
2009	\$ 2,739	\$ -	\$ -	\$ -	0.00 %
2010	2,436	-	-	-	0.00
2011	2,354	-	-	-	0.00

* During the year ended June 30, 2011, ACMC changed its methodology in estimating its share of the pension and other postemployment (medical and other) costs. For the year ended June 30, 2010, ACMC estimated its costs using information from ACERA's calendar year financial statements and the results from a consultant. For the year ended June 30, 2011, ACMC determined that an allocation methodology based on actual employer contributions is a preferable method in determining its share of the pension and other postemployment benefit (OPEB) plan costs.

The following table shows ACMC's annual other postemployment benefits cost and the changes in the net OPEB obligation for fiscal year ended June 30, 2011:

Annual required contributions	\$ 2,354
Interest on net OPEB obligation	556
Adjustment to annual required contributions	<u>118</u>
Annual other postemployment benefits cost	3,028
Other postemployment benefits contributions	<u>-</u>
Increase in net OPEB obligation	3,028
Net OPEB obligation, beginning of year	<u>6,267</u>
Net OPEB obligation, end of year	<u><u>\$ 9,295</u></u>

16. 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

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011**

benefits provided to employees. The County maintains risk-financing internal service funds in which assets are set aside for claim settlements associated with general, automobile, and medical malpractice liability; workers' compensation; unemployment; and dental benefits to employees.

The County uses a combination of self-insurance, participation in insurance pools, and purchased insurance coverage for protection against adverse losses. Excess general liability, workers' compensation, and medical malpractice coverage are provided by the California State Association of Counties-Excess Insurance Authority (CSAC-EIA), a joint powers authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties. A Board of Directors consisting of representatives of the member counties governs the Authority. Purchased insurance includes primary all-risk property insurance for the entire County's real and personal property, equipment and vehicles; earthquake insurance for selected real property; Public 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 – Declared values as of March 4, 2011			
	Funding Sources and Coverage Limits		
Coverage type	Deductible	Pooled Retention Limit (CSAC-EIA)	Excess Insurance (Various carriers)
All Risk		\$3,000,000	\$610,000,000
Real and personal property and rents: \$2,110,598,196	\$50,000		
Vehicles and mobile equipment (excluding buses): \$112,680,695	\$15,000, except \$50,000 for vehicles with replacement value greater than \$250,000		
Buses: \$2,310,000	\$100,000		
Fine Arts (scheduled): \$1,634,494	\$50,000		
Terrorism	\$500,000	\$3,000,000	\$200,000,000
Flood: \$2,110,598,196	2% of total values per unit up to \$25,000	\$0	\$602,500,000
Earthquake: \$1,837,713,254	5% of replacement value per unit per occurrence, with a \$100,000 minimum deductible	Pooled retention is \$0. Alameda County is a member of the CSAC - EIA property insurance program. Member properties are separated into eight different groups (towers) to achieve geographical diversity within each group and spread the risk of loss from a single earthquake. Alameda County property is spread between three groups (Towers I, II, and IV) with \$82.5 million in purchased coverage for each tower and an additional \$225 million in annual aggregate purchased coverage shared among all members in Towers I –V only, for total purchased earthquake coverage of \$472.5 million, subject to limits of \$307.5 million per tower.	

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011

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

Program Description	Funding Sources and Coverage Limits		
	Self Insured Retention	Pooled Retention Limit (CSAC-EIA)	Excess Insurance (Various carriers)
General and Auto liability	\$1,000,000	\$0	\$36,000,000
Medical Malpractice	\$100,000	\$1,600,000	\$21,600,000
Workers' Compensation and Employer's Liability	\$3,000,000	\$5,000,000	Statutory
Pollution Liability	\$500,000	\$0	\$10,000,000 per occurrence / \$10 million aggregate / \$50 million 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 \$4.8 million)
Foster Parents Liability	\$250	\$300,000
Crime Bond / Employee Dishonesty	\$2,500	\$10,000,000
Public Guardian Bonds	\$2,500	\$10,000,000
Notary Bonds	\$0	\$15,000
Notary Public Errors and Omissions	\$0	\$10,000

The County is totally self-insured for dental benefits to employees and their families. 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2011

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

	<u>General Liability</u>		<u>Workers' Compensation</u>		<u>Total</u>	
	<u>2010/11</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2009/10</u>
Estimated liability for claims and contingencies at the beginning of the fiscal year	\$ 18,086	21,381	\$ 80,462	\$ 80,005	\$ 98,548	\$ 101,386
Incurring claims and claim adjustment expenses	10,352	4,437	5,340	15,222	15,692	19,659
Payments	<u>(8,059)</u>	<u>(7,732)</u>	<u>(13,376)</u>	<u>(14,765)</u>	<u>(21,435)</u>	<u>(22,497)</u>
Total estimated liability for claims and contingencies at the end of the fiscal year	<u>\$ 20,379</u>	<u>\$ 18,086</u>	<u>\$ 72,426</u>	<u>\$ 80,462</u>	<u>\$ 92,805</u>	<u>\$ 98,548</u>

B. Litigation

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

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, 2011, have not yet been conducted or settled. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that any audit disallowances would have a significant effect on the financial position of the County.

D. Medicare and Medi-Cal Reimbursements

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

E. County Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Redevelopment Program. On July 26, 2011, the County adopted an ordinance to elect and implement participation by the County and the Redevelopment Agency in the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Agency in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the County is estimated to be \$10.2 million and thereafter, an estimated \$2.4 million will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature.

17. Subsequent Event

In August 2011, Standard & Poor's lowered its long-term credit rating from AAA to AA+ on debt of the U.S. government, U.S. government-sponsored enterprises, and public debt issues that have credit enhancement guarantees by U.S. government-sponsored enterprises. These credit downgrades relate to the credit risk associated with the County's investments in U.S. Treasury Coupons amounting to \$550.46 million and U.S. government-sponsored enterprises amounting to \$2.18 billion.



**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF ALAMEDA, CALIFORNIA

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

ACERA – Analysis of Funding Progress

Historical trend information is presented.

Pension

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage (%) of Covered Payroll [(b-a)/c]
2008	\$ 4,644,000	\$ 5,538,000	83.9 %	\$ 894,000	\$ 864,200	103.4 %
2009	4,789,000	5,899,300	81.2	1,110,300	882,600	125.8
2010	4,776,000	6,162,700	77.5	1,386,700	898,300	154.4

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]
2008	\$ 608,300	\$ 703,300	86.5 %	\$ 95,000	\$ 864,200	11.0 %
2009	591,300	763,500	77.4	172,200	882,600	19.5
2010	561,300	732,900	76.6	171,600	898,300	19.1

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]
2008	\$ 76,000	\$ 202,500	37.5 %	\$ 126,500	\$ 864,200	14.6 %
2009	73,500	171,200	42.9	97,700	882,600	11.1
2010	69,200	176,500	39.2	107,300	898,300	11.9

COUNTY OF ALAMEDA, CALIFORNIA

GENERAL FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive Negative
	Original	Final		
Revenues:				
Taxes	\$ 460,283	\$ 466,749	\$ 466,724	\$ (25)
Licenses and permits	7,299	7,299	4,980	(2,319)
Fines, forfeitures, and penalties	19,434	16,880	33,309	16,429
Use of money and property	6,326	6,381	6,861	480
State aid	661,523	672,205	661,100	(11,105)
Federal aid	326,058	337,861	362,572	24,711
Other aid	28,162	28,843	22,799	(6,044)
Charges for services	302,713	312,686	322,398	9,712
Other revenue	35,523	42,475	89,852	47,377
Total revenues	1,847,321	1,891,379	1,970,595	79,216
Expenditures:				
Current				
General government				
Salaries and benefits	80,127	81,868	81,619	249
Services and supplies	49,680	53,198	39,368	13,830
Other charges	25,563	25,727	12,758	12,969
Capital assets	17	47	293	(246)
Public protection				
Salaries and benefits	385,965	408,867	403,979	4,888
Services and supplies	163,626	161,392	150,965	10,427
Other charges	7,464	8,128	7,570	558
Capital assets	3,259	2,705	2,657	48
Public assistance				
Salaries and benefits	212,443	214,789	208,967	5,822
Services and supplies	124,499	127,389	120,914	6,475
Other charges	293,794	294,001	279,711	14,290
Capital assets	-	47	20	27
Health and sanitation				
Salaries and benefits	124,111	128,942	118,333	10,609
Services and supplies	346,049	353,371	329,491	23,880
Other charges	120,289	127,316	88,412	38,904
Capital assets	37	296	259	37
Public ways and facilities				
Salaries and benefits	460	417	336	81
Services and supplies	2,075	2,174	1,963	211
Capital assets	29	87	70	17
Recreation and cultural services				
Salaries and benefits	9	7	7	-
Services and supplies	662	673	673	-
Education				
Salaries and benefits	127	118	22	96
Services and supplies	118	128	111	17
Capital outlay	8,231	4,922	4,727	195
Pension bond debt service transfer	(37,208)	(37,208)	(37,208)	-
Total expenditures	1,911,426	1,959,401	1,816,017	143,384
Excess (deficiency) of revenues over expenditures	(64,105)	(68,022)	154,578	222,600
Other financing sources (uses):				
Proceeds from loans	-	45	-	(45)
Refunding bonds issued	-	-	800	800
Transfers-in	-	36,793	3,139	(33,654)
Transfers-out	(37,208)	(82,507)	(66,518)	15,989
Budgetary reserves and designations	-	(42,529)	-	42,529
Total other financing sources (uses)	(37,208)	(88,198)	(62,579)	25,619
Net change in fund balances	(101,313)	(156,220)	91,999	248,219
Add reserve for encumbrance for current budget year	-	-	43,589	43,589
Fund balance - beginning of period	927,330	927,330	927,330	-
Fund balance - end of period	\$ 826,017	\$ 771,110	\$ 1,062,918	\$ 291,808

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA
PROPERTY DEVELOPMENT SPECIAL REVENUE FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 243	\$ 243	\$ 6,150	\$ 5,907
Other revenue	1,800	1,800	668	(1,132)
Total revenues	<u>2,043</u>	<u>2,043</u>	<u>6,818</u>	<u>4,775</u>
Expenditures:				
Current				
General government				
Salaries and benefits	442	442	311	131
Services and supplies	4,233	4,233	5,423	(1,190)
Capital assets	225	225	118	107
Total expenditures	<u>4,900</u>	<u>4,900</u>	<u>5,852</u>	<u>(952)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,857)</u>	<u>(2,857)</u>	<u>966</u>	<u>3,823</u>
Other financing sources (uses):				
Proceeds from sale of land	59,250	59,250	13,452	(45,798)
Transfers-out	(56,808)	(56,808)	(10,110)	46,698
Total other financing sources (uses)	<u>2,442</u>	<u>2,442</u>	<u>3,342</u>	<u>900</u>
Net change in fund balances	(415)	(415)	4,308	4,723
Add reserve for encumbrance for current budget year	-	-	388	388
Fund balance - beginning of period	<u>304,262</u>	<u>304,262</u>	<u>304,262</u>	<u>-</u>
Fund balance - end of period	<u>\$ 303,847</u>	<u>\$ 303,847</u>	<u>\$ 308,958</u>	<u>\$ 5,111</u>

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

FLOOD CONTROL SPECIAL REVENUE FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 29,006	\$ 29,931	\$ 28,617	\$ (1,314)
Licenses and permits	35	35	2,733	2,698
Use of money and property	2,143	1,864	981	(883)
State aid	433	433	1,033	600
Federal aid	-	-	437	437
Other aid	2,999	2,999	2,982	(17)
Charges for services	12,814	12,814	12,541	(273)
Other revenue	100	100	66	(34)
Total revenues	<u>47,530</u>	<u>48,176</u>	<u>49,390</u>	<u>1,214</u>
Expenditures:				
Current				
Public protection				
Salaries and benefits	31,856	31,860	17,175	14,685
Services and supplies	88,065	107,324	61,044	46,280
Other charges	1,842	2,682	997	1,685
Capital assets	1,627	1,842	6,604	(4,762)
Total expenditures	<u>123,390</u>	<u>143,708</u>	<u>85,820</u>	<u>57,888</u>
Excess (deficiency) of revenues over expenditures	<u>(75,860)</u>	<u>(95,532)</u>	<u>(36,430)</u>	<u>59,102</u>
Other financing sources (uses):				
Transfers-in	600	600	-	(600)
Total other financing sources (uses)	<u>600</u>	<u>600</u>	<u>-</u>	<u>(600)</u>
Net change in fund balances	(75,260)	(94,932)	(36,430)	58,502
Add reserve for encumbrance for current budget year	-	-	32,463	32,463
Fund balance - beginning of period	<u>177,105</u>	<u>177,105</u>	<u>177,105</u>	<u>-</u>
Fund balance - end of period	<u>\$ 101,845</u>	<u>\$ 82,173</u>	<u>\$ 173,138</u>	<u>\$ 90,965</u>

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

GRANT REVENUE SPECIAL REVENUE FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 1,033	\$ 1,033	\$ 1,107	\$ 74
Use of money and property	-	-	(51)	(51)
State aid	20,566	20,972	21,057	85
Federal aid	78,297	111,282	76,081	(35,201)
Other aid	172	-	3	3
Charges for services	324	417	37	(380)
Other revenue	994	1,194	1,475	281
Total revenues	<u>101,386</u>	<u>134,898</u>	<u>99,709</u>	<u>(35,189)</u>
Expenditures:				
Current				
Public protection				
Salaries and benefits	16,303	18,535	15,161	3,374
Services and supplies	7,290	23,000	15,160	7,840
Other charges	280	280	249	31
Capital assets	2,889	6,797	3,195	3,602
Public assistance				
Salaries and benefits	2,539	2,620	1,752	868
Services and supplies	38,736	49,511	34,634	14,877
Other charges	650	650	325	325
Capital assets	2,100	2,279	2,117	162
Health and sanitation				
Salaries and benefits	14,326	14,999	14,732	267
Services and supplies	27,410	30,276	22,266	8,010
Other charges	19	19	11	8
Capital assets	78	289	289	-
Total expenditures	<u>112,620</u>	<u>149,255</u>	<u>109,891</u>	<u>39,364</u>
Excess (deficiency) of revenues over expenditures	<u>(11,234)</u>	<u>(14,357)</u>	<u>(10,182)</u>	<u>4,175</u>
Other financing sources (uses):				
Transfers-in	-	-	116	116
Transfers-out	(237)	(471)	(468)	3
Total other financing sources (uses)	<u>(237)</u>	<u>(471)</u>	<u>(352)</u>	<u>119</u>
Net change in fund balances	<u>(11,471)</u>	<u>(14,828)</u>	<u>(10,534)</u>	<u>4,294</u>
Add reserve for encumbrance for current budget year	-	-	8,155	8,155
Fund balance (deficit) - beginning of period	<u>449</u>	<u>449</u>	<u>449</u>	<u>-</u>
Fund balance (deficit) - end of period	<u>\$ (11,022)</u>	<u>\$ (14,379)</u>	<u>\$ (1,930)</u>	<u>\$ 12,449</u>

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

1. Budget and Budgetary Accounting

General Budget Policies

In accordance with the provisions of Sections 29000 through 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget on or before August 30, for each fiscal year. The expenditure side of the budget is enacted into law through the passage of an appropriation ordinance. This ordinance constitutes the maximum authorizations for spending during the fiscal year, and cannot be exceeded except by subsequent amendment of the budget by the Board of Supervisors. A balanced operating budget is adopted each fiscal year for the general fund, the special revenue funds, with the exception of the inmate welfare special revenue fund and the capital projects fund. Public hearings are conducted on the proposed budget prior to adoption to review all appropriations and sources of financing. The prior year fund balance is used as part of the balancing formula. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

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

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

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

Budget Basis of Accounting

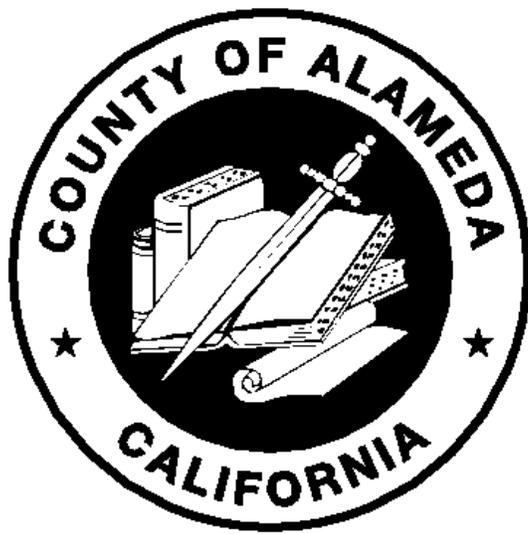
The County prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the Budgetary Comparison Schedule – General Fund and Major Special Revenue Funds on the budgetary basis to provide a meaningful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

2. Reconciliation of Budget vs. GAAP Basis Expenditures

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

Reconciliation of Budget vs. GAAP Basis Expenditures

	General Fund	Property Development Fund	Flood Control Fund	Grant Revenue Fund
Budget basis expenditures	\$ 1,816,017	\$ 5,852	\$ 85,820	\$ 109,891
Encumbrances for current budget year	(43,589)	(388)	(32,463)	(8,155)
GAAP basis expenditures	<u>\$ 1,772,428</u>	<u>\$ 5,464</u>	<u>\$ 53,357</u>	<u>\$ 101,736</u>



**COMBINING FINANCIAL
STATEMENTS AND OTHER
SUPPLEMENTARY INFORMATION**

COUNTY OF ALAMEDA, CALIFORNIA
OTHER SUPPLEMENTARY INFORMATION

Capital Projects Fund

The capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

COUNTY OF ALAMEDA, CALIFORNIA

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive Negative
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 6,000	\$ 9,000	\$ 5,266	\$ (3,734)
Use of money and property	-	-	888	888
State aid	-	50	51	1
Federal aid	-	2,946	2,946	-
Other revenue	-	50	2,206	2,156
Total revenues	<u>6,000</u>	<u>12,046</u>	<u>11,357</u>	<u>(689)</u>
Expenditures:				
Capital outlay	<u>178,033</u>	<u>208,756</u>	<u>491,549</u>	<u>(282,793)</u>
Total expenditures	<u>178,033</u>	<u>208,756</u>	<u>491,549</u>	<u>(282,793)</u>
Deficiency of revenues over expenditures	<u>(172,033)</u>	<u>(196,710)</u>	<u>(480,192)</u>	<u>(283,482)</u>
Other financing sources (uses):				
Issuance of loans and commercial paper notes	-	-	25,000	25,000
Issuance of debt	105,671	105,671	263,593	157,922
Transfers - in	17,278	20,448	11,175	(9,273)
Transfers - out	-	(2,946)	(2,946)	-
Total other financing sources (uses)	<u>122,949</u>	<u>123,173</u>	<u>296,822</u>	<u>173,649</u>
Net change in fund balances	<u>(49,084)</u>	<u>(73,537)</u>	<u>(183,370)</u>	<u>(109,833)</u>
Add reserve for encumbrance for current budget year	-	-	397,535	397,535
Fund balance - beginning	<u>44,798</u>	<u>44,798</u>	<u>44,798</u>	<u>-</u>
Fund balance - ending	<u>\$ (4,286)</u>	<u>\$ (28,739)</u>	<u>\$ 258,963</u>	<u>\$ 287,702</u>

COUNTY OF ALAMEDA, CALIFORNIA

OTHER SUPPLEMENTARY INFORMATION

Non-major Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Fish and Game Fund - This fund is used to account for fines and forfeitures received under Section 13003 of the Fish and Game Code and their expenditure for the propagation and conservation of fish and wildlife.

Road Fund - This fund is used to account for state and local tax apportionments and other authorized revenues, the expenditure of which is restricted to street, road, highway and bridge purposes.

County Library Fund - This fund is used to account for taxes and other revenues collected in specific areas of the County which are restricted to fund the operation of county libraries within those areas.

Library Special Taxing Zone Fund - This fund is used to account for taxes and other revenues collected in the cities of Dublin, Newark, and Union City, and in specific unincorporated areas for the maintenance and operation of certain library buildings.

Health Services Fund - This fund is used to account for assessments and other revenues collected in specific areas of the County which are restricted for the provision of emergency medical services, vector control services and lead abatement services.

Fire Fund - This fund is used to account for revenues and expenditures of funds earmarked for fire protection services in the unincorporated areas of the County.

Recovery Grants Fund - This fund is used to account for federal grants received under the American Recovery & Reinvestment Act of 2009.

Lighting Fund - This fund is used to account for revenues and expenditures to provide street lighting in the unincorporated areas of Castro Valley, Ashland, Cherryland, San Lorenzo, and the unincorporated areas of Hayward and San Leandro.

Public Ways and Facilities Fund - This fund is used to account for revenues and expenditures for the provision of road maintenance, bridge maintenance and drainage facilities in the unincorporated areas of Castlewood, Morva Drive, Morva Court, Jensen Ranch, West Happyland and Tennyson-Alquire.

Dublin Library Fund - This fund is used to account for revenues and expenditures for the maintenance of the Dublin library in the city of Dublin.

Police Protection Fund - This fund is used to account for revenues and expenditures for the provision of police protection in the unincorporated areas of the County.

County Redevelopment Fund – This fund is used to account for the financial activities of the County's redevelopment agency which manages redevelopment projects in the unincorporated portion of the County known as the Eden area.

Inmate Welfare Fund – This fund is used to account for all revenues and expenditures of maintaining and operating a store in connection with the County adult and juvenile detention facilities. The funds shall be expended for the benefit, education and welfare of the inmates. A formal budget is not adopted for this fund.

DEBT SERVICE FUND

Tobacco Securitization Authority Fund – This fund is used to account for all revenues and expenditures relating to the activities of the tobacco master settlement agreement with the US tobacco companies.

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011
 (amounts expressed in thousands)

	Special Revenue					
	Fish and Game	Road	County Library	Library Special Taxing Zone	Health Services	Fire
Assets:						
Cash and investments with County Treasurer	\$ 19	\$ 62,140	\$ 10,816	\$ 1,214	\$ 18,802	\$ 27,271
Restricted assets - cash and investments with fiscal agents	-	-	-	-	-	-
Deposits with others	-	-	-	-	-	3,263
Other receivables	-	4,034	1,063	16	20	14,128
Due from other funds	-	-	-	-	-	-
Due from component unit	-	4	-	-	-	-
Inventory of supplies	-	211	-	-	-	-
Properties held for redevelopment	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	114
Total assets	<u>\$ 19</u>	<u>\$ 66,389</u>	<u>\$ 11,879</u>	<u>\$ 1,230</u>	<u>\$ 18,822</u>	<u>\$ 44,776</u>
Liabilities:						
Accounts payable and accrued expenditures	\$ -	\$ 1,161	\$ 781	\$ 8	\$ 1,408	\$ 4,255
Due to other funds	-	-	-	-	230	-
Due to component unit	-	-	-	-	33	-
Deferred revenue	-	-	114	-	-	205
Unearned revenue	-	-	-	-	-	933
Due to other governmental units	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,161</u>	<u>895</u>	<u>8</u>	<u>1,671</u>	<u>5,393</u>
Fund balances:						
Nonspendable	-	211	-	-	-	114
Restricted	19	65,017	10,984	1,222	17,151	36,318
Assigned	-	-	-	-	-	2,951
Total fund balances	<u>19</u>	<u>65,228</u>	<u>10,984</u>	<u>1,222</u>	<u>17,151</u>	<u>39,383</u>
Total liabilities & fund balances	<u>\$ 19</u>	<u>\$ 66,389</u>	<u>\$ 11,879</u>	<u>\$ 1,230</u>	<u>\$ 18,822</u>	<u>\$ 44,776</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011
 (amounts expressed in thousands)

	Special Revenue				
	Recovery Grants	Lighting	Public Ways and Facilities	Dublin Library	Police Protection
Assets:					
Cash and investments with County Treasurer	\$ 222	\$ 2,875	\$ 3,955	\$ 5	\$ -
Restricted assets - cash and investments with fiscal agents	-	-	-	-	-
Deposits with others	-	-	-	-	-
Other receivables	6,435	3	250	-	656
Due from other funds	-	-	-	-	-
Due from component unit	-	-	-	-	-
Inventory of supplies	-	-	-	-	-
Properties held for redevelopment	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 6,657</u>	<u>\$ 2,878</u>	<u>\$ 4,205</u>	<u>\$ 5</u>	<u>\$ 656</u>
Liabilities:					
Accounts payable and accrued expenditures	\$ 868	\$ 50	\$ 82	\$ -	\$ 25
Due to other funds	5,481	-	-	-	618
Due to component unit	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Total liabilities	<u>6,349</u>	<u>50</u>	<u>82</u>	<u>-</u>	<u>643</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	308	2,828	4,123	5	13
Assigned	-	-	-	-	-
Total fund balances	<u>308</u>	<u>2,828</u>	<u>4,123</u>	<u>5</u>	<u>13</u>
Total liabilities & fund balances	<u>\$ 6,657</u>	<u>\$ 2,878</u>	<u>\$ 4,205</u>	<u>\$ 5</u>	<u>\$ 656</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011
 (amounts expressed in thousands)

	Special Revenue			Debt Service	Total
	County Redevelopment	Inmate Welfare	Total	Tobacco Securitization Authority	Nonmajor Governmental Funds
Assets:					
Cash and investments with County Treasurer	\$ 69,315	\$ 7,684	\$ 204,318	\$ -	\$ 204,318
Restricted assets - cash and investments with fiscal agents	-	-	-	21,517	21,517
Deposits with others	-	-	3,263	-	3,263
Other receivables	222	537	27,364	6,500	33,864
Due from other funds	1,798	-	1,798	-	1,798
Due from component unit	-	-	4	-	4
Inventory of supplies	-	-	211	-	211
Properties held for redevelopment	13,986	-	13,986	-	13,986
Prepaid items	-	-	114	-	114
Total assets	\$ 85,321	\$ 8,221	\$ 251,058	\$ 28,017	\$ 279,075
Liabilities:					
Accounts payable and accrued expenditures	\$ 2,967	\$ 1,406	\$ 13,011	\$ -	\$ 13,011
Due to other funds	-	-	6,329	-	6,329
Due to component unit	-	-	33	-	33
Deferred revenue	-	-	319	6,500	6,819
Unearned revenue	-	-	933	-	933
Due to other governmental units	-	-	-	-	-
Total liabilities	2,967	1,406	20,625	6,500	27,125
Fund balances:					
Nonspendable	5,096	-	5,421	-	5,421
Restricted	77,258	6,763	222,009	21,517	243,526
Assigned	-	52	3,003	-	3,003
Total fund balances	82,354	6,815	230,433	21,517	251,950
Total liabilities & fund balances	\$ 85,321	\$ 8,221	\$ 251,058	\$ 28,017	\$ 279,075

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Special Revenue					
	Fish and Game	Road	County Library	Library Special Taxing Zone	Health Services	Fire
Revenues:						
Taxes	\$ -	\$ 2,579	\$ 17,933	\$ 293	\$ -	\$ 27,676
Licenses and permits	-	735	-	-	80	-
Fines, forfeitures, and penalties	5	25	-	-	282	-
Use of money and property	-	2,496	19	3	40	68
State aid	-	40,693	462	3	-	393
Federal aid	-	3,914	58	-	24	5
Other aid	-	1,165	1,241	-	-	1,724
Charges for services	-	850	2,166	74	22,477	63,285
Other revenue	-	573	635	-	5,441	1,001
Total revenues	5	53,030	22,514	373	28,344	94,152
Expenditures:						
General government	-	-	-	-	-	-
Public protection	12	-	-	-	-	93,572
Public assistance	-	-	-	-	-	-
Health and sanitation	-	-	-	-	21,445	-
Public ways and facilities	-	37,621	-	-	-	-
Education	-	-	21,758	201	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	12	37,621	21,758	201	21,445	93,572
Excess (deficiency) of revenue over expenditures	(7)	15,409	756	172	6,899	580
Other financing sources (uses):						
Issuance of loans	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-
Transfers-out	-	(2,686)	-	-	(82)	-
Total other financing sources (uses)	-	(2,686)	-	-	(82)	-
Net change in fund balances	(7)	12,723	756	172	6,817	580
Fund balance - beginning of period	26	52,505	10,228	1,050	10,334	38,803
Fund balance - end of period	<u>\$ 19</u>	<u>\$ 65,228</u>	<u>\$ 10,984</u>	<u>\$ 1,222</u>	<u>\$ 17,151</u>	<u>\$ 39,383</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Special Revenue				
	Recovery Grants	Lighting	Public Ways and Facilities	Dublin Library	Police Protection
Revenues:					
Taxes	\$ -	\$ 5	\$ 647	\$ -	\$ 13,557
Licenses and permits	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	(60)	7	9	-	27
State aid	222	-	-	-	126
Federal aid	32,888	-	38	-	-
Other aid	-	-	-	-	-
Charges for services	12,006	879	1,929	-	-
Other revenue	122	-	33	-	-
Total revenues	45,178	891	2,656	-	13,710
Expenditures:					
General government	1,178	-	-	-	-
Public protection	2,653	-	-	-	13,713
Public assistance	26,015	-	-	-	-
Health and sanitation	12,588	-	-	-	-
Public ways and facilities	5,047	647	4,111	-	-
Education	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	47,481	647	4,111	-	13,713
Excess (deficiency) of revenue over expenditures	(2,303)	244	(1,455)	-	(3)
Other financing sources (uses):					
Issuance of loans	2,393	-	-	-	-
Transfers-in	-	-	1,825	-	-
Transfers-out	(353)	-	-	-	-
Total other financing sources (uses)	2,040	-	1,825	-	-
Net change in fund balances	(263)	244	370	-	(3)
Fund balance - beginning of period	571	2,584	3,753	5	16
Fund balance - end of period	<u>\$ 308</u>	<u>\$ 2,828</u>	<u>\$ 4,123</u>	<u>\$ 5</u>	<u>\$ 13</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Special Revenue			Debt Service	Total
	County Redevelopment	Inmate Welfare	Total	Tobacco Securitization Authority	Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 17,077	\$ -	\$ 79,767	\$ -	\$ 79,767
Licenses and permits	-	-	815	-	815
Fines, forfeitures, and penalties	-	-	312	-	312
Use of money and property	167	21	2,797	675	3,472
State aid	-	-	41,899	-	41,899
Federal aid	-	-	36,927	-	36,927
Other aid	-	-	4,130	-	4,130
Charges for services	29	-	103,695	-	103,695
Other revenue	5,289	7,793	20,887	13,162	34,049
Total revenues	22,562	7,814	291,229	13,837	305,066
Expenditures:					
General government	-	-	1,178	35	1,213
Public protection	-	8,120	118,070	-	118,070
Public assistance	10,814	-	36,829	-	36,829
Health and sanitation	-	-	34,033	-	34,033
Public ways and facilities	-	-	47,426	-	47,426
Education	-	-	21,959	-	21,959
Debt service					
Principal	-	-	-	4,015	4,015
Interest	-	-	-	10,629	10,629
Total expenditures	10,814	8,120	259,495	14,679	274,174
Excess (deficiency) of revenue over expenditures	11,748	(306)	31,734	(842)	30,892
Other financing sources (uses):					
Issuance of loans	647	-	3,040	-	3,040
Transfers-in	7	-	1,832	-	1,832
Transfers-out	(1,156)	-	(4,277)	-	(4,277)
Total other financing sources (uses)	(502)	-	595	-	595
Net change in fund balances	11,246	(306)	32,329	(842)	31,487
Fund balance - beginning of period	71,108	7,121	198,104	22,359	220,463
Fund balance - end of period	\$ 82,354	\$ 6,815	\$ 230,433	\$ 21,517	\$ 251,950

COUNTY OF ALAMEDA, CALIFORNIA

FISH AND GAME - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 7	\$ 7	\$ 5	\$ (2)
Use of money and property	1	1	-	(1)
Total revenues	<u>8</u>	<u>8</u>	<u>5</u>	<u>(3)</u>
Expenditures:				
Current				
Public protection				
Services and supplies	8	33	12	21
Total expenditures	<u>8</u>	<u>33</u>	<u>12</u>	<u>21</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(25)</u>	<u>(7)</u>	<u>18</u>
Net change in fund balances	-	(25)	(7)	18
Fund balance - beginning of period	26	26	26	-
Fund balance - end of period	<u>\$ 26</u>	<u>\$ 1</u>	<u>\$ 19</u>	<u>\$ 18</u>

COUNTY OF ALAMEDA, CALIFORNIA

ROAD - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 7,223	\$ 7,223	\$ 2,579	\$ (4,644)
Licenses and permits	502	502	735	233
Fines, forfeitures, and penalties	25	25	25	-
Use of money and property	2,065	2,065	2,496	431
State aid	30,358	30,358	40,693	10,335
Federal aid	2,437	2,437	3,914	1,477
Other aid	1,295	1,295	1,165	(130)
Charges for services	3,477	3,477	850	(2,627)
Other revenue	1,540	1,540	573	(967)
Total revenues	<u>48,922</u>	<u>48,922</u>	<u>53,030</u>	<u>4,108</u>
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	12,184	12,184	13,473	(1,289)
Services and supplies	68,916	79,879	45,153	34,726
Other charges	1,823	2,483	387	2,096
Capital assets	125	125	104	21
Total expenditures	<u>83,048</u>	<u>94,671</u>	<u>59,117</u>	<u>35,554</u>
Excess (deficiency) of revenues over expenditures	<u>(34,126)</u>	<u>(45,749)</u>	<u>(6,087)</u>	<u>39,662</u>
Other financing uses:				
Transfers-out	(3,273)	(3,273)	(2,686)	587
Total other financing uses	<u>(3,273)</u>	<u>(3,273)</u>	<u>(2,686)</u>	<u>587</u>
Net change in fund balances	<u>(37,399)</u>	<u>(49,022)</u>	<u>(8,773)</u>	<u>40,249</u>
Add reserve for encumbrance for current budget year	-	-	21,496	21,496
Fund balance - beginning of period	<u>52,505</u>	<u>52,505</u>	<u>52,505</u>	<u>-</u>
Fund balance - end of period	<u>\$ 15,106</u>	<u>\$ 3,483</u>	<u>\$ 65,228</u>	<u>\$ 61,745</u>

COUNTY OF ALAMEDA, CALIFORNIA

COUNTY LIBRARY - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 16,688	\$ 17,963	\$ 17,933	\$ (30)
Use of money and property	10	48	19	(29)
State aid	456	456	462	6
Federal aid	56	56	58	2
Other aid	974	974	1,241	267
Charges for services	2,160	2,160	2,166	6
Other revenue	211	211	635	424
Total revenues	20,555	21,868	22,514	646
Expenditures:				
Current				
Education				
Salaries and benefits	16,856	18,168	14,929	3,239
Services and supplies	10,301	12,318	6,082	6,236
Other charges	1,028	1,028	989	39
Capital assets	188	353	289	64
Total expenditures	28,373	31,867	22,289	9,578
Excess (deficiency) of revenues over expenditures	(7,818)	(9,999)	225	10,224
Net change in fund balances	(7,818)	(9,999)	225	10,224
Add reserve for encumbrance for current budget year	-	-	531	531
Fund balance - beginning of period	10,228	10,228	10,228	-
Fund balance - end of period	\$ 2,410	\$ 229	\$ 10,984	\$ 10,755

COUNTY OF ALAMEDA, CALIFORNIA

LIBRARY SPECIAL TAXING ZONE - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 291	\$ 299	\$ 293	\$ (6)
Use of money and property	10	10	3	(7)
State aid	2	2	3	1
Charges for services	111	111	74	(37)
Total revenues	<u>414</u>	<u>422</u>	<u>373</u>	<u>(49)</u>
Expenditures:				
Current				
Education				
Services and supplies	1,009	1,443	253	1,190
Other charges	1	1	1	-
Capital assets	49	49	-	49
Total expenditures	<u>1,059</u>	<u>1,493</u>	<u>254</u>	<u>1,239</u>
Excess (deficiency) of revenues over expenditures	<u>(645)</u>	<u>(1,071)</u>	<u>119</u>	<u>1,190</u>
Net change in fund balances	(645)	(1,071)	119	1,190
Add reserve for encumbrance for current budget year	-	-	53	53
Fund balance - beginning of period	<u>1,050</u>	<u>1,050</u>	<u>1,050</u>	<u>-</u>
Fund balance - end of period	<u>\$ 405</u>	<u>\$ (21)</u>	<u>\$ 1,222</u>	<u>\$ 1,243</u>

COUNTY OF ALAMEDA, CALIFORNIA

HEALTH SERVICES - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 87	\$ 87	\$ 80	\$ (7)
Fines, forfeitures, and penalties	-	-	282	282
Use of money and property	340	340	40	(300)
State aid	-	22	-	(22)
Federal aid	-	-	24	24
Charges for services	21,257	21,257	22,477	1,220
Other revenue	3,785	3,800	5,441	1,641
Total revenues	<u>25,469</u>	<u>25,506</u>	<u>28,344</u>	<u>2,838</u>
Expenditures:				
Current				
Health and sanitation				
Salaries and benefits	7,695	7,809	6,574	1,235
Services and supplies	23,563	26,653	20,909	5,744
Other charges	216	234	140	94
Total expenditures	<u>31,474</u>	<u>34,696</u>	<u>27,623</u>	<u>7,073</u>
Excess (deficiency) of revenues over expenditures	<u>(6,005)</u>	<u>(9,190)</u>	<u>721</u>	<u>9,911</u>
Other financing uses:				
Transfers-out	(82)	(82)	(82)	-
Budgetary reserves and designations	(133)	(2,298)	-	2,298
Total other financing uses	<u>(215)</u>	<u>(2,380)</u>	<u>(82)</u>	<u>2,298</u>
Net change in fund balances	<u>(6,220)</u>	<u>(11,570)</u>	<u>639</u>	<u>12,209</u>
Add reserve for encumbrance for current budget year	-	-	6,178	6,178
Fund balance - beginning of period	<u>10,334</u>	<u>10,334</u>	<u>10,334</u>	<u>-</u>
Fund balance - end of period	<u>\$ 4,114</u>	<u>\$ (1,236)</u>	<u>\$ 17,151</u>	<u>\$ 18,387</u>

COUNTY OF ALAMEDA, CALIFORNIA

FIRE - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 27,636	\$ 27,751	\$ 27,676	\$ (75)
Use of money and property	216	218	68	(150)
State aid	1,415	1,415	393	(1,022)
Federal aid	50	50	5	(45)
Other aid	1,410	1,410	1,724	314
Charges for services	64,215	64,295	63,285	(1,010)
Other revenue	495	495	1,001	506
Total revenues	<u>95,437</u>	<u>95,634</u>	<u>94,152</u>	<u>(1,482)</u>
Expenditures:				
Current				
Public protection				
Salaries and benefits	87,530	87,611	79,857	7,754
Services and supplies	16,209	33,590	12,187	21,403
Other charges	667	667	667	-
Capital assets	6,458	6,431	2,202	4,229
Total expenditures	<u>110,864</u>	<u>128,299</u>	<u>94,913</u>	<u>33,386</u>
Excess (deficiency) of revenues over expenditures	<u>(15,427)</u>	<u>(32,665)</u>	<u>(761)</u>	<u>31,904</u>
Net change in fund balances	(15,427)	(32,665)	(761)	31,904
Add reserve for encumbrance for current budget year	-	-	1,341	1,341
Fund balance - beginning of period	<u>38,803</u>	<u>38,803</u>	<u>38,803</u>	<u>-</u>
Fund balance - end of period	<u>\$ 23,376</u>	<u>\$ 6,138</u>	<u>\$ 39,383</u>	<u>\$ 33,245</u>

COUNTY OF ALAMEDA, CALIFORNIA

RECOVERY GRANTS - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ (60)	\$ (60)
State aid	-	300	222	(78)
Federal aid	24,584	35,512	32,888	(2,624)
Charges for services	11,192	11,662	12,006	344
Other revenue	-	-	122	122
Total revenues	<u>35,776</u>	<u>47,474</u>	<u>45,178</u>	<u>(2,296)</u>
Expenditures:				
Current				
General government				
Capital assets	1,178	1,478	1,478	-
Public protection				
Salaries and benefits	702	2,054	1,944	110
Services and supplies	2	555	196	359
Capital assets	533	533	519	14
Public assistance				
Salaries and benefits	2,502	2,502	1,868	634
Services and supplies	14,111	14,255	11,664	2,591
Other charges	8,017	13,148	12,616	532
Health and sanitation				
Salaries and benefits	132	153	153	-
Services and supplies	11,893	12,370	12,149	221
Capital assets	289	312	312	-
Public ways and facilities				
Salaries and benefits	-	245	245	-
Services and supplies	2,869	7,504	4,802	2,702
Total expenditures	<u>42,228</u>	<u>55,109</u>	<u>47,946</u>	<u>7,163</u>
Excess (deficiency) of revenues over expenditures	<u>(6,452)</u>	<u>(7,635)</u>	<u>(2,768)</u>	<u>4,867</u>
Other financing sources (uses):				
Issuance of loans	-	1,350	2,393	1,043
Transfers-out	-	(353)	(353)	-
Total other financing sources (uses)	<u>-</u>	<u>997</u>	<u>2,040</u>	<u>1,043</u>
Net change in fund balances	<u>(6,452)</u>	<u>(6,638)</u>	<u>(728)</u>	<u>5,910</u>
Add reserve for encumbrance for current budget year	-	-	465	465
Fund balance (deficit) - beginning of period	<u>571</u>	<u>571</u>	<u>571</u>	<u>-</u>
Fund balance (deficit) - end of period	<u>\$ (5,881)</u>	<u>\$ (6,067)</u>	<u>\$ 308</u>	<u>\$ 6,375</u>

COUNTY OF ALAMEDA, CALIFORNIA

LIGHTING - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 4	\$ 5	\$ 5	\$ -
Use of money and property	30	29	7	(22)
Charges for services	879	879	879	-
Total revenues	<u>913</u>	<u>913</u>	<u>891</u>	<u>(22)</u>
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	-	-	23	(23)
Services and supplies	1,216	1,501	674	827
Total expenditures	<u>1,216</u>	<u>1,501</u>	<u>697</u>	<u>804</u>
Excess (deficiency) of revenues over expenditures	<u>(303)</u>	<u>(588)</u>	<u>194</u>	<u>782</u>
Net change in fund balances	<u>(303)</u>	<u>(588)</u>	<u>194</u>	<u>782</u>
Add reserve for encumbrance for current budget year	-	-	50	50
Fund balance - beginning of period	<u>2,584</u>	<u>2,584</u>	<u>2,584</u>	<u>-</u>
Fund balance - end of period	<u>\$ 2,281</u>	<u>\$ 1,996</u>	<u>\$ 2,828</u>	<u>\$ 832</u>

COUNTY OF ALAMEDA, CALIFORNIA

PUBLIC WAYS AND FACILITIES - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 658	\$ 659	\$ 647	\$ (12)
Licenses and permits	1	1	-	(1)
Use of money and property	36	35	9	(26)
Federal aid	786	786	38	(748)
Charges for services	2,097	2,097	1,929	(168)
Other revenue	-	-	33	33
Total revenues	<u>3,578</u>	<u>3,578</u>	<u>2,656</u>	<u>(922)</u>
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	2,358	2,358	2,602	(244)
Services and supplies	3,721	4,787	1,609	3,178
Other charges	69	69	69	-
Total expenditures	<u>6,148</u>	<u>7,214</u>	<u>4,280</u>	<u>2,934</u>
Excess (deficiency) of revenues over expenditures	<u>(2,570)</u>	<u>(3,636)</u>	<u>(1,624)</u>	<u>2,012</u>
Other financing sources:				
Transfers-in	1,803	1,803	1,825	22
Total other financing sources	<u>1,803</u>	<u>1,803</u>	<u>1,825</u>	<u>22</u>
Net change in fund balances	<u>(767)</u>	<u>(1,833)</u>	<u>201</u>	<u>2,034</u>
Add reserve for encumbrance for current budget year	-	-	169	169
Fund balance - beginning of period	<u>3,753</u>	<u>3,753</u>	<u>3,753</u>	<u>-</u>
Fund balance - end of period	<u>\$ 2,986</u>	<u>\$ 1,920</u>	<u>\$ 4,123</u>	<u>\$ 2,203</u>

COUNTY OF ALAMEDA, CALIFORNIA

DUBLIN LIBRARY - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current				
Education				
Services and supplies	\$ -	\$ 5	\$ -	\$ 5
Total expenditures	-	5	-	5
Deficiency of revenues over expenditures	-	(5)	-	5
Net change in fund balances	-	(5)	-	5
Fund balance - beginning of period	5	5	5	-
Fund balance - end of period	\$ 5	\$ -	\$ 5	\$ 5

COUNTY OF ALAMEDA, CALIFORNIA

POLICE PROTECTION - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 13,275	\$ 13,557	\$ 13,557	\$ -
Use of money and property	10	29	27	(2)
State aid	124	126	126	-
Total revenues	<u>13,409</u>	<u>13,712</u>	<u>13,710</u>	<u>(2)</u>
Expenditures:				
Current				
Public protection				
Salaries and benefits	13,186	13,522	13,523	(1)
Services and supplies	93	126	126	-
Other charges	130	64	64	-
Total expenditures	<u>13,409</u>	<u>13,712</u>	<u>13,713</u>	<u>(1)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(3)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(3)</u>
Fund balance - beginning of period	<u>16</u>	<u>16</u>	<u>16</u>	<u>-</u>
Fund balance - end of period	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 13</u>	<u>\$ (3)</u>

COUNTY OF ALAMEDA, CALIFORNIA
COUNTY REDEVELOPMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 18,318	\$ 18,607	\$ 17,077	\$ (1,530)
Use of money and property	700	596	167	(429)
Charges for services	-	-	29	29
Other revenue	-	-	5,289	5,289
Total revenues	<u>19,018</u>	<u>19,203</u>	<u>22,562</u>	<u>3,359</u>
Expenditures:				
Current				
Public assistance				
Salaries and benefits	957	957	635	322
Services and supplies	18,948	54,539	10,956	43,583
Other charges	3,477	3,477	280	3,197
Capital assets	30,450	28,881	41	28,840
Total expenditures	<u>53,832</u>	<u>87,854</u>	<u>11,912</u>	<u>75,942</u>
Excess (deficiency) of revenues over expenditures	<u>(34,814)</u>	<u>(68,651)</u>	<u>10,650</u>	<u>79,301</u>
Other financing sources (uses):				
Issuance of debt	8,400	8,400	-	(8,400)
Issuance of loans	-	-	647	647
Transfers-in	-	-	7	7
Transfers-out	(2,000)	(2,000)	(1,156)	844
Total other financing sources (uses)	<u>6,400</u>	<u>6,400</u>	<u>(502)</u>	<u>(6,902)</u>
Net change in fund balances	(28,414)	(62,251)	10,148	72,399
Add reserve for encumbrance for current budget year	-	-	1,098	1,098
Fund balance - beginning of period	<u>71,108</u>	<u>71,108</u>	<u>71,108</u>	<u>-</u>
Fund balance - end of period	<u>\$ 42,694</u>	<u>\$ 8,857</u>	<u>\$ 82,354</u>	<u>\$ 73,497</u>

COUNTY OF ALAMEDA, CALIFORNIA

OTHER SUPPLEMENTARY INFORMATION

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

Communications - This fund was established to account for the costs of providing communication services such as telephone service, radio and microwave maintenance and electronic maintenance and repair services to County departments, cities and special districts. Revenues are generated based on fees charged for services provided.

Motor Pool - This fund was established to account for the cost of maintaining all County-owned automobiles, trucks and heavy equipment for County departments and other funds. Revenues are derived from fees charged for services provided.

Building Maintenance - This fund was established to account for the cost of providing custodial, groundskeeping, maintenance and operating services for County occupied buildings. Revenues are generated by charges to users based on square footage of space occupied.

Information Technology - This fund was established to account for the costs of providing information services, system design, computer programming and computer processing for all County departments. Revenues are based on fees charged for services provided.

Risk Management - This fund was established to account for costs to administer the County's risk management program, which includes: general risk management administration, employee wellness, alcohol and drug programs, pre-employment physicals, public and professional liability, dental insurance, property insurance programs and workers' compensation. Costs of claims against the County under the self-insurance programs for general and medical malpractice liabilities and deductibles for damage to County property are also recorded in this fund. The primary source of revenue for the fund is premiums paid by other funds and interest on investments.

COUNTY OF ALAMEDA, CALIFORNIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	<u>Communications</u>	<u>Motor Pool</u>	<u>Building Maintenance</u>	<u>Information Technology</u>	<u>Risk Management</u>	<u>Total</u>
Assets:						
Current assets:						
Cash and investments with County Treasurer	\$ 3,985	\$ 7,385	\$ 11,648	\$ 8,433	\$ 105,641	\$ 137,092
Other receivables	399	144	681	548	286	2,058
Due from component unit	1	52	822	-	-	875
Inventory of supplies	55	-	-	-	-	55
Prepaid items	4,222	-	-	-	115	4,337
Total current assets	<u>8,662</u>	<u>7,581</u>	<u>13,151</u>	<u>8,981</u>	<u>106,042</u>	<u>144,417</u>
Noncurrent assets:						
Capital assets:						
Structures and improvement, machinery and equipment, infrastructure, net of depreciation	1,958	7,867	259	1,874	4	11,962
Total capital assets	<u>1,958</u>	<u>7,867</u>	<u>259</u>	<u>1,874</u>	<u>4</u>	<u>11,962</u>
Total noncurrent assets	<u>1,958</u>	<u>7,867</u>	<u>259</u>	<u>1,874</u>	<u>4</u>	<u>11,962</u>
Total assets	<u>10,620</u>	<u>15,448</u>	<u>13,410</u>	<u>10,855</u>	<u>106,046</u>	<u>156,379</u>
Liabilities:						
Current liabilities:						
Accounts payable and accrued expenses	530	282	3,135	2,397	4,278	10,622
Compensated employee absences payable	94	53	744	883	45	1,819
Estimated liability for claims and contingencies	-	-	-	-	23,200	23,200
Due to component unit	-	-	71	-	-	71
Total current liabilities	<u>624</u>	<u>335</u>	<u>3,950</u>	<u>3,280</u>	<u>27,523</u>	<u>35,712</u>
Noncurrent liabilities:						
Compensated employee absences payable	69	39	551	654	33	1,346
Estimated liability for claims and contingencies	-	-	-	-	69,605	69,605
Total noncurrent liabilities	<u>69</u>	<u>39</u>	<u>551</u>	<u>654</u>	<u>69,638</u>	<u>70,951</u>
Total liabilities	<u>693</u>	<u>374</u>	<u>4,501</u>	<u>3,934</u>	<u>97,161</u>	<u>106,663</u>
Net assets						
Invested in capital assets	1,958	7,867	259	1,874	4	11,962
Unrestricted	7,969	7,207	8,650	5,047	8,881	37,754
Total net assets	<u>\$ 9,927</u>	<u>\$ 15,074</u>	<u>\$ 8,909</u>	<u>\$ 6,921</u>	<u>\$ 8,885</u>	<u>\$ 49,716</u>

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	<u>Communications</u>	<u>Motor Pool</u>	<u>Building Maintenance</u>	<u>Information Technology</u>	<u>Risk Management</u>	<u>Total</u>
Operating revenues:						
Charges for services	\$ 10,388	\$ 9,073	\$ 90,803	\$ 35,839	\$ 57,259	\$ 203,362
Operating expenses:						
Salaries and benefits	3,689	1,676	26,543	24,478	1,717	58,103
Contractual services	196	122	1,043	871	3,825	6,057
Utilities	-	8	11,648	26	-	11,682
Repairs and maintenance	127	315	4,998	35	-	5,475
Other supplies and expenses	1,738	4,503	38,003	7,317	8,385	59,946
Insurance claims and expenses	-	-	-	-	14,541	14,541
Depreciation	458	1,729	78	1,114	-	3,379
Telephone	3,260	-	-	-	-	3,260
County indirect costs	805	670	4,134	920	1,151	7,680
Dental claims	-	-	-	-	8,281	8,281
Other	-	-	-	-	426	426
Total operating expenses	<u>10,273</u>	<u>9,023</u>	<u>86,447</u>	<u>34,761</u>	<u>38,326</u>	<u>178,830</u>
Operating income	115	50	4,356	1,078	18,933	24,532
Non-operating revenues (expenses):						
Interest and investment income	21	19	11	4	234	289
Gain (loss) on sale of capital assets	-	(16)	9	-	-	(7)
Net non-operating revenues (expenses)	<u>21</u>	<u>3</u>	<u>20</u>	<u>4</u>	<u>234</u>	<u>282</u>
Income before transfers	136	53	4,376	1,082	19,167	24,814
Transfers-in	-	276	-	-	-	276
Transfers-out	-	-	(4,553)	(37)	(4,440)	(9,030)
Change in net assets	136	329	(177)	1,045	14,727	16,060
Total net assets (deficit) - beginning of period	9,791	14,745	9,086	5,876	(5,842)	33,656
Total net assets - end of period	<u>\$ 9,927</u>	<u>\$ 15,074</u>	<u>\$ 8,909</u>	<u>\$ 6,921</u>	<u>\$ 8,885</u>	<u>\$ 49,716</u>

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Communications	Motor Pool	Building Maintenance	Information Technology	Risk Management	Total
Cash flows from operating activities						
Internal activity - receipts from other funds	\$ 10,239	\$ 9,044	\$ 90,630	\$ 35,899	\$ 57,256	\$ 203,068
Payments to suppliers	(9,578)	(5,031)	(55,228)	(8,308)	(10,750)	(88,895)
Payments to employees	(3,683)	(1,680)	(26,477)	(24,540)	(1,697)	(58,077)
Internal activity - payments to other funds	(805)	(670)	(4,134)	(920)	(1,151)	(7,680)
Claims paid	-	-	-	-	(28,565)	(28,565)
Other receipts (payments)	-	-	-	-	(426)	(426)
Net cash provided by (used in) operating activities	<u>(3,827)</u>	<u>1,663</u>	<u>4,791</u>	<u>2,131</u>	<u>14,667</u>	<u>19,425</u>
Cash flows from noncapital financing activities						
Transfers-in	-	276	-	-	-	276
Transfers-out	-	-	(4,553)	(37)	(4,440)	(9,030)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>276</u>	<u>(4,553)</u>	<u>(37)</u>	<u>(4,440)</u>	<u>(8,754)</u>
Cash flows from capital and related financing activities						
Acquisition of capital assets	(812)	(2,035)	(232)	(727)	-	(3,806)
Proceeds from sale of capital assets	-	238	9	-	-	247
Net cash provided by (used in) capital and related financing activities	<u>(812)</u>	<u>(1,797)</u>	<u>(223)</u>	<u>(727)</u>	<u>-</u>	<u>(3,559)</u>
Cash flows from investing activities:						
Interest on investments	21	19	11	4	234	289
Net cash provided by investing activities	<u>21</u>	<u>19</u>	<u>11</u>	<u>4</u>	<u>234</u>	<u>289</u>
Net increase (decrease) in cash and cash equivalents	(4,618)	161	26	1,371	10,461	7,401
Cash and cash equivalents - beginning of period	8,603	7,224	11,622	7,062	95,180	129,691
Cash and cash equivalents - end of period	<u>\$ 3,985</u>	<u>\$ 7,385</u>	<u>\$ 11,648</u>	<u>\$ 8,433</u>	<u>\$ 105,641</u>	<u>\$ 137,092</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income	\$ 115	\$ 50	\$ 4,356	\$ 1,078	\$ 18,933	\$ 24,532
Adjustments for non cash activities						
Depreciation	458	1,729	78	1,114	-	3,379
Changes in assets and liabilities						
Receivables	(149)	(29)	(173)	60	(3)	(294)
Inventories	(7)	-	-	-	-	(7)
Prepaid items	(4,222)	-	-	-	39	(4,183)
Accounts payable	(28)	(83)	435	(59)	1,421	1,686
Compensated employee absences payable	6	(4)	66	(62)	20	26
Estimated liability for claims and contingencies	-	-	-	-	(5,743)	(5,743)
Due to component unit	-	-	29	-	-	29
Total adjustments	<u>(3,942)</u>	<u>1,613</u>	<u>435</u>	<u>1,053</u>	<u>(4,266)</u>	<u>(5,107)</u>
Net cash provided by (used in) operating activities	<u>\$ (3,827)</u>	<u>\$ 1,663</u>	<u>\$ 4,791</u>	<u>\$ 2,131</u>	<u>\$ 14,667</u>	<u>\$ 19,425</u>

COUNTY OF ALAMEDA, CALIFORNIA
OTHER SUPPLEMENTARY INFORMATION

Fiduciary Funds

Fiduciary funds include all trust and agency funds which account for assets held by the County as a trustee or as an agent for individuals or other governmental units.

TRUST FUNDS

Pension and Postemployment Benefits Trust Fund - This fund is under the control of the Board of Retirement and is governed by the rules and regulations of the Retirement Act of 1937. The fund accumulates contributions from the County, contributions from employees, and earnings from the fund's investments. Disbursements are made from the fund for retirements, postemployment benefits, disability and death benefits, refund and administrative costs. This fund includes all assets of the retirement system.

Other Employee Benefit Trust Fund – This fund accounts for pre-tax deductions from county employees' gross pay. The funds are for reimbursement of allowable health care and dependent care costs.

AGENCY FUNDS

Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

Unapportioned Taxes Fund – This fund accounts for property taxes receivable (secured and unsecured), amounts which are impounded because of disputes or litigation, as well as amounts held pending authority for apportionment.

Other Agency Funds - These funds account for assets held by the County as an agent for individuals, private organizations, or other governmental units. These funds include payroll deduction clearing funds, collection clearing funds, and flow through funds for federal and state programs.

COUNTY OF ALAMEDA, CALIFORNIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2011
(amounts expressed in thousands)

	Pension and Other Postemployment Benefits Trust Fund				Other	Total
	Pension	Postemployment Medical Benefits (OPEB)	Other Postemployment Benefits	Total	Employee Benefits Trust Funds	
Assets:						
Cash and investments with County Treasurer	\$ 1,118	\$ -	\$ -	\$ 1,118	\$ 1,778	\$ 2,896
Investments, at fair value:						
Short-term investments	127,347	-	-	127,347	-	127,347
Domestic equities	1,336,675	-	-	1,336,675	-	1,336,675
Domestic equity commingled funds	771,880	-	-	771,880	-	771,880
International equities	1,216,473	-	-	1,216,473	-	1,216,473
International equity commingled funds	77,621	-	-	77,621	-	77,621
Domestic fixed income	903,232	-	-	903,232	-	903,232
International fixed income	314,241	-	-	314,241	-	314,241
Real estate - separate properties	88,034	-	-	88,034	-	88,034
Real estate - commingled funds	190,568	-	-	190,568	-	190,568
Private equity and alternatives	189,407	-	-	189,407	-	189,407
Total investments	5,215,478	-	-	5,215,478	-	5,215,478
Investment of securities lending collateral	523,857	-	-	523,857	-	523,857
Deposits with others	562	-	-	562	-	562
Other receivable	34,340	-	-	34,340	-	34,340
Interest receivable	14,382	-	-	14,382	-	14,382
Due from (to) pension plan	(635,112)	565,856	69,256	-	-	-
Capital assets, net of accumulated depreciation	4,383	-	-	4,383	-	4,383
Total assets	5,159,008	565,856	69,256	5,794,120	1,778	5,795,898
Liabilities:						
Accounts payable and accrued expenses	45,768	-	-	45,768	144	45,912
Securities lending obligation	523,857	-	-	523,857	-	523,857
Total liabilities	569,625	-	-	569,625	144	569,769
Net Assets						
Held in trust	4,589,383	565,856	69,256	5,224,495	1,634	5,226,129
	\$ 4,589,383	\$ 565,856	\$ 69,256	\$ 5,224,495	\$ 1,634	\$ 5,226,129

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
(amounts expressed in thousands)

	Pension and Other Postemployment Benefits Trust Fund			Other	Total
	Pension	Postemployment Medical Benefits (OPEB)	Other Postemployment Benefits	Employee Benefits Trust Funds	
Additions:					
Contributions:					
Employees	\$ 77,605	\$ -	\$ -	\$ 4,255	\$ 81,860
Employer	118,083	29,460	-	-	147,543
Total contributions	<u>195,688</u>	<u>29,460</u>	<u>-</u>	<u>4,255</u>	<u>229,403</u>
Investment income:					
Interest	66,596	-	-	10	66,606
Dividends	49,140	-	-	-	49,140
Net increase (decrease) in fair value of investments	542,132	-	-	(4)	542,128
Real estate	21,162	-	-	-	21,162
Securities lending income	3,510	-	-	-	3,510
Earnings allocated to OPEB reserves	(4,911)	4,370	541	-	-
Total investment income	<u>677,629</u>	<u>4,370</u>	<u>541</u>	<u>6</u>	<u>682,546</u>
Less investment expenses:					
Investment expenses	24,624	-	-	-	24,624
Securities lending borrower rebates and management fees	1,433	-	-	-	1,433
Real estate	8,373	-	-	-	8,373
Total investment expenses	<u>34,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,430</u>
Net investment income	<u>643,199</u>	<u>4,370</u>	<u>541</u>	<u>6</u>	<u>648,116</u>
Miscellaneous income	508	-	-	-	508
Total additions, net	<u>839,395</u>	<u>33,830</u>	<u>541</u>	<u>4,261</u>	<u>878,027</u>
Deductions:					
Benefit payments	272,937	29,802	4,766	4,052	311,557
Refunds of contributions	5,645	-	-	-	5,645
Administration expenses	13,001	-	-	-	13,001
Total deductions	<u>291,583</u>	<u>29,802</u>	<u>4,766</u>	<u>4,052</u>	<u>330,203</u>
Change in net assets	<u>547,812</u>	<u>4,028</u>	<u>(4,225)</u>	<u>209</u>	<u>547,824</u>
Net assets - beginning of year	4,006,823	596,576	73,481	1,425	4,678,305
Transfer to Pension from SRBR for Employer					
Contribution to 401(h)	29,460	(29,460)	-	-	-
Transfer to Pension from SRBR fro Implicit Subsidy	5,288	(5,288)	-	-	-
Net assets - end of year	<u>\$ 4,589,383</u>	<u>\$ 565,856</u>	<u>\$ 69,256</u>	<u>\$ 1,634</u>	<u>\$ 5,226,129</u>

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011
 (amounts expressed in thousands)

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>Unapportioned Taxes</u>				
Assets:				
Cash and investments with County Treasurer	\$ 61,193	\$ 4,009,834	\$ 3,999,020	\$ 72,007
Taxes receivable	277,499	2,969,863	2,995,405	251,957
Interest receivable	1	382	383	-
Total assets	\$ 338,693	\$ 6,980,079	\$ 6,994,808	\$ 323,964
Liabilities:				
Due to other governmental units	\$ 338,693	\$ 6,980,200	\$ 6,994,929	\$ 323,964
Total liabilities	\$ 338,693	\$ 6,980,200	\$ 6,994,929	\$ 323,964
<u>Other Agency</u>				
Assets:				
Cash and investments with County Treasurer	\$ 185,593	\$ 4,303,201	\$ 4,399,682	\$ 89,112
Interest receivable	160	383	476	67
Total assets	\$ 185,753	\$ 4,303,584	\$ 4,400,158	\$ 89,179
Liabilities:				
Accounts payable and accrued expenses	\$ 689	\$ 479,740	\$ 472,331	\$ 8,098
Due to other governmental units	185,064	6,652,596	6,756,579	81,081
Total liabilities	\$ 185,753	\$ 7,132,336	\$ 7,228,910	\$ 89,179
<u>Totals - Agency Funds</u>				
Assets:				
Cash and investments with County Treasurer	\$ 246,786	\$ 8,313,035	\$ 8,398,702	\$ 161,119
Taxes receivable	277,499	2,969,863	2,995,405	251,957
Interest receivable	161	765	859	67
Total assets	\$ 524,446	\$ 11,283,663	\$ 11,394,966	\$ 413,143
Liabilities:				
Warrants payable	\$ 689	\$ 479,740	\$ 472,331	\$ 8,098
Due to other governmental units	523,757	13,632,796	13,751,508	405,045
Total liabilities	\$ 524,446	\$ 14,112,536	\$ 14,223,839	\$ 413,143

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**CAPITAL ASSETS USED
IN THE OPERATION OF
GOVERNMENTAL FUNDS**

COUNTY OF ALAMEDA, CALIFORNIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source ¹
June 30, 2011
(amounts in tables expressed in thousands)

Governmental funds capital assets:

Land and Easements	\$ 46,235
Structures and improvements	909,987
Infrastructure	765,228
Equipment	101,474
Software	34,514
Construction in progress	<u>177,541</u>
 Total governmental funds capital assets	 <u><u>\$ 2,034,979</u></u> ²

Investments in governmental funds capital assets acquired prior to July 1, 2001	\$ 1,251,100
Investments in governmental funds capital assets acquired from July 1, 2001 by source:	
General fund	243,111
Capital projects fund	248,391
Other governmental funds	278,128
Donations	<u>14,249</u>
 Total governmental funds capital assets	 <u><u>\$ 2,034,979</u></u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$49,627,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

² This amount does not include a collection item of \$50,000 which is considered a historical artifact and is not used in the operation of governmental funds.

COUNTY OF ALAMEDA, CALIFORNIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Type¹
June 30, 2011
(amounts in tables expressed in thousands)

	<u>Land and Easements</u>	<u>Structures and Improvements</u>	<u>Infrastructure</u>	<u>Equipment</u>	<u>Software</u>	<u>Construction in Progress</u>	<u>Total</u>
General	\$ 11,648	\$ 83,644	\$ -	\$ 15,074	\$ 32,654	\$ 123	\$ 143,143
Public protection	26,110	518,720	192,764	55,504	1,860	15,728	810,686
Public assistance	2,652	41,284	-	7,987	-	-	51,923
Health and sanitation	3,494	221,703	-	4,395	-	121,235	350,827
Public ways and facilities	378	13,420	570,026	9,511	-	40,455	633,790
Recreation & cultural services	-	9,998	2,438	6,717	-	-	19,153
Education	1,953	21,218	-	2,286	-	-	25,457
Total governmental funds capital assets	<u>\$ 46,235</u>	<u>\$ 909,987</u>	<u>\$ 765,228</u>	<u>\$ 101,474</u>	<u>\$ 34,514</u>	<u>\$ 177,541</u>	<u>\$ 2,034,979</u> ²

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$49,627,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

² This amount does not include a collection item of \$50,000 which is considered a historical artifact and is not used in the operation of governmental funds.

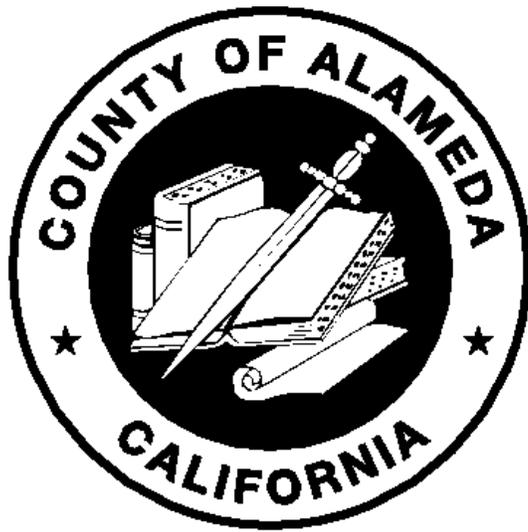
COUNTY OF ALAMEDA, CALIFORNIA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function¹
Year ended June 30, 2011
(amounts in tables expressed in thousands)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
General	\$ 123,443	\$ 19,736	\$ 36	\$ 143,143
Public protection	795,028	21,725	\$ 6,067	810,686
Public assistance	51,913	10	\$ -	51,923
Health and sanitation	284,211	66,651	\$ 35	350,827
Public ways and facilities	610,436	26,801	\$ 3,447	633,790
Recreation & cultural services	19,029	124	\$ -	19,153
Education	25,222	424	\$ 189	25,457
Total governmental funds capital assets	<u>\$ 1,909,282</u>	<u>\$ 135,471</u>	<u>\$ 9,774</u>	<u>\$ 2,034,979</u> ²

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$49,627,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

² This amount does not include a collection item of \$50,000 which is considered a historical artifact and is not used in the operation of governmental funds.

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STATISTICAL SECTION

Statistical Section

The information in this section is not covered by the Independent Auditors' Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

CONTENTS	PAGE
FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	124
REVENUE CAPACITY These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	128
DEBT CAPACITY These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	132
ECONOMIC AND DEMOGRAPHIC INFORMATION These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	137
OPERATING INFORMATION These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	139

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

COUNTY OF ALAMEDA, CALIFORNIA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 580,283	\$ 527,375	\$ 561,240	\$ 603,668	\$ 582,506	\$ 551,198	\$ 508,533	\$ 511,354	\$ 560,449	\$ 404,686
Restricted	394,632	398,618	398,621	336,562	387,798	473,468	531,744	579,459	641,476	697,984
Unrestricted (deficit)	<u>(306,906)</u>	<u>(287,654)</u>	<u>(303,544)</u>	<u>(73,273)</u>	<u>125,578</u>	<u>353,164</u>	<u>452,524</u>	<u>465,456</u>	<u>328,726</u>	<u>574,257</u>
Total governmental activities net assets	<u>\$ 668,009</u>	<u>\$ 638,339</u>	<u>\$ 656,317</u>	<u>\$ 866,957</u>	<u>\$ 1,095,882</u>	<u>\$ 1,377,830</u>	<u>\$ 1,492,801</u>	<u>\$ 1,556,269</u>	<u>\$ 1,530,651</u>	<u>\$ 1,676,927</u>

COUNTY OF ALAMEDA, CALIFORNIA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	\$ 113,158	\$ 112,016	\$ 127,986	\$ 126,933	\$ 119,662	\$ 124,448	\$ 137,490	\$ 161,834	\$ 143,497	\$ 141,862
Public protection	520,128	577,807	584,983	582,384	616,938	647,036	720,939	719,458	766,225	752,191
Public assistance	542,411	586,500	559,728	543,263	575,334	582,568	620,978	653,920	680,142	674,181
Health and sanitation	340,984	457,313	404,492	431,310	455,835	470,668	524,225	558,632	597,448	584,815
Public ways and facilities	49,563	52,205	41,151	43,902	46,123	50,650	48,620	39,427	36,598	43,312
Recreation and cultural services	25	387	571	441	514	502	523	677	557	608
Education	18,194	21,584	19,534	19,022	19,448	19,350	21,358	23,064	22,813	22,863
Interest on long-term debt	67,958	67,776	67,170	70,053	71,913	78,236	77,708	78,352	75,420	87,490
Total governmental activities expenses	<u>1,652,421</u>	<u>1,875,588</u>	<u>1,805,615</u>	<u>1,817,308</u>	<u>1,905,767</u>	<u>1,973,458</u>	<u>2,151,841</u>	<u>2,235,364</u>	<u>2,322,700</u>	<u>2,307,322</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	151,984	160,785	128,966	170,321	150,182	158,550	125,532	124,488	111,200	125,619
Public protection	155,088	164,398	170,380	164,731	184,356	196,775	210,362	218,244	222,606	238,915
Health and sanitation	99,885	98,941	116,576	116,244	110,437	113,134	119,509	139,217	153,243	202,110
Other activities	24,743	18,953	16,250	22,769	19,525	19,588	15,212	22,114	27,819	32,085
Operating grants and contributions	923,130	919,771	884,510	994,427	1,051,339	1,078,909	1,087,171	1,130,306	1,170,990	1,232,027
Capital grants and contributions	1,953	-	11,606	15,202	14,979	202	7,070	4,260	5,782	5,550
Total governmental activities program revenues	<u>1,356,783</u>	<u>1,362,848</u>	<u>1,328,288</u>	<u>1,483,694</u>	<u>1,530,818</u>	<u>1,567,158</u>	<u>1,564,856</u>	<u>1,638,629</u>	<u>1,691,640</u>	<u>1,836,306</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 266,835	\$ 281,756	\$ 298,634	\$ 303,570	\$ 339,470	\$ 398,922	\$ 412,767	\$ 425,713	\$ 403,847	\$ 399,701
Sales taxes - shared revenues	131,412	124,808	124,759	158,886	172,544	171,876	174,984	150,551	140,643	150,328
Other taxes	25,575	25,985	28,455	32,848	34,040	30,957	26,173	26,309	28,144	27,503
Interest and investment income	17,172	9,575	18,104	13,019	20,616	52,556	46,746	25,979	9,369	5,751
Other	33,022	40,946	25,353	35,973	37,248	42,701	41,289	36,948	23,439	34,009
Transfers	267	-	-	(42)	(44)	(7)	(3)	(5,297)	-	-
Extraordinary item	-	-	-	-	-	(8,757)	-	-	-	-
Total governmental activities	<u>474,283</u>	<u>483,070</u>	<u>495,305</u>	<u>544,254</u>	<u>603,874</u>	<u>688,248</u>	<u>701,956</u>	<u>660,203</u>	<u>605,442</u>	<u>617,292</u>
Change in Net Assets										
Governmental activities	<u>\$ 178,645</u>	<u>\$ (29,670)</u>	<u>\$ 17,978</u>	<u>\$ 210,640</u>	<u>\$ 228,925</u>	<u>\$ 281,948</u>	<u>\$ 114,971</u>	<u>\$ 63,468</u>	<u>\$ (25,618)</u>	<u>\$ 146,276</u>

COUNTY OF ALAMEDA, CALIFORNIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ¹
General fund										
Reserved	\$ 184,301	\$ 153,628	\$ 153,447	\$ 168,671	\$ 213,531	\$ 226,371	\$ 246,546	\$ 246,383	\$ 299,432	\$ -
Unreserved	238,802	206,233	173,860	243,799	437,866	575,231	573,336	618,174	627,898	-
Nonspendable	-	-	-	-	-	-	-	-	-	1,725
Restricted	-	-	-	-	-	-	-	-	-	303,635
Committed	-	-	-	-	-	-	-	-	-	638,601
Assigned	-	-	-	-	-	-	-	-	-	101,961
Unassigned	-	-	-	-	-	-	-	-	-	16,996
Total general fund	<u>\$ 423,103</u>	<u>\$ 359,861</u>	<u>\$ 327,307</u>	<u>\$ 412,470</u>	<u>\$ 651,397</u>	<u>\$ 801,602</u>	<u>\$ 819,882</u>	<u>\$ 864,557</u>	<u>\$ 927,330</u>	<u>\$ 1,062,918</u>
All other governmental funds										
Reserved	\$ 130,369	\$ 150,191	\$ 151,108	\$ 239,215	\$ 220,946	\$ 170,814	\$ 190,267	\$ 171,988	\$ 592,468	\$ -
Unreserved, reported in:										
Special revenue funds	365,433	395,831	384,155	428,354	469,475	541,182	584,941	606,763	598,330	-
Capital projects fund	30,545	21,931	15,009	4,578	59,746	85,289	72,672	79,236	(375,645)	-
Nonspendable	-	-	-	-	-	-	-	-	-	5,421
Restricted	-	-	-	-	-	-	-	-	-	527,282
Committed	-	-	-	-	-	-	-	-	-	567,921
Assigned	-	-	-	-	-	-	-	-	-	3,003
Unassigned	-	-	-	-	-	-	-	-	-	(1,930)
Total all other governmental funds	<u>\$ 526,347</u>	<u>\$ 567,953</u>	<u>\$ 550,272</u>	<u>\$ 672,147</u>	<u>\$ 750,167</u>	<u>\$ 797,285</u>	<u>\$ 847,880</u>	<u>\$ 857,987</u>	<u>\$ 815,153</u>	<u>\$ 1,101,697</u>

¹ The County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

COUNTY OF ALAMEDA, CALIFORNIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(amounts expressed in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues										
Taxes	\$ 423,522	\$ 432,249	\$ 451,590	\$ 495,215	\$ 546,619	\$ 600,847	\$ 614,397	\$ 602,473	\$ 572,507	\$ 577,186
Licenses and permits	6,543	6,902	7,708	7,559	8,291	8,465	9,138	7,904	8,490	9,635
Fines, forfeitures, and penalties	27,605	28,310	30,468	30,427	27,388	32,117	34,621	41,228	41,444	38,887
Use of money and property	45,324	39,783	21,737	28,861	37,759	79,857	77,653	48,250	27,769	19,635
State aid	596,301	624,607	594,174	701,939	747,292	731,715	699,172	761,782	694,252	725,140
Federal aid	308,789	278,297	270,734	261,923	313,689	309,888	364,958	349,759	459,652	481,010
Other aid	13,014	15,086	19,739	22,362	32,653	20,415	20,345	23,259	40,057	29,914
Charges for services	258,872	277,126	277,277	273,103	331,232	391,034	335,617	389,506	428,166	455,215
Other revenue	139,728	141,138	127,670	127,900	128,640	69,997	70,493	71,436	50,709	136,131
Total revenues	1,819,698	1,843,498	1,801,097	1,949,289	2,173,563	2,244,335	2,226,394	2,295,597	2,323,046	2,472,753
Expenditures										
Current										
General government	121,195	118,384	124,033	109,600	108,931	129,219	118,713	130,358	120,465	129,979
Public protection	515,062	557,609	583,012	592,172	620,390	665,433	708,363	703,959	710,039	739,810
Public assistance	546,894	585,587	561,964	545,898	603,267	594,117	619,109	647,504	666,247	667,601
Health and sanitation	343,480	456,810	421,442	431,656	457,096	472,768	522,120	556,575	590,590	580,833
Public ways and facilities	38,996	41,804	35,144	34,388	33,226	35,148	51,204	46,199	42,400	49,705
Recreation and cultural services	265	407	627	493	526	562	562	719	594	675
Education	17,868	21,058	19,020	19,139	19,522	19,409	21,037	22,883	21,947	22,079
Debt service										
Principal	55,285	58,575	65,260	67,175	62,460	69,290	74,235	78,730	90,896	93,865
Interest	32,695	31,847	28,671	28,629	26,668	26,616	26,779	28,889	27,130	38,788
Deposit with escrow agent	-	-	-	-	-	4,756	-	-	-	-
Bond issuance costs	2,449	3,669	-	2,312	2,632	592	12,248	-	-	2,465
Capital outlay	40,287	21,094	19,044	81,343	86,383	45,650	24,389	31,878	46,875	95,067
Total expenditures	1,714,476	1,896,844	1,858,217	1,912,805	2,021,101	2,063,560	2,178,759	2,247,694	2,317,183	2,420,867
Excess of revenues over (under) expenditures	105,222	(53,346)	(57,120)	36,484	152,462	180,775	47,635	47,903	5,863	51,886
Other financing sources (uses)										
Issuance of loans	1,851	-	-	-	5,423	3,000	-	675	4,732	28,040
Proceeds from sale of land	3,345	1,481	-	24,139	21,475	-	-	-	-	13,452
Capital leases issued	15,772	-	-	801	26,896	5,640	697	3,000	-	-
Issuance of debt	-	-	-	136,975	102,594	-	-	-	-	320,000
Refunding bonds issued	148,455	220,525	-	6,095	-	37,010	120,145	-	-	-
Premium on refunding bonds	7,867	-	-	1,566	373	2,260	1,265	-	-	-
Discount on refunding bonds	-	(5,431)	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(154,203)	(193,102)	-	(6,059)	-	(38,673)	(108,815)	-	-	-
Transfers-in	73,030	237,965	28,735	41,482	76,777	84,106	84,736	85,552	83,705	93,073
Transfers-out	(64,269)	(229,728)	(21,850)	(34,445)	(69,053)	(76,795)	(76,788)	(82,348)	(74,361)	(84,319)
Total other financing sources (uses)	31,848	31,710	6,885	170,554	164,485	16,548	21,240	6,879	14,076	370,246
Net change in fund balances	\$ 137,070	\$ (21,636)	\$ (50,235)	\$ 207,038	\$ 316,947	\$ 197,323	\$ 68,875	\$ 54,782	\$ 19,939	\$ 422,132
Debt service as a percentage of noncapital expenditures	5.53%	5.38%	5.25%	5.83%	4.89%	5.23%	5.73%	4.90%	5.27%	5.93%

COUNTY OF ALAMEDA, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Utility, Unsecured and Escaped Assessment Property¹	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2002	\$ 80,008,388	\$ 16,371,339	\$ 14,325,866	\$ 1,183,410	\$ 1,314,653	\$ 13,636,250	\$ 2,920,971	\$ 123,918,935	1.00 %
2003	86,986,683	18,081,908	15,418,841	1,002,579	1,516,427	13,756,814	3,321,800	133,441,452	1.00
2004	94,976,679	19,186,774	15,977,934	1,081,747	1,603,399	12,701,210	3,243,636	142,284,107	1.00
2005	103,803,391	20,091,593	15,998,280	1,093,305	1,773,362	12,468,944	3,834,506	151,394,369	1.00
2006	115,620,542	20,968,026	16,482,414	1,181,328	1,884,812	13,061,858	4,206,190	164,992,790	1.00
2007	129,127,345	22,467,714	17,022,667	1,225,484	2,023,259	13,001,842	4,312,765	180,555,546	1.00
2008	140,379,422	24,458,944	17,854,260	1,360,579	2,203,804	13,629,455	4,880,956	195,005,508	1.00
2009	146,399,031	25,895,769	19,172,805	1,466,409	2,263,501	14,086,040	5,115,665	204,167,890	1.00
2010	139,524,668	27,086,816	19,319,349	1,499,707	2,437,587	14,398,367	5,476,280	198,790,214	1.00
2011	137,082,662	26,746,547	19,385,756	1,435,643	2,450,098	14,454,882	5,793,021	195,762,567	1.00

¹ The utility, unsecured and escaped assessment rolls are not available by property type.

Source: Auditor-Controller, County of Alameda

**COUNTY OF ALAMEDA, CALIFORNIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	County General	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	Total¹
2002	1.0000 %	0.0031 %	0.0016 %	0.0099 %	0.0624 %	0.0494 %	1.1264 %
2003	1.0000	0.0031	0.0014	0.0093	0.0751	0.0449	1.1338
2004	1.0000	0.0029	0.0012	0.0084	0.0777	0.0555	1.1457
2005	1.0000	0.0023	0.0009	0.0083	0.0873	0.0507	1.1495
2006	1.0000	0.0027	0.0012	0.0127	0.0871	0.0517	1.1554
2007	1.0000	0.0031	0.0013	0.0166	0.0834	0.0546	1.1590
2008	1.0000	0.0031	0.0015	0.0216	0.0862	0.0524	1.1648
2009	1.0000	0.0035	0.0018	0.0249	0.0987	0.0520	1.1809
2010	1.0000	0.0042	0.0015	0.0195	0.1164	0.0582	1.1998
2011	1.0000	0.0052	0.0017	0.0179	0.1163	0.0582	1.1993

¹ Rates reflect voter approved Proposition 13 provisions limiting property tax levy to 1 percent of full cash value plus levies to pay for indebtedness approved by voters. The rates shown under special districts, schools and cities represent the levies for indebtedness.

Source: Auditor-Controller, County of Alameda

**COUNTY OF ALAMEDA, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS
(amounts expressed in thousands)**

<u>Taxpayer</u>	<u>JUNE 30, 2011</u>			<u>JUNE 30, 2002</u>		
	<u>Secured Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Secured Assessed Value</u>	<u>Secured Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Secured Assessed Value</u>
Pacific Gas & Electric Co.	\$ 1,469,411	1	0.80 %	\$ 775,380	3	0.68 %
New United Motor Manufacturing, Inc.	1,014,085	2	0.55	937,590	1	0.82
AT&T California	377,180	3	0.20	913,192	2	0.80
Kaiser Foundation Hospitals	374,940	4	0.20			
Kaiser Foundation Health Plan, Inc.	354,243	5	0.19	212,586	9	0.19
Catellus Development Corporation	329,014	6	0.18	238,002	6	0.21
Bayer Healthcare LLC	277,564	7	0.15			
SCI Limited Partnership	264,228	8	0.14	227,593	7	0.20
Northern California Industrial Portfolio, Inc.	263,336	9	0.14			
SA Challenger Inc.	253,310	10	0.14			
Cutter Laboratories				264,306	4	0.23
Calwest Industrial Properties, LLC				254,422	5	0.22
Sun Microsystems Inc.				224,673	8	0.20
WB Bernal, LLC				200,426	10	0.18
	<u>\$ 4,977,311</u>		<u>2.69 %</u>	<u>\$ 4,248,170</u>		<u>3.73 %</u>

Source: Auditor-Controller, County of Alameda

**COUNTY OF ALAMEDA, CALIFORNIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SIX FISCAL YEARS¹
(amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years²</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount²</u>	<u>Percentage of Levy²</u>
2006	\$ 1,891,314	\$ 1,847,316	97.67 %	-	-	-
2007	2,082,187	2,005,869	96.33	-	-	-
2008	2,259,012	2,155,685	95.43	-	-	-
2009	2,393,333	2,284,204	95.44	-	-	-
2010	2,360,181	2,283,101	96.73	-	-	-
2011	2,327,545	2,264,442	97.29	-	-	-

¹ Data not available for fiscal years prior to 2006.

² Unable to determine subsequent collections by fiscal year.

Source: Auditor-Controller, County of Alameda

COUNTY OF ALAMEDA, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita in dollars)

Fiscal Year	Governmental Activities								Total Primary Government	Percentage of Total Personal Income ¹	Per Capita ¹
	Certificates of Participation	Tobacco Settlement Asset-Backed Bonds	Pension Obligations Bonds	Lease Revenue Bonds	Tax Allocation Bonds	Special Assessment Bonds	Capital Leases	Loans and Notes Payable			
2002	\$ 437,642	\$ -	\$ 595,185	\$ -	\$ -	\$ 1,540	\$ 22,170	\$ 1,851	\$ 1,058,388	1.91 %	\$ 712
2003	241,237	216,200	586,691	-	-	1,395	18,129	1,697	1,065,349	1.89	712
2004	230,785	211,460	574,786	-	-	1,270	4,526	1,534	1,024,361	1.72	684
2005	214,692	206,925	564,185	142,315	-	1,065	2,866	1,364	1,133,412	1.82	752
2006	204,184	273,016	558,737	141,610	34,735	935	28,004	6,474	1,247,695	1.88	826
2007	191,548	273,383	544,156	140,885	34,440	815	27,324	8,986	1,221,537	1.73	800
2008	185,202	273,244	526,070	148,765	33,840	680	27,730	8,284	1,203,815	1.65	780
2009	178,347	271,655	504,074	145,520	33,215	545	30,300	8,194	1,171,850	1.64	753
2010	160,221	272,799	477,740	141,705	32,565	335	29,849	12,129	1,127,343	-	716
2011	140,915	274,880	446,593	458,190	31,890	220	29,516	39,066	1,421,270	-	934

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements. There are no outstanding general obligation debt.

¹ See Schedule of Demographic and Economic Statistics for total personal income and population data.

COUNTY OF ALAMEDA, CALIFORNIA

ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT

JUNE 30, 2011

(amounts in tables expressed in thousands)

2010-11 Assessed Valuation:	\$195,762,567	(includes unitary utility valuation)
Redevelopment Incremental Valuation:	<u>24,575,544</u>	
Adjusted Assessed Valuation:	\$171,187,023	

Population: 1,521,157

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/11</u>
Bay Area Rapid Transit District	38.760%	\$ 160,414
East Bay Municipal Utility District, Special Service District No. 1	93.505	22,951
Chabot-Las Positas Community College District	99.324	451,745
Ohlone Community College District	100.000	130,140
Peralta Community College District	100.000	435,575
San Joaquin Delta Community College District	0.152	218
Alameda Unified School District	100.000	75,865
Berkeley Unified School District	100.000	238,409
Castro Valley Unified School District	100.000	83,550
Dublin Unified School District	100.000	195,201
Fremont Unified School District	100.000	188,864
Hayward Unified School District	100.000	196,045
Livermore Valley Joint Unified School District	99.575	102,916
New Haven Unified School District	100.000	193,355
Oakland Unified School District	100.000	713,910
Pleasanton Unified School District	100.000	87,984
San Leandro Unified School District	100.000	167,576
Other Unified School Districts	100.000	363,500
City of Alameda	100.000	9,375
City of Albany	100.000	17,815
City of Berkeley	100.000	82,005
City of Fremont	100.000	48,205
City of Oakland	100.000	261,696
Washington Township Healthcare District	100.000	70,425
East Bay Regional Park District	55.369	85,263
Community Facilities Districts	100.000	133,120
1915 Act Bonds (Estimated)	100.000	<u>87,618</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$4,603,740

COUNTY OF ALAMEDA, CALIFORNIA

ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (Continued)
 JUNE 30, 2011
 (amounts in tables expressed in thousands)

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/11</u>
Alameda County General Fund Obligations	100.000%	\$ 711,512
Alameda County Pension Obligations	100.000	154,585 ¹
Alameda-Contra Costa Transit District Certificates of Participation	90.081	33,749
Chabot-Las Positas Community College District General Fund Obligations	99.324	4,464
Peralta Community College District Pension Obligations	100.000	151,709
Hayward Unified School District Certificates of Participation	100.000	17,920
Oakland Unified School District Certificates of Participation	100.000	60,905
Pleasanton Unified School District General Fund Obligations	100.000	17,510
San Lorenzo Unified School District Certificates of Participation	100.000	21,535
Other School District Certificates of Participation	100.000	5,130
City of Berkeley General Fund and Pension Fund Obligations	100.000	40,655
City of Fremont General Fund Obligations	100.000	148,480
City of Hayward General Fund Obligations	100.000	31,430
City of Livermore General Fund Obligations	100.000	84,815
City of Oakland General Fund Obligations	100.000	371,145
City of Oakland Pension Obligations	100.000	195,636
Other City General Fund Obligations	100.000	110,028
Byron Bethany Irrigation District General Fund Obligations	.394	<u>22</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		2,161,230
Less: City of Hayward supported obligations		<u>1,827</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$2,159,403</u>
TOTAL DIRECT DEBT		\$866,097
TOTAL GROSS OVERLAPPING DEBT		\$5,880,863
TOTAL NET OVERLAPPING DEBT		\$5,879,036
GROSS COMBINED TOTAL DEBT		\$6,764,970 ²
NET COMBINED TOTAL DEBT		\$6,763,143
STATE SCHOOL BUILDING AID REPAYABLE AS OF June 30, 2011 (not in thousands): \$1,305		
Ratios to 2010-11 Assessed Valuation:		<u>Per Capita</u> <u>(not in Thousands)</u>
Total Overlapping Tax and Assessment Debt	2.35%	\$3,026
Ratios to Adjusted Assessed Valuation:		
Total Direct Debt (\$866,097)	.51%	569
Gross Combined Total Debt	3.95%	4,447
Net Combined Total Debt	3.95%	4,446

¹ Excludes accreted value.

² Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc. All bonded debt obligations that are supported in whole or in part by a property tax or assessment or are supported by a pledge of the general fund or general taxing power of a governmental entity are included. Assessment bonds and other obligations secured by an underlying portion of the jurisdiction are excluded from direct debt but are included as overlapping debt.

**COUNTY OF ALAMEDA, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)**

Legal debt margin calculation for fiscal year 2011	
Net assessed value	\$194,007,334
Plus homeowners' exemption	<u>1,755,223</u>
Total assessed value	<u><u>\$195,762,557</u></u>
Debt limit (1.25% of total assessed value)	\$2,447,032
Amount of debt applicable to debt limit	-
Legal debt margin	<u><u>\$2,447,032</u></u>

<u>Fiscal year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Legal Debt Margin / Debt Limit</u>
2002	\$1,548,987	-	\$1,548,987	100 %
2003	1,668,018	-	1,668,018	100
2004	1,778,551	-	1,778,551	100
2005	1,892,430	-	1,892,430	100
2006	2,062,410	-	2,062,410	100
2007	2,256,944	-	2,256,944	100
2008	2,437,569	-	2,437,569	100
2009	2,552,099	-	2,552,099	100
2010	2,484,877	-	2,484,877	100
2011	2,447,032	-	2,447,032	100

Source: Auditor-Controller, County of Alameda

**COUNTY OF ALAMEDA, CALIFORNIA
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)**

Fiscal Year	Special Assessment Bonds				Tax Allocation Bonds ¹					Tobacco Securitization Bond ²			
	Special Assessment Collections	Debt Service		Coverage	Tax Increment	Debt Service		Coverage	Tobacco Settlement Revenue	Debt Service		Coverage	
		Principal	Interest			Principal	Interest			Principal	Interest		
2002	\$ 202	\$ 110	\$ 84	104 %	\$ -	\$ -	\$ -	- %	\$ -	\$ -	\$ -	- %	
2003	219	145	79	98	-	-	-	-	18,186	4,325	7,164	158	
2004	240	125	72	122	-	-	-	-	15,373	4,740	12,053	92	
2005	247	205	67	91	-	-	-	-	15,605	4,535	11,871	95	
2006	189	130	55	102	1,050	-	637	165	15,051	3,545	12,645	93	
2007	187	120	46	113	2,126	295	1,527	117	22,370	4,320	11,525	141	
2008	188	135	40	107	2,023	600	1,502	96	16,566	5,145	11,341	100	
2009	180	135	32	108	1,985	625	1,489	94	18,019	6,935	11,103	100	
2010	190	210	23	82	2,075	650	1,453	99	14,624	4,565	10,834	95	
2011	135	115	14	105	2,078	675	1,426	99	13,162	4,015	10,618	90	

¹ Tax Allocation bonds were issued on February 2, 2006.

² Tobacco Securitization bonds were issued on October 30, 2002.

Source: Auditor-Controller, County of Alameda

**COUNTY OF ALAMEDA, CALIFORNIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Total Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Unemployment Rate
2002	1,486,550	\$ 55,316,775	\$ 37,788	6.7%
2003	1,496,200	56,257,943	38,583	6.9
2004	1,498,125	59,419,621	40,920	5.9
2005	1,507,500	62,331,734	42,956	5.1
2006	1,510,303	66,325,334	45,689	4.4
2007	1,526,148	70,761,435	48,679	4.7
2008	1,543,000	73,159,586	49,757	7.2
2009	1,556,657	71,596,468	48,004	11.1
2010	1,574,857	- ¹	- ¹	11.5
2011	1,521,157	- ¹	- ¹	10.9

Source: State of California Employment Development Department Labor Market Information and California Department of Finance

¹ Data not yet published

COUNTY OF ALAMEDA, CALIFORNIA
PRINCIPAL EMPLOYERS

Employer	Type of Business	Number of Employees		Percentage of	Number of Employees		Percentage of
		JUNE 30, 2011 ¹	Rank	Total County Employment ²	JUNE 30, 2002 ¹	Rank	Total County Employment ²
University of California Berkeley	Education	14,084	1	2.12 %	13,720	1	1.91 %
County of Alameda	Local Government	8,843	2	1.33	8,593	2	1.19
Lawrence Livermore National Laboratory	Energy Develop and Conservation	7,000	3	1.05	8,010	3	1.11
Oakland Unified School District	Education	5,808	4	0.88	7,435	4	1.03
Lawrence Berkeley Laboratory	Research and Development	5,000	5	0.75	3,315	-	-
City of Oakland	Local Government	4,703	6	0.71	4,885	9	0.68
Safeway Inc.	Grocery Retail	4,268	7	0.64	3,765	10	0.52
Edy's Grand Ice Cream	Food Manufacture	4,191	8	0.63	-	-	-
Cost Plus Incorporated	Trade	4,113	9	0.62	-	-	-
Cooper Co's Inc.	Health Care Equipment and Supplies	4,000	10	0.60	-	-	-
Kaiser Permanente Medical Group Inc	Health and Medical	-	-	-	6,085	5	0.85
Minneapolis Postal Data Center	Postal Data Center	-	-	-	5,860	6	0.81
Kaiser Foundation Health Plan Inc.	Health and Medical	-	-	-	5,310	7	0.74
New United Motor Manufacturing, Inc.	Industrial	-	-	-	5,270	8	0.73
Total		62,010		9.33 %	72,248		9.57 %

Source: Harris Infosource April 21,2011; State of California Employment Development Department 2002 data

¹ The number of employees, except for County of Alameda and City of Oakland include all employees in the East Bay area. Total employment within County of Alameda is unavailable.

² Percentage calculated based on Alameda County's Employment of 663,600 for 2011 and 719,700 for 2002. (Source: Employment Development Department)

**COUNTY OF ALAMEDA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST NINE FISCAL YEARS¹**

Function	Full-time Equivalent Employees as of June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	1,271	1,279	1,233	1,220	1,206	1,221	1,197	1,256	1,247
Public Protection ²	4,137	4,016	3,145	3,185	3,263	3,375	3,422	3,458	3,399
Public Assistance ³	2,413	2,197	2,093	2,074	2,122	2,252	2,278	2,159	2,057
Health and Sanitation	1,000	982	932	974	1,002	1,034	1,042	1,056	1,094
Public Ways and Facilities	3	4	4	3	4	4	4	4	4
Recreation and Cultural Services	2	2	2	2	2	2	4	4	4
Education	<u>106</u>	<u>101</u>	<u>100</u>	<u>92</u>	<u>99</u>	<u>101</u>	<u>97</u>	<u>91</u>	<u>93</u>
Totals	<u>8,932</u>	<u>8,581</u>	<u>7,509</u>	<u>7,550</u>	<u>7,698</u>	<u>7,989</u>	<u>8,044</u>	<u>8,028</u>	<u>7,898</u>

¹ Data not available for fiscal years 2001 and 2002.

² The Superior Court was no longer a part of the County effective July 1, 2004. There were 855 and 829 full-time equivalent employees for the Superior Court at the end of fiscal years 2003 and 2004, respectively.

³ There was a substantial reduction in the work force of Public Assistance from fiscal year 2003 to fiscal year 2004.

Source: Auditor-Controller, County of Alameda

**COUNTY OF ALAMEDA
OPERATING INDICATORS BY FUNCTION
LAST SIX FISCAL YEARS ¹**

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government						
Property tax bills processed	586,598	584,705	583,795	573,519	561,531	562,212
Phone-assisted property tax calls	77,279	79,835	78,643	90,602	92,518	74,700
Recycled materials recovered (pounds) from county departments						
Metal	505,790	517,055	428,327	277,046	442,250	424,776
Paper	1,879,326	1,683,357	1,977,240	2,672,980	1,070,263	1,034,233
Toner cartridges	1,840	2,200	2,400	5,703	8,716	5,276
Public Protection						
Juvenile detention risks and needs assessment completed	3,200	3,413	2,940	3,114	2,806	2,180
Youth serviced through community probation	570	883	1,500	1,528	908	634
Documents recorded/indexed	537,019	469,793	396,880	368,584	377,208	396,916
Child support active caseload	41,346	39,928	37,803	39,611	37,277	35,786
Emergency calls to fire district	21,454	22,642	22,591	23,855	23,621	31,887
Calls for police service	50,594	50,993	51,272	52,367	51,742	51,199
Total patrol arrests	4,172	6,246	5,668	6,518	6,244	5,607
Total investigation arrests	827	1,157	1,531	1,710	1,910	2,039
Crime investigation cases assigned	9,949	4,158	6,372	5,768	5,115	5,008
Crime investigation cases closed	9,635	7,950	6,193	7,898	7,438	7,022
Average daily inmate population	3,982	4,126	4,371	4,441	4,305	3,898
Public Assistance						
Seniors receiving services (annual amount)	26,852	25,378	25,360	32,000	34,198	41,365
Congregate nutrition meals served (annual amount)	250,573	229,775	235,207	233,751	222,688	216,540
Home-delivered nutrition meals served (annual amount)	527,589	531,022	538,471	531,563	514,599	537,310
CALWORKS job placements (annual amount)	2,550	3,338	3,475	2,964	2,644	2,954
CALWORKS eligible households aided (monthly average)	18,964	17,506	18,461	19,154	19,963	20,480
Medi-Cal eligible households aided (monthly average)	71,235	63,915	66,068	69,722	75,813	80,387
Food stamps eligible households aided (monthly average)	29,877	31,320	33,995	38,613	45,511	52,827
General Assistance eligible cases aided (monthly average)	5,694	6,862	7,976	9,001	8,907	6,378
Health and Sanitation						
Food inspections	17,191	16,570	15,903	13,148	13,823	12,151
Recreational inspections	1,760	2,322	1,888	2,458	2,847	1,986
Medical waste facility inspections	109	124	130	145	120	160
Landfill site inspections	175	156	154	252	252	252
Hazardous waste accepted from households (pounds)	2,358,232	2,236,570	2,433,661	2,052,451	2,091,555	2,609,290
Hazardous waste recycled (pounds)	1,948,562	1,856,353	2,284,808	1,784,343	1,801,109	2,017,973
Public Ways and Facilities						
Percent of roadway miles rehabilitated	1.40	3.80	1.40	2.30	1.82	2.95
Percent of potholes filled within 48 hours of request	90.00	94.50	96.00	87.00	75.00	75.00
Education						
Number of library visits	4,200,000	4,180,464	4,266,895	4,827,535	4,998,814	4,547,999
Number of registered library card holders	297,665	332,959	315,406	340,737	323,798	336,360

¹ Data not available for fiscal years 2002 to 2005. Operating indicators are not available for the recreation and cultural services function.

Source: Various County of Alameda departments

**COUNTY OF ALAMEDA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST SIX FISCAL YEARS¹**

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government						
Administration buildings	3	3	3	3	3	3
Public Protection						
Administration buildings	11	11	11	11	11	11
Jail and detention facilities	5	6	6	6	6	6
Pump stations	12	13	13	13	13	13
Fuel cell center	-	-	1	1	1	1
Fire stations	4	4	4	4	4	4
Fire trucks	31	31	31	30	29	28
Aircraft	1	1	2	2	2	2
Patrol boats	3	5	5	5	5	5
Patrol cars	109	122	144	149	142	141
Rescue equipment	10	10	10	10	10	10
Heavy equipment	69	72	72	71	65	69
Public Assistance						
Administration buildings	4	4	4	4	4	4
Health and Sanitation						
Administration buildings	2	2	2	2	2	2
Hospitals	3	3	3	3	3	3
Health centers	4	4	4	4	5	5
Hazardous waste facilities	2	2	2	2	2	2
Public Ways and Facilities						
Administration building	1	1	1	1	1	1
Maintenance buildings	5	5	5	5	5	5
Bridges	7	7	7	7	7	7
Road (miles)	476	473	473	473	473	473
Street lights	7,943	7,466	7,483	7,496	7,507	7,507
Traffic signals	80	78	81	81	78	78
Heavy equipment	76	76	70	72	64	65
Recreation and Cultural Services						
Administration building	1	1	1	1	1	1
Exhibit halls	6	6	6	6	6	6
Amphitheater	1	1	1	1	1	1
Education						
Libraries	3	3	3	3	4	4

¹ Data not available for fiscal years 2002 to 2005.

Source: Auditor-Controller, County of Alameda

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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.



Images of large site-specific and small framed artworks presented throughout the Castro Valley Library.