

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013



County of Alameda, California



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

Patrick O'Connell, Auditor-Controller

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

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

# **COUNTY OF ALAMEDA STATE OF CALIFORNIA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended  
June 30, 2013**

**Patrick O'Connell  
Auditor-Controller**

# COUNTY OF ALAMEDA, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2013

### TABLE OF CONTENTS

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	Page
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	viii
Elected and Appointed Public Officials	ix
Organization Chart	x
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Balance Sheet – Governmental Funds	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position – Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Statement of Fiduciary Net Position – Fiduciary Funds	28
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	29
Notes to Basic Financial Statements	
(1) Summary of Significant Accounting Policies	30
(2) Cash and Investments	41
(3) Receivables	51
(4) Capital Assets	52
(5) Accounts Payable and Accrued Expenditures/Expenses	55
(6) Long-Term Obligations	56
(7) Operating Lease Obligations	60
(8) Fund Balances	60
(9) Restricted Net Position	61

# COUNTY OF ALAMEDA, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2013

### TABLE OF CONTENTS

---

	Page
(10) Interfund Receivables, Payables, and Transfers	62
(11) Defined Benefit Pension Plan	63
(12) Postemployment Medical Benefits	65
(13) Other Postemployment Benefits	69
(14) Joint Venture	72
(15) Alameda County Medical Center Discretely Presented Component Unit	74
(16) Self-Insurance and Contingencies	78
(17) Alameda County Successor Agency Private-Purpose Trust Fund	82
(18) Subsequent Event	84
Required Supplementary Information	
Schedules of Funding Progress	85
Budgetary Comparison Schedules	
General Fund	86
Property Development Special Revenue Fund	87
Flood Control Special Revenue Fund	88
Notes to Required Supplementary Information	89
Combining Financial Statements and Other Supplementary Information	
Budgetary Comparison Schedule - Capital Projects Fund	92
Combining Balance Sheet – Non-major Governmental Funds	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds	97
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Fish and Game - Special Revenue Fund	100
Road - Special Revenue Fund	101
County Library - Special Revenue Fund	102
Library Special Taxing Zone - Special Revenue Fund	103
Health Services - Special Revenue Fund	104
Fire - Special Revenue Fund	105
Recovery Grants - Special Revenue Fund	106
Lighting - Special Revenue Fund	107
Public Ways and Facilities - Special Revenue Fund	108
Dublin Library - Special Revenue Fund	109
Police Protection - Special Revenue Fund	110
Combining Statement of Net Position – Internal Service Funds	112

# COUNTY OF ALAMEDA, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2013

### TABLE OF CONTENTS

---

	Page
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	113
Combining Statement of Cash Flows – Internal Service Funds	114
Combining Statement of Fiduciary Net Position Pension and Other Employee Benefits Trust Funds	116
Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefits Trust Funds	117
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	118
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	119
Schedule by Function and Type	120
Schedule of Changes by Function	121
 <b>STATISTICAL SECTION</b>	
Financial Trends	
Net Position by Component – Last Ten Fiscal Years	124
Changes in Net Position – Last Ten Fiscal Years	125
Fund Balances of Governmental Funds – Last Ten Fiscal Years	126
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	127
Revenue Capacity	
Assessed Value of Taxable Property – Last Ten Fiscal Years	128
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	129
Principal Property Taxpayers	130
Property Tax Levies and Collections – Last Eight Fiscal Years	131
Debt Capacity	
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	132
Estimated Direct and Overlapping Bonded Debt	133
Legal Debt Margin Information – Last Ten Fiscal Years	135
Pledged-Revenue Coverage – Last Ten Fiscal Years	136
Economic and Demographic Information	
Demographic and Economic Statistics – Last Ten Fiscal Years	137
Principal Employers	138

**COUNTY OF ALAMEDA, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2013**

**TABLE OF CONTENTS**

---

	Page
Operating Information	
Full-time Equivalent Employees by Function – Last Ten Fiscal Years	139
Operating Indicators by Function – Last Eight Fiscal Years	140
Capital Assets Statistics by Function – Last Eight Fiscal Years	141



## **INTRODUCTORY SECTION**



**ALAMEDA COUNTY**  
**AUDITOR-CONTROLLER AGENCY**  
**PATRICK O'CONNELL**  
**AUDITOR-CONTROLLER/CLERK-RECORDER**

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December 31, 2013

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 year ended June 30, 2013, 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, 2013, are free of material misstatements. The independent certified public accounting firm has issued an unmodified ("clean") opinion on the County's financial statements for the year ended June 30, 2013.

Management's Discussion and Analysis (MD&A) immediately follows 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 the 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 U.S. 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. 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, the Alameda County Redevelopment Successor Agency, and certain special districts and county service areas. The Oakland-Alameda Coliseum Authority, which includes the Oakland-Alameda County Coliseum Financing Corporation as its blended component unit, is a joint

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**Assistant Controller**  
Carol Gloria  
1221 Oak St., Rm. 220  
Oakland, CA 94612  
Tel: (510) 272-6565  
Fax: (510) 208-4977

**Office of the Auditor-Controller**  
Steve Manning, Chief Deputy Auditor  
1221 Oak St., Rm. 249  
Oakland, CA 94612  
Tel: (510) 272-6565  
Fax: (510) 272-6502

**Assistant Controller**  
Malinda Jones-Williams  
1221 Oak St., Rm. 238  
Oakland, CA 94612  
Tel: (510) 272-6565  
Fax: (510) 267-9415

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).

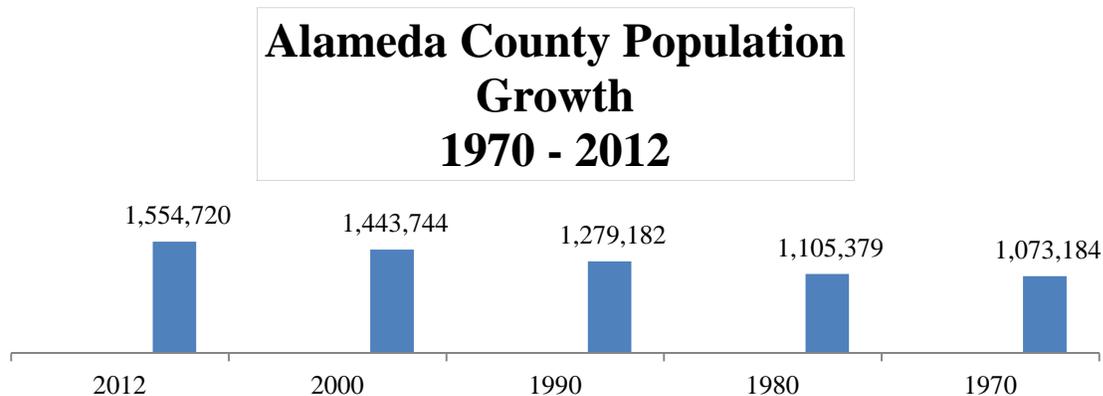
## **ALAMEDA COUNTY**

### **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/Clerk-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 U.S. 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 U.S. Census***

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 \$44.7 billion in farm receipts for calendar year 2012. 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 the fifth busiest shipping facility in the North America and is Northern California's primary ocean gateway for international containerized cargo

shipments. 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 2012 saw the total number of passengers handled at OAK increase to 10,040,864 an increase of 8.4 percent. Air cargo traffic also slightly increased to 1.085 billion pounds in calendar year 2012, up from 1.08 billion pounds in calendar year 2011 or an increase of .5 percent. Landed weights increased by 2.6 percent to 8.8 billion pounds in calendar year 2012. The first six months of 2013 have seen slight decreases in both areas. Passenger traffic for the first six months of 2013 is down by 1.88 percent compared to the same period of 2012. Air cargo traffic is also down for the first six months of 2013 by 2.61 percent. 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 the 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 400 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 50 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**

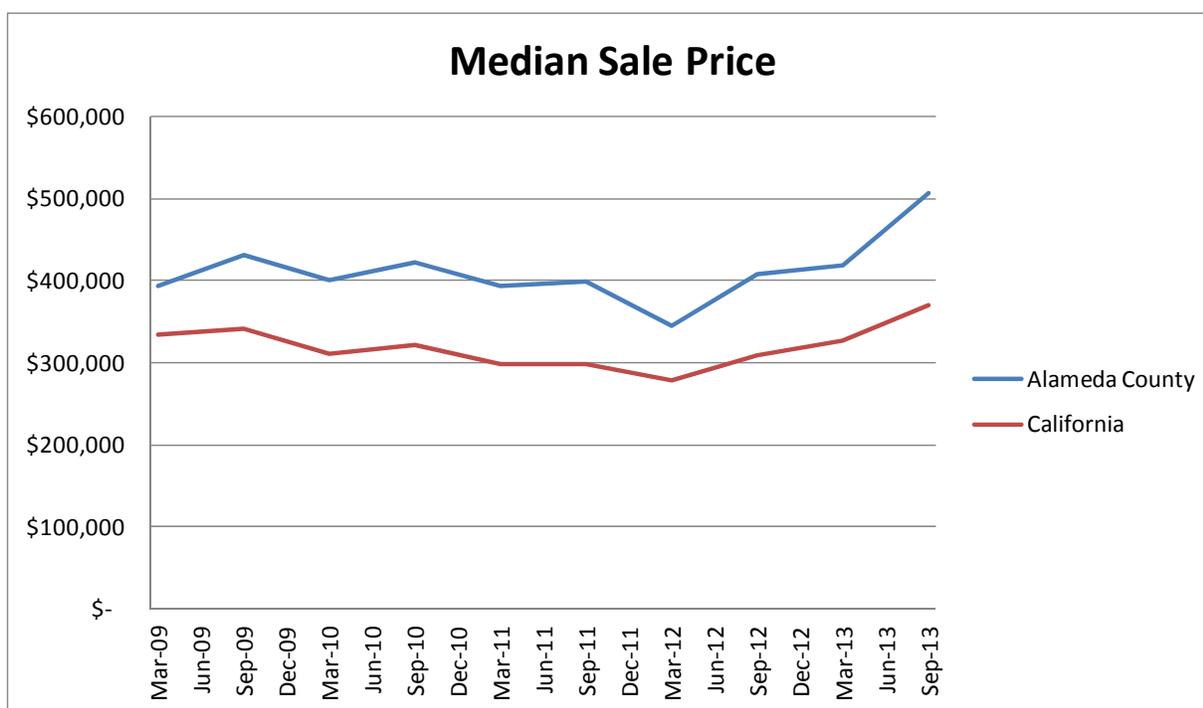
California's economy continues to suffer because of the lasting impacts of the Great Recession. Unemployment in California continues to be higher than the nationwide average. United States Department of Labor statistics show that nationally, the unemployment rate was at 7.8 percent in June 2013, down from 8.2 percent in June 2012. However, unemployment in California stood at 8.9 percent in June 2013, down from the June 2012 rate of 10.6 percent. In Alameda County, the unemployment rate dropped from 9.5 percent in June 2012 to 7.4 percent in June 2013. While these numbers reflect a positive trend and places Alameda County below the national average, 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 28, 2013, the

Board of Supervisors adopted a budget for the 2013 – 2014 Fiscal Year by closing an \$80.2 million funding gap through a combination of permanent ongoing reductions, revenue increase and one-time strategies.

California's economic recovery remains slow but is showing signs of improvement. The UCLA Anderson School of Business forecast for California calls for the state's unemployment rate to drop to 7.1 percent in 2014. The forecast also predicts employment growth of 2.6 percent and 2.1 percent in 2014 and 2015, respectively.

The collapse of the housing bubble had a devastating impact on the economy of California and hit parts of Alameda County especially hard. However, during the second half of 2012 and first half of 2013, the housing market in Alameda County has shown significant signs of recovery. Data from Zillow shows that the median price of homes in Alameda County has risen to \$507,300 in September 2013, a 24.4 percent increase over the prior year. This upward trend is in line with the recovery of the housing market within California as a whole.



Foreclosures have also been steadily declining. As of September 2013, foreclosures were down 5.8 percent from September 2012. These metrics point to a strong recovery of the housing market in Alameda County.

While the signs point to a still slow economic recovery in California, Alameda County is poised as one of California's leaders out of difficult economic times. Alameda County, located at the heart of the Bay Area, is host to many leading innovators in the fields of science and technology. The Tesla Motors Factory, located in Fremont, is the only auto assembly plant in California, and the first facility dedicated exclusively to the mass production of electric vehicles. Tesla Motors has been rapidly expanding their production, increasing their output to 550 cars a week during the third quarter of 2013 compared to 200 cars per week during the same period in 2012. Also, Lawrence Livermore National Laboratory and the Lawrence Berkeley National Laboratory continue to be world leaders in research and development in the areas of alternative energy and national defense. The Lawrence Livermore National Laboratory, which celebrated its 60<sup>th</sup> anniversary in 2012, has marked many achievements in the field of renewable energy, notably partnering with the California Energy Commission to develop high-resolution weather models, which aim to improve forecasting for solar and wind power generation.

Despite the fact that the economic recovery has continued to be anemic, the leadership of Alameda County continues to employ sound fiscal judgment to address the severe economic issues it is facing. In the last three fiscal years, Alameda County has closed budget gaps totaling \$306.2 million while still providing essential services to the citizens of Alameda County.

## **MAJOR INITIATIVES**

Partnerships and collaboration have played a key role in helping the County to close an \$80.2 million funding gap.

The Social Services Agency, the Health Care Services Agency, and the Alameda County Medical Center are working together to maximize services and revenue from the Affordable Care Act (ACA) by designing a system to enroll and maintain County residents in Medi-Cal insurance programs.

The Auditor-Controller's Office successfully completed the first cycle of ABX1 26, Redevelopment Dissolution and digitized more than 700 audit reports for easier retrieval.

The Assessor's Office timely submitted the 2012 – 2013 local assessment roll of \$200.67 billion, containing 446,000 real estate parcels and 49,000 business property accounts. The 2.14 percent roll increase from 2011 – 2012 reflects the continued stabilization of assessed values following the declines in market value in 2009 and 2010.

The County Administrator's Office celebrated the successful graduation of the County's second Project SEARCH Program class of 2012. Each cohort consists of ten interns. To date, twelve interns of the first and second graduating classes have been placed in permanent employment following their internships, a 60 percent placement rate.

The Information Technology Department held the first Apps Challenge Hackathon, to encourage the community to use open data to create applications that benefit the County.

## **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 2012-13. 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 opinion units included in the Basic Financial Statements present fairly, in all material respects, the financial position of the County, as of June 30, 2013, and the changes in 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-CA, 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, 2012, 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, 2013, 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 are 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 will be 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. 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 Benefits Trust Fund Operations: All investment managers, under the supervision of the Board of Retirement, invest funds of 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, Alameda County Medical Center, and four 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 \$258.2 million, net investment income of \$711.9 million, and miscellaneous income of \$0.9 million, combined for a total increase of \$971 million. Of the total contributions of \$258.2 million, the employers' share was \$179.6 million while the employees' share was \$78.6 million. Total contributions increased by \$17.3 million compared with \$15.7 million the previous year. For 2012, overall change to plan net position was an increase of \$593.8 million, compared to increases of a decrease of \$150 million in 2011.

The net position for pension and other postemployment benefits were \$5.7 billion at December 31, 2012. All of the assets were available to meet ACERA's ongoing obligations to plan participants and their beneficiaries. The net position for total benefits increased by \$593.8 million or 11.7 percent, primarily as a result of strong investment performance in 2012. The actuarial value of the assets as a percentage of the actuarial accrued liability (funded ratio) for ACERA was 73.9 percent at December 31, 2012, a decline

of 2.7 percent from December 31, 2011. According to the Supplemental Retirees Benefits Reserve (SRBR) actuarial valuation completed as of December 31, 2012, the Postemployment Medical Benefits and the Other Postemployment Benefits were 72.8 percent and 15.7 percent funded, respectively.

Total retirement benefit payments for 2012 were \$324.5 million, which represented a \$24.3 million or 8 percent increase over the prior year.

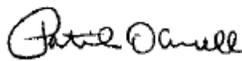
The postemployment medical benefits expense for 2012 was \$32.7 million, up \$1.1 million or 3 percent over the prior year.

## **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 year ended June 30, 2012. This was the twenty-ninth 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



Government Finance Officers Association

**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, 2012**

Executive Director/CEO

**COUNTY OF ALAMEDA, CALIFORNIA**  
**ELECTED AND APPOINTED PUBLIC OFFICIALS**

**As of June 30, 2013**

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**ELECTED OFFICIALS**

**Board of Supervisors**

Scott Haggerty	District 1
Richard Valle	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

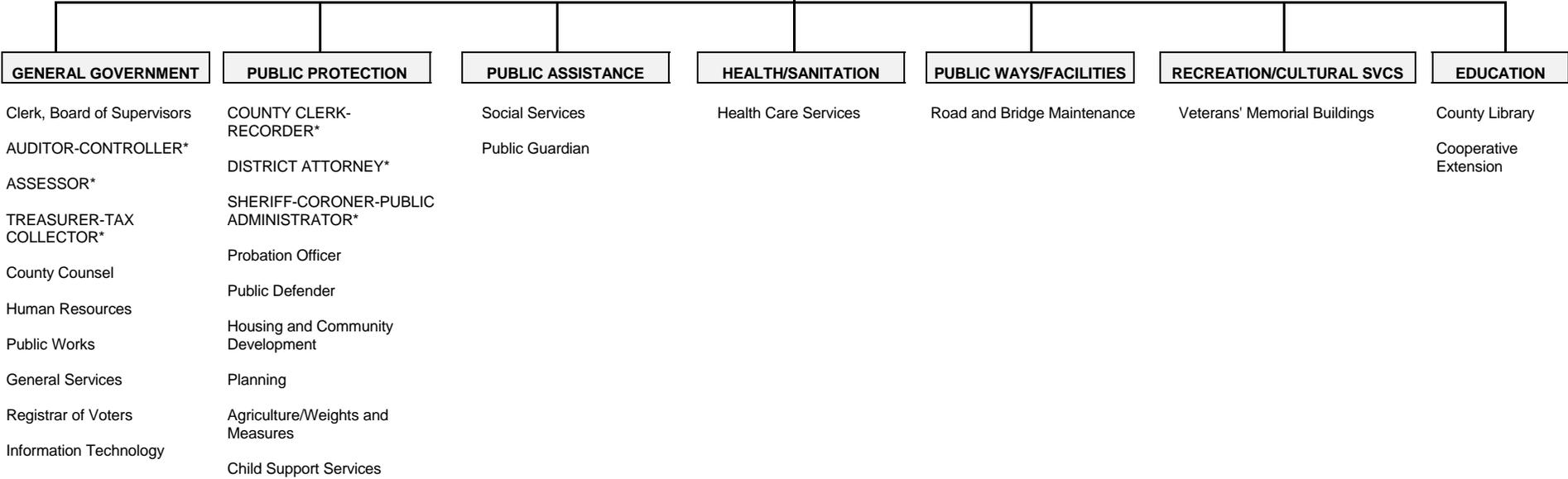
**APPOINTED DEPARTMENT HEADS**

Susan Muranishi	County Administrator
Vacant	Clerk, Board of Supervisors
Christopher Bazar	Director, Community Development
Lucrecia Farfan-Ramirez	Director, Cooperative Extension
Donna Ziegler	County Counsel
Aki Nakao	Director, General Services
Alexander Briscoe	Director, Health Care Services
Vacant	Director, Human Resource Services
Timothy Dupuis	Interim Director, Information Technology
Jean Hofacket	County Librarian
La Donna Harris	Acting Chief Probation Officer
Brendon D. Woods	Public Defender
Daniel Woldesenbet	Director, Public Works
Timothy Dupuis	Interim Registrar of Voters
Lori Cox	Director, Social Services Agency
Matthew A. Brega	Director, Child Support Services

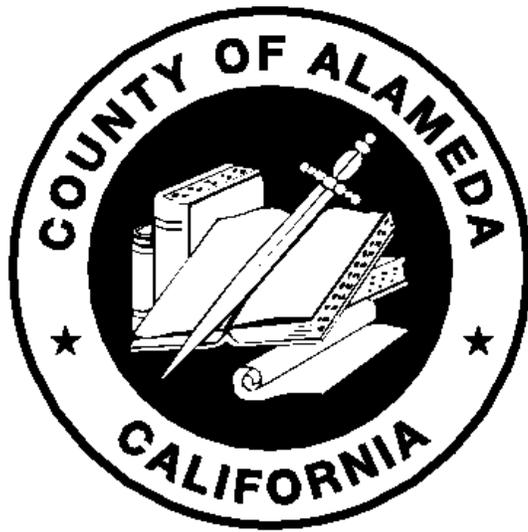
**COUNTY OF ALAMEDA ELECTORS**

**BOARD OF SUPERVISORS**

**COUNTY ADMINISTRATOR**



\* Elected Officials



## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alameda County Employees' Retirement Association (ACERA), which represents 70%, 75%, and 11%, respectively, of the assets, net position/fund balances, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for ACERA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### ***Implementation of New Accounting Pronouncements***

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

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

Our opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining financial statements and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Macias Gini & Connell LLP

Oakland, California  
December 31, 2013

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

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**Management's Discussion and Analysis**

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

**Financial Highlights**

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

**Overview of the Financial Statements**

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

**Government-wide financial statements**

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

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

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

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

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

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

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

**Fund financial statements**

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

Governmental funds

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

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

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

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

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

Proprietary funds

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

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

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

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

Fiduciary funds

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

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

**Notes to the basic financial statements**

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

**Required supplementary information**

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

**Other supplementary information**

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

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

and individual fund statements and schedules can be found on pages 92-118 of this report. Budgetary comparisons for the County's capital projects and non-major special revenue funds are also presented.

**Government-wide Financial Analysis**

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

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

**County of Alameda**  
**Net Position**  
**June 30, 2013 and 2012**

	<b>Governmental</b>	
	<b>Activities</b>	
	<u>2013</u>	<u>2012<sup>1</sup></u>
<b>Assets:</b>		
Current and other assets	\$ 2,535,254	\$ 2,470,179
Capital assets	<u>1,322,829</u>	<u>1,233,333</u>
Total assets	<u>3,858,083</u>	<u>3,703,512</u>
<b>Deferred outflows of resources</b>	3,959	6,337
<b>Liabilities:</b>		
Current liabilities	469,647	406,128
Long-term liabilities	<u>1,538,249</u>	<u>1,578,659</u>
Total liabilities	<u>2,007,896</u>	<u>1,984,787</u>
<b>Net position:</b>		
Net investment in capital assets	620,302	585,788
Restricted	655,381	627,179
Unrestricted	<u>578,463</u>	<u>512,095</u>
Total net position	<u>\$ 1,854,146</u>	<u>\$ 1,725,062</u>

<sup>1</sup> 2012 balances not restated for GASB 65 Items Previously Reported as Assets and Liabilities

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

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

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

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

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

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

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

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

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**Governmental activities**

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

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

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

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

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

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

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

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

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

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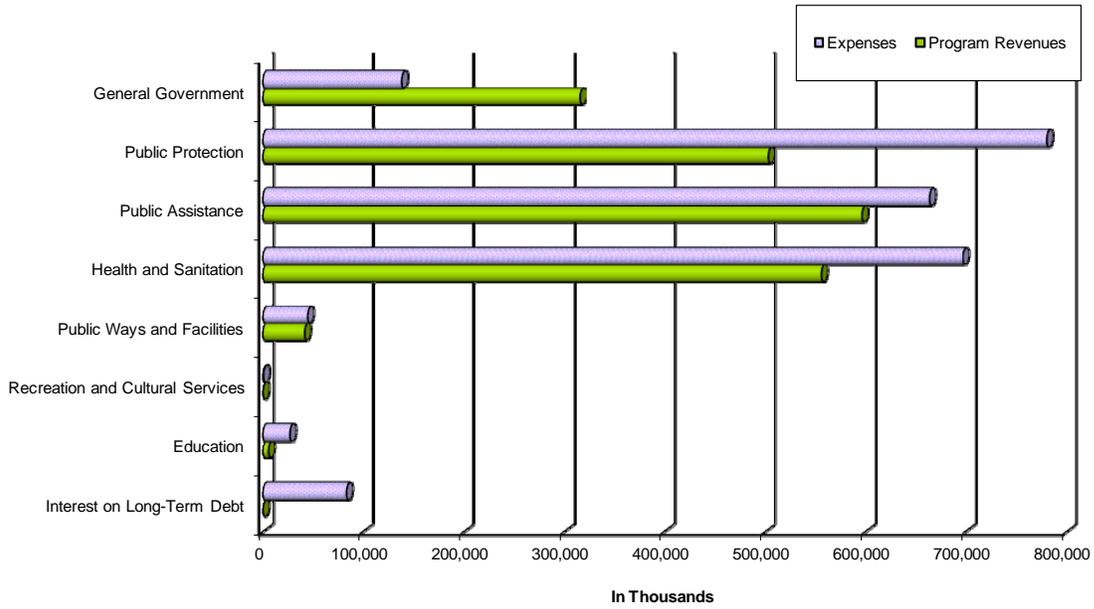
contractors. The increase in contracts were aimed at expanding primary care services to newly eligible clients according to the California Section 1115 Waiver.

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

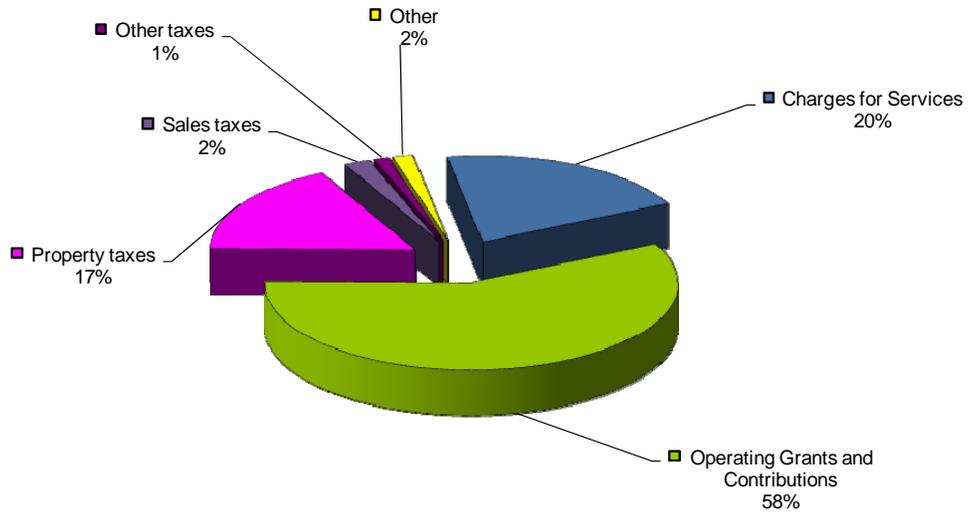
COUNTY OF ALAMEDA, CALIFORNIA

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

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



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

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**Financial Analysis of the County's Funds**

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

**Governmental funds**

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

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

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

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

The general fund is the primary operating fund of the County. At the end of fiscal year 2013, the unassigned fund balance of the general fund was \$17,719, while total fund balance was \$1,250,701. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenses. Unassigned fund balance represents 1 percent of total general fund expenditures of \$1,992,772, while total fund balance represents 63 percent of that same amount.

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

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

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

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

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

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

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

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

**Proprietary funds**

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

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

**Fiduciary funds**

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

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

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

**General fund budgetary highlights**

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

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

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

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

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

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

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

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

**Capital assets and debt administration**

Capital Assets

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

**Capital Assets Net of Accumulated Depreciation**  
**June 30, 2013**

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

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

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

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

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

Governmental fund financial statements record capital asset purchases as expenditures.

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

Debt Administration

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

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

**Outstanding Long-term Obligations**  
**June 30, 2013 and 2012**

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

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

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

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

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

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

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

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

**Economic factors and next year's budget and rates**

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

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

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

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

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

**Requests for Information**

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

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



# **BASIC FINANCIAL STATEMENTS**

COUNTY OF ALAMEDA, CALIFORNIA

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

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

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

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

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

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

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

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

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

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

<sup>1</sup> Pension and OPEB balances reported as of December 31, 2012.

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

COUNTY OF ALAMEDA, CALIFORNIA

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

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

<sup>1</sup> Pension and OPEB balances reported as of December 31, 2012.

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

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

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**1. Summary of Significant Accounting Policies**

**A. Scope of Financial Reporting Entity**

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

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

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

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

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

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

• *Alameda County Fire Department (Fire Department)*

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

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

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

• *Alameda County Public Facilities Corporation (Corporation)*

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

• *County Service Areas (CSA)*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**B. Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

---

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

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

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

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

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

**Effect of Component Unit with Differing Fiscal Year-End**

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

**D. Cash and Investments**

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

**Investment in the Treasurer's Pool**

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

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

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

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

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

---

**Investment Valuation**

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

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

**Investment Income**

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

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

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

**E. Taxes Receivable**

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

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

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

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

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

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

---

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

**F. Inter-fund Receivables/Payables/Advances**

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

**G. Inventory of Supplies**

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

**H. Capital Assets**

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

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

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

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

**I. Compensated Employee Absences**

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

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

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

---

**J. Bond Issuance Costs and Premiums/Discounts**

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

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

**K. Fund Balances/Net Position**

**Fund Balances**

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

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

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

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

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

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

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

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

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

---

**Minimum Fund Balance**

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

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

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

**Net Investment in Capital Assets**

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

**Restricted Net Position**

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

**L. Self-Insurance**

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

**M. Inter-fund Transfers**

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

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

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

---

**N. Refunding of Debt**

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

**O. Cash Flows**

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

**P. Joint Venture**

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

**Q. Estimates**

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

**R. New Accounting Standards Implemented**

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

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

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

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

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

---

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

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

**S. New Pronouncements**

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

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

Key changes include:

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

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

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

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

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

The new standard provides guidance for:

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

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

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

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

**2. Cash and Investments**

**A. Deposits**

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

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

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

Custodial Credit Risk – Deposits

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

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

**B. Investments**

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

a. Treasurer's Investments

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

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

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

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

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

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

---

Interest Rate Risk

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

Credit Risk

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

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

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

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

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

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

Concentration of Credit Risk

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

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

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

Statement of Net Position

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

Statement of Changes in Net Position

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

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

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

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

Other Disclosures

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

b. Investments with Fiscal Agents

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

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

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

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

<sup>1</sup> East Bay Regional Community System Authority

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

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

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

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

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

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

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

Concentration of Credit Risk

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

Credit Risk

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

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

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

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

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

**Credit Risk Analysis**

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

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

Custodial Credit Risk

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

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

Interest Rate Risk

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

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

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

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

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

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

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

**Interest Rate Risk Analysis – Duration of Fixed Income Portfolios**

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

Fair Value Highly Sensitive to Changes in Interest Rate

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

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

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

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

Foreign Currency Risk

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

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

**Foreign Currency Risk Analysis**

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

Securities Lending

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

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

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

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

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

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

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

**Summary of County Deposits and Investments**

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

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

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

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

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

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

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

### 3. Receivables

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

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

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

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

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

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

**4. Capital Assets**

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

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

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

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

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

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

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

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

Capital Leases

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

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

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

**FIDUCIARY FUNDS – Pension and Other Employee Benefit Trust**

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

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

**COMPONENT UNIT – Alameda County Medical Center**

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

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

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

**5. Accounts Payable and Accrued Expenditures/Expenses**

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

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

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

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

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

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

**6. Long-Term Obligations**

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

**GOVERNMENTAL ACTIVITIES**

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

Debt service payments are generally made from the following sources:

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

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

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

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**COMPONENT UNIT**

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

Debt Compliance

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

Legal Debt Limit and Legal Debt Margin

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

Arbitrage

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

Conduit Debt

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

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

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

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

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

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

**Changes in Long-Term Obligations**

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

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

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

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

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

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

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

**GOVERNMENTAL ACTIVITIES**

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

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

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

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

**7. Operating Lease Obligations**

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

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

**8. Fund Balances**

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

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

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

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

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

**9. Restricted Net Position**

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

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

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

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

**10. Interfund Receivables, Payables, and Transfers**

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

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

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

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

**Due to/from primary government and component unit:**

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

**Advances to/from primary government and component unit:**

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

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

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

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

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

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

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

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

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

## **11. Defined Benefit Pension Plan**

### **A. Plan Description**

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

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

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

### **B. Funding Policy**

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

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

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

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

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

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

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

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

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

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

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

**C. Actuarial Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The projections for the pension plan are based on the actuarial methods and assumptions for the annual required contribution (12/31/2011 valuation) and the funded status of the plan (12/31/2012 valuation), as shown in a schedule on the next page.

**COUNTY OF ALAMEDA, CALIFORNIA**

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

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

**12. Postemployment Medical Benefits**

**A. Plan Description**

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

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

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

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

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

**B. Funding Policy**

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

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

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

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

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

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

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

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

**C. Actuarial Assumptions**

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

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

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

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

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

**13. Other Postemployment Benefits**

**A. Plan Description**

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

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

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

**B. Funding Policy**

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

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

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

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

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

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

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

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

**C. Actuarial Assumptions**

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

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

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

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

#### **14. Joint Venture**

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

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

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

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

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

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

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

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

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

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

Debt service requirements for the Coliseum Authority debt:

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

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

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

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

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

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

**15. Alameda County Medical Center Discretely Presented Component Unit**

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

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

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

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

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

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

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

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

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

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

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

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

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

**A. Net Patient Service Revenue**

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

**B. Medi-Cal and Medicare Programs**

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

**C. Other Program Revenues**

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

**D. Charity Care**

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

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

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

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

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

**E. Accounts Receivable**

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

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

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

**F. Accounts Payable and Accrued Expenses**

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

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

**G. Defined Benefit Pension Plan**

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

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

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

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

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

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

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

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

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

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

**H. Postemployment Medical Benefits**

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

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

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

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

**I. Other Postemployment Benefits**

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

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

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

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

**16. Self-Insurance and Contingencies**

**A. Self-insurance and Purchased Insurance**

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

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

**COUNTY OF ALAMEDA, CALIFORNIA**

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

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

**PRIMARY GOVERNMENT**

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

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

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

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

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

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

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

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

The County purchases insurance for the following exposures:

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

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

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

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

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

**B. Litigation**

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

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

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**C. Federal and State Grants**

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

**D. Medicare and Medi-Cal Reimbursements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 18. Subsequent Event

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



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**COUNTY OF ALAMEDA, CALIFORNIA**

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

**ACERA – Analysis of Funding Progress**

Historical trend information is presented.

**Pension**

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

**Postemployment Medical Benefits**

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

**Other Postemployment Benefits**

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

COUNTY OF ALAMEDA, CALIFORNIA

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

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

See the notes to required supplementary information.

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

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

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

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

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

See the notes to required supplementary information.

**COUNTY OF ALAMEDA, CALIFORNIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013**

**1. Budget and Budgetary Accounting**

General Budget Policies

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

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

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

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

Budgetary Basis of Accounting

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

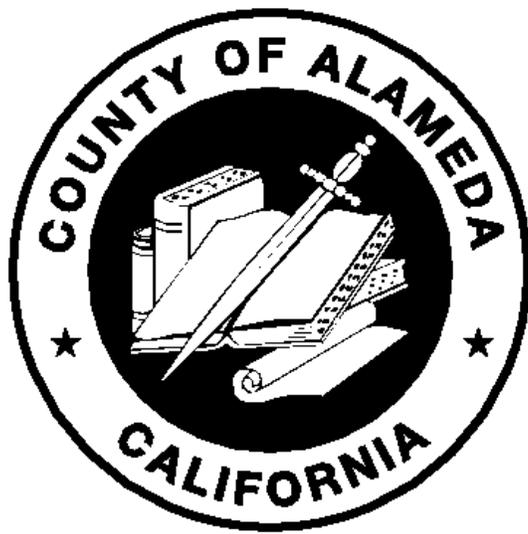
**2. Reconciliation of Budget vs. GAAP Basis Expenditures**

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

**Reconciliation of Budget vs. GAAP Basis Expenditures**

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

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**COMBINING FINANCIAL  
STATEMENTS AND OTHER  
SUPPLEMENTARY INFORMATION**

**COUNTY OF ALAMEDA, CALIFORNIA  
COMBINING FINANCIAL STATEMENTS AND  
OTHER SUPPLEMENTARY INFORMATION**

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**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, 2013  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive Negative
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 135,959	\$ 149,941	\$ 5,049	\$ (144,892)
Use of money and property	-	-	845	845
Federal aid	-	-	32	32
Other aid	-	-	8,840	8,840
Other revenue	-	-	1,251	1,251
<b>Total revenues</b>	<u>135,959</u>	<u>149,941</u>	<u>16,017</u>	<u>(133,924)</u>
<b>Expenditures:</b>				
Capital outlay	369,032	532,998	348,595	184,403
<b>Deficiency of revenues over expenditures</b>	<u>(233,073)</u>	<u>(383,057)</u>	<u>(332,578)</u>	<u>50,479</u>
<b>Other financing sources (uses):</b>				
Issuance of debt	-	2,500	2,500	-
Transfers in	188,786	198,395	5,798	(192,597)
Transfers out	-	(11,654)	(8,763)	2,891
<b>Total other financing sources (uses)</b>	<u>188,786</u>	<u>189,241</u>	<u>(465)</u>	<u>(189,706)</u>
<b>Net change in fund balance</b>	<u>(44,287)</u>	<u>(193,816)</u>	<u>(333,043)</u>	<u>(139,227)</u>
Add outstanding encumbrances for current budget year	-	-	249,491	249,491
<b>Fund balance - beginning</b>	<u>153,734</u>	<u>153,734</u>	<u>153,734</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 109,447</u>	<u>\$ (40,082)</u>	<u>\$ 70,182</u>	<u>\$ 110,264</u>

**COUNTY OF ALAMEDA, CALIFORNIA  
COMBINING FINANCIAL STATEMENTS AND  
OTHER SUPPLEMENTARY INFORMATION**

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**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 restricted 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 restricted for 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 restricted 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 restricted 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. This fund was closed in fiscal year 2013 due to the dissolution of the redevelopment agency.

*Housing Successor Assets Fund* – This fund is used to account for the low and moderate income housing assets of the former Alameda County Redevelopment Agency. A formal budget is not adopted for this fund.

*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 U.S. tobacco companies.

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (amounts expressed in thousands)

	Special Revenue					
	Fish and Game	Road	County Library	Library Special Taxing Zone	Health Services	Fire
<b>Assets:</b>						
Cash and investments with County Treasurer	\$ 48	\$ 60,944	\$ 12,611	\$ 1,386	\$ 19,005	\$ 30,771
Restricted assets - cash and investments with fiscal agents	-	-	-	-	-	-
Deposits with others	-	-	-	-	-	3,642
Other receivables	-	3,325	1,344	19	247	13,121
Inventory of supplies	-	266	-	-	-	-
Prepaid items	-	-	-	-	-	206
<b>Total assets</b>	<u>\$ 48</u>	<u>\$ 64,535</u>	<u>\$ 13,955</u>	<u>\$ 1,405</u>	<u>\$ 19,252</u>	<u>\$ 47,740</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenditures	\$ 19	\$ 2,149	\$ 1,133	\$ 7	\$ 1,317	\$ 4,349
Due to other funds	-	-	-	-	-	-
Due to component unit	-	-	-	-	83	-
Unearned revenue	-	-	-	-	-	1,101
<b>Total liabilities</b>	<u>19</u>	<u>2,149</u>	<u>1,133</u>	<u>7</u>	<u>1,400</u>	<u>5,450</u>
<b>Deferred inflows of resources</b>						
Deferred revenue	-	-	114	-	-	208
<b>Fund balances:</b>						
Nonspendable	-	266	-	-	-	206
Restricted	29	62,120	12,708	1,398	17,852	36,634
Assigned	-	-	-	-	-	5,242
<b>Total fund balances</b>	<u>29</u>	<u>62,386</u>	<u>12,708</u>	<u>1,398</u>	<u>17,852</u>	<u>42,082</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 48</u>	<u>\$ 64,535</u>	<u>\$ 13,955</u>	<u>\$ 1,405</u>	<u>\$ 19,252</u>	<u>\$ 47,740</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (amounts expressed in thousands)

	Special Revenue					
	Recovery Grants	Lighting	Public Ways and Facilities	Dublin Library	Police Protection	County Redevelopment
<b>Assets:</b>						
Cash and investments with County Treasurer	\$ 627	\$ 1,686	\$ 3,646	\$ 5	\$ -	\$ -
Restricted assets - cash and investments with fiscal agents	-	-	-	-	-	-
Deposits with others	-	-	-	-	-	-
Other receivables	350	1	342	-	735	-
Inventory of supplies	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 977</u>	<u>\$ 1,687</u>	<u>\$ 3,988</u>	<u>\$ 5</u>	<u>\$ 735</u>	<u>\$ -</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenditures	\$ 33	\$ 45	\$ 479	\$ -	\$ 35	\$ -
Due to other funds	-	-	-	-	688	-
Due to component unit	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<u>33</u>	<u>45</u>	<u>479</u>	<u>-</u>	<u>723</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
Deferred revenue	-	-	-	-	-	-
<b>Fund balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	944	1,642	3,509	5	12	-
Assigned	-	-	-	-	-	-
<b>Total fund balances</b>	<u>944</u>	<u>1,642</u>	<u>3,509</u>	<u>5</u>	<u>12</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 977</u>	<u>\$ 1,687</u>	<u>\$ 3,988</u>	<u>\$ 5</u>	<u>\$ 735</u>	<u>\$ -</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (amounts expressed in thousands)

	Special Revenue			Debt Service	Total
	Housing Successor Assets	Inmate Welfare	Total	Tobacco Securitization Authority	Non-major Governmental Funds
<b>Assets:</b>					
Cash and investments with County Treasurer	\$ 15,537	\$ 5,415	\$ 151,681	\$ -	\$ 151,681
Restricted assets - cash and investments with fiscal agents	-	-	-	21,425	21,425
Deposits with others	-	-	3,642	-	3,642
Other receivables	13	431	19,928	10,000	29,928
Inventory of supplies	-	-	266	-	266
Prepaid items	-	-	206	-	206
<b>Total assets</b>	<b>\$ 15,550</b>	<b>\$ 5,846</b>	<b>\$ 175,723</b>	<b>\$ 31,425</b>	<b>\$ 207,148</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenditures	\$ 430	\$ 1,448	\$ 11,444	\$ -	\$ 11,444
Due to other funds	-	-	688	-	688
Due to component unit	-	-	83	-	83
Unearned revenue	-	-	1,101	-	1,101
<b>Total liabilities</b>	<b>430</b>	<b>1,448</b>	<b>13,316</b>	<b>-</b>	<b>13,316</b>
<b>Deferred inflows of resources</b>					
Deferred revenue	-	-	322	10,000	10,322
<b>Fund balances:</b>					
Nonspendable	-	-	472	-	472
Restricted	15,120	4,347	156,320	21,425	177,745
Assigned	-	51	5,293	-	5,293
<b>Total fund balances</b>	<b>15,120</b>	<b>4,398</b>	<b>162,085</b>	<b>21,425</b>	<b>183,510</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,550</b>	<b>\$ 5,846</b>	<b>\$ 175,723</b>	<b>\$ 31,425</b>	<b>\$ 207,148</b>

(concluded)

COUNTY OF ALAMEDA, CALIFORNIA

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

	Special Revenue					
	Fish and Game	Road	County Library	Library Special Taxing Zone	Health Services	Fire
<b>Revenues:</b>						
Taxes	\$ -	\$ 2,362	\$ 20,201	\$ 304	\$ -	\$ 32,386
Licenses and permits	-	1,388	-	-	155	-
Fines, forfeitures, and penalties	50	11	-	-	879	-
Use of money and property	-	1,919	(23)	(2)	(31)	(49)
State aid	-	27,863	218	3	-	1,076
Federal aid	-	2,772	15	-	4,473	971
Other aid	-	584	2,694	27	-	2,078
Charges for services	2	845	2,405	-	23,589	72,381
Other revenue	-	1,570	647	-	20,018	27
<b>Total revenues</b>	<b>52</b>	<b>39,314</b>	<b>26,157</b>	<b>332</b>	<b>49,083</b>	<b>108,870</b>
<b>Expenditures:</b>						
General government	-	-	-	-	-	-
Public protection	39	-	-	-	-	108,625
Public assistance	-	-	-	-	-	-
Health and sanitation	-	-	-	-	53,740	-
Public ways and facilities	-	45,406	-	-	-	-
Education	-	-	25,685	199	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>39</b>	<b>45,406</b>	<b>25,685</b>	<b>199</b>	<b>53,740</b>	<b>108,625</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>13</b>	<b>(6,092)</b>	<b>472</b>	<b>133</b>	<b>(4,657)</b>	<b>245</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	94	-	-	-	-
Transfers out	-	(2,001)	-	-	(82)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,907)</b>	<b>-</b>	<b>-</b>	<b>(82)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>13</b>	<b>(7,999)</b>	<b>472</b>	<b>133</b>	<b>(4,739)</b>	<b>245</b>
Fund balances - beginning of period	16	70,385	12,236	1,265	22,591	41,837
Fund balances - end of period	\$ 29	\$ 62,386	\$ 12,708	\$ 1,398	\$ 17,852	\$ 42,082

(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, 2013  
 (amounts expressed in thousands)

	Special Revenue					
	Recovery Grants	Lighting	Public Ways and Facilities	Dublin Library	Police Protection	County Redevelopment
<b>Revenues:</b>						
Taxes	\$ -	\$ 9	\$ 741	\$ -	\$ 14,086	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-
Use of money and property	-	(2)	(5)	-	14	-
State aid	-	-	-	-	126	-
Federal aid	3,854	-	5	-	-	-
Other aid	-	1	290	-	-	2
Charges for services	-	873	1,962	-	-	-
Other revenue	1,858	-	16	-	-	-
<b>Total revenues</b>	<b>5,712</b>	<b>881</b>	<b>3,009</b>	<b>-</b>	<b>14,226</b>	<b>2</b>
<b>Expenditures:</b>						
General government	-	-	-	-	-	-
Public protection	374	-	-	-	14,121	-
Public assistance	5,205	-	-	-	-	3
Health and sanitation	68	-	-	-	-	-
Public ways and facilities	-	675	4,869	-	-	-
Education	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>5,647</b>	<b>675</b>	<b>4,869</b>	<b>-</b>	<b>14,121</b>	<b>3</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>65</b>	<b>206</b>	<b>(1,860)</b>	<b>-</b>	<b>105</b>	<b>(1)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	2,000	-	-	1
Transfers out	-	-	-	-	(104)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>(104)</b>	<b>1</b>
<b>Net change in fund balances</b>	<b>65</b>	<b>206</b>	<b>140</b>	<b>-</b>	<b>1</b>	<b>-</b>
Fund balances - beginning of period	879	1,436	3,369	5	11	-
Fund balances - end of period	<u>\$ 944</u>	<u>\$ 1,642</u>	<u>\$ 3,509</u>	<u>\$ 5</u>	<u>\$ 12</u>	<u>\$ -</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, 2013  
 (amounts expressed in thousands)

	Special Revenue			Debt Service Tobacco Securitization Authority	Total Non-major Governmental Funds
	Housing Successor Assets	Inmate Welfare	Total		
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ 70,089	\$ -	\$ 70,089
Licenses and permits	-	-	1,543	-	1,543
Fines, forfeitures, and penalties	-	-	940	-	940
Use of money and property	(27)	(5)	1,789	656	2,445
State aid	-	-	29,286	-	29,286
Federal aid	-	-	12,090	-	12,090
Other aid	-	-	5,676	-	5,676
Charges for services	-	-	102,057	-	102,057
Other revenue	48	6,055	30,239	20,229	50,468
<b>Total revenues</b>	<b>21</b>	<b>6,050</b>	<b>253,709</b>	<b>20,885</b>	<b>274,594</b>
<b>Expenditures:</b>					
General government	-	-	-	81	81
Public protection	-	8,279	131,438	-	131,438
Public assistance	13,610	-	18,818	-	18,818
Health and sanitation	-	-	53,808	-	53,808
Public ways and facilities	-	-	50,950	-	50,950
Education	-	-	25,884	-	25,884
Debt service					
Principal	-	-	-	10,505	10,505
Interest	-	-	-	10,278	10,278
<b>Total expenditures</b>	<b>13,610</b>	<b>8,279</b>	<b>280,898</b>	<b>20,864</b>	<b>301,762</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(13,589)</b>	<b>(2,229)</b>	<b>(27,189)</b>	<b>21</b>	<b>(27,168)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	2,095	-	2,095
Transfers out	-	-	(2,187)	-	(2,187)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(92)</b>	<b>-</b>	<b>(92)</b>
<b>Net change in fund balances</b>	<b>(13,589)</b>	<b>(2,229)</b>	<b>(27,281)</b>	<b>21</b>	<b>(27,260)</b>
Fund balances - beginning of period	28,709	6,627	189,366	21,404	210,770
Fund balances - end of period	\$ 15,120	\$ 4,398	\$ 162,085	\$ 21,425	\$ 183,510

(concluded)

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, 2013  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 6	\$ 26	\$ 50	\$ 24
Charges for services	-	-	2	2
<b>Total revenues</b>	<u>6</u>	<u>26</u>	<u>52</u>	<u>26</u>
<b>Expenditures:</b>				
Current				
General government				
Public protection				
Services and supplies	6	42	39	3
<b>Total expenditures</b>	<u>6</u>	<u>42</u>	<u>39</u>	<u>3</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>(16)</u>	<u>13</u>	<u>29</u>
<b>Net change in fund balance</b>	-	(16)	13	29
<b>Fund balance - beginning of period</b>	<u>16</u>	<u>16</u>	<u>16</u>	<u>-</u>
<b>Fund balance - end of period</b>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 29</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, 2013  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 5,120	\$ 5,120	\$ 2,362	\$ (2,758)
Licenses and permits	1,002	1,002	1,388	386
Fines, forfeitures, and penalties	25	25	11	(14)
Use of money and property	2,591	2,591	1,919	(672)
State aid	30,233	30,233	27,863	(2,370)
Federal aid	6,598	6,598	2,772	(3,826)
Other aid	7,310	7,310	584	(6,726)
Charges for services	959	959	845	(114)
Other revenue	485	485	1,570	1,085
<b>Total revenues</b>	<u>54,323</u>	<u>54,323</u>	<u>39,314</u>	<u>(15,009)</u>
<b>Expenditures:</b>				
Current				
Public ways and facilities				
Salaries and benefits	12,600	14,141	14,141	-
Services and supplies	70,540	100,720	41,512	59,208
Other charges	2,607	3,107	405	2,702
Capital assets	619	1,369	682	687
<b>Total expenditures</b>	<u>86,366</u>	<u>119,337</u>	<u>56,740</u>	<u>62,597</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(32,043)</u>	<u>(65,014)</u>	<u>(17,426)</u>	<u>47,588</u>
<b>Other financing uses:</b>				
Transfers-in	-	94	94	-
Transfers out	(2,001)	(2,001)	(2,001)	-
<b>Total other financing uses</b>	<u>(2,001)</u>	<u>(1,907)</u>	<u>(1,907)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(34,044)</u>	<u>(66,921)</u>	<u>(19,333)</u>	<u>47,588</u>
Add outstanding encumbrances for current budget year	-	-	11,334	11,334
<b>Fund balance - beginning of period</b>	<u>70,385</u>	<u>70,385</u>	<u>70,385</u>	<u>-</u>
<b>Fund balance - end of period</b>	<u>\$ 36,341</u>	<u>\$ 3,464</u>	<u>\$ 62,386</u>	<u>\$ 58,922</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, 2013**  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 16,793	\$ 20,380	\$ 20,201	\$ (179)
Use of money and property	10	10	(23)	(33)
State aid	150	150	218	68
Federal aid	84	84	15	(69)
Other aid	974	974	2,694	1,720
Charges for services	2,159	2,159	2,405	246
Other revenue	210	210	647	437
<b>Total revenues</b>	<u>20,380</u>	<u>23,967</u>	<u>26,157</u>	<u>2,190</u>
<b>Expenditures:</b>				
Current				
Education				
Salaries and benefits	17,475	17,475	15,194	2,281
Services and supplies	12,554	17,162	10,622	6,540
Other charges	1,194	1,194	1,087	107
Capital assets	188	195	175	20
<b>Total expenditures</b>	<u>31,411</u>	<u>36,026</u>	<u>27,078</u>	<u>8,948</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(11,031)</u>	<u>(12,059)</u>	<u>(921)</u>	<u>11,138</u>
<b>Net change in fund balance</b>	(11,031)	(12,059)	(921)	11,138
Add outstanding encumbrances for current budget year	-	-	1,393	1,393
<b>Fund balance - beginning of period</b>	<u>12,236</u>	<u>12,236</u>	<u>12,236</u>	<u>-</u>
<b>Fund balance - end of period</b>	<u>\$ 1,205</u>	<u>\$ 177</u>	<u>\$ 12,708</u>	<u>\$ 12,531</u>

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, 2013  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 291	\$ 309	\$ 304	\$ (5)
Use of money and property	10	10	(2)	(12)
State aid	2	2	3	1
Other aid	-	-	27	27
Charges for services	96	96	-	(96)
<b>Total revenues</b>	<u>399</u>	<u>417</u>	<u>332</u>	<u>(85)</u>
<b>Expenditures:</b>				
Current				
Education				
Services and supplies	1,565	1,660	253	1,407
Other charges	4	4	4	-
Capital assets	49	49	-	49
<b>Total expenditures</b>	<u>1,618</u>	<u>1,713</u>	<u>257</u>	<u>1,456</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,219)</u>	<u>(1,296)</u>	<u>75</u>	<u>1,371</u>
<b>Net change in fund balance</b>	<u>(1,219)</u>	<u>(1,296)</u>	<u>75</u>	<u>1,371</u>
Add outstanding encumbrances for current budget year	-	-	58	58
<b>Fund balance - beginning of period</b>	<u>1,265</u>	<u>1,265</u>	<u>1,265</u>	<u>-</u>
<b>Fund balance - end of period</b>	<u>\$ 46</u>	<u>\$ (31)</u>	<u>\$ 1,398</u>	<u>\$ 1,429</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, 2013  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and permits	\$ 69	\$ 69	\$ 155	\$ 86
Fines, forfeitures, and penalties	-	-	879	879
Use of money and property	90	90	(31)	(121)
State aid	-	130	-	(130)
Federal aid	-	4,343	4,473	130
Charges for services	23,521	23,521	23,589	68
Other revenue	4,739	20,188	20,018	(170)
<b>Total revenues</b>	<b>28,419</b>	<b>48,341</b>	<b>49,083</b>	<b>742</b>
<b>Expenditures:</b>				
Current				
Health and sanitation				
Salaries and benefits	8,118	8,139	7,497	642
Services and supplies	35,818	50,147	42,613	7,534
Other charges	371	10,464	10,464	-
<b>Total expenditures</b>	<b>44,307</b>	<b>68,750</b>	<b>60,574</b>	<b>8,176</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(15,888)</b>	<b>(20,409)</b>	<b>(11,491)</b>	<b>8,918</b>
<b>Other financing uses:</b>				
Transfers out	(82)	(82)	(82)	-
Budgetary reserves and designations	(133)	(3,394)	-	3,394
<b>Total other financing uses</b>	<b>(215)</b>	<b>(3,476)</b>	<b>(82)</b>	<b>3,394</b>
<b>Net change in fund balance</b>	<b>(16,103)</b>	<b>(23,885)</b>	<b>(11,573)</b>	<b>12,312</b>
Add outstanding encumbrances for current budget year	-	-	6,834	6,834
<b>Fund balance - beginning of period</b>	<b>22,591</b>	<b>22,591</b>	<b>22,591</b>	<b>-</b>
<b>Fund balance - end of period</b>	<b>\$ 6,488</b>	<b>\$ (1,294)</b>	<b>\$ 17,852</b>	<b>\$ 19,146</b>

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, 2013  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 27,259	\$ 32,428	\$ 32,386	\$ (42)
Use of money and property	122	122	(49)	(171)
State aid	1,781	1,781	1,076	(705)
Federal aid	1,049	1,049	971	(78)
Other aid	1,841	1,841	2,078	237
Charges for services	73,680	73,680	72,381	(1,299)
Other revenue	10	10	27	17
<b>Total revenues</b>	<u>105,742</u>	<u>110,911</u>	<u>108,870</u>	<u>(2,041)</u>
<b>Expenditures:</b>				
Current				
Public protection				
Salaries and benefits	98,976	98,976	91,192	7,784
Services and supplies	24,022	43,742	19,293	24,449
Other charges	620	620	620	-
Capital assets	2,859	4,123	796	3,327
<b>Total expenditures</b>	<u>126,477</u>	<u>147,461</u>	<u>111,901</u>	<u>35,560</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(20,735)</u>	<u>(36,550)</u>	<u>(3,031)</u>	<u>33,519</u>
<b>Net change in fund balance</b>	(20,735)	(36,550)	(3,031)	33,519
Add outstanding encumbrances for current budget year	-	-	3,276	3,276
<b>Fund balance - beginning of period</b>	<u>41,837</u>	<u>41,837</u>	<u>41,837</u>	<u>-</u>
<b>Fund balance - end of period</b>	<u>\$ 21,102</u>	<u>\$ 5,287</u>	<u>\$ 42,082</u>	<u>\$ 36,795</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, 2013  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal aid	\$ 5,242	\$ 6,180	\$ 3,854	\$ (2,326)
Other revenue	-	-	1,858	1,858
<b>Total revenues</b>	<u>5,242</u>	<u>6,180</u>	<u>5,712</u>	<u>(468)</u>
<b>Expenditures:</b>				
Current				
Public protection				
Salaries and benefits	-	373	372	1
Services and supplies	-	96	2	94
Public assistance				
Salaries and benefits	46	46	25	21
Services and supplies	5,583	6,077	5,183	894
Health and sanitation				
Services and supplies	69	598	68	530
<b>Total expenditures</b>	<u>5,698</u>	<u>7,190</u>	<u>5,650</u>	<u>1,540</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(456)</u>	<u>(1,010)</u>	<u>62</u>	<u>1,072</u>
<b>Net change in fund balance</b>	(456)	(1,010)	62	1,072
Add outstanding encumbrances for current budget year	-	-	3	3
<b>Fund balance - beginning of period</b>	<u>879</u>	<u>879</u>	<u>879</u>	<u>-</u>
<b>Fund balance - end of period</b>	<u>\$ 423</u>	<u>\$ (131)</u>	<u>\$ 944</u>	<u>\$ 1,075</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, 2013  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 5	\$ 9	\$ 9	\$ -
Use of money and property	15	15	(2)	(17)
Other aid	-	-	1	1
Charges for services	879	879	873	(6)
<b>Total revenues</b>	<u>899</u>	<u>903</u>	<u>881</u>	<u>(22)</u>
<b>Expenditures:</b>				
Current				
Public ways and facilities				
Salaries and benefits	-	22	22	-
Services and supplies	1,174	1,535	473	1,062
Other charges	180	180	180	-
<b>Total expenditures</b>	<u>1,354</u>	<u>1,737</u>	<u>675</u>	<u>1,062</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(455)</u>	<u>(834)</u>	<u>206</u>	<u>1,040</u>
<b>Net change in fund balance</b>	(455)	(834)	206	1,040
<b>Fund balance - beginning of period</b>	<u>1,436</u>	<u>1,436</u>	<u>1,436</u>	<u>-</u>
<b>Fund balance - end of period</b>	<u>\$ 981</u>	<u>\$ 602</u>	<u>\$ 1,642</u>	<u>\$ 1,040</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, 2013**  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 659	\$ 660	\$ 741	\$ 81
Use of money and property	18	18	(5)	(23)
Federal aid	-	-	5	5
Other aid	-	290	290	-
Charges for services	2,116	2,116	1,962	(154)
Other revenue	-	-	16	16
<b>Total revenues</b>	<u>2,793</u>	<u>3,084</u>	<u>3,009</u>	<u>(75)</u>
<b>Expenditures:</b>				
Current				
Public ways and facilities				
Salaries and benefits	2,325	2,707	2,707	-
Services and supplies	4,469	3,757	2,296	1,461
Other charges	69	69	55	14
<b>Total expenditures</b>	<u>6,863</u>	<u>6,533</u>	<u>5,058</u>	<u>1,475</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,070)</u>	<u>(3,449)</u>	<u>(2,049)</u>	<u>1,400</u>
<b>Other financing sources:</b>				
Transfers in	2,000	2,000	2,000	-
<b>Total other financing sources</b>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<b>Net change in fund balance</b>	(2,070)	(1,449)	(49)	1,400
Add outstanding encumbrances for current budget year	-	-	189	189
<b>Fund balance - beginning of period</b>	<u>3,369</u>	<u>3,369</u>	<u>3,369</u>	<u>-</u>
<b>Fund balance - end of period</b>	<u>\$ 1,299</u>	<u>\$ 1,920</u>	<u>\$ 3,509</u>	<u>\$ 1,589</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, 2013  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Current				
Education				
Services and supplies	\$ -	\$ 5	\$ -	\$ 5
<b>Total expenditures</b>	-	5	-	5
<b>Deficiency of revenues over expenditures</b>	-	(5)	-	5
<b>Net change in fund balance</b>	-	(5)	-	5
<b>Fund balance - beginning of period</b>	5	5	5	-
<b>Fund balance - end of period</b>	\$ 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, 2013**  
**(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 13,590	\$ 14,114	\$ 14,086	\$ (28)
Use of money and property	3	3	14	11
State aid	125	125	126	1
<b>Total revenues</b>	<u>13,718</u>	<u>14,242</u>	<u>14,226</u>	<u>(16)</u>
<b>Expenditures:</b>				
Current				
Public protection				
Salaries and benefits	13,478	13,949	13,949	-
Services and supplies	110	144	127	17
Other charges	130	45	45	-
<b>Total expenditures</b>	<u>13,718</u>	<u>14,138</u>	<u>14,121</u>	<u>17</u>
<b>Excess of revenues over expenditures</b>	<u>-</u>	<u>104</u>	<u>105</u>	<u>1</u>
<b>Other financing sources (uses):</b>				
Transfers out	-	(104)	(104)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(104)</u>	<u>(104)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>Fund balance - beginning of period</b>	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
<b>Fund balance - end of period</b>	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ 12</u>	<u>\$ 1</u>

**COUNTY OF ALAMEDA, CALIFORNIA  
COMBINING FINANCIAL STATEMENTS AND  
OTHER SUPPLEMENTARY INFORMATION**

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**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 POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2013**  
(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>
<b>Assets</b>						
Current assets:						
Cash and investments with County Treasurer	\$ 3,200	\$ -	\$ 18,867	\$ 9,971	\$ 121,751	\$ 153,789
Other receivables	330	508	867	836	293	2,834
Due from component unit	-	21	290	-	-	311
Prepaid items	4,222	-	-	-	205	4,427
Total current assets	<u>7,752</u>	<u>529</u>	<u>20,024</u>	<u>10,807</u>	<u>122,249</u>	<u>161,361</u>
Noncurrent assets:						
Capital assets:						
Machinery and equipment, net of depreciation	1,538	12,671	172	1,925	4	16,310
<b>Total assets</b>	<u>9,290</u>	<u>13,200</u>	<u>20,196</u>	<u>12,732</u>	<u>122,253</u>	<u>177,671</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and accrued expenses	274	415	4,156	4,422	4,643	13,910
Compensated employee absences payable	80	56	796	911	43	1,886
Estimated liability for claims and contingencies	-	-	-	-	24,591	24,591
Due to other funds	-	11	-	-	-	11
Due to component unit	-	-	25	-	-	25
Total current liabilities	<u>354</u>	<u>482</u>	<u>4,977</u>	<u>5,333</u>	<u>29,277</u>	<u>40,423</u>
Noncurrent liabilities:						
Compensated employee absences payable	56	40	561	642	30	1,329
Estimated liability for claims and contingencies	-	-	-	-	75,627	75,627
Total noncurrent liabilities	<u>56</u>	<u>40</u>	<u>561</u>	<u>642</u>	<u>75,657</u>	<u>76,956</u>
<b>Total liabilities</b>	<u>410</u>	<u>522</u>	<u>5,538</u>	<u>5,975</u>	<u>104,934</u>	<u>117,379</u>
<b>Net position</b>						
Investment in capital assets	1,538	12,671	172	1,925	4	16,310
Unrestricted	7,342	7	14,486	4,832	17,315	43,982
<b>Total net position</b>	<u>\$ 8,880</u>	<u>\$ 12,678</u>	<u>\$ 14,658</u>	<u>\$ 6,757</u>	<u>\$ 17,319</u>	<u>\$ 60,292</u>

COUNTY OF ALAMEDA, CALIFORNIA

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

	Communications	Motor Pool	Building Maintenance	Information Technology	Risk Management	Total
<b>Operating revenues:</b>						
Charges for services	\$ 9,824	\$ 9,136	\$ 91,765	\$ 36,327	\$ 58,219	\$ 205,271
<b>Operating expenses:</b>						
Salaries and benefits	3,571	1,719	29,171	24,280	1,658	60,399
Contractual services	178	246	2,166	1,787	3,925	8,302
Utilities	-	10	11,067	20	-	11,097
Repairs and maintenance	50	369	4,897	164	160	5,640
Other supplies and expenses	1,738	5,450	32,967	8,186	8,566	56,907
Insurance claims and expenses	-	-	-	-	25,483	25,483
Depreciation	481	1,725	82	1,010	-	3,298
Telephone	3,194	-	-	-	-	3,194
County indirect costs	984	1,202	4,271	811	438	7,706
Dental claims	-	-	-	-	7,947	7,947
Other	-	-	7	-	711	718
<b>Total operating expenses</b>	<b>10,196</b>	<b>10,721</b>	<b>84,628</b>	<b>36,258</b>	<b>48,888</b>	<b>190,691</b>
<b>Operating income (loss)</b>	<b>(372)</b>	<b>(1,585)</b>	<b>7,137</b>	<b>69</b>	<b>9,331</b>	<b>14,580</b>
<b>Non-operating revenues (expenses):</b>						
Interest and investment income	(7)	6	(48)	(22)	(231)	(302)
Gain on sale of capital assets	-	45	8	41	-	94
<b>Total non-operating revenues (expenses)</b>	<b>(7)</b>	<b>51</b>	<b>(40)</b>	<b>19</b>	<b>(231)</b>	<b>(208)</b>
<b>Income (loss) before transfers</b>	<b>(379)</b>	<b>(1,534)</b>	<b>7,097</b>	<b>88</b>	<b>9,100</b>	<b>14,372</b>
Transfers in	-	160	443	-	-	603
Transfers out	-	(665)	(4,682)	-	(4,126)	(9,473)
Change in net position	(379)	(2,039)	2,858	88	4,974	5,502
Total net position - beginning of period	9,259	14,717	11,800	6,669	12,345	54,790
Total net position - end of period	\$ 8,880	\$ 12,678	\$ 14,658	\$ 6,757	\$ 17,319	\$ 60,292

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013  
(amounts expressed in thousands)

	Communications	Motor Pool	Building Maintenance	Information Technology	Risk Management	Total
<b>Cash flows from operating activities</b>						
Internal activity - receipts from other funds	\$ 9,797	\$ 8,806	\$ 91,578	\$ 35,881	\$ 58,229	\$ 204,291
Payments to suppliers	(5,565)	(5,973)	(50,200)	(8,230)	(10,634)	(80,602)
Payments to employees	(3,590)	(1,716)	(29,137)	(24,207)	(1,669)	(60,319)
Internal activity - payments to other funds	(984)	(1,202)	(4,271)	(811)	(438)	(7,706)
Claims paid	-	-	-	-	(31,183)	(31,183)
Other receipts (payments)	-	-	(7)	-	(711)	(718)
<b>Net cash provided by (used in) operating activities</b>	<u>(342)</u>	<u>(85)</u>	<u>7,963</u>	<u>2,633</u>	<u>13,594</u>	<u>23,763</u>
<b>Cash flows from noncapital financing activities</b>						
Transfers in	-	160	443	-	-	603
Transfers out	-	(665)	(4,682)	-	(4,126)	(9,473)
<b>Net cash used in noncapital financing activities</b>	<u>-</u>	<u>(505)</u>	<u>(4,239)</u>	<u>-</u>	<u>(4,126)</u>	<u>(8,870)</u>
<b>Cash flows from capital and related financing activities</b>						
Acquisition of capital assets	(664)	(6,468)	(56)	(1,701)	-	(8,889)
Proceeds from sale of capital assets	-	278	8	41	-	327
<b>Net cash used in capital and related financing activities</b>	<u>(664)</u>	<u>(6,190)</u>	<u>(48)</u>	<u>(1,660)</u>	<u>-</u>	<u>(8,562)</u>
<b>Cash flows from investing activities</b>						
Interest received (paid) on pooled cash and investments	(7)	6	(48)	(22)	(231)	(302)
<b>Net cash provided by (used in) investing activities</b>	<u>(7)</u>	<u>6</u>	<u>(48)</u>	<u>(22)</u>	<u>(231)</u>	<u>(302)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(1,013)</u>	<u>(6,774)</u>	<u>3,628</u>	<u>951</u>	<u>9,237</u>	<u>6,029</u>
Cash and cash equivalents - beginning of period	4,213	6,774	15,239	9,020	112,514	147,760
<b>Cash and cash equivalents - end of period</b>	<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ 18,867</u>	<u>\$ 9,971</u>	<u>\$ 121,751</u>	<u>\$ 153,789</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ (372)	\$ (1,585)	\$ 7,137	\$ 69	\$ 9,331	\$ 14,580
Adjustments for non-cash activities						
Depreciation	481	1,725	82	1,010	-	3,298
Changes in assets and liabilities						
Other receivables	(27)	(330)	(187)	(446)	10	(980)
Inventory of supplies	95	-	-	-	-	95
Prepaid items	-	-	-	-	(48)	(48)
Accounts payable and accrued expenses	(500)	91	944	1,927	2,065	4,527
Compensated employee absences payable	(19)	3	34	73	(11)	80
Estimated liability for claims and contingencies	-	-	-	-	2,247	2,247
Due to other funds	-	11	-	-	-	11
Due to component unit	-	-	(47)	-	-	(47)
Total adjustments	30	1,500	826	2,564	4,263	9,183
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (342)</u>	<u>\$ (85)</u>	<u>\$ 7,963</u>	<u>\$ 2,633</u>	<u>\$ 13,594</u>	<u>\$ 23,763</u>

**COUNTY OF ALAMEDA, CALIFORNIA  
COMBINING FINANCIAL STATEMENTS AND  
OTHER SUPPLEMENTARY INFORMATION**

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**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 Funds* - These funds are under the control of the Board of Retirement and are governed by the rules and regulations of the Retirement Act of 1937. The pension fund accumulates contributions from the County, contributions from employees, and earnings from the fund's investments. Disbursements are made from the funds for retirements, postemployment benefits, disability and death benefits, refund, and administrative costs. These funds include all assets of the retirement system.

*Other Employee Benefits 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 POSITION**  
**PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS**  
**JUNE 30, 2013**  
(amounts expressed in thousands)

	Pension and Other Postemployment Benefits Trust Funds <sup>1</sup>				Other Employee Benefits Trust Fund	Total
	Pension	Postemployment Medical Benefits (OPEB)	Other Postemployment Benefits	Total		
<b>Assets:</b>						
Cash and investments with County Treasurer	\$ 399	\$ -	\$ -	\$ 399	\$ 2,066	\$ 2,465
Investments, at fair value:						
Short-term investments	180,854	-	-	180,854	-	180,854
Domestic equities	1,147,608	-	-	1,147,608	-	1,147,608
Domestic equity commingled funds	878,943	-	-	878,943	-	878,943
International equities	1,290,786	-	-	1,290,786	-	1,290,786
International equity commingled funds	276,394	-	-	276,394	-	276,394
Domestic fixed income	666,109	-	-	666,109	-	666,109
International fixed income	282,927	-	-	282,927	-	282,927
Real estate - separate properties	78,503	-	-	78,503	-	78,503
Real estate - commingled funds	216,126	-	-	216,126	-	216,126
Real Return Pool	279,421	-	-	279,421	-	279,421
Private equity and alternatives	357,878	-	-	357,878	-	357,878
Total investments	5,655,549	-	-	5,655,549	-	5,655,549
Investment of securities lending collateral	257,433	-	-	257,433	-	257,433
Deposits with others	567	-	-	567	-	567
Other receivable	54,225	-	-	54,225	-	54,225
Interest receivable	8,977	-	-	8,977	-	8,977
Due from (to) pension plan	(583,043)	518,687	64,356	-	-	-
Capital assets, net of accumulated depreciation	5,563	-	-	5,563	-	5,563
<b>Total assets</b>	<b>5,399,670</b>	<b>518,687</b>	<b>64,356</b>	<b>5,982,713</b>	<b>2,066</b>	<b>5,984,779</b>
<b>Liabilities:</b>						
Accounts payable and accrued expenses	57,076	-	-	57,076	-	57,076
Securities lending obligation	257,433	-	-	257,433	-	257,433
<b>Total liabilities</b>	<b>314,509</b>	<b>-</b>	<b>-</b>	<b>314,509</b>	<b>-</b>	<b>314,509</b>
<b>Net Position</b>						
Restricted	5,085,161	518,687	64,356	5,668,204	2,066	5,670,270
	<u>\$ 5,085,161</u>	<u>\$ 518,687</u>	<u>\$ 64,356</u>	<u>\$ 5,668,204</u>	<u>\$ 2,066</u>	<u>\$ 5,670,270</u>

<sup>1</sup> Pension and OPEB balances reported as of December 31, 2012.

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013  
(amounts expressed in thousands)

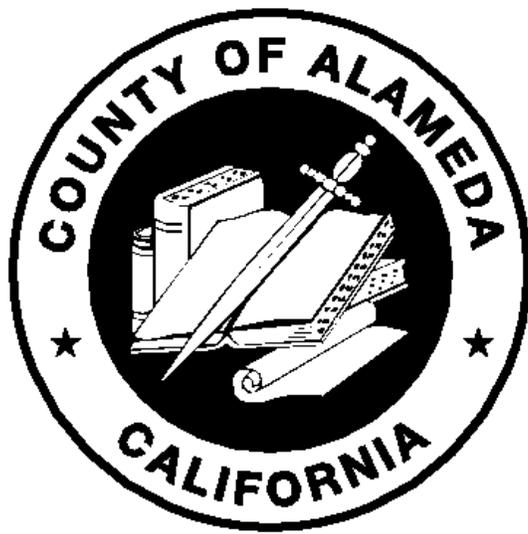
	Pension and Other Postemployment Benefits Trust Funds <sup>1</sup>			Other	Total
	Pension	Postemployment Medical Benefits (OPEB)	Other Postemployment Benefits	Employee Benefits Trust Fund	
<b>Additions:</b>					
Contributions:					
Employees	\$ 78,608	\$ -	\$ -	\$ 4,418	\$ 83,026
Employer	146,296	33,353	-	-	179,649
<b>Total contributions</b>	<u>224,904</u>	<u>33,353</u>	<u>-</u>	<u>4,418</u>	<u>262,675</u>
Investment income:					
Interest	51,564	-	-	6	51,570
Dividends	62,284	-	-	-	62,284
Net increase (decrease) in fair value of investments	614,698	-	-	(8)	614,690
Real estate	19,544	-	-	-	19,544
Securities lending income	3,016	-	-	-	3,016
Earnings allocated to OPEB reserves	(9,483)	8,443	1,040	-	-
<b>Total investment income</b>	<u>741,623</u>	<u>8,443</u>	<u>1,040</u>	<u>(2)</u>	<u>751,104</u>
Less investment expenses:					
Investment expenses	31,745	-	-	-	31,745
Securities lending borrower rebates and management fees	775	-	-	-	775
Real estate	6,718	-	-	-	6,718
<b>Total investment expenses</b>	<u>39,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,238</u>
<b>Net investment income (loss)</b>	<u>702,385</u>	<u>8,443</u>	<u>1,040</u>	<u>(2)</u>	<u>711,866</u>
Miscellaneous income	912	-	-	-	912
<b>Total additions, net</b>	<u>928,201</u>	<u>41,796</u>	<u>1,040</u>	<u>4,416</u>	<u>975,453</u>
<b>Deductions:</b>					
Benefit payments	320,844	32,692	3,704	4,012	361,252
Refunds of contributions	5,893	-	-	-	5,893
Administration expenses	13,097	1,001	-	-	14,098
<b>Total deductions</b>	<u>339,834</u>	<u>33,693</u>	<u>3,704</u>	<u>4,012</u>	<u>381,243</u>
<b>Transfers:</b>					
Transfer to Pension from SRBR for Employer					
Contribution to 401(h)	33,353	(33,353)	-	-	-
Transfer to Pension from SRBR for Implicit Subsidy	4,411	(4,411)	-	-	-
Administrative Expense	(1,001)	1,001	-	-	-
<b>Total transfers</b>	<u>36,763</u>	<u>(36,763)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>625,130</u>	<u>(28,660)</u>	<u>(2,664)</u>	<u>404</u>	<u>594,210</u>
Net position - beginning of year	4,460,031	547,347	67,020	1,662	5,076,060
Net position - end of year	<u>\$ 5,085,161</u>	<u>\$ 518,687</u>	<u>\$ 64,356</u>	<u>\$ 2,066</u>	<u>\$ 5,670,270</u>

<sup>1</sup> Pension and OPEB balances reported as of December 31, 2012.

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013  
(amounts expressed in thousands)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b><u>Unapportioned Taxes</u></b>				
<b>Assets:</b>				
Cash and investments with County Treasurer	\$ 81,407	\$ 4,142,887	\$ 4,124,065	\$ 100,229
Taxes receivable	241,294	3,040,039	3,079,723	201,610
Interest receivable	-	283	283	-
<b>Total assets</b>	<b>\$ 322,701</b>	<b>\$ 7,183,209</b>	<b>\$ 7,204,071</b>	<b>\$ 301,839</b>
<b>Liabilities:</b>				
Due to other governmental units	\$ 322,701	\$ 7,183,393	\$ 7,204,255	\$ 301,839
<b>Total liabilities</b>	<b>\$ 322,701</b>	<b>\$ 7,183,393</b>	<b>\$ 7,204,255</b>	<b>\$ 301,839</b>
<b><u>Other Agency</u></b>				
<b>Assets:</b>				
Cash and investments with County Treasurer	\$ 93,489	\$ 4,982,926	\$ 4,991,459	\$ 84,956
Interest receivable	131	323	344	110
Prepaid items	-	9,785	-	9,785
<b>Total assets</b>	<b>\$ 93,620</b>	<b>\$ 4,993,034</b>	<b>\$ 4,991,803</b>	<b>\$ 94,851</b>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 7,513	\$ 36,565	\$ 37,967	\$ 6,111
Due to other governmental units	86,107	7,690,364	7,687,731	88,740
<b>Total liabilities</b>	<b>\$ 93,620</b>	<b>\$ 7,726,929</b>	<b>\$ 7,725,698</b>	<b>\$ 94,851</b>
<b><u>Totals - Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments with County Treasurer	\$ 174,896	\$ 9,125,813	\$ 9,115,524	\$ 185,185
Taxes receivable	241,294	3,040,039	3,079,723	201,610
Interest receivable	131	606	627	110
Prepaid items	-	9,785	-	9,785
<b>Total assets</b>	<b>\$ 416,321</b>	<b>\$ 12,176,243</b>	<b>\$ 12,195,874</b>	<b>\$ 396,690</b>
<b>Liabilities:</b>				
Warrants payable	\$ 7,513	\$ 36,565	\$ 37,967	\$ 6,111
Due to other governmental units	408,808	14,873,757	14,891,986	390,579
<b>Total liabilities</b>	<b>\$ 416,321</b>	<b>\$ 14,910,322</b>	<b>\$ 14,929,953</b>	<b>\$ 396,690</b>



**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 <sup>1</sup>**  
**June 30, 2013**  
**(amounts in tables expressed in thousands)**

Governmental funds capital assets:

Land and Easements	\$ 59,648
Structures and improvements	928,027
Infrastructure	843,899
Equipment	108,379
Software	34,514
Construction in progress	<u>358,197</u>
 Total governmental funds capital assets	 <u><u>\$ 2,332,664</u></u> <sup>2</sup>

Investments in governmental funds capital assets acquired prior to July 1, 2001	\$ 1,249,345
Investments in governmental funds capital assets acquired from July 1, 2001 by source:	
General fund	276,389
Capital projects fund	445,037
Other governmental funds	347,644
Donations	<u>14,249</u>
 Total governmental funds capital assets	 <u><u>\$ 2,332,664</u></u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$58,578,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

<sup>2</sup> 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 Type<sup>1</sup>**  
**June 30, 2013**  
**(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	\$ 22,595	\$ 83,651	\$ -	\$ 15,146	\$ 32,654	\$ 123	\$ 154,169
Public protection	26,115	518,720	233,134	61,299	1,860	567	841,695
Public assistance	2,652	56,205	(3,111)	8,069	-	-	63,815
Health and sanitation	6,201	224,815	-	5,069	-	310,384	546,469
Public ways and facilities	378	13,420	611,438	9,197	-	46,507	680,940
Recreation & cultural services	-	9,998	2,438	6,998	-	-	19,434
Education	1,707	21,218	-	2,601	-	616	26,142
Total governmental funds capital assets	<u>\$ 59,648</u>	<u>\$ 928,027</u>	<u>\$ 843,899</u>	<u>\$ 108,379</u>	<u>\$ 34,514</u>	<u>\$ 358,197</u>	<u>\$ 2,332,664</u> <sup>2</sup>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$58,578,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

<sup>2</sup> 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.

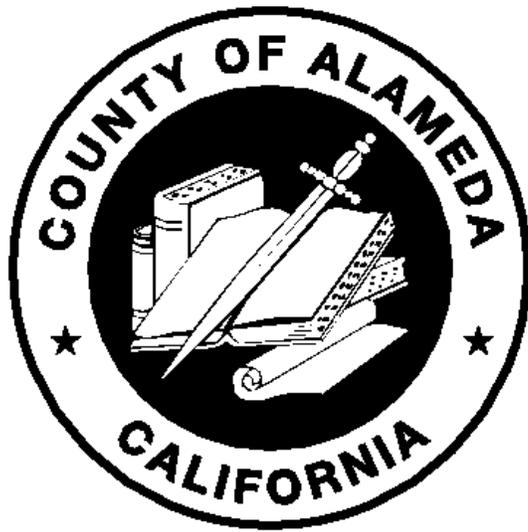
**COUNTY OF ALAMEDA, CALIFORNIA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function<sup>1</sup>**  
**For the Year ended June 30, 2013**  
**(amounts in tables expressed in thousands)**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
General	\$ 154,103	\$ 105	\$ 39	\$ 154,169
Public protection	830,624	11,535	464	841,695
Public assistance	63,820	36	41	63,815
Health and sanitation	450,568	95,918	17	546,469
Public ways and facilities	655,561	25,906	526	680,940
Recreation & cultural services	19,153	455	174	19,434
Education	25,599	789	246	26,142
Total governmental funds capital assets	<u>\$ 2,199,428</u>	<u>\$ 134,744</u>	<u>\$ 1,507</u>	<u>\$ 2,332,664</u> <sup>2</sup>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$58,578,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

<sup>2</sup> 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 Auditor's 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.

<b>CONTENTS</b>	<b>PAGE</b>
<b>FINANCIAL TRENDS</b> These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	<b>124</b>
<b>REVENUE CAPACITY</b> These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	<b>128</b>
<b>DEBT CAPACITY</b> 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.	<b>132</b>
<b>ECONOMIC AND DEMOGRAPHIC INFORMATION</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	<b>137</b>
<b>OPERATING INFORMATION</b> 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.	<b>139</b>

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 POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 561,240	\$ 603,668	\$ 582,506	\$ 551,198	\$ 508,533	\$ 511,354	\$ 560,449	\$ 404,686	\$ 585,788	\$ 620,302
Restricted	398,621	336,562	387,798	473,468	531,744	579,459	641,476	697,984	627,179	655,381
Unrestricted (deficit)	(303,544)	(73,273)	125,578	353,164	452,524	465,456	328,726	574,257	512,095	578,463
Total governmental activities net position	<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>	<u>\$ 1,725,062</u>	<u>\$ 1,854,146</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 127,986	\$ 126,933	\$ 119,662	\$ 124,448	\$ 137,490	\$ 161,834	\$ 143,497	\$ 141,862	\$ 129,436	\$ 138,512
Public protection	584,983	582,384	616,938	647,036	720,939	719,458	766,225	752,191	766,855	780,729
Public assistance	559,728	543,263	575,334	582,568	620,978	653,920	680,142	674,181	682,936	664,085
Health and sanitation	404,492	431,310	455,835	470,668	524,225	558,632	597,448	584,815	649,431	697,402
Public ways and facilities	41,151	43,902	46,123	50,650	48,620	39,427	36,598	43,312	45,437	44,269
Recreation and cultural services	571	441	514	502	523	677	557	608	608	554
Education	19,534	19,022	19,448	19,350	21,358	23,064	22,813	22,863	24,356	27,125
Interest on long-term debt	67,170	70,053	71,913	78,236	77,708	78,352	75,420	87,490	90,003	82,957
Total governmental activities expenses	<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>	<u>2,389,062</u>	<u>2,435,633</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	128,966	170,321	150,182	158,550	125,532	124,488	111,200	125,619	126,244	122,756
Public protection	170,380	164,731	184,356	196,775	210,362	218,244	222,606	238,915	200,720	206,366
Health and sanitation	116,576	116,244	110,437	113,134	119,509	139,217	153,243	202,110	171,185	176,875
Other activities	16,250	22,769	19,525	19,588	15,212	22,114	27,819	32,085	26,578	21,164
Operating grants and contributions	884,510	994,427	1,051,339	1,078,909	1,087,171	1,130,306	1,170,990	1,232,027	1,269,542	1,482,657
Capital grants and contributions	11,606	15,202	14,979	202	7,070	4,260	5,782	5,550	9,618	8,305
Total governmental activities program revenues	<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>	<u>1,803,887</u>	<u>2,018,123</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 298,634	\$ 303,570	\$ 339,470	\$ 398,922	\$ 412,767	\$ 425,713	\$ 403,847	\$ 399,701	\$ 411,821	\$ 444,147
Sales taxes - shared revenues	124,759	158,886	172,544	171,876	174,984	150,551	140,643	150,328	169,375	52,749
Other taxes	28,455	32,848	34,040	30,957	26,173	26,309	28,144	27,503	27,948	29,984
Interest and investment income	18,104	13,019	20,616	52,556	46,746	25,979	9,369	5,751	8,924	22
Other	25,353	35,973	37,248	42,701	41,289	36,948	23,439	34,009	50,577	40,318
Transfers	-	(42)	(44)	(7)	(3)	(5,297)	-	-	-	-
Extraordinary item	-	-	-	(8,757)	-	-	-	-	(35,335)	-
Total governmental activities	<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>	<u>633,310</u>	<u>567,220</u>
<b>Change in Net Position</b>										
Governmental activities	<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>	<u>\$ 48,135</u>	<u>\$ 149,710</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									
	2004	2005	2006	2007	2008	2009	2010	2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>
General fund										
Reserved	\$ 153,447	\$ 168,671	\$ 213,531	\$ 226,371	\$ 246,546	\$ 246,383	\$ 299,432	\$ -	\$ -	\$ -
Unreserved	173,860	243,799	437,866	575,231	573,336	618,174	627,898	-	-	-
Nonspendable	-	-	-	-	-	-	-	1,725	4,408	3,785
Restricted	-	-	-	-	-	-	-	303,635	288,068	294,844
Committed	-	-	-	-	-	-	-	638,601	667,437	806,176
Assigned	-	-	-	-	-	-	-	101,961	99,646	128,177
Unassigned	-	-	-	-	-	-	-	16,996	23,305	17,719
Total general fund	<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>	<u>\$ 1,082,864</u>	<u>\$ 1,250,701</u>
All other governmental funds										
Reserved	\$ 151,108	\$ 239,215	\$ 220,946	\$ 170,814	\$ 190,267	\$ 171,988	\$ 592,468	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	384,155	428,354	469,475	541,182	584,941	606,763	598,330	-	-	-
Capital projects fund	15,009	4,578	59,746	85,289	72,672	79,236	(375,645)	-	-	-
Nonspendable	-	-	-	-	-	-	-	5,421	335	472
Restricted	-	-	-	-	-	-	-	527,282	608,361	506,147
Committed	-	-	-	-	-	-	-	567,921	321,926	314,766
Assigned	-	-	-	-	-	-	-	3,003	4,567	5,293
Unassigned	-	-	-	-	-	-	-	(1,930)	(9,268)	(2,926)
Total all other governmental funds	<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>	<u>\$ 925,921</u>	<u>\$ 823,752</u>

<sup>1</sup> 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)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$ 451,590	\$ 495,215	\$ 546,619	\$ 600,847	\$ 614,397	\$ 602,473	\$ 572,507	\$ 577,186	\$ 608,987	\$ 527,025
Licenses and permits	7,708	7,559	8,291	8,465	9,138	7,904	8,490	9,635	13,597	15,006
Fines, forfeitures, and penalties	30,468	30,427	27,388	32,117	34,621	41,228	41,444	38,887	36,076	38,745
Use of money and property	21,737	28,861	37,759	79,857	77,653	48,250	27,769	19,635	20,502	8,391
State aid	594,174	701,939	747,292	731,715	699,172	761,782	694,252	725,140	757,769	946,878
Federal aid	270,734	261,923	313,689	309,888	364,958	349,759	459,652	481,010	465,275	506,611
Other aid	19,739	22,362	32,653	20,415	20,345	23,259	40,057	29,914	61,752	44,730
Charges for services	277,277	273,103	331,232	391,034	335,617	389,506	428,166	455,215	365,541	430,141
Other revenue	127,670	127,900	128,640	69,997	70,493	71,436	50,709	136,133	73,549	104,976
<b>Total revenues</b>	<b>1,801,097</b>	<b>1,949,289</b>	<b>2,173,563</b>	<b>2,244,335</b>	<b>2,226,394</b>	<b>2,295,597</b>	<b>2,323,046</b>	<b>2,472,755</b>	<b>2,403,048</b>	<b>2,622,503</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	124,033	109,600	108,931	129,219	118,713	130,358	120,465	129,978	126,190	129,394
Public protection	583,012	592,172	620,390	665,433	708,363	703,959	710,039	739,809	757,380	762,506
Public assistance	561,964	545,898	603,267	594,117	619,109	647,504	666,247	667,601	702,114	657,269
Health and sanitation	421,442	431,656	457,096	472,768	522,120	556,575	590,590	580,833	644,493	690,296
Public ways and facilities	35,144	34,388	33,226	35,148	51,204	46,199	42,400	49,705	49,819	52,828
Recreation and cultural services	627	493	526	562	562	719	594	675	671	610
Education	19,020	19,139	19,522	19,409	21,037	22,883	21,947	22,079	23,450	26,136
<b>Debt service</b>										
Principal	65,260	67,175	62,460	69,290	74,235	78,730	90,896	93,865	98,241	57,695
Interest	28,671	28,629	26,668	26,616	26,779	28,889	27,130	38,788	47,495	96,098
Payment to refunded bonc escrow agent	-	-	-	4,756	-	-	-	-	82,031	-
Bond issuance costs	-	2,312	2,632	592	12,248	-	-	2,465	817	6
Capital outlay	19,044	81,343	86,383	45,650	24,389	31,878	46,875	95,067	111,523	100,560
<b>Total expenditures</b>	<b>1,858,217</b>	<b>1,912,805</b>	<b>2,021,101</b>	<b>2,063,560</b>	<b>2,178,759</b>	<b>2,247,694</b>	<b>2,317,183</b>	<b>2,420,865</b>	<b>2,644,224</b>	<b>2,573,398</b>
Excess of revenues over (under) expenditures	(57,120)	36,484	152,462	180,775	47,635	47,903	5,863	51,890	(241,176)	49,105
<b>Other financing sources (uses)</b>										
Issuance of loans	-	-	5,423	3,000	-	675	4,732	28,040	785	2,779
Proceeds from sale of land	-	24,139	21,475	-	-	-	-	13,452	15,130	4,914
Capital leases issued	-	801	26,896	5,640	697	3,000	-	-	-	-
Issuance of debt	-	136,975	102,594	-	-	-	-	320,000	45,675	-
Refunding bonds issued	-	6,095	-	37,010	120,145	-	-	-	75,915	-
Premium on refunding bonds	-	1,566	373	2,260	1,265	-	-	-	10,300	-
Payment to refunded bonc escrow agent	-	(6,059)	-	(38,673)	(108,815)	-	-	-	-	-
Transfers-in	28,735	41,482	76,777	84,106	84,736	85,552	83,705	93,073	119,366	103,513
Transfers-out	(21,850)	(34,445)	(69,053)	(76,795)	(76,788)	(82,348)	(74,361)	(84,319)	(110,463)	(94,643)
<b>Total other financing sources (uses)</b>	<b>6,885</b>	<b>170,554</b>	<b>164,485</b>	<b>16,548</b>	<b>21,240</b>	<b>6,879</b>	<b>14,076</b>	<b>370,246</b>	<b>156,708</b>	<b>16,563</b>
Extraordinary item	-	-	-	-	-	-	-	-	(71,362)	-
<b>Net change in fund balances</b>	<b>\$ (50,235)</b>	<b>\$ 207,038</b>	<b>\$ 316,947</b>	<b>\$ 197,323</b>	<b>\$ 68,875</b>	<b>\$ 54,782</b>	<b>\$ 19,939</b>	<b>\$ 422,136</b>	<b>\$ (155,830)</b>	<b>\$ 65,668</b>
Debt service as a percentage of noncapital expenditures	5.25%	5.83%	4.89%	5.23%	5.73%	4.90%	5.27%	5.93%	9.04%	6.30%

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

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Agricultural Property</b>	<b>Institutional Property</b>	<b>Utility, Unsecured and Escaped Assessment Property<sup>1</sup></b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
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
2012	138,442,842	27,114,991	18,540,107	1,412,736	2,506,623	14,447,692	6,560,413	195,904,578	1.00
2013	140,479,280	27,958,514	19,450,625	1,412,563	2,599,792	15,321,278	6,549,698	200,672,354	1.00

<sup>1</sup> 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**

<b>Fiscal Year</b>	<b>County General</b>	<b>County Special Districts</b>	<b>Local Special Districts</b>	<b>Agency Districts</b>	<b>Schools</b>	<b>Cities</b>	<b>Total<sup>1</sup></b>
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
2012	1.0000	0.0063	0.0018	0.0176	0.1273	0.0584	1.2114
2013	1.0000	0.0048	0.0016	0.0159	0.1289	0.0560	1.2072

<sup>1</sup> 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, 2013</u>			<u>JUNE 30, 2004</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.	\$ 1,590,102	1	0.84 %	\$ 895,051	2	0.68 %
Kaiser Foundation Hospitals	1,179,499	2	0.62			
AT&T California	414,382	3	0.22	680,051	3	0.51
Apple Computer Inc	389,496	4	0.21			
Kaiser Foundation Health Plan Inc	356,480	5	0.19	221,287	8	0.17
Russell City Energy Company, LLC	287,200	6	0.15			
Leland Stanford Jr University Board Trustees	282,895	7	0.15			
PSB Northern California Ind. Portfolio LLC	281,487	8	0.15			
BRE Properties Inc	281,133	9	0.15			
Bayer Healthcare, LLC	274,499	10	0.15			
New United Motor Manufacturing, Inc.				987,385	1	0.75
Sun Microsystems Inc.				500,554	4	0.38
Calwest Industrial Properties, LLC				282,662	5	0.21
Cutter Laboratories				264,061	6	0.20
SCI Limited Partnership 1				236,867	7	0.18
Chiron Corp				218,437	9	0.16
Stoneridge Properties				200,156	10	0.15
	<u>\$ 5,337,173</u>		<u>2.83 %</u>	<u>\$ 4,486,511</u>		<u>3.39 %</u>

Source: Auditor-Controller, County of Alameda

**COUNTY OF ALAMEDA, CALIFORNIA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST EIGHT FISCAL YEARS<sup>1</sup>  
(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years<sup>2</sup></b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount<sup>2</sup></b>	<b>Percentage of Levy<sup>2</sup></b>
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	-	-	-
2012	2,358,081	2,300,192	97.55	-	-	-
2013	2,402,703	2,359,713	98.21	-	-	-

<sup>1</sup> Data not available for fiscal years prior to 2006.

<sup>2</sup> Unable to determine subsequent collections for fiscal years 2007 to 2013.

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 <sup>2</sup>	Per Capita <sup>2</sup>
	Certificates of Participation	Tobacco Settlement Asset-Backed Bonds	Pension Obligations Bonds	Lease Revenue Bonds	Tax Allocation Bonds <sup>1</sup>	Special Assessment Bonds	Capital Leases	Loans and Notes Payable			
2004	\$ 230,785	\$ 211,460	\$ 574,786	\$ -	\$ -	\$ 1,270	\$ 4,526	\$ 1,534	\$ 1,024,361	1.68 %	\$ 699
2005	214,692	206,925	564,185	142,315	-	1,065	2,866	1,364	1,133,412	1.78	775
2006	204,184	273,016	558,737	141,610	34,735	935	28,004	6,474	1,247,695	1.82	853
2007	191,548	273,383	544,156	140,885	34,440	815	27,324	8,986	1,221,537	1.70	831
2008	185,202	273,244	526,070	148,765	33,840	680	27,730	8,284	1,203,815	1.62	811
2009	178,347	271,655	504,074	145,520	33,215	545	30,300	8,194	1,171,850	1.67	782
2010	160,221	272,799	477,740	141,705	32,565	335	29,849	12,129	1,127,343	1.55	746
2011	140,915	274,880	446,593	458,190	31,890	220	29,516	39,066	1,421,270	1.87	936
2012	39,249	277,774	410,116	575,655	-	-	4,357	37,241	1,344,392	-	879
2013	36,552	270,239	367,753	564,254	-	-	4,150	38,520	1,281,468	-	827

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

<sup>1</sup> Pursuant to ABx1 26, the responsibility for the payment of this debt was transferred to the Alameda County Successor Agency Private-Purpose Trust

<sup>2</sup> 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, 2013**

(amounts in tables expressed in thousands)

**2012-13 Assessed Valuation:** \$200,672,353 (includes unitary utility valuation)

**Population:** 1,548,681

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/13</u>
Bay Area Rapid Transit District	39.327%	\$ 161,512
East Bay Municipal Utility District, Special Service District No. 1	94.463	17,528
Chabot-Las Positas Community College District	99.367	435,581
Ohlone Community College District	100.000	199,570
Peralta Community College District	100.000	415,480
San Joaquin Delta Community College District	0.348	438
Alameda Unified School District	100.000	67,730
Berkeley Unified School District	100.000	252,619
Castro Valley Unified School District	100.000	93,660
Dublin Unified School District	100.000	219,818
Fremont Unified School District	100.000	177,650
Hayward Unified School District	100.000	196,045
Livermore Valley Joint Unified School District	99.603	92,641
New Haven Unified School District	100.000	191,828
Oakland Unified School District	100.000	740,425
Pleasanton Unified School District	100.000	64,675
San Leandro Unified School District	100.000	162,436
Other Unified School Districts	1.794-100.000	363,648
City of Alameda	100.000	8,925
City of Albany	100.000	17,005
City of Berkeley	100.000	75,905
City of Fremont	100.000	45,970
City of Oakland	100.000	235,982
Washington Township Healthcare District	100.000	59,975
East Bay Regional Park District	56.402	76,461
Community Facilities Districts	100.000	125,210
1915 Act Bonds (Estimated)	100.000	61,422
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b><u>\$4,560,139</u></b>

**COUNTY OF ALAMEDA, CALIFORNIA**

**ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (Continued)**

**JUNE 30, 2013**

**(amounts in tables expressed in thousands)**

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/13</u>
Alameda County General Fund Obligations	100.000%	\$ 608,005 <sup>1</sup>
Alameda County Pension Obligations	100.000	367,753 <sup>2</sup>
Alameda-Contra Costa Transit District Certificates of Participation	88.729	27,843
Peralta Community College District Pension Obligations	100.000	160,149
Hayward Unified School District Certificates of Participation	100.000	15,565
Oakland Unified School District Certificates of Participation	100.000	46,815
Pleasanton Unified School District General Fund Obligations	100.000	17,510
San Lorenzo Unified School District Certificates of Participation	100.000	19,730
Other School District Certificates of Participation	1.794-100.000	9,715
City of Berkeley General Fund and Pension Fund Obligations	100.000	34,395
City of Fremont General Fund Obligations	100.000	137,585
City of Hayward General Fund Obligations	100.000	26,480
City of Livermore General Fund Obligations	100.000	77,875
City of Oakland General Fund Obligations	100.000	281,495
City of Oakland Pension Obligations	100.000	367,393
Other City General Fund Obligations	100.000	117,262
Byron Bethany Irrigation District General Fund Obligations	4.459	<u>230</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>2,315,800</b>
Less: City of Hayward supported obligations		<u>665</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b><u>\$2,315,135</u></b>
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>	 100.000	 \$1,002,450
 TOTAL DIRECT DEBT		 \$ 975,758
TOTAL GROSS OVERLAPPING DEBT		\$6,902,631
TOTAL NET OVERLAPPING DEBT		\$6,901,966
 GROSS COMBINED TOTAL DEBT		 \$7,878,389 <sup>3</sup>
NET COMBINED TOTAL DEBT		\$7,877,724
 Ratios to 2012-13 Assessed Valuation:		 <u>Per Capita</u> <u>(not in thousands)</u>
Total Overlapping Tax and Assessment Debt	2.27%	\$2,945
Total Direct Debt	.49%	630
Gross Combined Total Debt	3.93%	5,087
Net Combined Total Debt	3.93%	5,087
 Ratios to Redevelopment Incremental Valuation (\$25,356,096):		
Total Overlapping Tax Increment Debt	3.95%	647

<sup>1</sup> Excludes Obligation to fund Coliseum Authority deficit, a contingent liability of the County of Alameda. The County is liable in the event the Coliseum Authority is unable to make payments on the Stadium Bonds.

<sup>2</sup> Includes accreted value.

<sup>3</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue 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 2013	
Net assessed value	\$198,930,214
Plus homeowners' exemption	1,742,140
Total assessed value	\$200,672,354
Debt limit (1.25% of total assessed value)	\$2,508,404
Amount of debt applicable to debt limit	-
Legal debt margin	\$2,508,404

Fiscal year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin / Debt Limit
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
2012	2,448,807	-	2,448,807	100
2013	2,508,404	-	2,508,404	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 <sup>1</sup>				Tax Allocation Bonds <sup>2</sup>				Tobacco Securitization Bonds <sup>3</sup>			
	Special	Debt Service		Coverage	Tax	Debt Service		Coverage	Tobacco	Debt Service		Coverage
	Assessment	Principal	Interest		Increment	Principal	Interest		Settlement	Principal	Interest	
Collections	Principal	Interest	Coverage	Increment	Principal	Interest	Coverage	Revenue	Principal	Interest	Coverage	
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	-	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
2012	86	220	5	38	2,114	705	1,409	100	13,422	3,615	10,432	96
2013	-	-	-	-	2,111	730	1,381	100	20,229	10,505	10,278	97

<sup>1</sup> Special Assessment bonds were paid off on September 2, 2011.

<sup>2</sup> Tax Allocation bonds were issued on February 2, 2006. Pursuant to ABx1 26, the responsibility for the payment of this debt was transferred to the Alameda County Redevelopment Successor Agency Private-Purpose Trust Fund effective February 1, 2012.

<sup>3</sup> 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**

<b>Fiscal Year</b>	<b>Population <sup>2</sup></b>	<b>Total Personal Income (amounts expressed in thousands)<sup>3</sup></b>	<b>Per Capita Personal Income (dollars)<sup>3</sup></b>	<b>Unemployment Rate (%) <sup>4</sup></b>
2004	1,466,407	\$ 61,106,278	\$ 42,267	6.1
2005	1,462,736	63,757,262	44,228	5.3
2006	1,462,371	68,719,715	47,574	4.6
2007	1,470,622	71,893,560	49,387	4.8
2008	1,484,085	74,305,916	50,302	6.1
2009	1,497,799	69,974,222	46,695	11.1
2010	1,510,271	72,757,457	48,087	11.3
2011	1,517,756	75,908,145	49,617	10.8
2012	1,530,176	- 1	- 1	9.5
2013	1,548,681	- 1	- 1	7.4

<sup>1</sup> Personal Income & Per Capita Income for the County is not currently available after 2011

<sup>2</sup> Population estimates 2011-2013, with 2010 Benchmark (revised as of May 10, 2013)

<sup>3</sup> Dollar estimates are in current dollars (not adjusted for inflation); Per Capita Personal Income was divided by Census Bureau's midyear population estimates, which differs from the population column of this page ( data from April 2013 released by BEA)

<sup>4</sup> Unemployment rates reflected as of June of each year (data from August 2013 release)

Source: State of California Department of Finance  
U.S. Department of Commerce, Bureau of Economic Analysis  
Employment Development Department Labor Market Information

COUNTY OF ALAMEDA, CALIFORNIA  
PRINCIPAL EMPLOYERS

Employer	Type of Business	Number of Employees		Percentage of	Number of Employees		Percentage of
		JUNE 30, 2013 <sup>1</sup>	Rank	Total County Employment <sup>2</sup>	JUNE 30, 2004 <sup>1</sup>	Rank	Total County Employment <sup>2</sup>
University of California Berkeley (including Berkeley National Labs) <sup>3</sup>	Education	20,319	1	2.61 %	35,221	1	4.73 %
Kaiser Permanente Medical Group Inc. <sup>4</sup>	Health Care	10,914	2	1.40	25,070	2	3.37
County of Alameda <sup>5</sup>	Local Government	8,735	3	1.12	8,747	7	1.17
Lawrence Livermore National Laboratory <sup>3</sup>	Small Arms Ammunition Manufacturing	8,000	4	1.03	8,646	8	1.16
Safeway Inc. <sup>4</sup>	Supermarkets & Other Grocery	7,599	5	0.97	10,000	5	1.34
Oakland Unified School Dist <sup>4</sup>	Elementary and Secondary Schools	7,200	6	0.92	6,184	11	0.83
Novartis Vaccines & Diagnostics <sup>3</sup>	Research & Development in Biotech	5,400	7	0.69	0	25+	0.00
City of Oakland <sup>3</sup>	Local Government	5,252	8	0.67	5,537	14	0.74
Alta Bates Summit Medical Center <sup>3</sup>	Hospitals	4,628	9	0.59	5,000	16	0.67
Tesla Motors <sup>3</sup>	General Automotive Repair	4,500	10	0.58	0	25+	0.00
Total		<u>82,547</u>		<u>10.58 %</u>	<u>104,405</u>		<u>14.02 %</u>

Source: EconoVue and InfoGroup USA for 2013 employment data and San Francisco Business Times Book of Lists 2006 for 2004 employment data;  
The County of Alameda number of employee as of June 30, 2004 is obtained from the County of Alameda Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2004.

<sup>1</sup> The number of employees, except for County of Alameda and City of Oakland include Alameda County and Contra Costa County employees.  
Total employment within County of Alameda is unavailable.

<sup>2</sup> Percentage calculated based on Alameda County's Employment of 779,900 for 2013 and 744,600 for 2004 (Source: Employment Development Department)

<sup>3</sup> Information from InfoGroup USA

<sup>4</sup> Information from EconoVue

<sup>5</sup> 2013 information from County's database

**COUNTY OF ALAMEDA  
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General Government	1,279	1,233	1,220	1,206	1,221	1,197	1,256	1,247	1,242	1,241
Public Protection <sup>1</sup>	4,016	3,145	3,185	3,263	3,375	3,422	3,458	3,399	3,319	3,330
Public Assistance	2,197	2,093	2,074	2,122	2,252	2,278	2,159	2,057	1,980	1,919
Health and Sanitation	982	932	974	1,002	1,034	1,042	1,056	1,094	1,130	1,158
Public Ways and Facilities	4	4	3	4	4	4	4	4	5	5
Recreation and Cultural Services	2	2	2	2	2	4	4	4	4	3
Education	<u>101</u>	<u>100</u>	<u>92</u>	<u>99</u>	<u>101</u>	<u>97</u>	<u>91</u>	<u>93</u>	<u>90</u>	<u>88</u>
<b>Totals</b>	<b><u>8,581</u></b>	<b><u>7,509</u></b>	<b><u>7,550</u></b>	<b><u>7,698</u></b>	<b><u>7,989</u></b>	<b><u>8,044</u></b>	<b><u>8,028</u></b>	<b><u>7,898</u></b>	<b><u>7,770</u></b>	<b><u>7,744</u></b>

<sup>1</sup> The Superior Court was no longer a part of the County effective July 1, 2004. There were 829 full-time equivalent employees for the Superior Court at the end of fiscal year 2004.

Source: Auditor-Controller, County of Alameda

**COUNTY OF ALAMEDA  
OPERATING INDICATORS BY FUNCTION  
LAST EIGHT FISCAL YEARS <sup>1</sup>**

<b>Function</b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>General Government</b>								
Property tax bills processed	586,598	584,705	583,795	573,519	561,531	562,212	556,359	570,121
Phone-assisted property tax calls	77,279	79,835	78,643	90,602	92,518	74,700	63,784	60,970
Recycled materials recovered (pounds) from county departments								
Metal	505,790	517,055	428,327	277,046	442,250	424,776	347,449	424,908
Paper	1,879,326	1,683,357	1,977,240	2,672,980	1,070,263	1,034,233	680,461	1,136,732
Toner cartridges	1,840	2,200	2,400	5,703	8,716	5,276	9,633	9,709
<b>Public Protection</b>								
Juvenile detention risks and needs assessment completed	3,200	3,413	2,940	3,114	2,806	2,180	4,092	3,017
Youth serviced through community probation	570	883	1,500	1,528	908	634	640	641
Documents recorded/indexed	537,019	469,793	396,880	368,584	377,208	396,916	405,824	452,091
Child support active caseload	41,346	39,928	37,803	39,611	37,277	35,786	34,612	33,472
Emergency calls to fire district	21,454	22,642	22,591	23,855	23,621	31,887	33,071	34,483
Calls for police service	50,594	50,993	51,272	52,367	51,742	51,199	50,122	51,610
Total patrol arrests	4,172	6,246	5,668	6,518	6,244	5,607	5,856	5,220
Total investigation arrests	827	1,157	1,531	1,710	1,910	2,039	1,978	1,939
Crime investigation cases assigned	9,949	4,158	6,372	5,768	5,115	5,008	2,671	4,146
Crime investigation cases closed	9,635	7,950	6,193	7,898	7,438	7,022	8,644	6,822
Average daily inmate population	3,982	4,126	4,371	4,441	4,305	3,898	3,487	3,383
<b>Public Assistance</b>								
Seniors receiving services (annual amount)	26,852	25,378	25,360	32,000	34,198	41,365	49,685	54,599
Congregate nutrition meals served (annual amount)	250,573	229,775	235,207	233,751	222,688	216,540	199,427	200,428
Home-delivered nutrition meals served (annual amount)	527,589	531,022	538,471	531,563	514,599	537,310	518,453	488,203
CALWORKS job placements (annual amount)	2,550	3,338	3,475	2,964	2,644	2,954	2,788	2,620
CALWORKS eligible households aided (monthly average)	18,964	17,506	18,461	19,154	19,963	20,480	19,997	19,172
Medi-Cal eligible households aided (monthly average)	71,235	63,915	66,068	69,722	75,813	80,387	84,254	105,488
Food stamps eligible households aided (monthly average)	29,877	31,320	33,995	38,613	45,511	52,827	59,802	62,968
General Assistance eligible cases aided (monthly average)	5,694	6,862	7,976	9,001	8,907	6,378	7,455	8,184
<b>Health and Sanitation</b>								
Food inspections	17,191	16,570	15,903	13,148	13,823	12,151	13,894	15,652
Recreational inspections	1,760	2,322	1,888	2,458	2,847	1,986	2,398	1,432
Medical waste facility inspections	109	124	130	145	120	160	150	160
Landfill site inspections	175	156	154	252	252	252	252	258
Hazardous waste accepted from households (pounds)	2,358,232	2,236,570	2,433,661	2,052,451	2,091,555	2,609,290	2,851,155	2,887,424
Hazardous waste recycled (pounds)	1,948,562	1,856,353	2,284,808	1,784,343	1,801,109	2,017,973	2,200,192	2,343,774
<b>Public Ways and Facilities</b>								
Percent of roadway miles rehabilitated	1.40	3.80	1.40	2.30	1.82	2.95	9.84	9.45
Percent of potholes filled within 48 hours of request	90.00	94.50	96.00	87.00	75.00	75.00	75.00	80.00
<b>Education</b>								
Number of library visits	4,200,000	4,180,464	4,266,895	4,827,535	4,998,814	4,547,999	4,922,076	4,891,575
Number of registered library card holders	297,665	332,959	315,406	340,737	323,798	336,360	346,431	357,036

<sup>1</sup> Data not available for fiscal years 2004 and 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 EIGHT FISCAL YEARS<sup>1</sup>**

<b>Function</b>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Government</b>								
Administration buildings	3	3	3	3	3	3	3	5
<b>Public Protection</b>								
Administration buildings	11	11	11	11	11	11	11	11
Jail and detention facilities	5	6	6	6	6	6	5	5
Pump stations	12	13	13	13	13	13	13	13
Fuel cell center	-	-	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4
Fire trucks	31	31	31	30	29	28	30	31
Aircraft	1	1	2	2	2	2	2	2
Patrol boats	3	5	5	5	5	5	5	5
Patrol cars	109	122	144	149	142	141	141	160
Rescue equipment	10	10	10	10	10	10	10	10
Heavy equipment	69	72	72	71	65	69	69	70
<b>Public Assistance</b>								
Administration buildings	4	4	4	4	4	4	4	4
<b>Health and Sanitation</b>								
Administration buildings	2	2	2	2	2	2	2	2
Hospitals	3	3	3	3	3	3	3	3
Health centers	4	4	4	4	5	5	5	5
Hazardous waste facilities	2	2	2	2	2	2	2	2
<b>Public Ways and Facilities</b>								
Administration building	1	1	1	1	1	1	1	1
Maintenance buildings	5	5	5	5	5	5	5	5
Bridges	7	7	7	7	7	7	7	7
Road (miles)	476	473	473	473	473	473	472	472
Street lights	7,943	7,466	7,483	7,496	7,507	7,507	7,531	7,592
Traffic signals	80	78	81	81	78	78	78	79
Heavy equipment	76	76	70	72	64	65	65	65
<b>Recreation and Cultural Services</b>								
Administration building	1	1	1	1	1	1	1	1
Exhibit halls	6	6	6	6	6	6	6	6
Amphitheater	1	1	1	1	1	1	1	1
<b>Education</b>								
Libraries	3	3	3	3	4	4	4	4

<sup>1</sup> Data not available for fiscal years 2004 and 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.*



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