COUNTY OF ALAMEDA, CALIFORNIA

SINGLE AUDIT REPORTS

For the Fiscal Year Ended June 30, 2012

100 Families Alameda County: Art & Social Change brings together diverse, intergenerational families to create art together while strengthening the health of families and communities. Images show family members and neighbors, their completed artworks, and sections of the Highland Hospital community mural.

Patrick O’Connell, Auditor-Controller

Cover Images: 100 Families Alameda County: Art & Social Change is a program that brings together multigenerational families to enliven, celebrate, and strengthen the power and health of families and their communities through the inspiring and transformative process of making art. This program 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. Families from the Highland Hospital community worked with teaching artists Joaquin Newman and Eduardo Pineda during five art workshops conducted at Highland Hospital. Newman and Pineda combined photographs of the families and the families' completed artworks, along with images of natural environments to create a temporary public art mural for the Hospital. Under the auspices of Alameda County New Beginnings, 100 Families Alameda County became an official program of the Alameda County Arts Commission in 2010. For more information, visit www.100Families.com. New Beginnings is a public-private partnership benefiting the youth of Alameda County. For more information, visit www.acgov.org/newbeginnings. Primary funding for this mural project is provided through the County's "Percent for Public Art" ordinance. Photographs of the families and individual artworks are by Sibila Savage. Mural design was created by Joaquin Newman and Eduardo Pineda. Artwork © the Artists. Images courtesy of Alameda County Arts Commission.

Back Cover, Bottom Image: The Highland Hospital Acute Tower Replacement (ATR) Project, a $668-million design and construction job, is crucial for providing continued healthcare services to the people of Alameda County. The project will bring Highland Hospital into compliance with state laws which require acute care hospital buildings to meet seismic-safety requirements by 2020. Completion of the ATR Project is anticipated in 2017. In addition to meeting seismic safety standards, the ATR project will allow Highland Hospital to provide cost effective, quality healthcare services in a new state-of-the-art building. Illustration of the future Highland Hospital Acute Care Tower and Courtyard supplied by the Alameda County General Services Agency, courtesy of Clark Design/Build and the Smith Group.

COUNTY OF ALAMEDA
Single Audit Reports
For the Year Ended June 30, 2012

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FINANCIAL SECTION

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Sacramento

Walnut Creek

LA/Century City

Newport Beach

San Diego

Seattle

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alameda County Employees' Retirement Association (ACERA), which represents 69.4%, 73.6%, and 5.0%, respectively, of the assets, net assets/fund balances, and revenues/additions of the aggregate remaining fund information as of and for the year ended June 30, 2012. The ACERA financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for ACERA, are based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.A. to the financial statements, the California State Legislature enacted legislation that dissolved the redevelopment agencies in the State of California as of February 1, 2012. On February 1, 2012, the County, as the Successor Agency to the Redevelopment Agency of the County of Alameda, became responsible for overseeing the dissolution process and the wind down of redevelopment activity.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The accompanying schedule of expenditures of federal awards (SEFA) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. In addition, the SEFA does not include expenditures of federal awards received by the Alameda County Housing and Community Development Department (Department), the Alameda County Lead Poisoning Prevention Program (Program), and the Alameda County Medical Center (ACMC). The Department, Program, and ACMC's federal expenditures are separately audited in accordance with OMB Circular A-133. The SEFA is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Macias Gini & O'Connell LLP

Oakland, California
December 28, 2012, except for our report on the schedule of expenditures of federal awards, as to which the date is March 18, 2013

Management's Discussion and Analysis

This section of the County of Alameda's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012. 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 $1,725,062 (net assets). Of this amount, $627,179 is restricted for specified purposes and is not available to meet the government's ongoing obligations to citizens and creditors, $585,788 is invested in capital assets (net of related debt), and $512,095 is available to meet the County's ongoing obligations to citizens and creditors.

- The government's total net assets increased for fiscal year 2012 by $48,135. The increase in net assets is less than fiscal year 2011 by $98,141. The largest increase in variance came from Health and Sanitation, by $107,408.

- As of June 30, 2012, the County's governmental funds reported a combined ending fund balance of $2,008,785, a decrease of $155,830 in comparison with the prior year. Less than one percent of this total amount, $14,037, 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 funds was $23,305 or one percent of total general fund expenditure of $1,909,409.

- The County's gross long-term debt (excluding unamortized premiums, discounts and refunding losses) decreased by $55,322 during the fiscal year 2012. This was primarily due to County taking title of North County Center for Self Sufficient project; the new released Lease Revenue Refunding 2012 bonds, the defeasance of series 2001A and the transfer of Eden Redevelopment 2006A debt from former Redevelopment Agency to Successor Agency.

- The County received $9,246 in American Recovery and Reinvestment Act funds in fiscal year 2012, this is $35,930 less than the $45,176 received in fiscal year 2011.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

<u>Governmental funds</u>

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 government 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, expenses, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government 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, expenses, 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.

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

<u>Proprietary funds</u>

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. These services predominantly benefit government rather than business-type functions. Therefore, they have been included within government 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.

<u>Fiduciary funds</u>

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 benefit trust funds and other agency funds under the fiduciary funds.

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

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-86 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 87-92 of this report.

(Amounts expressed in thousands)

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 on pensions. Combined and individual fund statements and schedules can be found on pages 94-125 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 assets may serve over time as a useful indicator of a government's financial position. Alameda County, assets exceeded liabilities by $1,725,062 at June 30, 2012.

A portion of the County's net assets, $585,788 or 34 percent, reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Alameda
Net Assets
June 30, 2012

	Governmental Activities	
	2012	2011
Assets:		
Current and other assets	$ 2,470,179	$2,578,161
Capital assets	1,233,333	1,119,620
Total assets	3,703,512	3,697,781
Liabilities:		
Current liabilities	406,128	398,699
Long-term liabilities	1,572,322	1,622,155
Total liabilities	1,978,450	2,020,854
Net assets:		
Invested in capital assets net of related debt	585,788	404,686
Restricted	627,179	697,984
Unrestricted (deficit)	512,095	574,257
Total net assets	$ 1,725,062	$ 1,676,927

A portion of the County's net assets, $627,179, represents resources that are subject to external restrictions as to how they may be used. Unrestricted net assets in the amount of $512,095 may be used to meet the government's ongoing obligations to citizens and creditors.

There was a decrease of $70,805 in restricted net assets reported in connection with the County's government activities.

The County's net assets increased by $48,135 during the fiscal year 2012 versus an increase of $146,276 before transfers for fiscal year 2011. As compared to last fiscal year, expenses increased by

(Amounts expressed in thousands)

$81,740. General revenues increased by a total of $51,353. There was a decrease in charges for services of $74,002 and an increase in operating and capital grants and contributions of $41,583 over fiscal year 2011.

County of Alameda
Changes in Net Assets
June 30, 2012

	Governmental Activities	
	2012	**2011**
Revenues:		
Program revenues:		
Charges for services	$ 524,727	$ 598,729
Operating grants and contributions	1,269,542	1,232,027
Capital grants and contributions	9,618	5,550
General revenues:		
Property taxes	411,821	399,701
Sales taxes - shared revenues	169,375	150,328
Other taxes	27,948	27,503
Interest and investment income	8,924	5,751
Other	50,577	34,009
Total Revenues	2,472,532	2,453,598
Expenses:		
General government	129,436	141,862
Public protection	766,855	752,191
Public assistance	682,936	674,181
Health and sanitation	649,431	584,815
Public ways and facilities	45,437	43,312
Recreation and cultural services	608	608
Education	24,356	22,863
Interest and long-term debt	90,003	87,490
Total expenses	2,389,062	2,307,322
Increase/(decrease) in net assets	83,470	146,276
Extraordinary loss	(35,335)	-
Change in net assets	48,135	146,276
Net assets - beginning	1,676,927	1,530,651
Net assets - end of period	$ 1,725,062	$ 1,676,927

Governmental activities

Government activities increased the County's net assets by $48,135, and accounted for the total addition in net assets of the County.

Operating grants and contributions increased $37,515 or about 3 percent during the year. Redevelopment pass-through revenue increased by $25,327 as a result of the Redevelopment Dissolution Law. In addition, the County received $10,072 of new realignment revenue for local community corrections as a result of realignment legislation which became effective during fiscal year 2012. Capital grants and contributions increased $4,068 as a result of higher Federal Aids for the Alameda County Medical Center's Acute Tower Replacement project.

Charges for services decreased $74,002 or 12 percent from fiscal year 2011. This decrease was primarily due to the one-time revenue recorded in fiscal year 2011, a reduction of $57,000 in allowance for uncollectible accounts receivable from the Alameda County Medical Center, a loss of services revenue of $36,188 from the Sheriff Department; as the California Department of Correction changed the County's service contract for Santa Rita jail to realign revenue offset by an increase in Health Care Services charges of $15,130.

General revenues increased by $51,353 or 8 percent overall in the fiscal year 2012.

- Property tax revenues increased by $12,120 or 3 percent primarily because of the tax increments returned of the County following the dissolution of redevelopment agencies in the state of California following Assembly Bill ABX1 26.

- Sales and use tax revenue increased by $19,047 or 13 percent due to increased consumer spending as the economy continues to recover slightly with a decreased unemployment rate compared to fiscal year 2011. Public protection received $11,312 more sales tax revenue than in the prior year and the Measure B transportation sales tax increased by $4,680.

- Other taxes increased $445 or 2 percent because of an increase in taxes collected from businesses in unincorporated areas.

- Interest and investment income increased by $3,173 or 55 percent. The increase was attributable by a combination of factors. The total adjustment of cash market value by GASB in fiscal year 2012 was $2,898 higher than fiscal year 2011. The average daily balance of funds invested through the Treasurer increased 8 percent during fiscal year 2012. The gross annual yield on the Treasurer's pooled investments decreased from 0.55 percent in 2011 to 0.41 percent in fiscal year 2012. The net interest rate for the last quarter of fiscal year 2012 was 0.49 percent.

- Other revenue increased $16,568 or 49 percent largely because of the for capital lease write off on 2000 San Pablo Avenue, Oakland building as the County taking title of North County Center for Self Sufficient project.

Expenses related to governmental activities increased $81,740 or 4 percent during fiscal year 2012.

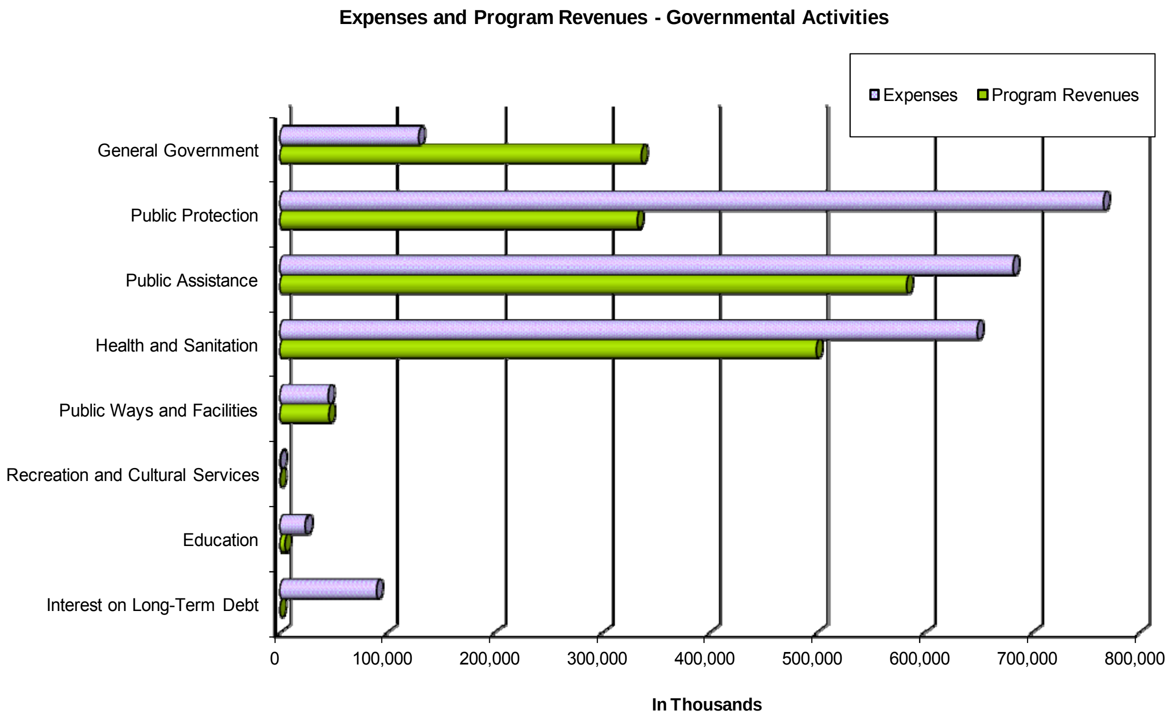
The major changes in expenses related to governmental activities are in the following areas: Public assistance expenses increased $8,755, health and sanitation expenses increased by $64,616, general government expenses decreased by $12,426 and public protection expenses increased by $14,664 from fiscal year 2011.

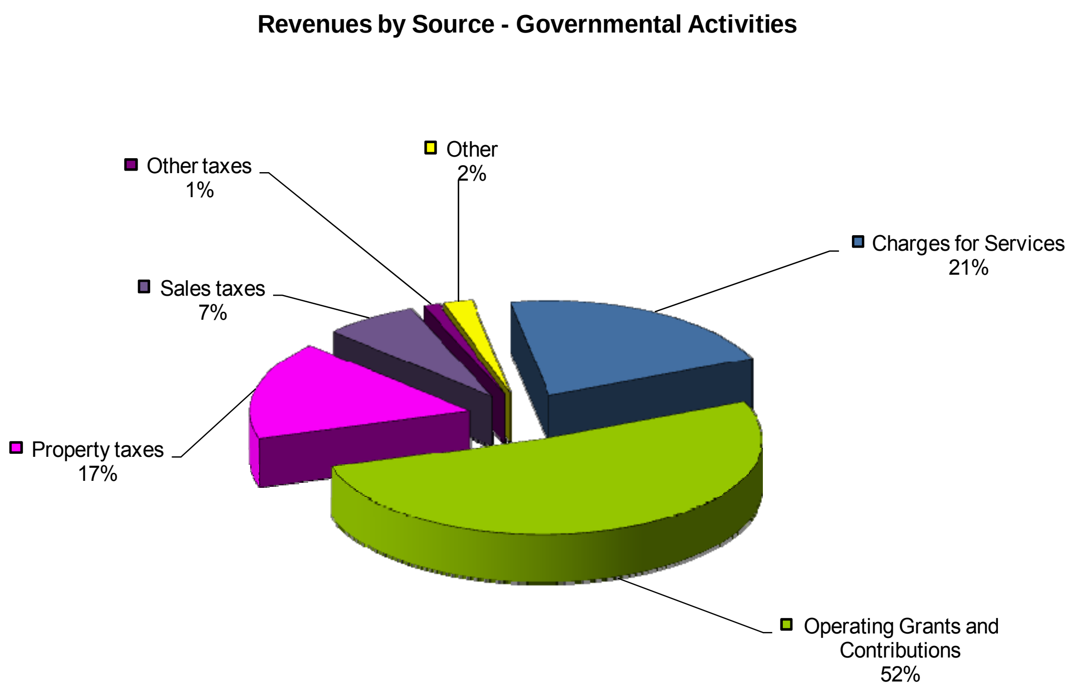
- The $8,755 increase in public assistance expenses was due in large part to an increase of $24,832 in structure and improvement expense from the capital lease write off on the 2000 San Pablo Avenue, Oakland building and $19,338 reduction in expenses, as the County did not receive Social Services Recovery Grants in fiscal year 2012 .

- The $64,616 increase in Health and Sanitation was primarily due to the increased contracts with Alameda County Medical Center and contractors to expand primary care services to newly eligible clients according to the California Section 1115 Waiver. In preparation for health care reform and the increased expenses in behavioral health care programs, including the Mental Health Block Grant programs, to match with increased revenue from the State.

- The $12,426 decrease in general government expenses was primarily caused by a $4,457 decrease in services and supplies of the Surplus Properties department, including a reduction of $2,250 in payment for BART as the County paid off the last installment in fiscal year 2011, and a decrease in non-program expenses by $7,812 as the reduction in County's obligation to fund the Oakland-Alameda County Coliseum Authority's deficit for fiscal year 2012.

- The $14,664 increase in public protection expenses was due to the Alameda County's capital contribution to the Flood Control – Zone 7's fund of $5,130 and an increase in risk management claims expenses and current liabilities by $6,683.


Expenses and Program Revenues - Governmental Activities
Expenses
Program Revenues
General Government
Public Protection
Public Assistance
Health and Sanitation
Public Ways and Facilities
Recreation and Cultural Services
Education
Interest on Long-Term Debt
0
100,000
200,000
300,000
400,000
500,000
600,000
700,000
800,000
In Thousands


Revenues by Source - Governmental Activities
Other taxes 1%
Other 2%
Charges for Services 21%
Sales taxes 7%
Property taxes 17%
Operating Grants and Contributions 52%

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

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

As of June 30, 2012, the County's governmental funds reported combined ending fund balances of $2,008,785, a decrease of $155,830 or 7 percent as compared to fiscal year 2011. Approximately 1 percent of this total amount ($14,037) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance consists of non-spendable ($4,743), restricted ($896,429), committed ($989,363), or assigned ($104,213).

Revenue for governmental funds overall totaled approximately $2,403,048 for the fiscal year 2012, which represents a decrease of $69,705 or 3 percent from the fiscal year 2011. Expenses for governmental funds, totaling $2,644,224, increased by $223,357 or 9 percent from the fiscal year 2011. The governmental funds' expenditures exceeded revenues by $241,176 or 9 percent.

The general fund is the primary operating fund of the County. At the end of fiscal year 2012, the unassigned fund balance of the general fund was $23,305, while total fund balance was $1,082,864. 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 expenses of $1,909,409, while total fund balance represents 57 percent of that same amount.

General fund revenues decreased by $29,539 or 1 percent to $1,941,056. This is due to the following factors:

- Taxes revenue increased by $31,078 or 7 percent. This was a result of an increase in sales taxes by $14,315 mostly due to higher consumer spending and an increase in property taxes by $16,468 and additional property taxes being returned to the County after the dissolution of redevelopment agencies.
- State aid increased by $46,285 or 7 percent. This was mainly due to the increase of the Realignment in Sales Tax by $19,354 due to high consumer spending and $23,227 of the Title XIX Health Related revenue associated with Adult Protective Services (APS) and In-home Supportive Services (IHSS), partially from additional revenue and reclassification from the Federal Aid revenue.
- Other Aid increased by $25,689 or $113 percent. Due to the Redevelopment dissolution, the Redevelopment agencies had to remit pass-through payments for fiscal year 2011 and 2012 to Alameda County, whereas only payment for fiscal year 2010 was made in fiscal year 2011.
- Charges for services decreased by $89,814 or 28 percent. The primary reason for these reduced charges for services was the change in payment structure from the State of California to the County's Sheriff's Department. The revenues earned from contract for inmates services and court

security services recorded as charge for services revenue in fiscal year 2011 are booked to State aid revenues for fiscal year 2012, causing the reduction in charge for service revenues by $20,450 and $21,040 respectively. The revenue gap between fiscal year 2012 and 2011 of $50,298 is due to fiscal year 2011 included some revenue from fiscal year 2010.

- Other revenue decreased by $51,195 or 57 percent, the decrease was primarily due to a one-time revenue increase in fiscal year 2011 from an allowance reduction of $57,000 for uncollectible accounts receivable from the Alameda County Medical Center.

General fund expenditures increased by $136,981 from fiscal year 2011, totaling $1,909,409. Overall, the general fund's performance resulted in revenues exceeding expenditures in the fiscal year 2012, by $31,647. In fiscal year 2011, the general fund revenues exceeded expenditures by $198,167.

The property development fund total fund balance was $317,460. This fund accounts for activities related to the development and sale of County surplus land. The net increase in the fund balance during the fiscal year 2012 was $8,502. This was primarily due to the sale of Staples Range, a surplus property in the Tri Valley area.

The fund balance in the flood control fund decreased in 2012 from $173,138 to $163,058 or 6 percent primarily due to increases in maintenance and project activities during fiscal year 2012.

The capital projects fund has a total fund balance of $153,734, a decrease of $105,229 from fiscal year 2011. The decrease was primarily attributable to the construction of the Alameda County Medical Center's Acute Tower.

The fund balance in the debt service fund decreased $20,451 from $110,618 to $90,167. This decrease was primarily from a higher payment to the escrow agent than the proceeds from issuance of Lease Revenue Refunding Bonds Series 2012.

Proprietary funds

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

The net assets of the internal service fund increased by $5,074, which is due to operating income of $13,210, which was reduced by transfers-out of $9,033 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, 2011, ACERA's fiscal year end, the net assets of ACERA and the other employee benefits trust totaled approximately $5,074,398 representing a decrease of $150,097 in net assets from the prior year's net assets. The decrease was attributable to a decline in investment performance in fiscal year 2011.

As of June 30, 2012, the investment trust fund's net assets totaled $1,510,592, a $92,362 increase in net assets. The increase in net assets of the investment trust fund was due to contributions exceeding withdrawals to the fund by $83,617, plus net investment income of $8,745.

General fund budgetary highlights

The County's final budget of the general fund differs from the original budget in that it contains supplemental appropriations approved during the fiscal year. The difference of $164,478 between the original budget and the final amended budget represents increased appropriations, the significant appropriations are briefly summarized:

- General government increased appropriations by $3,947. The increase was due to an additional appropriation of $1,013 as a result of unemployment insurance contingency, and $1,137 for a mid-year Board approved salary and benefits adjustments.

- The public protection departments increased appropriations by $20,480. This included $7,825 of mid-year salary and benefit increases approved by the Board of Supervisors. An additional appropriation of $6,810 was for budget adjustments within County and Flood Control Funds.

- The public assistance departments increased appropriations by $72,773. This included an additional appropriation of $45,753 for budget adjustments within County and Flood Control Funds for fiscal year 2011-12. It also included $12,000 of increased appropriation in Title IV-E Waiver reinvestment funded by Federal and State Title IV-Waiver revenue and Title IV-E Waiver Fiscal Management Rewards. An appropriation increase of $4,832 to Social Services Agency budget was included for continued provision of CalWORKs services, due to unexpected State funding returned to the CalWORKS program.

- Appropriations for health and sanitation increased by $67,255. The increase includes a $20,889 to provide continued medical care services to indigent patients under the HealthPAC plan, $7,100 to provide Pharmacy Benefit Administrator services for patients in the Low Income Health program who need access to HIV/AIDS drugs funded by additional Federal award, and a $11,697 adjustment as the result of the calculation of the final fund balance of FY2010-11.

Overall, the County's actual general fund revenues under-realized its budgeted fiscal year 2012 revenues by $29,533 or 1 percent. Revenues that had significant variances include:

- Fines, forfeitures, and penalties revenue exceeded the budget by $13,648 or 83 percent. This is due to the under-budgeting of penalties for delinquent taxes by $16,497.

- State aid revenue was over-realized by $14,898 or 2 percent. State aid in Social Services Administration, Health, Public Assistance, and Public Protection programs were less than budget by $139,724. However, the State realignment funding was higher than budget by $155,050. The major increase of $68,511 in sales taxes realignment was due to the new Assembly Bill 118 passing funding of several Children and Family Services programs and the Adult Protective Services programs, via realignment instead of State aid, which was not budgeted for fiscal year 2012.

- Other aid revenue was over-realized by $26,099 or 117 percent. The Redevelopment dissolution required the Redevelopment agencies to remit pass-through payments for both fiscal year 2011 and 2012 to Alameda County, whereas the original budget only expected fiscal year 2011 revenue.

- Charges for current services under-realized budget by $76,280 or 25 percent. The reduced charge for services was from a change in payment structure from the State of California to the County's Sheriff's Department. The revenues earned from inmates and court security services have been changed to realignment revenues, which were accounted for in State Aid revenues. The payment structure changes occurred in fiscal year 2012 and caused the under-realization in State aid revenues by $16,664 and $21,411, respectively.

(Amounts expressed in thousands)

- Other revenue was less than budget by $14,065 or 27 percent. This is primarily due to a $12,826 under-realization of the Tobacco Tax Settlement revenue.

Variations between budget and actual expenditures in the general fund reflect overall expenditures decreased the adjusted budget by $144,926 or 7 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 $22,274 or 14 percent less than budget. This included $4,367 of savings, due to utilization of fiscal year 2011 Fiscal Management Reward and a $10,544 decrease in payment to the Oakland-Alameda County Coliseum Authority, because of a reduction in revenue.

- Public protection spent $20,332 or 3 percent less than budget. Budget savings of $6,607 was due to savings on Probation-Juvenile's field services and staff vacancies. The Sheriff Department saved $3,065 in unfunded positions and the Cal-ID program. Child Support Department saved $3,075 due to delayed hiring, reduced service contract, and lower office expenditures. A savings of $1,329 was due to lower criminal conflict caseloads resulted in lower expenditures for court-appointed counsel.

- Public assistance spent $18,885 or 3 percent less than budget. A reduction in full-time staff in the Social Services Agency resulted in savings of $4,655. The Children and Family Services Department and Title IV Waiver reinvestment program saved $13,465.

- Health and sanitation expenditures were $79,735 or 12 percent less than budget. Behavioral Health Care Services saved $46,299 due to delayed hiring, liquidations of previous year encumbrances, and program expenditures. Health Care Indigent saved $12,521 by deferring encumbrance with Ramsell Pharmacy. Public Health Department spent $8,512 less than budget due to staff vacancies and reduced office expenditures.

Capital assets and debt administration

<u>Capital Assets</u>

The County's investment in capital assets for its governmental activities amounts to $1,233,333 (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 2012 was $113,713 or 10 percent.

Capital Assets Net of Accumulated Depreciation
June 30, 2012

	Governmental Activities	
	2012	2011
Land and other assets not being depreciated	$ 349,929	$ 223,826
Structures and improvements, machinery and equipment, and infrastructure, net of depreciation	883,404	895,794
Total	$ 1,233,333	$1,119,620

(Amounts expressed in thousands)

Major capital asset events that occurred during fiscal year 2012 include:

- Infrastructure projects in the road fund added $7,773 to construction in progress.
- Construction on the Phase II of Alameda County Medical Center's Acute Tower resulted in an increase in construction costs of $88,549. The construction of Ashland Youth Center resulted in a net increase of $17,155.

For government-wide statement of net assets 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

The County had long-term obligations outstanding of $1,763,287 , excluding unamortized premiums and refunding losses of $1,830, as of June 30, 2012. Of this amount, $39,249 is certificate of participation bonds; $277,774 is tobacco securitization bonds; $410,116 is pension obligation bonds; $575,655 is lease revenue bonds; $41,251 is net pension obligation; $153,056 is net OPEB obligation, and $4,357 is capital leases. The remainder, $261,829, includes special assessment debt with government commitment and other long-term obligations of the County.

Outstanding Long-term Obligations
June 30, 2012

	Governmental Activities	
	2012	2011
Certificates of participation	$ 39,249	$ 140,914
Tobacco securitization bonds	277,774	274,880
Special assessment debt with governmental commitment	-	220
Pension obligation bonds	410,116	446,593
Lease revenue bonds	575,655	458,190
Tax allocation bonds	-	31,890
Capital leases	4,357	29,516
Net pension obligation	41,251	42,085
Net OPEB obligation	153,056	116,467
Other long-term obligations	261,829	277,854
Total	$ 1,763,287	$ 1,818,609

The County's total debt decreased by $55,322. The net decrease was attributable to changes in long-terms obligations. Lease revenue bonds increased $117,465 as the County taking title of North County Center Self Sufficiency Bonds of $45,675 and due to the issuance of Lease Revenue Refunding 2012 bonds of $75,915. The County reduced the principal balance of certificates of participation by $100,699 mostly due to the defeasance of series 2001A of $97,455. Tax allocations bonds decreased by $31,890 as the County transferred Eden Redevelopment 2006A debt from the former Redevelopment Agency to Successor Agency. Capital leases reduced by $25,159; $24,831 of lease payable was removed as the County exercised the right to purchase the North County Self Sufficiency Center at 2000 San Pablo Avenue, Oakland.

(Amounts expressed in thousands)

Alameda County's legal debt limit is 1.25 percent of total assessed value. As of June 30, 2012, the legal limit was $2.45 billion; however, the County did not have any general obligation bonds and, therefore, has not used any of its debt limitation.

Ratings on general obligation debt and lease revenue 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:

	2012 Rating	2011 Rating
Moody's	Aa2	Aa2
Standard and Poor's	AA+	AA+
Fitch	AA+	AA-

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

	2012 Rating	2011 Rating
Moody's	A1	A1
Standard and 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 9.5 percent in June 2012, compared to the revised rate of 10.9 percent in June 2011. The State's seasonally adjusted unemployment rate was 10.6 percent in June 2012.
- The assessed value of the County's property decreased by 2.6 percent in 2010 and 1.5 percent in 2011. A positive growth of 0.1 percent was recorded in 2012.
- The County government experienced an increase in sales tax revenue during fiscal year 2012, 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 2013.

The County adopted its fiscal year 2013 budget on June 22, 2012 before the State of California adopted its own budget on June 27, 2012.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET ASSETS
JUNE 30, 2012
(amounts expressed in thousands)

	Primary Government Governmental Activities	Component Unit Alameda County Medical Center
ASSETS		
Current assets:		
Cash and investments with County Treasurer	$ 1,339,311	$ 43,074
Cash and investments with fiscal agents	407,562	-
Restricted cash	-	318
Deposits with others	3,749	1,835
Receivables, net of allowance for uncollectible accounts	337,989	174,052
Due from component unit	2,145	-
Due from primary government	-	11,419
Advance to component unit	885	-
Inventory of supplies	276	4,033
Prepaid items	4,534	1,892
Loans receivable	13,400	-
Total current assets	2,109,851	236,623
Noncurrent assets:		
Restricted assets - cash and investments with County Treasurer	67,374	-
Restricted assets - cash and investments with fiscal agents	160,060	-
Unamortized bond issuance cost	18,062	-
Properties held for resale	7,983	-
Due from component unit, net of allowance	96,721	-
Advance to component unit	3,934	-
Loans receivable	6,194	-
Capital assets:		
Land and other assets not being depreciated	349,929	19,708
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	883,404	29,449
Total capital assets, net	1,233,333	49,157
Total noncurrent assets	1,593,661	49,157
Total assets	3,703,512	285,780
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	188,968	88,908
Due to component unit	4,254	-
Due to primary government	-	2,145
Compensated employee absences payable	39,213	9,214
Estimated liability for claims and contingencies	24,178	5,411
Certificates of participation and bonds payable	98,274	-
Lease obligations	207	-
Loans and notes payable	26,410	-
Accrued interest payable	4,225	-
Unearned revenue	15,886	-
Advance from primary government	-	885
Obligation to fund Coliseum Authority deficit	4,513	-
Total current liabilities	406,128	106,563
Noncurrent liabilities:		
Net pension obligation	41,251	8,452
Net OPEB obligation	153,056	31,475
Compensated employee absences payable	25,997	7,764
Estimated liability for claims and contingencies	73,793	17,751
Certificates of participation and bonds payable	1,206,350	-
Lease obligations	4,150	-
Loans and notes payable	10,830	-
Due to primary government	-	127,721
Advance from primary government	-	3,934
Obligation to fund Coliseum Authority deficit	56,895	-
Total noncurrent liabilities	1,572,322	197,097
Total liabilities	1,978,450	303,660
Net Assets		
Invested in capital assets, net of related debt	585,788	44,338
Restricted:		
Public protection	317,034	-
Public assistance	30,448	-
Health and sanitation	176,441	-
Public ways and facilities	73,190	-
Education	13,628	-
Other purposes	16,438	23,836
Unrestricted (deficit)	512,095	(86,054)
Total net assets (deficit)	$ 1,725,062	$ (17,880)

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, 2012
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
					Primary Government	Component Unit
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Alameda County Medical Center**
Primary government:						
Governmental activities:						
General government	$ 129,436	$ 126,244	$ 210,246	$ -	$ 207,054	$ -
Public protection	766,855	200,720	131,057	870	(434,208)	-
Public assistance	682,936	13,499	570,146	-	(99,291)	-
Health and sanitation	649,431	171,185	319,983	8,683	(149,580)	-
Public ways and facilities	45,437	9,964	36,189	-	716	-
Recreation and cultural services	608	148	-	-	(460)	-
Education	24,356	2,967	1,921	65	(19,403)	-
Interest on long-term debt	90,003	-	-	-	(90,003)	-
Total governmental activities	2,389,062	524,727	1,269,542	9,618	(585,175)	-
Total primary government	$ 2,389,062	$ 524,727	$ 1,269,542	$ 9,618	(585,175)	-
Alameda County Medical Center	$ 540,500	$ 454,934	$ 16	$ -	-	(85,550)
General revenues:						
Property taxes					411,821	-
Sales taxes - shared revenues					169,375	83,788
Other taxes					27,948	-
Interest and investment income					8,924	417
Other					50,577	15,564
Total general revenues					668,645	99,769
Extraordinary loss					(35,335)	-
Change in net assets					48,135	14,219
Net assets (deficit) - beginning of period					1,676,927	(32,099)
Net assets (deficit) - end of period					$ 1,725,062	$ (17,880)

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

COUNTY OF ALAMEDA, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012
(amounts expressed in thousands)

	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Assets:								
Cash and investments with County Treasurer	$ 809,111	$ 1,521	$ 165,706	$ 104	$ -	$ 37,109	$ 178,000	$ 1,191,551
Cash and investments with fiscal agents	-	297,236	-	-	110,326	-	-	407,562
Restricted assets - cash and investments with County Treasurer	-	-	-	-	67,374	-	-	67,374
Restricted assets - cash and investments with fiscal agents	3,730	-	-	-	81,894	53,032	21,404	160,060
Deposits with others	629	-	-	-	-	-	3,120	3,749
Receivables, net of allowance for uncollectible accounts	284,036	638	1,860	20,676	1,285	26	27,889	336,410
Due from other funds	120,173	-	-	-	-	-	-	120,173
Due from component unit	98,280	-	-	-	-	-	-	98,280
Advance to component unit	-	-	-	-	-	4,819	-	4,819
Inventory of supplies	-	-	1	-	-	-	180	181
Properties held for resale	255	829	-	-	6,899	-	-	7,983
Prepaid items	-	-	-	-	-	-	155	155
Loans receivable	1,452	17,256	-	886	-	-	-	19,594
Total assets	$ 1,317,666	$ 317,480	$ 167,567	$ 21,666	$ 267,778	$ 94,986	$ 230,748	$ 2,417,891
Liabilities:								
Accounts payable and accrued expenditures	$ 140,236	$ 20	4,317	$ 10,718	$ 13,466	-	$ 10,828	$ 179,585
Due to other funds	-	-	-	18,908	100,578	-	687	120,173
Due to component unit	3,900	-	-	242	-	-	40	4,182
Deferred revenue	77,231	-	192	-	-	4,819	7,038	89,280
Unearned revenue	13,435	-	-	1,066	-	-	1,385	15,886
Total liabilities	234,802	20	4,509	30,934	114,044	4,819	19,978	409,106
Fund balances (deficit):								
Nonspendable	4,408	-	-	-	-	-	335	4,743
Restricted	288,068	-	163,058	-	149,268	90,167	205,868	896,429
Committed	667,437	317,460	-	-	4,466	-	-	989,363
Assigned	99,646	-	-	-	-	-	4,567	104,213
Unassigned	23,305	-	-	(9,268)	-	-	-	14,037
Total fund balances (deficit)	1,082,864	317,460	163,058	(9,268)	153,734	90,167	210,770	2,008,785
Total liabilities and fund balances	$ 1,317,666	$ 317,480	$ 167,567	$ 21,666	$ 267,778	$ 94,986	$ 230,748	$ 2,417,891

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

COUNTY OF ALAMEDA, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012
(amounts expressed in thousands)

Fund balances – total governmental funds	$ 2,008,785
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,222,381
Bond issuance costs are not financial resources and, therefore, are not reported in the funds.	18,062
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	(1,304,624)
Compensated employee absences payable	(62,075)
Lease obligations	(4,357)
Loans and note payable	(37,240)
Other liabilities	(61,408)
Total long-term liabilities	(1,469,704)
The net OPEB obligation pertaining to governmental fund types is not recorded in governmental fund statements.	(153,056)
The net pension obligation pertaining to governmental fund types is not recorded in governmental fund statements.	(41,251)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the governmental funds and thus not included in fund balance.	89,280
Interest on long-term debt is not accrued in the funds, but is recognized as an expenditure when due.	(4,225)
Internal service funds are used by management to charge the costs of fleet management, building maintenance, communications, information technology, and risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	54,790
Net assets of governmental activities	$ 1,725,062

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, 2012
(amounts expressed in thousands)

	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	$ 497,802	$ -	$ 29,754	$ -	$ -	$ 2,075	$ 79,356	$ 608,987
Licenses and permits	7,493	-	4,708	238	-	-	1,158	13,597
Fines, forfeitures, and penalties	30,082	-	-	-	4,941	-	1,053	36,076
Use of money and property	9,131	4,458	1,434	(127)	1,006	815	3,785	20,502
State aid	707,385	-	304	17,143	65	-	32,872	757,769
Federal aid	369,434	-	123	77,809	-	8,683	9,226	465,275
Other aid	48,488	-	5,050	-	3,464	-	4,750	61,752
Charges for services	232,584	-	12,534	111	-	23,660	96,652	365,541
Other revenue	38,657	400	382	2,169	196	1,079	30,666	73,549
Total revenues	1,941,056	4,858	54,289	97,343	9,672	36,312	259,518	2,403,048
Expenditures:								
Current								
General government	124,855	920	-	-	-	-	415	126,190
Public protection	540,495	-	64,369	33,286	-	-	119,230	757,380
Public assistance	649,011	-	-	37,985	-	-	15,118	702,114
Health and sanitation	587,450	-	-	32,622	-	-	24,421	644,493
Public ways and facilities	1,840	-	-	-	-	-	47,979	49,819
Recreation and cultural services	671	-	-	-	-	-	-	671
Education	163	-	-	-	-	-	23,287	23,450
Debt service								
Principal	-	-	-	-	-	94,626	3,615	98,241
Interest	-	-	-	-	-	37,045	10,450	47,495
Payment to refunded bond escrow agent	-	-	-	-	-	82,031	-	82,031
Bond issuance costs	594	-	-	-	-	223	-	817
Capital outlay	4,330	-	-	-	107,193	-	-	111,523
Total expenditures	1,909,409	920	64,369	103,893	107,193	213,925	244,515	2,644,224
Excess (deficiency) of revenues over expenditures	31,647	3,938	(10,080)	(6,550)	(97,521)	(177,613)	15,003	(241,176)
Other financing sources (uses):								
Issuance of loans and commercial paper notes	-	-	-	-	-	-	785	785
Issuance of debt	45,675	-	-	-	-	-	-	45,675
Proceeds from sale of land	-	15,130	-	-	-	-	-	15,130
Refunding bonds issued	641	-	-	-	-	75,274	-	75,915
Premium on refunding bonds	-	-	-	-	-	10,300	-	10,300
Transfers-in	2,915	-	-	92	10,411	76,115	29,833	119,366
Transfers-out	(60,932)	(10,566)	-	(880)	-	-	(38,085)	(110,463)
Total other financing sources (uses)	(11,701)	4,564	-	(788)	10,411	161,689	(7,467)	156,708
Extraordinary loss	-	-	-	-	(18,119)	(4,527)	(48,716)	(71,362)
Net change in fund balances	19,946	8,502	(10,080)	(7,338)	(105,229)	(20,451)	(41,180)	(155,830)
Fund balance (deficit) - beginning of period	1,062,918	308,958	173,138	(1,930)	258,963	110,618	251,950	2,164,615
Fund balance (deficit) - end of period	$ 1,082,864	$ 317,460	$ 163,058	$ (9,268)	$ 153,734	$ 90,167	$ 210,770	$ 2,008,785

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, 2012 (amounts expressed in thousands)

Net change in fund balances – total governmental funds		$ (155,830)
Amounts reported for governmental activities in the statement of activities are different because:		
Some revenues will not be collected within the accrual period established for governmental funds. As a result, they are not considered as available revenues in the governmental funds. This change reflects the increase in the deferred revenue that occurred during the year.		33,523
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		834
Increase in postemployment medical benefits obligation		(23,862)
Increase in other postemployment benefits obligation		(12,726)
Decrease in compensated absences		1,480
Decrease in obligation to fund Coliseum Authority deficit		11,042
Total		(23,232)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The statement of activities reports the gain or loss on disposal of capital assets but the governmental funds do not report any gain or loss. Governmental funds do not report capital assets; hence, capital assets transferred to and from governmental fund to proprietary fund are not recorded in the governmental fund.		
Capital outlay		168,320
Depreciation expense		(50,716)
Net loss on disposal of capital assets		(59)
Total		117,545
The net income of certain activities of internal service funds is reported with governmental activities.		5,074
Current debt refunding provides current financial resources to governmental funds but has no effect on net assets		(75,915)
Proceeds from issuance of long-term debt are reported as financing sources in governmental funds, but increase liabilities in the statement of net assets.		(45,675)
Loan proceeds reported as financing sources in governmental funds, but increase liabilities in the statement of net assets.		(785)
Net decrease in accrued interest decreases the liability in the statement of net assets and results in a reduction of expenses in the statement of activities.		662
Bond issuance costs are expended in the governmental funds when paid but are capitalized and amortized in the statement of net assets. This is the amount by which amortization expense in the current period exceeded the current year bond issuance costs.		(66)
Bond premiums are recognized in the governmental funds when the bonds are issued, and are deferred and amortized in the statement of net assets.		(10,300)
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 assets.		
Principal payment on long-term debt		98,241
Payment to escrow for refunded debt		82,031
Principal payment on capital leases and loans		26,500
Total		206,772
Interest accreted on bonds and certificates payable.		(39,102)
Amortization of bond premiums, bond discounts and refunding loss.		(563)
The net book value of capital assets and the outstanding debt of the Redevelopment Agencies were written off as a result of state legislation. The statement of activities reports these write-offs as extraordinary item but the governmental funds do not report capital assets and long-term debt.		36,027
Changes in net assets of governmental activities		$ 48,135

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Cash and investments with County Treasurer	$ 147,760
Other receivables	1,579
Due from component unit	586
Inventory of supplies	95
Prepaid items	4,379
Total current assets	154,399
Noncurrent assets:	
Capital assets:	
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	10,952
Total noncurrent assets	10,952
Total assets	165,351
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	9,383
Compensated employee absences payable	1,825
Estimated liability for claims and contingencies	24,178
Due to component unit	72
Total current liabilities	35,458
Noncurrent liabilities:	
Compensated employee absences payable	1,310
Estimated liability for claims and contingencies	73,793
Total noncurrent liabilities	75,103
Total liabilities	110,561
Net assets	
Invested in capital assets, net of related debt	10,952
Unrestricted	43,838
Total net assets	$ 54,790

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	$ 200,918
Total operating revenues	200,918
Operating expenses:	
Salaries and benefits	59,943
Contractual services	6,795
Utilities	11,352
Repairs and maintenance	5,727
Other supplies and expenses	56,021
Insurance claims and expenses	26,167
Depreciation	3,487
Telephone	3,569
County indirect costs	6,384
Dental claims	7,812
Other	451
Total operating expenses	187,708
Operating income	13,210
Non-operating revenues:	
Interest and investment income	760
Gain on sale of capital assets	7
Total non-operating revenues	767
Income before transfers	13,977
Transfers-in	130
Transfers-out	(9,033)
Change in net assets	5,074
Total net assets - beginning of period	49,716
Total net assets - end of period	$ 54,790

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, 2012
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Cash flows from operating activities	
Internal activity - receipts from other funds	$ 201,686
Payments to suppliers	(84,784)
Payments to employees	(59,973)
Internal activity - payments to other funds	(6,384)
Claims paid	(28,813)
Other receipts (payments)	(451)
Net cash provided by operating activities	21,281
Cash flows from noncapital financing activities	
Transfers-in	130
Transfers-out	(9,033)
Net cash used in noncapital financing activities	(8,903)
Cash flows from capital and related financing activities	
Acquisition of capital assets	(2,563)
Proceeds from sale of capital assets	93
Net cash used in capital and related financing activities	(2,470)
Cash flows from investing activities:	
Interest on investments	760
Net cash provided by investing activities	760
Net increase in cash and cash equivalents	10,668
Cash and cash equivalents - beginning of period	137,092
Cash and cash equivalents - end of period	$ 147,760
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 13,210
Adjustments for non-cash activities:	
Depreciation	3,487
Changes in assets and liabilities:	
Other receivables	768
Inventory of supplies	(40)
Prepaid items	(42)
Accounts payable and accrued expenses	(1,239)
Compensated employee absences payable	(30)
Estimated liability for claims and contingencies	5,166
Total adjustments	8,071
Net cash provided by operating activities	$ 21,281

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012
(amounts expressed in thousands)

	Pension and Other Employee Benefits Trust Funds	Investment Trust Fund	Private Purpose Trust Fund	Agency Funds
Assets:				
Cash and investments with County Treasurer	$ 2,198	$ 1,540,964	$ 42,936	$ 174,896
Investments, at fair value:				
Short-term investments	144,922	-	19,204	-
Domestic equities	1,194,408	-	-	-
Domestic equity commingled funds	848,614	-	-	-
International equities	987,022	-	-	-
International equity commingled funds	196,391	-	-	-
Domestic fixed income	774,484	-	-	-
International fixed income	290,971	-	-	-
Real estate - separate properties	96,828	-	-	-
Real estate - commingled funds	223,929	-	-	-
Real Return Pool	108,926	-	-	-
Private equity and alternatives	186,716			
Total investments	5,053,211	-	19,204	-
Investment of securities lending collateral	439,350	-	-	-
Deposits with others	543	-	-	-
Taxes receivable	-	-	-	241,294
Other receivables	29,811	-	1,798	-
Interest receivable	12,981	1,712	42	131
Unamortized bond issuance cost	-	-	757	-
Properties held for redevelopment	-	-	13,986	-
Prepaid items	-	3,862	-	-
Capital assets, net of accumulated depreciation	6,274	-	2,794	-
Total assets	5,544,368	1,546,538	81,517	416,321
Liabilities:				
Accounts payable and accrued expenses	28,958	35,946	1,204	7,513
Securities lending obligation	439,350	-	-	-
Due to other governmental units	-	-	6,812	408,808
Notes payable - noncurrent	-	-	1,322	-
Bonds payable - due within one year	-	-	742	-
Bonds payable - noncurrent	-	-	30,737	-
Total liabilities	468,308	35,946	40,817	416,321
Net Assets				
Held in trust for pension	4,460,031	-	-	
Held in trust for postemployment medical benefits	547,347	-	-	
Held in trust for other postemployment benefits	67,020	-	-	
Held in trust for other employee benefits	1,662	-	-	
Held in trust for other purposes	-	1,510,592	40,700	
Total net assets held in trust	$ 5,076,060	$ 1,510,592	$ 40,700	

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(amounts expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund
Additions:			
Contributions:			
Employees	$ 82,337	$ -	$ -
Employer	162,879	-	-
Contributions on pooled investments	-	6,994,963	3,195
Total contributions	245,216	6,994,963	3,195
Investment income:			
Interest	64,210	6,551	140
Dividends	59,574	-	-
Net increase (decrease) in fair value of investments	(155,271)	2,194	31
Real estate	24,396	-	-
Securities lending income	3,329	-	-
Total investment income	(3,762)	8,745	171
Less investment expenses:			
Investment expenses	29,166	-	-
Securities lending borrower rebates and management fees	937	-	-
Real estate	6,829	-	-
Total investment expenses	36,932	-	-
Net investment income	(40,694)	8,745	171
Miscellaneous income	664	-	-
Total additions, net	205,186	7,003,708	3,366
Deductions:			
Benefit payments	336,081	-	-
Refunds of contributions	5,406	-	-
Administration expenses	13,768	-	-
Distribution from pooled investments	-	6,911,346	6,504
Contribution to other agencies	-	-	4,129
Interest expenses	-	-	715
Total deductions	355,255	6,911,346	11,348
Extraordinary gain	-	-	35,335
Change in net assets	(150,069)	92,362	27,353
Net assets - beginning of period	5,226,129	1,418,230	13,347
Net assets - end of period	$ 5,076,060	$ 1,510,592	$ 40,700

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

1. Summary of Significant Accounting Policies

A. *Scope of Financial Reporting Entity*

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

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

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

Blended 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, 2011, are included herein.

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

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

• *Alameda County Fire Department (Fire Department)*

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

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

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

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

• *Alameda County Public Facilities Corporation (Corporation)*

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

• *County Service Areas (CSA)*

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

• *Alameda County Redevelopment Agency (Redevelopment Agency)*

The Redevelopment Agency was reactivated by the Board of Supervisors on December 14, 1999, in order to proceed with the Eden area redevelopment plan in the unincorporated area of Alameda County. The Redevelopment Agency board was composed of the members of the Board of Supervisors and was therefore considered to be a part of the primary government.

On June 28, 2011, Assembly Bill x1 26 (ABx1 26) was enacted. On December 29, 2011, the California Supreme Court upheld the constitutionality of ABx1 26, and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The books and records of the Redevelopment Agency up to the date of dissolution are maintained by the County and its activities are reported within non-major governmental funds.

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

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

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

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

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

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

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

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

The ACMC is governed by an eleven-member board of trustees, appointed by a majority vote of the Board of Supervisors of the County. Pursuant to the agreement dated July 1, 1998, between the County and the ACMC, the ACMC manages and operates the county hospitals and clinics. The County pays the ACMC for the provision of indigent care. The hospital facilities and related debt are presented in the governmental activities of the County's statement of net assets. All equipment is the property of the ACMC. The ACMC has a June 30 fiscal year-end. The financial activities of the ACMC for the year ended June 30, 2012, are shown herein. Complete financial statements for the ACMC may be obtained from the Alameda County Medical Center Hospital Authority, 1411 E. 31st Street, Oakland, CA 94602.

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

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

Effect of Component Unit with Differing Fiscal Year-End

ACERA has a fiscal year ending on December 31. The amounts reflected in the June 30, 2012 financial statements are the balances as of ACERA's fiscal year ended December 31, 2011. 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 2011-2012 was approximately .41 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 39.04 percent of the net assets in the Treasurer's pool. The deposits held for these entities are included in the investment trust fund.

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

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

Investment Valuation

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

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

Investment Income

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

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

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

E. Taxes Receivable

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

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

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

(amounts in tables expressed in thousands)

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

Secured taxes are distributed to the general fund, the flood control fund, the non-major governmental funds, the school districts and the cities of Alameda and Piedmont, who are participants in the Teeter Plan, as follows: 50 percent of the levy in December, 45 percent in April and the remaining 5 percent in August of each year. The remaining recipients of property tax revenues, who elected not to participate in the Teeter Plan, receive their share of actual current and delinquent taxes and penalties as they are collected.

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

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

G. ***Inventory of Supplies***

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

H. ***Capital Assets***

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

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

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

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

I. ***Compensated Employee Absences***

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

Estimated unpaid vacation leave, compensatory time, and unexpired in-lieu compensatory time at June 30, 2012, 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, 2012, have been compensated for any accumulated vacation, compensatory time, and unexpired in-lieu compensatory time.

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

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

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

K. ***Fund Balances/Net Assets***

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 or committed. The intent can be established by the Board of Supervisors or by a body or official designated by the Board of Supervisors.

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

The Board of Supervisors has adopted an accounting policy whereby the authority to assign fund balance to specific purposes is delegated to the County Administrator in consultation with the County Auditor-Controller.

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

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

Minimum Fund Balance

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

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

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

Invested in Capital Assets, Net of Related Debt

This category of net assets 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 Assets

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

L. Self-Insurance

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

M. Inter-fund Transfers

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

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

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

N. Refunding of Debt

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

O. Cash Flows

A statement of cash flows is presented for proprietary fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. 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 Pronouncements

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements ("SCAs"), 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. Application of this Statement is effective for the County's fiscal year ending June 30, 2013.

In November 2010, GASB issued Statement No.61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34.* The Statement 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. Application of this Statement is effective for the County's fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board ("FASB") Statements and Interpretations
2. Accounting Principles Board Opinions

3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' ("AICPA") Committee on Accounting Procedure

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. Application of this Statement is effective for the County's fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2013.

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities, which is intended to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Application of this statement is effective for the County's fiscal year ending June 30, 2014.

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, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, 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.

(amounts in tables expressed in thousands)

- 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 audited financial reports. The statements would separate how the accounting and financial reporting is determined from how pensions 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.

2. Cash and Investments

A. Deposits

As of June 30, 2012, the County's cash and deposits were as follows:

	Bank Balance	Carrying Value
Deposits with financial institutions	$ 427,259	$ 443,995
Cash on hand		8,909
Deposits in transit		1,584
Adjustment to restate pension trust fund cash balance to December 31, 2011		530
Total cash and deposits		$ 455,018

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 $443,995,000 deposits with financial institutions, $3,263,000 was covered by federal depository insurance, $46,500,000 was collateralized with securities held by pledging financial institutions in County's name, and $377,497,000 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, 2011, ACERA reported a deposit of $530,000. Cash held with a financial institution in a pooled money market fund was $226,000, of which $118,800 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, 2012.

(amounts in tables expressed in thousands)

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, 2012.

As of June 30, 2012 Treasurer's investments consisted of the following:

Investment Type	Credit Rating S&P's/Moody's	Investment Maturities (in Years) Less than 1	1 to 5	Fair Value
Federal agency notes and bonds	AA+ / Aaa	$ 134,993	$ 1,704,193	1,839,186
Federal agency discounted notes	A-1+ / P-1	210,976	-	210,976
U.S. Treasury Coupon and bills	N/A	150,219		150,219
Medium term notes	AA+/Aa	15,116	101,351	116,467
Commercial Paper	A-1+ / P-1	149,798		149,798
Negotiable CD	A-1+ / P-1	74,994	-	74,994
Local Agency Investment Fund	Not rated	50,000	-	50,000
Mutual funds	AAAm / Aaa	95,000	-	95,000
Municipal	Not rated	69,400	-	69,400
Total investments		$ 950,496	$ 1,805,544	$ 2,756,040

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.

(amounts in tables expressed in thousands)

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, 2012, more than 5 percent of the Treasurer's investments were in the Federal Farm Credit Bank (44.64%), Federal Home Loan Bank (21.57%), and Federal Home Loan Mortgage Corporation (6.90%).

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's pool for the fiscal year ended June 30, 2012. Cash and deposits do not include $ 1,262 thousand in department revolving funds.

Statement of Net Assets

Assets:	
Cash and deposits	$ 452,905
Investments (at fair value)	2,756,040
Accrued interest	3,523
Total assets	$3,212,468
Total Liabilities	-
Net Assets	$3,212,468
Equity of internal pool participants	$1,701,876
Equity of external pool participants	1,510,592
Total Net Assets	$3,212,468

Statement of Changes in Net Assets

Net change in investments by pool participants	$ 40,308
Net assets at July 1, 2011	3,172,160
Net assets at June 30, 2012	$3,212,468

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2012, to support the value of shares in the pool.

As of June 30, 2012, 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 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, 2012, 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, 2012, 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 $21.89 billion as of June 30, 2012. Of that amount, 96.53% was invested in non-derivative financial products and 3.47% in structured notes and asset backed securities as of June 30, 2012.

(amounts in tables expressed in thousands)

b. Investments with Fiscal Agents

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

As of June 30, 2012, investments with fiscal agents consisted of the following:

	Credit Rating	Investment Maturities (in Years)			
Investment Type	S&P's/Moody's	Less than 1	1 to 5	More than 5	Fair Value
Cash and Deposits	N/A	$ 110,335	$ -	$ -	$110,335
EBRCSA revenue bonds [1]	Not rated	-	786	2,896	3,682
Money market funds	AAAm / Aaa-mf	28,672	-	-	28,672
U.S. Treasury securities	N/A	1,479	-	-	1,479
Federal agency notes and bonds	AA+ / Aaa	160,500	192,040	-	352,540
Corporate bonds	BBB+ AA+ / A3-Aaa	46,204	41,784	2,129	90,117
Total cash and investments with fiscal agent		$ 347,190	$ 234,610	$ 5,025	$586,825

[1] East Bay Regional Community System Authority

Interest Rate Risk

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

Credit Risk

The investment policy for the property development fund and various bond indentures for other funds limit the funds' investments in commercial paper, guaranteed investment contract, and money market funds to the highest two ratings issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk

As of June 30, 2012, more than 5 percent of total investments with fiscal agents were in the Federal Home Loan Bank (9.31%), the Federal National Mortgage Association (29.63%), and the Federal Home Loan Mortgage Corporation (21.13%).

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, 2012, more than 5 percent of the property development fund's investments were in the Federal Home Loan Bank (17.26%), the Federal National Mortgage Association (27.47%), and the Federal Home Loan Mortgage Corporation (30.73%).

As of June 30, 2012, more than five percent of the debt service fund's investments were in the Federal Home Loan Mortgage Corporation (61.56%), the Federal National Mortgage Association (19.57%), and the Federal Home Loan Bank (6.24%). In addition, more than 5 percent of the non-major governmental funds' investments were in FCAR Owner Trust (72.97%) and J.P. Morgan (26.81%).

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

Government Code Section 31595 allows the Board of Retirement to invest funds at its discretion. Instruments authorized by the Board of Retirement are U.S. equity, international equity, U.S. and international fixed income, real estate and Treasurer's pooled investments. ACERA is prohibited from investing in securities issued by the County of Alameda or any agency thereof. Additionally, ACERA may not invest in futures, written options, swaps or structured notes, unless specific authorization is obtained from the Board of Retirement in advance of the investment. The ACERA investments shown in the statement of fiduciary net assets are as of ACERA's fiscal year ended December 31, 2011.

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, 2011, ACERA had no investments in a single issuer that equaled or exceeded 5 percent of ACERA's net assets.

Credit Risk

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

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

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

(amounts in tables expressed in thousands)

The Credit Risk Analysis table discloses the fair value of debt investments by type and credit rating as of December 31, 2011.

Credit Risk Analysis

		Adjusted Moody's Credit Rating								
Debt Investments by Type	Total	Aaa	Aa	A	Baa	Ba	B	Caa	Ca and below	Not Rated
Collateralized mortgage obligations	$ 108,105	$ 53,458	$ 9,800	$ 4,641	$ 6,784	$ 1,791	$ 10,224	$ 17,752	$ 3,655	$ -
Convertible bonds	36,562	-	-	6,782	893	12,718	6,385	3,576	-	6,208
Corporate bonds	371,531	13,638	24,958	71,947	150,749	36,526	57,388	5,544	2,309	8,472
Federal Home Loan Mortgage Corp.	34,980	-	34,980	-	-	-	-	-	-	-
Federal National Mortgage Assn.	75,098	-	75,098	-	-	-	-	-	-	-
Government issues	377,259	86,934	24,814	58,084	39,515	23,776	-	-	1,237	142,899
Government National Mortgage Assn. I, II	22,987	-	22,987	-	-	-	-	-	-	-
Municipal	9,268	-	404	8,005	859	-	-	-	-	-
Other asset-backed securities	29,665	2,405	-	1,802	3,479	5,254	1,191	10,307	5,227	-
Subtotal debt investments	1,065,455	156,435	193,041	151,261	202,279	80,065	75,188	37,179	12,428	157,579
External Investment Pools of Debt Securities										
Securities Lending Cash Collateral Fund										
Liquidation Pool	383,450	-	-	-	-	-	-	-	-	383,450
Duration Pool	53,066	-	-	-	-	-	-	-	-	53,066
Master Custodian Short-Term Investment Fund	106,503	-	-	-	-	-	-	-	-	106,503
Subtotal external investment pools	543,019	-	-	-	-	-	-	-	-	543,019
Total	$ 1,608,474	$ 156,435	$ 193,041	$ 151,261	$ 202,279	$ 80,065	$ 75,188	$ 37,179	$ 12,428	$ 700,598

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, 2011, ACERA had no investments that were exposed to custodial credit risk.

ACERA's investments include collateral associated with derivatives activity. As of December 31, 2011, collateral for derivatives were $2.2 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, 2011. 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.

(amounts in tables expressed in thousands)

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

External Investment Pools of Debt Securities	Fair Value	Duration
Securities Lending Cash Collateral Fund		
Liquidity Pool	$ 383,450	26 days
Duration Pool	53,066	35 days
Master Custodian Short-Term Investment Fund	106,503	-
Total	$ 543,019	

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

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

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

Interest Rate Risk Analysis – Duration of Fixed Income Portfolios

Debt Investments by Type	Fair Value	Duration in Years
Collateralized mortgage obligations	$ 108,105	3.5
Convertible bonds	36,562	7.9
Corporate bonds	371,531	6.4
Federal Home Loan Mortgage Corp.	34,980	2.4
Federal National Mortgage Assn.	75,098	3.2
Government issues	377,259	7.2
Government National Mortgage Assn. I, II	22,987	2.6
Municipal	9,268	11.5
Other asset-backed securities	29,665	4.2
Total debt investments with duration	1,065,455	

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, 2011. ACERA has no general investment policy with respect to investments with fair values that are highly sensitive to changes in interest rates.

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

Investment Type	Investment Description	Interest Rates	Fair Value
Collateralized mortgage obligation	Mortgage-related securities	5.5 to 6.0%	$ 4,792

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, 2011. It provides an indication of the magnitude of ACERA's foreign currency risk for each foreign currency.

(amounts in tables expressed in thousands)

Foreign Currency Risk Analysis

Currency	Common Stock and Depository Receipts	International Equity Mutual Funds	Corporate Bonds	Foreign Currency	Govern-ment Issues	Currency Swaps	Total Exposure Net of Currency Swaps
Australia Dollar	$ 49,085	$ -	$ 8,535	$ (195)	$ 26,956	$ (1,794)	$ 82,587
Brazil Real	3,686	-	4,337	-	12,510	390	20,923
Canada Dollar	51,961	-	-	105	34,483	(61)	86,488
Chile Peso	-	-	946	-	-	(160)	786
China Yuan Renminbi	-	-	-	-	-	224	224
Colombia Peso	-	-	1,430	-	1,207	-	2,637
Denmark Krone	11,836	-	-	17	-	29	11,882
Egypt Pound	-	-	-	-	-	-	-
Euro Currency	270,166	-	895	24,710	6,983	1,262	304,016
Hong Kong Dollar	51,761	-	-	255	-	24	52,040
Hungary Forint	-	-	-	-	7,968	-	7,968
Iceland Krona	-	-	-	-	-	-	-
India Rupee	6,100	-	1,796	-	1,134	-	9,030
Indonesia Rupiah	3,552	-	1,947	-	8,993	3	14,495
Israel Shekel	2,361	-	-	-	-	(2)	2,359
Japan Yen	170,833	-	592	23	-	(348)	171,100
Malaysia Ringgit	2,256	-	-	239	13,668	7	16,170
Mexico Peso	3,757	-	1,058	1,009	25,798	(135)	31,487
New Russia Ruble	-	-	-	-	-	-	-
New Taiwan Dollar	5,554	-	-	-	-	8	5,562
New Zealand Dollar	591	-	1,890	5	16,461	66	19,013
Norway Krone	1,656	-	-	36	10,359	(338)	11,713
Peru Nouveau Sol	-	-	-	-	-	-	-
Philippine Peso	-	-	-	-	6,889	-	6,889
Poland Zloty	3,574	-	-	-	13,964	17	17,555
Singapore Dollar	14,648	-	5,566	57	-	(50)	20,221
South Africa Rand	8,512	-	-	91	10,443	57	19,103
South Korea Won	14,624	-	5,993	1,628	12,753	41	35,039
Sweden Krona	18,849	-	-	15	-	(67)	18,797
Switzerland Franc	69,544	-	-	99	-	425	70,068
Thailand Baht	3,213	-	-	46	-	(25)	3,234
Turkey Lira	-	-	-	9	-	(514)	(505)
UK Pound Sterling	171,508	-	-	134	23,790	(193)	195,239
Various Currencies	-	136,725	-	-	-	-	136,725
TOTAL	$ 939,627	$ 136,725	$ 34,985	$ 28,283	$ 234,359	$ (1,134)	$ 1,372,845

Securities Lending

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

For the year ended December 31, 2011, on behalf of ACERA, the securities lending agent lent ACERA's securities (government bonds, corporate stocks, corporate bonds, and international equities and 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 105% for international securities. Moreover, borrowers were required to maintain the market value of collateral on a daily basis.

(amounts in tables expressed in thousands)

ACERA did not impose any restrictions for the year ended December 31, 2011, 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, 2011, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2011, 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 2011, the short term investment fund was separated into two investment pools: 1) a liquidity pool and 2) a duration pool. As of December 31, 2011, the liquidity pool had an average duration of 26 days and an average weighted final maturity of 71 days for USD collateral. The duration pool had an average duration of 35 days and an average weighted final maturity of 648 days for USD collateral. For the year ended December 31, 2011, ACERA had no credit risk exposure to borrowers because the amounts ACERA owes them exceeded the amounts they owe ACERA.

As of December 31, 2011, ACERA had securities on loan with a fair value of $428.2 million for cash collateral of $439.3 million.

Summary of County Deposits and Investments

The following table is a summary of the deposits and investments as of June 30, 2012:

Cash:	
Cash On Hand and Deposits in Transit	$ 10,507
Cash In Bank - with County Treasurer	376,303
Adjust ACERA cash to 12/31/2011	530
Restricted Cash - with County Treasurer	67,374
Restricted Cash - with Component Unit (ACMC)	318
Total Cash	455,032
Investments:	
In Treasurer's Pool	$ 2,756,040
with ACERA	5,053,211
with fiscal agents	586,825
Securities lending - ACERA	439,350
Total Investments	8,835,426
Total Cash and Investments	$ 9,290,458
Primary Government	$ 9,247,066
Component Unit (ACMC)	43,392
Total Cash and Investments	$ 9,290,458

(amounts in tables expressed in thousands)

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

	Primary Government			Component Unit
	Governmental Activities	Fiduciary Funds	Total	
Cash and investments with County Treasurer	$ 1,339,311 [1]	$ 1,760,994 [2]	$ 3,100,305	$ 43,074
Cash and investments with fiscal agents	407,562	5,072,415	5,479,977	-
Restricted Assets:				
Cash with County Treasurer	67,374	-	67,374	-
Cash and investments with fiscal agents	160,060	-	160,060	318
Invested securities lending collateral	-	439,350	439,350	-
Total cash and investments	$ 1,974,307	$ 7,272,759	$ 9,247,066	$ 43,392
Deposits and cash on hand			$ 411,640	$ 43,392
Investments			8,835,426	-
Total deposits and investments			$ 9,247,066	$ 43,392

1 Includes cash and investments with the County Treasurer of total governmental funds ($1,191,551) and internal service funds ($147,760).

2 Includes deposits and investments with the County Treasurer of pension and other employee benefits trust funds ($2,198), investment trust fund ($1,540,964), private purpose trust ($42,936) and agency funds ($174,896).

3. Receivables

Receivables as of June 30, 2012, for the County's individual major funds, non-major funds in the aggregate, and the internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds									
	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Nonmajor Governmental Funds	Subtotal	Internal Service Funds	Governmental Activities Total
Interest	$ 1,266	$ 254	$ 156	$ (21)	$ (24)	$ 26	$ 188	$ 1,845	$ 138	$ 1,983
Taxes	51,289	-	1,466	-	-	-	4,284	57,039	-	57,039
Departmental accounts	165,622	-	-	-	-	-	-	165,622	-	165,622
Federal and state grants and subventions	129,816	-	-	20,624	1,309	-	4,335	156,084	-	156,084
Charges for services	61,949	-	238	-	-	-	11,840	74,027	1,441	75,468
Other	8,910	384	-	73	-	-	7,242	16,609	-	16,609
Gross receivables	418,852	638	1,860	20,676	1,285	26	27,889	471,226	1,579	472,805
Less: allowance for uncollectibles	(134,816)	-	-	-	-	-	-	(134,816)	-	(134,816)
Net total receivable - governmental activities	$ 284,036	$ 638	$ 1,860	$ 20,676	$ 1,285	$ 26	$ 27,889	$ 336,410	$ 1,579	$ 337,989

Other receivables for pension and other employee benefit trust funds at December 31, 2011, are as follows:

Contributions	$ 14,217
Derivative Investments	2,990
Investments Sold	6,510
Investment Receivables	5,792
Other	302
Total other receivables at December 31, 2011	$ 29,811

(amounts in tables expressed in thousands)

4. Capital Assets

Capital asset activities of the primary government for the year ended June 30, 2012, are as follows:

GOVERNMENTAL ACTIVITIES

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, not being depreciated:				
Land and easements	$ 46,235	$ 10,947	$ -	$ 57,182
Construction in progress	177,541	139,635	24,479	292,697
Collections	50	-	-	50
Total capital assets, not being depreciated	223,826	150,582	24,479	349,929
Capital assets, being depreciated:				
Structures and improvements	909,986	14,928	-	924,914
Machinery and equipment	151,101	5,373	1,566	154,908
Software	34,514	-	-	34,514
Infrastructure	765,227	24,479	3,111	786,595
Total capital assets, being depreciated	1,860,828	44,780	4,677	1,900,931
Less accumulated depreciation for:				
Structures and improvements	440,569	22,627	-	463,196
Machinery and equipment	118,081	9,323	1,420	125,984
Software	32,153	1,574	-	33,727
Infrastructure	374,231	20,679	290	394,620
Total accumulated depreciation	965,034	54,203	1,710	1,017,527
Total capital assets, being depreciated, net	895,794	(9,423)	2,967	883,404
Governmental activities capital assets, net	$ 1,119,620	$ 141,159	$ 27,446	$ 1,233,333

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

Governmental Activities	
General government	$ 3,429
Public protection	20,843
Public assistance	1,345
Health and sanitation	6,039
Public ways and facilities	17,972
Recreation and cultural services	385
Education	703
Capital assets held by the County's internal service funds charged to the various functions on a prorated basis based on their usage of the assets	3,487
Total depreciation expense – governmental activities	$ 54,203

(amounts in tables expressed in thousands)

The County has active construction projects as of June 30, 2012. 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, 2012 are as follows:

Project	Spent-to-Date	Remaining Commitment
Construction of health care facilities	$ 212,702	$ 319,085
Construction of youth center	7,970	7,055
Construction of criminal justice facility	10,105	2,009
Road improvements	48,229	16,467
Flood control channel improvements	13,691	4,275
Total governmental funds	$ 292,697	$ 348,891

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, fire equipment, and water efficiency improvements. The lease agreements for fire equipment qualify as capital leases for accounting purposes because title transfers at the end of the lease term and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The 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 market value at the date of the lease agreement. The lease agreement for the water efficiency improvements contains a bargain purchase option; hence, the water efficiency improvements were capitalized as structures and improvements at an amount equal to the present value of the minimum lease payments as of the beginning of the lease term.

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

Structures and Improvements	$ 4,896
Machinery and equipment	991
Total	5,887
Less accumulated amortization	(2,057)
Net book value	$ 3,830

(amounts in tables expressed in thousands)

FIDUCIARY FUNDS – Pension and Other Employee Benefit Trust

Capital asset activities of the Pension and other employee benefit trust for the year ended December 31, 2011, are as follows:

	Balance January 1, 2011	Increases	Decreases	Balance December 31, 2011
Capital assets, not being depreciated:				
Construction in progress	$ 2,024	$ 2,497	$ 4,341	$ 180
Capital assets, being depreciated:				
Equipment and Furniture	2,777	341	-	3,118
Electronic Document Management System	-	3,922	-	3,922
Information Systems	10,457	-	-	10,457
Leasehold Improvements	2,465	93	-	2,558
Total capital assets, being depreciated	15,699	4,356	-	20,055
Less accumulated depreciation and amortization for:				
Equipment and Furniture	2,502	135	-	2,637
Electronic Document Management System	-	395	-	395
Information Systems	10,457	-	-	10,457
Leasehold Improvements	381	91	-	472
Total accumulated depreciation	13,340	621	-	13,961
Total capital assets, being depreciated, net	2,359	3,735	-	6,094
Fiduciary fund capital assets, net	$ 4,383	$ 6,232	$ 4,341	$ 6,274

COMPONENT UNIT – Alameda County Medical Center

Capital asset activities of the Alameda County Medical Center for the year ended June 30, 2012, are as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, not being depreciated:				
Construction in progress	$ 2,920	$ 16,037	$ -	$ 18,957
Land	751	-	-	751
Total capital assets, not being depreciated	3,671	16,037	-	19,708
Capital assets, being depreciated:				
Structures and improvements	42,415	668	-	43,083
Machinery and equipment	77,872	3,675	-	81,547
Total capital assets, being depreciated	120,287	4,343	-	124,630
Less accumulated depreciation for:				
Structures and improvements	26,664	1,546	-	28,210
Machinery and equipment	60,116	6,855	-	66,971
Total accumulated depreciation	86,780	8,401	-	95,181
Total capital assets, being depreciated, net	33,507	(4,058)	-	29,449
Component unit capital assets, net	$ 37,178	$ 11,979	$ -	$ 49,157

(amounts in tables expressed in thousands)

5. Accounts Payable and Accrued Expenditures/Expenses

Accounts payable and accrued expenditures/expenses as of June 30, 2012, for the County's individual major funds, non-major funds in the aggregate, and internal service funds are as follows:

	Governmental Funds								
	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Nonmajor Governmental Funds	Subtotal	Internal Service Funds	Governmental Activities Total
Accounts payable	$ 67,441	$ 7	$ 2,645	$ 9,360	$ 13,466	$ 6,647	$ 99,566	$ 6,357	$ 105,923
Outstanding warrants	29,285	-	-	-	-	-	29,285	-	29,285
Accrued payroll	43,510	13	1,672	1,358	-	4,181	50,734	3,026	53,760
Total accounts payable and accrued expenditures	$ 140,236	$ 20	$ 4,317	$ 10,718	$ 13,466	$ 10,828	$ 179,585	$ 9,383	$ 188,968

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

Purchase of securities	$ 12,361
Investment-related payables	12,222
Member benefits	2,293
Accrued administrative expenses	2,064
Other	18
Total accounts payable and accrued expenses	$ 28,958

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.

(amounts in tables expressed in thousands)

6. Long-Term Obligations

The following is a summary of long-term obligations of the County as of June 30, 2012:

GOVERNMENTAL ACTIVITIES

Type of Obligation and Purpose	Maturity	Interest Rates	Original Issue	Outstanding
Certificates of participation:				
Public Facilities Corporation:				
1989 Capital Projects capital appreciation bonds-principal (b)	6/15/2019	6.70 - 6.80%	$ 26,664	$ 3,082
2007A Refunding (a)	12/1/2021	4 - 5.625	37,010	25,090
Certificates of participation-principal				28,172
1989 Capital Projects capital appreciation bonds-accretion (b)				11,077
Tobacco Settlement Asset-Backed bonds				
Tobacco Securitization bonds 2002 (e)	6/1/2042	2.25 - 6.00	220,525	174,785
Tobacco Securitization capital appreciation bonds 2006 - A & B (e)	6/1/2050	6.2 - 6.7	51,475	51,475
Tobacco Securitization capital appreciation bonds 2006 - C (e)	6/1/2055	7.55	16,384	16,384
Tobacco Securitization bonds-principal				242,644
Tobacco Securitization capital appreciation bonds 2006 - accretion (e)				35,130
Pension obligation bonds				
1996 bonds series B capital appreciation bonds-principal (a)	12/1/2018	7.03 - 7.58	306,863	131,541
1996 bonds series B capital appreciation bonds-accretion (a)				278,575
Lease revenue bonds				
Alameda County Joint Powers Authority:				
Juvenile Justice Facility Bonds Series D (a)	12/1/2034	3.3 - 5.125	28,275	13,920
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	45,675
Lease Revenue Refunding 2012 (a)	12/1/2021	1.5 - 5	75,915	75,915
Lease revenue bonds				575,655
Capital leases				
Fire equipment (f)	11/30/2012	0	697	35
Water efficiency measures (d)	10/30/2023	4.08	3,000	2,426
Structures & Improvement - 7200 Bancroft Ave. (a)	2/28/2021	52.07	1,896	1,896
Capital leases payable				4,357
Other Long-term obligations				
Loans Payable (d)	6/22/2016 to 6/22/2026	1.0 - 4.1	17,405	12,240
Note Payable (a)	9/7/2012	.15 - .23	25,000	25,000
Net pension obligation (see Note 11) (c)				41,251
Net OPEB obligation (see Notes 12 and 13) (c)				153,056
Compensated employee absences payable (c)				65,210
Estimated liability for claims and contingencies (d)				97,971
Obligation to fund Authority deficit (see Note 14) (a)				61,408
Other long-term obligations				456,136
Governmental activities total long-term obligations				$ 1,763,287

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.
(f) Discretionary revenues of the Fire special revenue fund in non-major governmental funds.

The Alameda County Tobacco Asset Securitization Authority has pledged all revenues received from the tobacco master settlement agreement with four US tobacco manufacturers to repay the outstanding amount as of June 30, 2012 of $174.78 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 $1.87 billion, payable through June 2055. The tobacco revenue is determined by applying a rate to the number of cigarettes sold; hence, the amount to be received over the term of the bonds is not estimable. During the year, principal and interest payments were $14.06 million while tobacco settlement revenue was $13.4 million.

(amounts in tables expressed in thousands)

COMPONENT UNIT

Type of Obligation	Outstanding
Alameda County Medical Center:	
Compensated employee absences payable	$ 16,978
Estimated liability for claims and contingencies	23,162
Component unit total long-term obligations	$ 40,140

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, 2012, the County's debt limit (1.25% of total assessed value) was $2.45 billion. The County does not have any general obligation debt and therefore, has not used any of its debt limit.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debts issued after August 31, 1986, are subject to arbitrage rebate requirements. The requirements stipulate, in general, that the excess of earnings from the investment of tax-exempt bond proceeds over related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The County has evaluated each outstanding debt obligation that is subject to the arbitrage rebate requirements and has recognized an arbitrage rebate liability of $163 thousand as of June 30, 2012.

Conduit Debt

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

Mortgage revenue bonds - In order to facilitate affordable housing to first time home buyers, the County issued mortgage revenue bonds with an outstanding aggregate balance of $50.7 million as of June 30, 2012. 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 $100.5 million as of June 30, 2012. 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, 2012, $0.73 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.

(amounts in tables expressed in thousands)

Changes in Long-Term Obligations

The changes in long-term obligations for governmental activities for the year ended June 30, 2012, are as follows:

	Balance July 1, 2011	Additional Obligations, Interest Accretion, and Net Increases	Current Maturities, Retirements, and Net Decreases	Balance June 30, 2012	Amounts Due Within One Year
Governmental activities:					
Bonds and certificates payable					
Certificates of participation	$ 128,871	$ -	$ (100,699)	$ 28,172	$ 2,887
Tobacco Securitization bonds	246,259	-	(3,615)	242,644	-
Pension obligation bonds	154,585	-	(23,044)	131,541	22,263
Lease revenue bonds	458,190	121,590	(4,125)	575,655	22,040
Tax allocation bonds	31,890	-	(31,890)	-	-
Special assessment bonds with government commitment	220	-	(220)	-	-
Total bonds and certificates payable before accretion	1,020,015	121,590	(163,593)	978,012	47,190
Accretion on capital appreciation bonds					
Certificates of participation	12,043	1,075	(2,041)	11,077	2,077
Tobacco Securitization bonds	28,621	6,509	-	35,130	-
Pension obligation bonds	292,008	31,518	(44,951)	278,575	48,793
Total bonds and certificates payable at accreted value	1,352,687	160,692	(210,585)	1,302,794	98,060
Other debt-related items					
Deferred amount for issuance premiums	7,631	10,300	(4,799)	13,132	1,197
Deferred amount for issuance discount	(4,254)	-	136	(4,118)	(136)
Deferred amount for refunding loss	(10,095)	(2,208)	5,119	(7,184)	(847)
Total bonds and certificates payable	1,345,969	168,784	(210,129)	1,304,624	98,274
Loans and notes payable	39,065	785	(2,610)	37,240	26,410
Net pension obligation	42,085	-	(834)	41,251	-
Net OPEB obligation	116,467	36,589	-	153,056	-
Compensated employee absences payable	66,722	30,519	(32,031)	65,210	39,213
Estimated liability for claims and contingencies	92,805	26,167	(21,001)	97,971	24,178
Capital leases	29,516	-	(25,159)	4,357	207
Due to other governmental units	6,812	-	(6,812)	-	-
Obligation to fund Coliseum Authority deficit (see Note 14)	72,450	-	(11,042)	61,408	4,513
Governmental activity long-term obligations	$ 1,811,891	$ 262,844	$ (309,618)	$ 1,765,117	$ 192,795

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, 2012, $3.14 million of accrued compensated employee absences are included in the above amounts.

The changes in long-term obligations for the component unit for the year ended June 30, 2012, are as follows:

Component Unit:	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Amounts Due Within One Year
Compensated employee absences payable	$ 15,611	$ 21,515	$ (20,148)	$ 16,978	$ 9,214
Estimated liability for claims and contingencies	21,690	4,662	(3,190)	23,162	5,411
Total component unit long-term obligations	$ 37,301	$ 26,177	$ (23,338)	$ 40,140	$ 14,625

(amounts in tables expressed in thousands)

Annual debt service requirements for long-term obligations outstanding as of June 30, 2012, are as follows:

GOVERNMENTAL ACTIVITIES

For the Year Ending June 30	Lease Revenue Bonds		Tobacco Securitization Bonds			Pension Obligation Bonds		Total Bonds		
	Principal	Interest	Principal	Accreted Interest	Interest	Principal	Accreted Interest	Principal	Accreted Interest	Interest
2013	$ 22,040	$ 33,751	$ -	$ -	$ 10,278	$ 22,263	$ 48,792	$ 44,303	$ 48,792	$ 44,029
2014	22,890	33,116	-	-	10,278	21,490	52,760	44,380	52,760	43,394
2015	16,085	32,359	-	-	10,278	20,623	56,972	36,708	56,972	42,637
2016	9,065	31,845	-	-	10,278	20,053	61,032	29,118	61,032	42,123
2017	8,870	31,442	-	-	10,278	19,392	65,343	28,262	65,343	41,720
2018-2022	51,165	150,533	1,880	-	51,124	27,720	106,580	80,765	106,580	201,657
2023-2027	38,780	139,461	-	-	50,946	-	-	38,780	-	190,407
2028-2032	49,465	128,489	51,485	-	42,064	-	-	100,950	-	170,553
2033-2037	87,305	112,486	45,170	-	30,836	-	-	132,475	-	143,322
2038-2042	157,715	68,353	76,250	-	22,875	-	-	233,965	-	91,228
2043-2047	112,275	12,071	-	-	-	-	-	112,275	-	12,071
2048-2052	-	-	51,475	764,585	-	-	-	51,475	764,585	-
2053-2057	-	-	16,384	616,926	-	-	-	16,384	616,926	-
Total	$ 575,655	$ 773,906	$ 242,644	$ 1,381,511	$ 249,235	$ 131,541	$ 391,479	$ 949,840	$ 1,772,990	$ 1,023,141

For the Year Ending June 30	Total Bonds			Certificates of Participation			Other Long-Term Obligations		Total Debt		
	Principal	Accreted Interest	Interest	Principal	Accreted Interest	Interest	Principal	Interest	Principal	Accreted Interest	Interest
2013	$ 44,303	$ 48,792	$ 44,029	$ 2,887	$ 2,078	$ 1,200	$ 26,617	$ 1,722	$ 73,807	$ 50,870	$ 46,951
2014	44,380	52,760	43,394	2,528	2,112	1,102	1,575	1,500	48,483	54,872	45,996
2015	36,708	56,972	42,637	2,600	2,150	991	1,636	1,440	40,944	59,122	45,068
2016	29,118	61,032	42,123	2,695	2,180	868	1,696	1,413	33,509	63,212	44,404
2017	28,262	65,343	41,720	2,791	2,208	737	1,449	1,383	32,502	67,551	43,840
2018-2022	80,765	106,580	201,657	14,671	4,494	1,689	6,918	3,025	102,354	111,074	206,371
2023-2027	38,780	-	190,407	-	-	-	1,706	78	40,486	-	190,485
2028-2032	100,950	-	170,553	-	-	-	-	-	100,950	-	170,553
2033-2037	132,475	-	143,322	-	-	-	-	-	132,475	-	143,322
2038-2042	233,965	-	91,228	-	-	-	-	-	233,965	-	91,228
2043-2047	112,275	-	12,071	-	-	-	-	-	112,275	-	12,071
2048-2052	51,475	764,585	-	-	-	-	-	-	51,475	764,585	-
2053-2057	16,384	616,926	-	-	-	-	-	-	16,384	616,926	-
Total	$ 949,840	$ 1,772,990	$ 1,023,141	$ 28,172	$ 15,222	$ 6,587	$ 41,597	$ 10,561	$ 1,019,609	$ 1,788,212	$ 1,040,289

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.

In March 2004, the California Infrastructure & Economic Development Bank issued $51.7 million in bonds to fund the acquisition and construction of an office building and adjacent parking facilities at 2000 San Pablo Avenue in Oakland on behalf of the North County Self Sufficiency Corporation as borrower, with the bonds secured by a lease to the County for use of the facilities by the County's Social Services Agency. On January 27, 2012, the County purchased the facilities as contemplated by provisions in the lease (which delineated a purchase date of no later than 2035) and the Alameda County Joint Powers Authority assumed the role as borrower pursuant to an assignment and assumption agreement with the obligation to make debt service payments from the County lease obligation which remains in effect. The outstanding bonds with remaining principal of $45.675 million pay interest semi-annually at interest rates ranging from 3.07% to 4.38% with serial and term bond maturities paid annually from 2012 through 2035.

(amounts in tables expressed in thousands)

On June 5, 2012, the Alameda County Joint Powers Authority issued Lease Revenue Refunding Bonds, Series 2012, in the amount of $75.915 million. The purpose of the bond issuance was to (1) current refund and defease all of the outstanding County of Alameda Refunding Certificates of Participation, Series 2001A, in order to reduce the County's overall debt, as well as its debt service obligation, and (2) pay the costs of issuance for the Lease Revenue Refunding Bonds, Series 2012. The bonds mature serially between 12/01/2012 and 12/01/2021 and were issued with fixed interest rates ranging from 1.50% to 5%.

The aggregate difference in debt service between the Refunding Certificates of Participation, Series 2001A and the Lease Revenue Refunding Bonds, Series 2012 was a decrease of $11.47 million. The economic gain on the refunding was $10.72 million.

7. Operating Lease Obligations

The County has numerous operating leases for office space. Rental expense for operating leases for fiscal year 2011/12 was $23.4 million. Future minimum lease payments for operating leases at June 30, 2012, are as follows:

2013	2014	2015	2016	2017	2018-22	2023-24	Total
$ 22,126	$ 18,965	$ 15,918	$ 13,589	$ 13,620	$ 34,914	$ 2,492	$ 121,624

(amounts in tables expressed in thousands)

8. Fund Balances

Details of the fund balance classifications of the major and non-major governmental funds as of June 30, 2012 are as follows:

	General	Property Development	Flood Control	Grant Revenue	Capital Projects	Debt Service	Nonmajor	Total
Nonspendable in form:								
Inventory	$ -	$ -	$ -	$ -	$ -	$ -	$180	$180
Long-term receivables	4,153	-	-	-	-	-	-	4,153
Properties for resale	255	-	-	-	-	-	-	255
Prepaid items	-	-	-	-	-	-	155	155
Total Nonspendable	4,408	-	-	-	-	-	335	4,743
Restricted for:								
Public protection	124,130	-	163,058	-	-	-	43,854	331,042
Public assistance	1,834	-	-	-	-	-	28,959	30,793
Health and sanitation	156,933	-	-	-	-	-	23,134	180,067
Public ways and facilities	-	-	-	-	-	-	75,010	75,010
Education	-	-	-	-	-	-	13,507	13,507
Capital projects	-	-	-	-	149,268	-	-	149,268
Debt service	-	-	-	-	-	90,167	21,404	111,571
Other purposes	5,171	-	-	-	-	-	-	5,171
Total Restricted	288,068	-	163,058	-	149,268	90,167	205,868	896,429
Committed to:								
Fiscal management rewards	121,583	-	-	-	-	-	-	121,583
Settlement claims	155,067	-	-	-	-	-	-	155,067
General contingencies	172,000	-	-	-	-	-	-	172,000
Capital projects	87,706	-	-	-	4,466	-	-	92,172
Pension obligation bonds	63,700	-	-	-	-	-	-	63,700
Capital projects and related debt	-	317,460	-	-	-	-	-	317,460
Grant revenue negative fund balances	18,703	-	-	-	-	-	-	18,703
Public assistance	3,127	-	-	-	-	-	-	3,127
Public protection	1,911	-	-	-	-	-	-	1,911
Other commitments	43,640	-	-	-	-	-	-	43,640
Total Committed	667,437	317,460	-	-	4,466	-	-	989,363
Assigned to:								
Appropriations in subsequent year	53,721	-	-	-	-	-	-	53,721
General government	8,674	-	-	-	-	-	-	8,674
Public protection	12,102	-	-	-	-	-	4,567	16,669
Public assistance	7,595	-	-	-	-	-	-	7,595
Health and sanitation	17,465	-	-	-	-	-	-	17,465
Public ways and facilities	41	-	-	-	-	-	-	41
Education	8	-	-	-	-	-	-	8
Recreation and cultural services	7	-	-	-	-	-	-	7
Other purposes	33	-	-	-	-	-	-	33
Total Assigned	99,646	-	-	-	-	-	4,567	104,213
Unassigned	23,305	-	-	(9,268)	-	-	-	14,037
Total Fund Balances	$ 1,082,864	$ 317,460	$ 163,058	$ (9,268)	$ 153,734	$ 90,167	$ 210,770	$ 2,008,785

Encumbrance balances by major funds and non-major funds as of June 30, 2012 are:

	Restricted	Committed	Assigned	Total
General Fund	$ 2,655	$ -	$ 42,280	$ 44,935
Property Development	-	73	-	73
Flood Control	21,852	-	-	21,852
Grant Revenue	7,000	-	-	7,000
Capital projects	-	330,018	-	330,018
Non-major governmental funds	34,636	-	450	35,086
Total encumbrances	$ 66,143	$ 330,091	$ 42,730	$ 438,964

(amounts in tables expressed in thousands)

9. Restricted Net Assets

Restricted net assets are net assets that are subject to constraints either externally imposed by creditors, grantors, contributors, or by enabling legislation. Restricted net assets as of June 30, 2012 for governmental activities are as follows:

Restricted for Public Protection		
Flood	$163,250	
Criminal Justice and Courthouse Construction	50,735	
Fire	28,454	
Sheriff	19,465	
Public Safety	19,335	
Vital Records	16,490	
Consumer Protection	8,865	
Community Development	7,048	
Vehicle Theft Prevention	871	
Domestic Violence	808	
Survey Monument Preservation	690	
Criminal Justice Programs	525	
Probation	190	
Child Support Enforcement	12	
Other	295	
		$317,033
Restricted for Public Assistance		
Housing and Commercial Development	27,988	
Social Services Programs	2,460	
		30,448
Restricted for Health and Sanitation		
Behavioral Health Services	91,519	
Public Health	44,420	
Emergency Medical Services	31,843	
Environmental Health	8,659	
		176,441
Restricted for Public Ways and Facilities		
Roads and Bridges Maintenance	70,385	
Streets and Highway Lighting	2,805	
		73,190
Restricted for Education		
Library Services		13,628
Restricted for Other Purposes		
Property Taxes	11,272	
Assessor	5,167	
		16,439
Total Restricted Net Assets-Governmental Activities		$627,179

Included in governmental activities restricted net assets as of June 30, 2012 are net assets restricted by enabling legislation of $121,451.

(amounts in tables expressed in thousands)

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, 2012, is as follows:

	Due to other funds			
Due from other funds	Grant Revenue Fund	Capital Projects Fund	Non-major Governmental Funds	Total Due from
General fund	$ 18,908	$ 100,578	$ 687	$ 120,173

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:

Receivable Entity	Payable Entity	Amount
	Alameda County Medical Center	$ 129,866
Primary government-governmental		$ 129,867
Less: allowance for uncollectibles		(31,000)
Net		$ 98,867
Alameda County Medical Center		$ 11,419
Less: amount not recognized due to difference in estimates		(7,165)
	Primary government-governmental	$ 4,254

Advances to/from primary government and component unit:

Receivable Entity	Payable Entity	Amount
Primary government-governmental	Alameda County Medical Center	$ 4,819

Transfers between funds for the year ending June 30, 2012, are as follows:

	Transfers In:						
Transfers out:	General Fund	Grant Revenue Fund	Capital Projects Fund	Debt Service Fund	Non-major Governmental Funds	Internal Service Funds	Total Transfers Out
General fund	$ -	$ 92	$ 2,629	$ 58,138	$ -	$ 73	60,932
Property development fund	626	-	-	9,940	-	-	10,566
Grant revenue fund	208	-	646	26	-	-	880
Non-major governmental funds	111	-	7,136	948	29,833	57	38,085
Internal service funds	1,970	-	-	7,063	-	-	9,033
Total transfers in	$ 2,915	$ 92	$ 10,411	$ 76,115	$ 29,833	$ 130	$ 119,496

The $60.932 million General Fund transfer-out includes $36.888 million for pension obligations, $21.25 million to provide for the payment of debt service, and $1.738 million to provide funding for acquisition of real estate properties.

The $10.566 million Property Development Fund transfer out includes $9.94 million reimbursement to the Debt Service Fund for the Juvenile Justice bond payment.

The $38.085 million Non-major Governmental Funds transfer out includes $28.833 million of the housing assets of the former Alameda County Redevelopment Agency to the Housing Successor Assets Fund; $1 million to cover operating costs of the bridges; $7.136 million to provide funding for construction projects; and $.866 million for payment of debt service.

The $9.033 million Internal Service Funds transfer out includes $7.063 million for the payment of debt service and $1.97 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 $892.5 million as of December 31, 2011. ACERA began operations on January 1, 1948 and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, policies and procedures adopted by the Board of Retirement. ACERA operates as a cost-sharing multiple-employer defined benefit plan for the County, the Superior Court of California 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.

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, 2011 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

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

Membership of ACERA as of December 31, 2011 is as follows (amounts not in thousands):

Members Now Receiving Benefits	
Service Retirement	6,000
Disability Retirement	814
Beneficiaries and Survivors	1,089
Subtotal	7,903
Active Members	
Active Vested Members	7,914
Active Non-vested Members	2,832
Subtotal	10,746
Deferred Members	1,826
Total Membership	20,475

(amounts in tables expressed in thousands)

B. ***Funding Policy***

The Pension Plan under the 1937 Act has no legal or contractual maximum contribution rates. The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits, and are between 6.37 and 20.92 percent of their annual covered salary effective September 2011. Member contributions are refundable upon termination from the retirement system.

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

Article 5.5 provides for the systematic funding of the SRBR and stipulates that 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
2010	$ 102,658	100.7 %	$ 42,857
2011	117,675	100.7	42,085
2012	129,692	100.6	41,251

For the fiscal year ended June 30, 2012, the employees' contributions to the plan for the same period were $55.8 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	$ 130,526
Interest on net pension obligation	3,367
Adjustment to annual required contributions	(4,201)
Annual pension cost	129,692
Pension contributions	(130,526)
Change in net pension obligation	(834)
Net pension obligation, beginning of fiscal year	42,085
Net pension obligation, end of fiscal year	$ 41,251

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, 2011 was $6.36 billion; the actuarial value of assets was $4.87 billion; the unfunded actuarial accrued liability was $1.49 billion; and the funded ratio was 76.6%. Covered payroll was $892.5 million and the ratio of unfunded actuarial accrued liability to covered payroll was 167.0%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 87.

(amounts in tables expressed in thousands)

C. ***Actuarial Assumptions***

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

<table>
<tr><td>Valuation date</td><td>12/31/2010</td><td>12/31/2011</td></tr>
<tr><td>Actuarial cost method</td><td colspan="2">Entry Age Normal</td></tr>
<tr><td>Amortization of UAAL</td><td colspan="2">Closed period 30 years (decreasing)</td></tr>
<tr><td>Remaining amortization period</td><td>22 years</td><td>21 years</td></tr>
<tr><td>Amortization method</td><td colspan="2">Level percentage of pay</td></tr>
<tr><td>Assets valuation method</td><td colspan="2">Difference between actual and expected market return smoothed over ten 6-months periods</td></tr>
<tr><td>Interest rate</td><td>7.90%</td><td>7.80%</td></tr>
<tr><td>Inflation rate</td><td>3.50%</td><td>3.50%</td></tr>
<tr><td>Across-the-Board salary increases</td><td>0.50%</td><td>0.50%</td></tr>
<tr><td>Salary increases:</td><td colspan="2"></td></tr>
<tr><td>General</td><td>4.70 - 8.00%</td><td>4.60 - 7.20%</td></tr>
<tr><td>Safety</td><td>5.30 - 9.10%</td><td>4.70 - 10.20%</td></tr>
<tr><td>Demographics:</td><td colspan="2"></td></tr>
<tr><td>(A) Healthy</td><td colspan="2">PR-2000 Combined Health Mortality Table</td></tr>
<tr><td>General members and all beneficiaries</td><td>set back one year</td><td rowspan="2">set back two years males and one year females</td></tr>
<tr><td>Safety members</td><td>set back two years</td></tr>
<tr><td>(B) Disability</td><td colspan="2">PR-2000 Combined Health Mortality Table</td></tr>
<tr><td>General members</td><td colspan="2">set forward four years</td></tr>
<tr><td>Safety members</td><td>set forward three years</td><td>set forward two years</td></tr>
<tr><td>(C) For Employee Contribution Rate Purposes</td><td colspan="2">PR-2000 Combined Health Mortality Table</td></tr>
<tr><td>General members</td><td>set back one year, weighted 30% male and 70% female</td><td>set back two years male and one year female, weighted 30% male and 70% female</td></tr>
<tr><td>Safety members</td><td>set back two years, weighted 75% male and 25% female</td><td>set back two years male and one year female, weighted 75% male and 25% female</td></tr>
<tr><td>Postemployment benefit increases:</td><td colspan="2"></td></tr>
<tr><td>Tier 1 and 3 members</td><td>3%</td><td>3%</td></tr>
<tr><td>Tier 2 members</td><td>2%</td><td>2%</td></tr>
</table>

(amounts in tables expressed in thousands)

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 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 2012.

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, 2011 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. *Funding Policy*

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

The County's OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's annual postemployment medical benefit cost, the percentage of annual postemployment medical benefit cost contributed to the plan, and the net OPEB (asset) obligation for fiscal years 2010 through 2012 are as follows:

Fiscal year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	$ 25,961	0.0 %	$ 32,399
2011	31,439	0.0	63,838
2012	23,862	0.0	87,700

(amounts in tables expressed in thousands)

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	$	24,818
Interest on net OPEB obligation		5,107
Adjustment to annual required contributions		(6,063)
Annual OPEB cost		23,862
OPEB contributions		-
Change in net OPEB obligation		23,862
Net OPEB obligation, beginning of fiscal year		63,838
Net OPEB obligation, end of fiscal year	$	87,700

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Postemployment Benefit Plan's actuarial accrued liability at December 31, 2011 was $754.2 million; the actuarial value of assets was $542.9 million; the unfunded actuarial accrued liability was $211.3 million; and the funded ratio was 72.0%. Covered payroll was $892.5 million and the ratio of unfunded actuarial accrued liability to covered payroll was 23.7%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 87.

C. *Actuarial Assumptions*

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

(amounts in tables expressed in thousands)

Valuation date	12/31/2010	12/31/2011
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	25 years	24 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods	
Interest rate	7.90%	7.80%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.60 - 7.20%
Safety	5.30 - 9.10%	4.70 - 10.20%
Demographics:		
(A) Healthy	RP-2000 Combined Healthy Mortality Table	
General members and all beneficiaries	set back one year	set back two years for males and one year for females
Safety members	set back two years	
(B) Disability	RP-2000 Combined Healthy Mortality Table	
General members	set forward four years	
Safety members	set forward three years	set forward two years
(C) For Employee Contribution Rate Purposes	RP-2000 Combined Healthy Mortality Table	
General members	set back one year, weighted 30% male and 70% female	set back two years for males and one year for females, weighted 30% male and 70% female
Safety members	set back two years, weighted 75% male and 25% female	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 the range [8%- 10%] by 0.5% per annum until ultimate rate of 5%	Graded down from 9% by 0.5% per annum until ultimate rate of 5%
Dental and Vision	5%	5%
Medicare Part B	5%	5%
Postemployment benefit increases	Dental, vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. With the exception that the 2012 MMA is expected to be maintained at the same level as 2011, MMA subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit.	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.

(amounts in tables expressed in thousands)

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

13. Other Postemployment Benefits

A. *Plan Description*

ACERA also provides other postemployment benefits for retired members and their beneficiaries. The payment of these benefits is subject to available funding and must be periodically reauthorized by the Board of Retirement. These benefits include supplemental cost of living adjustment (COLA), retired member death benefit, and active death equity benefit. The other postemployment benefits program operates as a cost-sharing multiple-employer benefit plan for the County, the Superior Court of California 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. The active death equity benefit is available to active members with five or more years of service credit. ACERA will fund the difference between the member's vested surviving spouse annuity benefit and a 100% surviving spouse annuity benefit.

ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2011 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. *Funding Policy*

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

The County's other postemployment benefit cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's annual postemployment benefit cost, the percentage of annual postemployment benefit cost contributed to the plan, and the net OPEB obligation for fiscal years 2010 through 2012 are as follows:

Fiscal year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	$ 15,591	0.0 %	$ 40,001
2011	12,628	0.0	52,629
2012	12,727	0.0	65,356

(amounts in tables expressed in thousands)

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

Annual required contributions	$	13,515
Interest on net OPEB obligation		4,210
Adjustment to annual required contributions		(4,998)
Annual OPEB cost		12,727
OPEB contributions		-
Change in net OPEB obligation		12,727
Net OPEB obligation, beginning of fiscal year		52,629
Net OPEB obligation, end of fiscal year	$	65,356

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, 2011 was $185.8 million; the actuarial value of assets was $67.0 million; the unfunded actuarial accrued liability was $118.8 million; and the funded ratio was 36.1%. Covered payroll was $892.5 million and the ratio of unfunded actuarial accrued liability to covered payroll was 13.3%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 87.

(amounts in tables expressed in thousands)

C. *Actuarial Assumptions*

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

Valuation date	12/31/2010	12/31/2011
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	25 years	24 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods	
Interest rate	7.90%	7.80%
Inflation rate	3.50%	3.50%
Across-the-Board salary increases	0.50%	0.50%
Salary increases:		
General	4.70 - 8.00%	4.60 - 7.20%
Safety	5.30 - 9.10%	4.70 - 10.20%
Demographics:		
(A) Healthy	RP-2000 Combined Healthy Mortality Table	
General members and all beneficiaries	set back one year	set back two years for males and one year for females
Safety members	set back two years	
(B) Disability	RP-2000 Combined Healthy Mortality Table	
General members	set forward four years	
Safety members	set forward three years	set forward two years
(C) For Employee Contribution Rate Purposes	RP-2000 Combined Healthy Mortality Table	
General members	set back one year, weighted 30% male and 70% female	set back two years for males and one year for females, weighted 30% male and 70% female
Safety members	set back two years, weighted 75% male and 25% female	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 and Tier 2D), subject to other limitations.	

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

14. Joint Venture

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

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 fund 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 $.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 $.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.

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.

(amounts in tables expressed in thousands)

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

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture (OCJV) to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its agreement with OCJV and reinstated its Operating Agreement with Coliseum Inc. Coliseum Inc. subcontracted all of the operations of the Coliseum Complex to OCJV. The Operating Agreement between the Coliseum Authority and Coliseum Inc. expired, by its terms, on July 31, 2006. The Coliseum Authority entered into a Termination Agreement 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	Stadium Debt		Arena Debt	
Ending June 30	Principal	Interest	Principal	Interest
2013	$ 9,025	$ 5,572	$ 4,400	$ 219
2014	7,340	5,375	4,700	208
2015	7,560	5,121	5,100	198
2016	7,865	4,781	5,400	186
2017	8,255	4,379	5,800	174
2018-2022	47,895	15,138	35,600	650
2023-2026	34,875	2,817	34,435	189
Total	$ 122,815	$ 43,183	$ 95,435	$ 1,824

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

Under the joint exercise of power agreement, which formed the Coliseum Authority, the County is responsible for funding up to 50% of the Coliseum Authority's operating costs and debt service requirements; to the extent such funding is necessary. During the year ended June 30, 2012, the County made contributions of $9.98 million to fund its share of operating deficits and debt service payments of the Coliseum Authority.

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium Bonds, such that the City and County will have to contribute to base rental payments. Of the $20.5 million appropriated in the general fund as part of the above agreements, it is estimated that the County will have to contribute $10 million for the year ended June 30, 2013. There are many uncertainties in the estimation of revenues for the Coliseum Authority beyond one year into the future; therefore the County has established a contingent liability to fund the Coliseum Authority deficit in the Statement of Net Assets in an amount equal to its contingent share (50%) of the outstanding Stadium Bonds, in the amount of $61.4 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.

(amounts in tables expressed in thousands)

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 $300 thousand to ACMC during fiscal year 2012.

Included in the County's outstanding long-term liabilities at June 30, 2012, are $4.82 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:

	2011/12	2010/11
Estimated liability for claims and contingencies at the beginning of the fiscal year	$ 21,690	$ 20,616
Additional obligations	4,662	3,486
Payments	(3,190)	(2,412)
Estimated liability for claims and contingencies at the end of the fiscal year	$ 23,162	$ 21,690

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 2013.

(amounts in tables expressed in thousands)

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

In August 2004, the County placed a $200 million limitation on net loans to ACMC. As defined, this limitation is calculated as gross loans to ACMC, reduced by board-designated funds held by the County on behalf of ACMC. As of June 30, 2012, the balance of net loans to ACMC was $127.72 million.

The terms of loan repayment, amended in April 2011, called for a reduction of the $200 million loan limit to $135 million by June 30, 2012. The outstanding net payable to the County is less than the $135 million loan limit, and accordingly, the net loans of $127.72 million at June 30, 2012 is classified as long-term in the accompanying statement of net assets.

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

A. ***Net Patient Service Revenue***

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

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

A substantial portion of ACMC's revenues is derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Revenues from Medi-Cal and Medicare programs represent approximately 46 percent and 14 percent, respectively, of gross patient service revenues, excluding certain federal aid revenues, for the fiscal year ended June 30, 2012. Reimbursement rates are tentative and final reimbursement for services is determined after submission of annual cost reports and audits by third-party intermediaries.

C. ***Other Program Revenues***

ACMC also receives significant revenues from the Medical Waiver Program, California Senate Bill 1100 (SB1100). Beginning in fiscal year 2006, SB1100 provides additional funding to hospitals that provide a significant portion of their services to Medi-Cal and medically indigent recipients. SB1100 provides additional funds through a reimbursement rate increase for each Medi-Cal patient day provided, up to a maximum number of days. ACMC accrued $109.75 million in SB1100 funds for the fiscal year ended June 30, 2012, 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. ACMC provides services to patients who are financially screened and qualifies to receive charity care under the guidelines of AB 774. ACMC 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, 2012:

Charity care at cost	$ 3,893
Percent of operating expenses	.7 %

(amounts in tables expressed in thousands)

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, 2012:

HPAC unreimbursed cost	$ 41,111
Percent of operating expenses	7.7 %

E. *Accounts Receivable*

Accounts receivable at June 30, 2012, comprised the following:

Patient accounts receivable	$ 79,269
Due from State of California	93,133
Other accounts receivable	1,650
Total	$ 174,052

Patient accounts receivable include amounts due from third party payors, patients, and other agencies for patient services rendered and is net of $ 183.5 million in estimated contractual adjustments and uncollectible accounts. Other receivables include professional and other fees earned on patient services and services provided to various outside agencies. Also included in other accounts receivables are reimbursement claims for grants expenditures and amounts owed to ACMC from the state for payments under the SB 1100 program.

F. *Accounts Payable and Accrued Expenses*

Accounts payable and accrued expenses at June 30, 2012, comprised the following:

Accounts payable	$ 49,487
Accrued payroll	17,044
Due to third-party payors	22,218
Other accrued liabilities	159
	$ 88,908

G. *Defined Benefit Pension Plan*

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

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

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

(amounts in tables expressed in thousands)

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

ACMC is required by statute to contribute the amounts necessary to finance the estimated benefits accruing to their employees. ACMC's annual pension cost, the transfer of the excess investment earnings from the pension to the SRBR trust and its contributions for fiscal years 2010 to 2012 are as follows:

Plan Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contribution Before Transfer of Excess Investment Earnings to SRBR	Excess Investment Earnings Transferred to SRBR	Contribution After Transfer of Excess Investment Earnings to SRBR	Contribution as a Percentage of ARC
2010	$ 21,593	$ 21,593	$ -	$ 21,593	100.00 %
2011	23,375	23,375	-	23,375	100.00
2012	26,806	26,806	-	26,806	100.00

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, 2012. Refer to table below for carry forward obligation balance. Since fiscal year 2008, ACERA has not made any excess investment earnings transfers. For fiscal year ended June 30, 2012, the employees' contributions to the plan were $13.8 million.

The following table shows ACMC's annual pension cost and the changes in the net pension obligation for fiscal year ended June 30, 2012:

Annual required contributions	$ 26,806
Interest on net pension obligation	681
Adjustment to annual required contributions	(854)
Annual pension cost	26,633
Pension contributions	(26,806)
Decrease in net pension obligation	(173)
Net pension obligation, beginning of year	8,625
Net pension obligation, end of year	$ 8,452

(amounts in tables expressed in thousands)

H. Postemployment Medical Benefits

ACMC's annual postemployment medical benefits cost for fiscal years 2010 to 2012 are shown below. There are no transfers of the excess investment earnings from the pension to the SRBR trust for the same periods.

Plan Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contribution as a Percentage of ARC
2010	$ 6,453	0.00 %
2011	7,941	0.00
2012	6,612	0.00

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, 2012:

Annual required contributions	$ 6,612
Interest on net OPEB obligation	1,029
Adjustment to annual required contributions	(4,186)
Annual postemployment medical benefits cost	3,455
Postemployment medical benefits contributions	-
Increase in net OPEB obligation	3,455
Net OPEB obligation, beginning of year	15,981
Net OPEB obligation, end of year	$ 19,436

I. Other Postemployment Benefits

ACMC's annual other postemployment benefit cost fiscal years 2010 to 2012 are shown below. There are no transfers of the excess investment earnings from the pension to the SRBR trust for the same periods.

Plan Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Contribution as a Percentage of ARC
2010	$ 2,436	0.00 %
2011	2,354	0.00
2012	2,602	0.00

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, 2012:

Annual required contributions	$ 2,602
Interest on net OPEB obligation	757
Adjustment to annual required contributions	(615)
Annual other postemployment benefits cost	2,744
Other postemployment benefits contributions	-
Increase in net OPEB obligation	2,744
Net OPEB obligation, beginning of year	9,295
Net OPEB obligation, end of year	$ 12,039

16. Contingencies

A. *Self-insurance and Purchased Insurance*

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

The County uses a combination of self-insurance, participation in insurance pools, and purchased insurance coverage for protection against adverse losses. Excess general liability, workers' compensation, and medical malpractice coverage are provided by CSAC-Excess Insurance Authority (CSAC-EIA), a joint powers authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties and other California public entities. A Board of Directors consisting of one representative from each member county and seven members selected by the public entity membership governs the Authority. Purchased insurance includes primary all-risk property insurance for the entire County's real and personal property, equipment and vehicles; earthquake insurance for selected real property; Public Officials Dishonesty Bond coverage for losses related to theft of funds; and other coverage as listed below (amounts not in thousands).

PRIMARY GOVERNMENT

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

Property insurance is purchased on a March 31 policy year. Therefore, information is provided separately in the tables below for property insurance policies covering the disclosure periods 7/1/2011-3/31/2012 and 3/31/2012-6/30/2012.

Property Insurance – Declared values as of March 4, 2011 for Policy Period 3/31/2011-3/31/2012			
Funding Sources and Coverage Limits			
Coverage type and declared value, if applicable	**Deductible**	**Pooled Retention Limit (CSAC-EIA)**	**Excess Insurance Limit (Various carriers)**
All Risk		$3,000,000	$610,000,000
Real and personal property and rents: $2,110,598,196	$50,000		
Vehicles and mobile equipment (excluding buses): $112,680,695	$15,000, except $50,000 for vehicles with replacement value greater than $250,000		
Buses: $2,310,000	$100,000		

(amounts in tables expressed in thousands)

Fine Arts (scheduled): $1,634,494	$50,000		
Terrorism	$500,000	$3,000,000	$200,000,000
Flood: $2,110,598,196	2% of total values per unit up to $25,000	$0	$602,500,000
Earthquake: $1,837,713,254	5% of replacement value per unit per occurrence, with a $100,000 minimum deductible	Pooled retention is $0. Alameda County is a member of the CSAC - EIA property insurance program. Member properties are separated into eight different groups (towers) to achieve geographical diversity within each group and spread the risk of loss from a single earthquake. Alameda County property is spread between three groups (Towers I, II, and IV) with $82.5 million in purchased coverage for each tower and an additional $225 million in annual aggregate purchased coverage shared among all members in Towers I –V only, for total purchased earthquake coverage of $472.5 million, subject to limits of $307.5 million per tower.	
Cyber Liability	$100,000	$0	$1,000,000 per member; $10,000,000 pooled limit; Cyber liability became a separate purchased policy effective 1/1/2012

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

(amounts in tables expressed in thousands)

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

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

The County purchases insurance for the following exposures:

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

(amounts in tables expressed in thousands)

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

	General Liability		Workers' Compensation		Total	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
Estimated liability for claims and contingencies at the beginning of the fiscal year	$ 20,379	18,086	$ 72,426	$ 80,462	$ 92,805	$ 98,548
Incurred claims and claim adjustment expenses	5,330	10,352	20,837	5,340	26,167	15,692
Payments	(6,307)	(8,059)	(14,694)	(13,376)	(21,001)	(21,435)
Total estimated liability for claims and contingencies at the end of the fiscal year	$ 19,402	$ 20,379	$ 78,569	$ 72,426	$ 97,971	$ 92,805

B. *Litigation*

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

C. *Federal and State Grants*

The County participates in a number of federal and state grants programs subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs for or including the year ended June 30, 2012, 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. ACMC believes that it has adequately provided for any potential liabilities which may arise from the intermediaries' reviews.

E. *Redevelopment Agency Dissolution Law*

Under ABx1 26 adopted on June 28, 2011, as amended by AB 1484 adopted on June 27, 2012, all new redevelopment activities were suspended, with limited exceptions, and redevelopment agencies were dissolved on February 1, 2012. Under this legislation, the California Department of Finance and the California State Controller's Office have varying degrees of responsibility and oversight. The ultimate outcome of issues raised by State authorities, such as the rejection of using Alameda County Redevelopment Successor Agency assets to pay obligations or the return of asset transfers to the Alameda County Redevelopment Successor Agency cannot presently be determined and, accordingly, no provision for any liability that may result has been recorded in the financial statements.

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.

(amounts in tables expressed in thousands)

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. Prior to that date, the final seven months of the activities of the Alameda County Redevelopment Agency continued to be reported within non-major governmental funds of the County. 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 for the newly created Alameda County Redevelopment Successor Housing Agency 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 represents a loan to the County for the construction of a library.

Capital asset activities of the private purpose trust fund for the year ended June 30, 2012, are as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, being depreciated:				
Infrastructure	$ -	$ 3,111	$ -	$ 3,111
Less accumulated depreciation for:				
Infrastructure	-	317	-	317
Total capital assets, being depreciated, net	$ -	$ 2,794	$ -	$ 2,794

The changes in liabilities, other than long-term debt, of the private purpose trust fund for the year ended June 30, 2012 are as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Amounts Due Within One Year
Due to other governmental units	$ -	$ 6,812	$ -	$ 6,812	$ -
Notes payable	-	1,322	-	1,322	-
Total private purpose trust other long-term liabilties	$ -	$ 8,134	$ -	$ 8,134	$ -

18. Alameda County Redevelopment Successor Agency Tax Allocation Bonds

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 $52.46 million, with the final payment due on August 1, 2036. The tax allocation bonds are secured and to be serviced from tax increment revenues of the project areas. All project tax increment revenues except dedicated housing tax increment allocation are the security for the bonds. These revenues have been pledged until the year 2036. Pledged tax increment revenue recognized during the fiscal year ended June 30, 2012 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.

(amounts in tables expressed in thousands)

The outstanding tax allocation bonds of the Alameda County Redevelopment Successor Agency as of June 30, 2012:

Type of Obligation and Purpose	Maturity	Interest Rates	Original Issue	Outstanding
Tax allocation bonds				
Alameda County Successor Agency Eden Area Redevelopment Bonds	8/1/2036	4.0 - 5.0 %	$ 34,735	$ 31,185

The changes in the tax allocation bonds of the Alameda County Redevelopment Successor Agency for the year ended June 30, 2012, are as follows:

	Balance July 1, 2011	Additional Obligations and Net Increases	Current Maturities, Retirements, and Net Decreases	Balance June 30, 2012	Amounts Due Within One Year
Tax allocation bonds	$ -	$ 31,185	$ -	$ 31,185	$ 730
Deferred amount for issuance premium	-	299	(5)	294	12
Total private purpose trust bonds payable	$ -	$ 31,484	$ (5)	$ 31,479	$ 742

Annual debt service requirements for Alameda County Redevelopment Successor Agency tax allocation bonds outstanding as of June 30, 2012 are as follows:

For the Year Ending June 30	Tax Allocation Bonds Principal	Interest	Total
2013	$ 730	$ 1,381	$ 2,111
2014	760	1,351	2,111
2015	790	1,320	2,110
2016	825	1,288	2,113
2017	855	1,254	2,109
2018-2022	4,815	5,715	10,530
2023-2027	5,910	4,596	10,506
2028-2032	7,295	3,171	10,466
2033-2037	9,205	1,196	10,401
	$ 31,185	$ 21,272	$ 52,457

(amounts in tables expressed in thousands)

19. Extraordinary Items

Extraordinary items are both unusual in nature and infrequent in occurrence. Events are considered unusual in nature if they possess a high degree of abnormality and are clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity. An event is infrequent in occurrence if it would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the entity operates.

The dissolution of all redevelopment agencies in the State of California qualifies as an extraordinary item since this state-wide dissolution was both unusual in nature and infrequent in occurrence. Accordingly, the transfers of the assets and liabilities and the net assets as of February 1, 2012 of the Alameda County Redevelopment Agency from the County's governmental funds and the County's governmental activities, respectively, to the Alameda County Redevelopment Successor Agency Private Purpose Trust Fund were recorded as extraordinary items.

The extraordinary loss reported in the governmental funds is different than extraordinary loss reported for governmental activities in the statement of activities because the measurement focus and basis of accounting is different between governmental funds and government-wide financial statements. These differences are reconciled as follows:

Extraordinary loss reported in governmental funds	$ (71,362)
Assets and liabilities reported in government-wide financial statements:	
Certificates of participation	31,484
Due to other governmental units	6,812
Notes payable	1,322
Capital assets	(2,820)
Other assets	(771)
Total reconciling items	36,027
Extraordinary loss reported by governmental activities	$ (35,335)

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]
2009	$ 4,789,000	$ 5,899,331	81.2 %	$ 1,110,331	$ 882,606	125.8 %
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

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]
2009	$ 591,289	$ 763,501	77.4 %	$ 172,212	$ 882,606	19.5 %
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

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]
2009	$ 73,481	$ 171,178	42.9 %	$ 97,697	$ 882,606	11.1 %
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

COUNTY OF ALAMEDA, CALIFORNIA

GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 479,210	$ 496,941	$ 497,802	$ 861
Licenses and permits	7,031	7,900	7,493	(407)
Fines, forfeitures, and penalties	16,260	16,434	30,082	13,648
Use of money and property	6,773	6,773	9,131	2,358
State aid	670,929	692,487	707,385	14,898
Federal aid	326,355	366,079	369,434	3,355
Other aid	22,389	22,389	48,488	26,099
Charges for services	305,223	308,864	232,584	(76,280)
Other revenue	37,126	52,722	38,657	(14,065)
Total revenues	1,871,296	1,970,589	1,941,056	(29,533)
Expenditures:				
Current				
General government				
Salaries and benefits	84,820	87,222	82,885	4,337
Services and supplies	45,321	49,502	41,700	7,802
Other charges	25,504	22,847	12,456	10,391
Capital assets	89	110	366	(256)
Public protection				
Salaries and benefits	395,933	414,426	408,330	6,096
Services and supplies	162,618	164,870	151,324	13,546
Other charges	6,795	6,775	6,248	527
Capital assets	2,745	2,500	2,337	163
Public assistance				
Salaries and benefits	210,629	214,143	209,449	4,694
Services and supplies	122,810	138,562	125,596	12,966
Other charges	277,204	279,752	278,543	1,209
Capital assets	11	50,970	50,954	16
Health and sanitation				
Salaries and benefits	130,030	133,291	122,455	10,836
Services and supplies	389,343	428,320	368,519	59,801
Other charges	106,395	131,262	122,306	8,956
Capital assets	87	237	95	142
Public ways and facilities				
Salaries and benefits	385	390	373	17
Services and supplies	1,745	1,645	1,415	230
Capital assets	15	115	111	4
Recreation and cultural services				
Salaries and benefits	9	7	7	-
Services and supplies	654	672	671	1
Education				
Salaries and benefits	128	105	32	73
Services and supplies	125	150	139	11
Capital outlay	8,285	8,285	4,921	3,364
Pension bond debt service transfer	(36,888)	(36,888)	(36,888)	-
Total expenditures	1,934,792	2,099,270	1,954,344	144,926
Excess (deficiency) of revenues over expenditures	(63,496)	(128,681)	(13,288)	115,393
Other financing sources (uses):				
Refunding bonds issued	-	45,675	46,316	641
Transfers-in	-	29,152	2,915	(26,237)
Transfers-out	(36,888)	(69,221)	(60,932)	8,289
Budgetary reserves and designations	-	(40,548)	-	40,548
Total other financing sources (uses)	(36,888)	(34,942)	(11,701)	23,241
Net change in fund balance	(100,384)	(163,623)	(24,989)	138,634
Add outstanding encumbrance for current budget year	-	-	44,935	44,935
Fund balance - beginning of period	1,062,918	1,062,918	1,062,918	-
Fund balance - end of period	$ 962,534	$ 899,295	$ 1,082,864	$ 183,569

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

PROPERTY DEVELOPMENT SPECIAL REVENUE FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary	Variance Positive
	Original	**Final**	**Basis**	**(Negative)**
Revenues:				
Use of money and property	$ 238	$ 238	$ 4,458	$ 4,220
Other revenue	2,300	2,300	400	(1,900)
Total revenues	2,538	2,538	4,858	2,320
Expenditures:				
Current				
General government				
Salaries and benefits	447	447	242	205
Services and supplies	2,160	14,160	651	13,509
Capital assets	225	225	100	125
Total expenditures	2,832	14,832	993	13,839
Excess (deficiency) of revenues over expenditures	(294)	(12,294)	3,865	16,159
Other financing sources (uses):				
Proceeds from sale of land	45,200	45,200	15,130	(30,070)
Transfers-out	(45,294)	(45,294)	(10,566)	34,728
Total other financing sources (uses)	(94)	(94)	4,564	4,658
Net change in fund balance	(388)	(12,388)	8,429	20,817
Add outstanding encumbrance for current budget year	-	-	73	73
Fund balance - beginning of period	308,958	308,958	308,958	-
Fund balance - end of period	$ 308,570	$ 296,570	$ 317,460	$ 20,890

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

FLOOD CONTROL SPECIAL REVENUE FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Revenues:				
Taxes	$ 28,898	$ 30,696	$ 29,754	$ (942)
Licenses and permits	26	26	4,708	4,682
Use of money and property	1,491	1,491	1,434	(57)
State aid	313	313	304	(9)
Federal aid	600	600	123	(477)
Other aid	3,221	3,221	5,050	1,829
Charges for services	12,771	12,771	12,534	(237)
Other revenue	42	42	382	340
Total revenues	47,362	49,160	54,289	5,129
Expenditures:				
Current				
Public protection				
Salaries and benefits	32,791	32,955	16,147	16,808
Services and supplies	82,778	108,826	62,982	45,844
Other charges	2,175	2,400	1,013	1,387
Capital assets	1,756	5,699	6,079	(380)
Total expenditures	119,500	149,880	86,221	63,659
Excess (deficiency) of revenues over expenditures	(72,138)	(100,720)	(31,932)	68,788
Other financing sources (uses):				
Transfers-out	-	(33)	-	33
Total other financing sources (uses)	-	(33)	-	33
Net change in fund balance	(72,138)	(100,753)	(31,932)	68,821
Add outstanding encumbrance for current budget year	-	-	21,852	21,852
Fund balance - beginning of period	173,138	173,138	173,138	-
Fund balance - end of period	$ 101,000	$ 72,385	$ 163,058	$ 90,673

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

GRANT REVENUE SPECIAL REVENUE FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary	Variance Positive
	Original	Final	Basis	(Negative)
Revenues:				
Licenses and permits	$ 1,095	$ 227	$ 238	$ 11
Use of money and property	-	3	(127)	(130)
State aid	21,765	22,917	17,143	(5,774)
Federal aid	71,495	96,089	77,809	(18,280)
Charges for services	313	313	111	(202)
Other revenue	1,868	2,107	2,169	62
Total revenues	96,536	121,656	97,343	(24,313)
Expenditures:				
Current				
Public protection				
Salaries and benefits	14,277	19,541	16,414	3,127
Services and supplies	8,024	25,207	18,988	6,219
Other charges	400	573	398	175
Capital assets	1,985	2,685	676	2,009
Public assistance				
Salaries and benefits	3,332	3,207	1,956	1,251
Services and supplies	39,690	44,901	37,709	7,192
Other charges	488	487	314	173
Capital assets	3	218	157	61
Health and sanitation				
Salaries and benefits	14,547	15,131	15,120	11
Services and supplies	26,141	24,553	18,759	5,794
Other charges	19	19	7	12
Capital assets	-	416	395	21
Total expenditures	108,906	136,938	110,893	26,045
Excess (deficiency) of revenues over expenditures	(12,370)	(15,282)	(13,550)	1,732
Other financing sources (uses):				
Transfers-in	-	-	92	92
Transfers-out	(241)	(886)	(880)	6
Total other financing sources (uses)	(241)	(886)	(788)	98
Net change in fund balance	(12,611)	(16,168)	(14,338)	1,830
Add outstanding encumbrance for current budget year	-	-	7,000	7,000
Fund balance (deficit) - beginning of period	(1,930)	(1,930)	(1,930)	-
Fund balance (deficit) - end of period	$ (14,541)	$ (18,098)	$ (9,268)	$ 8,830

See the notes to required supplementary information.

1. Budget and Budgetary Accounting

General Budget Policies

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

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

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

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

Budget Basis of Accounting

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

2. Reconciliation of Budget vs. GAAP Basis Expenditures

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

Reconciliation of Budget vs. GAAP Basis Expenditures

	General Fund	Property Development Fund	Flood Control Fund	Grant Revenue Fund
Budget basis expenditures	$ 1,954,344	$ 993	$ 86,221	$ 110,893
Encumbrances for current budget year	(44,935)	(73)	(21,852)	(7,000)
GAAP basis expenditures	$ 1,909,409	$ 920	$ 64,369	$ 103,893

SINGLE AUDIT SECTION

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

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 2012, except for our report on the schedule of expenditures of federal awards, as to which the date is March 18, 2013. Our report includes a reference to other auditors. Our report also includes an explanatory paragraph discussing the dissolution of the Redevelopment Agency of the County of Alameda. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Alameda County Employees' Retirement Association (ACERA), as described in our report on the County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2012-A and 2012-B that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

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

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

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

Macias Gini & O'Connell LLP

Oakland, California
December 28, 2012

MGO Certified Public Accountants.

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

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

Compliance

We have audited the County of Alameda's, California (County's), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Alameda County Housing and Community Development Department (Department), the Alameda County Lead Poisoning Prevention Program (Program), and the Alameda County Medical Center (ACMC). The Department, Program, and ACMC expended $26,052,728, $1,261,915, and $3,421,023, in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards (SEFA) for the year ended June 30, 2012. Our audit, described below, did not include the operations of the Department and the Program because each entity engaged other auditors to perform audits in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Our audit, described below, also did not include the operations of ACMC because we were engaged to perform an audit in accordance with OMB Circular A-133 and reported on the results separately to ACMC.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in finding 2012-1 in the accompanying schedule of finding and questioned costs, the County did not comply with requirements regarding subrecipient monitoring that are applicable to its Temporary Assistance for Needy Families Cluster (CFDA number 93.558) and Chafee Foster Care Independence Program (CFDA number 93.674) programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to those programs.

As described in finding 2012-2 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding procurement that are applicable to its Block Grants for Community Mental Health Services (CFDA number 93.958) and Block Grants for Prevention and Treatment of Substance Abuse (CFDA number 93.959) programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to those programs.

As described in finding 2012-4 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding eligibility that are applicable to its ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors (CFDA number 17.275) and Workforce Investment Act National Emergency Grants (CFDA number 17.277) programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the three preceding paragraphs, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as finding 2012-3.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2012-1, 2012-2, and 2012-4 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 2012-3 to be a significant deficiency.

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

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

Macias Gini & O'Connell LLP

Oakland, California
March 18, 2013

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

CFDA No	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Agriculture								
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	10-0053-SF	California Department of Food and Agriculture	Asian Citrus Psyllid	$ 44,727	$ -
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	11-0377-SF	California Department of Food and Agriculture	Dog Team	150,882	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	11-0246-SF	California Department of Food and Agriculture	European Grapevine Moth	23,323	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	10-0109-SF	California Department of Food and Agriculture	European Grapevine Moth	41,148	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	10-0320	California Department of Food and Agriculture	GWS - Glassy Winged Sharpshooter	156,306	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	11-0011	California Department of Food and Agriculture	Insect Trapping	569,234	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	10-0245	California Department of Food and Agriculture	Insect Trapping	287,535	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	DJ10-6901	California Department of Food and Agriculture	Japanese Dodder	3,505	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	LBAMR10ALA01	California Department of Food and Agriculture	Light Brown Apple Moth	71,503	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	11-0434-SF	California Department of Food and Agriculture	Light Brown Apple Moth	41,786	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	11-0362-SF	California Department of Food and Agriculture	Light Brown Apple Moth	53,772	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	10-0503	California Department of Food and Agriculture	SOD - Sudden Oak Death	16,125	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	11-0346-SF	California Department of Food and Agriculture	SOD - Sudden Oak Death	41,414	-
10.025	Plant and Animal Disease, Pest Control, and Animal Care		Pass-through	10-0500	California Department of Food and Agriculture	Weed- Management	6,105	-
						Total Plant and Animal Disease, Pest Control, and Animal Care	**1,507,365**	**-**
10.555	National School Lunch Program	Child Nutrition	Pass-through	01001-SN-01-R	California Department of Education	National School Lunch Program	429,463	-
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		Pass-through	11-10429	California Department of Public Health	Women, Infant, Children (WIC) Program	4,559,637	54,831
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP	Pass-through	10-10085	California Department of Public Health	Nutrition Network	3,676,385	553,763
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP	Pass-through	N/A	California Department of Social Services	Food Stamps - E&T - Admin	19,328,790	759,564
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SNAP	Pass-through	N/A	California Department of Social Services	CALWIN - SB72	29,266	-
						Total Supplemental Nutrition Assistance Program	**23,034,441**	**1,313,327**
						Total Supplemental Nutrition Assistance Program Cluster	**23,034,441**	**1,313,327**
10.576	Senior Farmers Market Nutrition Program		Pass-through	AP-1112-09	California Department of Aging	Farmers' Market	30,000	30,000
						Total U.S. Department of Agriculture	**29,560,906**	**1,398,158**
U.S. Department of Commerce								
11.550	Public Telecommunications Facilities Planning and Construction		Pass-through	N/A	County and City of San Francisco	Urban Area Security Initiative	$ 1,943,744	$ -
						Total U.S. Department of Commerce	**1,943,744**	**-**
U.S. Department of Housing and Urban Development								
14.235	Supportive Housing Program		Pass-through	N/A	Anka Behavioral Health, Inc.	Oakland Homeless Families Program - Families in Transition	$ 318,535	$ -
						Total U.S. Department of Housing & Urban Development	**318,535**	**-**

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

CFDA No	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Justice								
16.523	Juvenile Accountability Block Grants		Pass-through	CSA 181-09 AMYVPT	California Department of Corrections and Rehabilitation	Aggression Replacement Training / CalGRIP Anger Management and Youth Violence Prevention Training	$ 116	$ -
16.523	Juvenile Accountability Block Grants		Pass-through	CSA 181-08.6	California Department of Corrections and Rehabilitation	Juvenile Accountability Block Grant	2,592	-
16.523	Juvenile Accountability Block Grants		Pass-through	CSA 181-10	California Department of Corrections and Rehabilitation	Juvenile Accountability Block Grant	38,133	-
16.523	Juvenile Accountability Block Grants		Pass-through	CSA 181-11	California Department of Corrections and Rehabilitation	Juvenile Accountability Block Grant	159,654	-
						Total Juvenile Accountability Block Grants	**200,495**	**-**
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States		Pass-through	CSA 336-10	California Department of Corrections and Rehabilitation	DMC Support Project	55,979	-
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States		Pass-through	CSA 336-11	California Department of Corrections and Rehabilitation	DMC Support Project	32,068	-
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States		Pass-through	CSA 377-11	California Department of Corrections and Rehabilitation	Evening Reporting Center	53,440	-
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States		Pass-through	CSA 369-11	California Department of Corrections and Rehabilitation	Probation Court Based Alternatives	300,000	-
						Total Juvenile Justice and Delinquency Prevention Allocation to States	**441,487**	**-**
16.541	Part E - Developing, Testing and Demonstrating Promising New Programs		Direct	N/A	N/A	N/A	57,823	-
						Total Part E - Developing, Testing and Demonstrating Promising New Programs	**57,823**	**-**
16.543	Missing Children's Assistance		Direct	N/A	N/A	N/A	140,773	-
16.575	Crime Victim Assistance		Pass-through	UV11020010	California Emergency Management Agency	Unserved/Underserved Victim Advocacy and Outreach Program	82,912	-
16.575	Crime Victim Assistance		Pass-through	VW11300010	California Emergency Management Agency	Victim/Witness Assistance Program	392,394	-
						Total Crime Victim Assistance	**475,306**	**-**
16.588	Violence Against Women Formula Grants		Pass-through	VW11300010	California Emergency Management Agency	Victim/Witness Assistance Program	131,207	-
16.588	Violence Against Women Formula Grants		Pass-through	VV11030010	California Emergency Management Agency	Violence Against Women Vertical Prosecution Program	188,634	-
						Total Violence Against Women Formula Grants	**319,841**	**-**
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		Direct	N/A	N/A	N/A	548,700	-
16.607	Bulletproof Vest Partnership Program		Direct	N/A	N/A	N/A	136,434	-
16.710	**ARRA-** Public Safety Partnership and Community Policing Grants		Direct	N/A	N/A	N/A	228,535	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program	JAG	Direct	N/A	N/A	N/A	1,016,197	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program	JAG	Pass-through	DC10210010	California Emergency Management Agency	Anti-Drug Abuse Program	140,167	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program	JAG	Pass-through	DC11220010	California Emergency Management Agency	Anti-Drug Abuse Program	710,849	-
						Total Edward Byrne Memorial Justice Assistance Grant Program	**1,867,213**	-
16.803	**ARRA–** Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To States and Territories	JAG	Pass-through	ZP09 01 0010	California Emergency Management Agency	ARRA- Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units of Local Government	680,434	-
						Total ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To States and Territories	**680,434**	-

CFDA No	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Justice (continued)								
16.804	**ARRA–** Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	JAG	Direct	2009-SB-B9-0733	N/A	N/A	$ 161,080	$ -
						Total ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	**161,080**	**-**
						Total JAG Program Cluster	**2,708,727**	**-**
16.741	DNA Backlog Reduction Program		Direct	N/A	N/A	N/A	364,977	-
						Total DNA Backlog Reduction Program	**364,977**	**-**
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		Pass-through	CQ10070010	California Emergency Management Agency	2010 Coverdell Science Improvement Program	38,713	-
16.812	Second Chance Act Prisoner Reentry Initiative		Direct	N/A	N/A	N/A	1,044,501	377,805
16.812	Second Chance Act Prisoner Reentry Initiative		Pass-through	2010-CZ-BX-0050	City of Oakland	Juvenile Second Chance Prisoner Reentry Program	215,271	-
						Total Second Chance Act Prisoner Reentry Initiative	**1,259,772**	**377,805**
16.001	Law Enforcement Assistance_Narcotics and Dangerous Drugs_Laboratory Analysis		Direct	N/A	N/A	N/A	4,532	-
						Total U.S. Department of Justice	**6,926,115**	**377,805**
U.S. Department of Labor								
17.235	Senior Community Service Employment Program		Pass-through	TV1112-09	California Department of Aging	Senior Employment	$ 173,197	$ 173,197
17.258	**ARRA –** WIA Adult Program	WIA	Pass-through	K074134	California Employment Development Department	ARRA - WIA 15% Incentive-113	8,221	3,414
17.258	WIA Adult Program	WIA	Pass-through	K178653	California Employment Development Department	Title I 15% Special Project CDCR New Start (442)	57,042	57,042
17.258	WIA Adult Program	WIA	Pass-through	K178653	California Employment Development Department	WIA Title I Adult Formula - 201	6,971	-
17.258	WIA Adult Program	WIA	Pass-through	K178653	California Employment Development Department	WIA Title I Adult Formula - 202	861,929	751,098
17.258	WIA Adult Program	WIA	Pass-through	K282468	California Employment Development Department	WIA Title I Adult Formula - 201	148,536	142,903
17.258	WIA Adult Program	WIA	Pass-through	K282468	California Employment Development Department	WIA Title I Adult Formula - 202	789,661	584,491
						Total WIA Adult Program	**1,872,360**	**1,538,948**
17.259	WIA Youth Activities	WIA	Pass-through	K178653	California Employment Development Department	WIA Title I Youth Formula - 301	638,544	499,074
17.259	WIA Youth Activities	WIA	Pass-through	K2822468	California Employment Development Department	WIA Title I Youth Formula - 301	1,412,066	1,170,542
						Total WIA Youth Activities	**2,050,610**	**1,669,616**
17.260	**ARRA–** WIA Dislocated Workers	WIA	Pass-through	K074134	California Employment Development Department	ARRA- WIA RR Aditional Assit- Adult Formula -108	68,897	68,897
17.260	**ARRA –** WIA Dislocated Workers	WIA	Pass-through	K074134	California Employment Development Department	ARRA - Rapid Response for NUMMI- 308/ Bridge 25%	1,775,620	1,775,264
						Total ARRA - WIA Dislocated Workers	**1,844,517**	**1,844,161**
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	K178653	California Employment Development Department	Title I Dislocated Workers - 501	52,369	52,369
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	K178653	California Employment Development Department	Title I Dislocated Workers - 502	1,181,380	997,439
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	K178653	California Employment Development Department	Title I Dislocated Workers - 540/WIA Title I Rapid Response for RA&PGM	6,242	4,850
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	K178653	California Employment Development Department	Title I Dislocated Workers - 541/WIA Title I Rapid Response for RA&PGM	686,464	685,857
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	K282468	California Employment Development Department	Title I Dislocated Workers - 501	632,369	628,062

CFDA No	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Labor (continued)								
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	K282468	California Employment Development Department	Title I Dislocated Workers - 502	$ 1,548,742	$ 1,233,941
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	K282468	California Employment Development Department	Title I Dislocated Workers - 540/WIA Title I Rapid Response for RA&PGM	245,915	141,377
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	K282468	California Employment Development Department	Title I Dislocated Workers - 541/WIA Title I Rapid Response for RA&PGM	731,560	497,905
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	P1001281	California Employment Development Department	Bay Area Clean Energy Careers - BayCEC	74,737	49,068
17.278	WIA Dislocated Worker Formula Grants	WIA	Pass-through	71504	California Employment Development Department	Home Energy Retrofit Occupations (HERO)	123,890	112,581
						Total WIA Dislocated Workers	**5,283,668**	**4,403,449**
						Total WIA Cluster	**11,051,155**	**9,456,174**
17.275	**ARRA–** Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors		Pass-through	K074134	California Employment Development Department	ARRA Discretionary SESP - 146	613,216	583,597
17.275	**ARRA–** Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors		Pass-through	27-1501-4563-AC WIB	San Jose State University Research Foundation	Clinical Lab Sciences Occupations/California Biotechnology Clinical Laboratory Consortium Project	40,037	21,227
						Total ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	**653,253**	**604,824**
17.277	Workforce Investment Act (WIA) National Emergency Grants		Pass-through	K178653	California Employment Development Department	Title I NEG NUMMI Project-768	4,573,157	4,468,113
17.277	Workforce Investment Act (WIA) National Emergency Grants		Pass-through	K282468	California Employment Development Department	Title I NEG NUMMI Project-768	636,756	608,717
						Total WIA National Emergency Grants	**5,209,913**	**5,076,830**
						Total U.S. Department of Labor	**17,087,518**	**15,311,025**
U.S. Department of Transportation								
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	04-5933R	California Department of Transportation	Highway Planning and Construction	$ 107,836	$ 107,836
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement M045	California Department of Transportation	STPLZ-5933(028)	408,649	-
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement M047	California Department of Transportation	STPLZ-5933(030)	19,065	-
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement N066	California Department of Transportation	HSIPL-5933 (096)	32,215	-
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement N070	California Department of Transportation	HPLUL-5933(102)	1,338,945	-
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement N071	California Department of Transportation	SRTSL-5933(107)	43,875	-
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement N072	California Department of Transportation	STPL-5933(110)	71,693	-
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement N073	California Department of Transportation	STPL-5933(111)	46,970	-
20.205	Highway Planning and Construction	Highway Planning and	Pass-through	Program Supplement N074	California Department of Transportation	TCSPL-09CA(018)	62,462	-
20.205	Highway Planning and Construction	Highway Planning and	Pass-through	Program Supplement N075	California Department of Transportation	CML-5933(109)	8,853	-
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement N076	California Department of Transportation	HPLUL-5933(113)	24,254	-
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement N077	California Department of Transportation	RPSTPLE-5933(112)	57,550	-

CFDA No	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Transportation (continued)								
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement N078	California Department of Transportation	DEM05L-5933(114)	$ 54,044	$ -
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement N079	California Department of Transportation	HPLUL-5933(116)	12,133	-
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	SRTSL-5933 (119)	California Department of Transportation	Implement Golden Sneakers Program, Safety Patrols	45,747	25,550
						Total Highway Planning and Construction	**2,334,291**	**133,386**
						Total Highway Planning & Construction Cluster	**2,334,291**	**133,386**
						Total U.S. Department of Transportation	**2,334,291**	**133,386**
Institute of Museum and Library Services								
45.310	Grants to States		Pass-through	40-7953	California State Library	Project MOVE	$ 55,752	$ -
						Total Institute of Museum and Library Services	**55,752**	**-**
U.S. Department of Energy								
81.041	ARRA - State Energy Program		Pass-through	006-10-ECE-ARRA	California Energy Commission	Energy Resources Conservation	$ 650,000	$ -
						Total ARRA – State Energy Program	**650,000**	**-**
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)		Direct	N/A	N/A	N/A	5,444	3,041
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)		Pass-through	CBG-09-129A	California Energy Commision	Energy Resources Conservation	300,000	-
						Total ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	**305,444**	**3,041**
						Total U.S. Department of Energy	**955,444**	**3,041**
U.S. Department of Health and Human Services								
93.041	Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation		Pass-through	AP-1112-09	California Department of Aging	Elder Abuse	$ 21,095	$ 21,095
93.042	Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals		Pass-through	AP-1112-09	California Department of Aging	Ombudsman	58,617	-
93.043	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services		Pass-through	AP-1112-09	California Department of Aging	Disease Prevention	92,702	92,702
93.044	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	Aging	Pass-through	AP-1112-09	California Department of Aging	Supportive Services	1,386,052	799,846
93.045	Special Programs for the Aging_Title III, Part C_Nutrition Services	Aging	Pass-through	AP-1112-09	California Department of Aging	Congregate Nutrition	1,102,819	936,236
93.045	Special Programs for the Aging_Title III, Part C_Nutrition Services	Aging	Pass-through	AP-1112-09	California Department of Aging	Home-Delivered Meal	1,516,823	1,434,230
						Total Special Programs for the Aging_Title III, Part C_Nutrition Services	**4,005,694**	**2,370,466**
93.053	Nutrition Services Incentive Program	Aging	Pass-through	AP-1112-09	California Department of Aging	Nutricient Service Incentive Program (NSIP)	509,954	509,954
						Total Aging Cluster	**4,515,648**	**3,680,266**
93.052	National Family Caregiver Support, Title III, Part E		Pass-through	AP-1112-09	California Department of Aging	Caregiver Support	638,755	580,168
93.069	Public Health Emergency Preparedness		Pass-through	EPO 11-01	California Department of Public Health	BT-CDC Base Allocation	956,535	13,533
93.069	Public Health Emergency Preparedness		Pass-through	EPO 11-01	California Department of Public Health	BT-Cities Readiness Initiative	413,732	24,508

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

CFDA No	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (continued)								
93.069	Public Health Emergency Preparedness		Pass-through	EPO 09-01/EPO P3-01	California Department of Public Health	CDC PHER H1N1	$ 48,830	$ 48,830
						Total Public Health Emergency Preparedness	**1,419,097**	**86,871**
93.090	Guardianship Assistance		Pass-through	N/A	California Department of Social Services	KINGAP -4T	1,230,216	-
93.090	Guardianship Assistance		Pass-through	N/A	California Department of Social Services	KINGAP IV-E Admin	587,844	-
						Total Guardianship Assistance	**1,818,060**	**-**
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		Direct	N/A	N/A	N/A	1,152,914	127,296
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		Pass-through	N/A	California Department of Public Health	Tuberculosis Control	636,312	-
93.136	Injury Prevention and Control Research and State and Community Based Programs		Direct	N/A	N/A	N/A	74,074	15,783
93.150	Projects for Assistance in Transition from Homelessness (PATH)		Pass-through	1946001347J5	California Department of Mental Health	Projects for Assistance in Transition from Homelessness (PATH)	278,420	-
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	Health Center	Direct	N/A	N/A	N/A	2,866,214	630,543
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance		Direct	N/A	N/A	N/A	692,767	260,398
93.268	Immunization Cooperative Agreements	Immunization	Pass-through	11-10523	California Department of Public Health	State Immunization Assessment and Immunization Registry Awards	488,250	-
93.297	Teenage Pregnancy Prevention Program		Direct	N/A	N/A	N/A	1,262,508	635,267
93.556	Promoting Safe and Stable Families		Pass-through	N/A	California Department of Social Services	Family Preservation / Family Support	894,489	424,337
93.556	Promoting Safe and Stable Families		Pass-through	N/A	California Department of Social Services	Family Preservation / Family Support-Case Worker	223,999	-
						Total Promoting Safe and Stable Families	**1,118,488**	**424,337**
93.558	Temporary Assistance for Needy Families	TANF	Pass-through	N/A	California Department of Public Health	CALWIN	3,478,160	-
93.558	Temporary Assistance for Needy Families	TANF	Pass-through	N/A	California Department of Social Services	CalWORKs Assistance-30,33,35, 3P,3R,3E, 3H,3U	44,294,120	-
93.558	Temporary Assistance for Needy Families	TANF	Pass-through	N/A	California Department of Social Services	CalWORKs CEC Program	57,883,557	21,996,846
93.558	Temporary Assistance for Needy Families	TANF	Pass-through	N/A	California Department of Social Services	CWS - Emergency Assistance(TANF)	6,500,058	-
						Total Temporary Assistance for Needy Families (TANF)	**112,155,895**	**21,996,846**
93.563	Child Support Enforcement		Pass-through	N/A	California Department of Child Support Services	Child Support Enforcement	17,410,243	-
						Total Child Support Enforcement	**17,410,243**	**-**
93.566	Refugee and Entrant Assistance_State Administered Programs		Pass-through	N/A	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	1,259,477	-
93.575	Child Care & Development Block Grant	CCDF	Pass-through	01-2501-00-1	California Department of Education	Child Care Salary / Retention Incentive Program (CRET)	624,909	-
93.575	Child Care & Development Block Grant	CCDF	Pass-through	01-2501-00-1	California Department of Education	Local Child Care & Development Planning Council Program (CLPC)	56,647	-
						Total Child Care & Development Block Grant	**681,556**	**-**
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CCDF	Pass-through	N/A	California Department of Education	Child Care Development	568,021	544,091
						Total CCDF Cluster	**1,249,577**	**544,091**
93.576	Refugee and Entrant Assistance_Discretionary Grants		Pass-through	N/A	California Department of Social Services	CDSS, Refugee Programs Bureau	20,785	-
93.584	Refugee and Entrant Assistance_Targeted Assistance Grants		Pass-through	N/A	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	134,820	-

CFDA No	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (continued)								
93.598	Services to Victims of a Severe Form of Trafficking		Pass-through	90ZV0092/01	SAGE Project, INC.	Rescue and Restore Victims of Human Trafficking Regional Program	$ 20,000	$ -
93.645	Stephanie Tubbs Jones Child Welfare Services Program		Pass-through	N/A	California Department of Social Services	CWS-IV-B	800,540	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services	EA- Foster Care- 5K	211,761	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services	Foster Care	743,035	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services	Foster Care Assistance- 40, 42	13,934,974	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services	Foster Care XX	2,722,963	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services	Foster Home Licensing	218,669	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services	NCWS-FP	157,803	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services	SACWIS	274,392	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services & California Department of Health Care Services	CWS-IV-E	36,021,543	11,686,428
93.658	Foster Care_Title IV-E		Pass-through	N/A	California Department of Social Services & California Department of Health Care Services	NCWS-FPP	164,902	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	Social Services Agency	Family Preservation Program	468,080	-
93.658	Foster Care_Title IV-E		Pass-through	N/A	Social Services Agency	Foster_Care Title IV-E	11,491,637	-
						Total Foster Care_Title IV-E	**66,409,759**	**11,686,428**
93.659	Adoption Assistance		Pass-through	N/A	California Department of Social Services	Adoption Eligibility	617,914	-
93.659	Adoption Assistance		Pass-through	N/A	California Department of Social Services	Adoption -SS	1,355,870	-
93.659	Adoption Assistance		Pass-through	N/A	California Department of Social Services	Adoptive Assistance Payments-03, 04	9,559,191	-
						Total Adoption Assistance	**11,532,975**	**-**
93.667	Social Services Block Grant		Pass-through	N/A	California Department of Social Services	CWS Title XX	2,293,000	-
93.674	Chafee Foster Care Independence Program		Pass-through	N/A	California Department of Social Services	Independent Living Skills	789,403	706,233
93.703	**ARRA –** Grants to Health Center Programs		Direct	N/A	N/A	N/A	2,944	-
93.778	Medical Assistance Program	Medicaid	Pass-through	08-85116	California Department of Health Care Services	Medi-Cal Administrative Activities (MAA)	6,317,101	2,974,427
93.778	Medical Assistance Program	Medicaid	Pass-through	10-87003	California Department of Health Care Services	Medi-Cal Administrative Activities (MAA)	2,095,809	2,095,809
93.778	Medical Assistance Program	Medicaid	Pass-through	N/A	California Department of Health Care Services	California Children Services	4,178,148	71,652
93.778	Medical Assistance Program	Medicaid	Pass-through	N/A	California Department of Health Care Services	IHSS PCSP/ Health Related ADM- DHS	7,796,361	-
93.778	Medical Assistance Program	Medicaid	Pass-through	N/A	California Department of Health Care Services	Medi-Cal	23,720,016	97,095
93.778	Medical Assistance Program	Medicaid	Pass-through	N/A	California Department of Social Services & California Department of Health Care Services	APS/CSBG- Health Related- DHS	5,628,556	1,121,783
93.778	Medical Assistance Program	Medicaid	Pass-through	N/A	California Department of Social Services & California Department of Health Care Services	IHSS- Health Related- DHS	14,580,840	-
						Total Medical Assistance Program	**64,316,831**	**6,360,766**
						Total Medicaid Cluster	**64,316,831**	**6,360,766**

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

CFDA No	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (continued)								
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		Pass-through	HI1112-09	California Department of Aging	HICAP	$ 148,142	$ 136,078
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		Pass-through	MI-0910-09	California Department of Aging	MIPPA	66,382	63,260
						Total Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	**214,524**	**199,338**
93.889	National Bioterrorism Hospital Preparedness Program		Pass-through	EPO 11-010	California Department of Public Health	BT-HRSA Emergency Preparedness Program	916,078	126,500
93.914	HIV Emergency Relief Project Grants		Direct	N/A	N/A	N/A	6,608,638	3,976,703
93.917	HIV Care Formula Grants		Pass-through	10-951247-AO2	California Department of Public Health	HIV Care	1,440,616	937,187
93.926	Healthy Start Initiative		Direct	N/A	N/A	N/A	1,826,468	-
93.939	HIV Prevention Activities_Non-Governmental Organization Based		Direct	N/A	N/A	N/A	130,767	130,767
93.940	HIV Prevention Activities_Health Department Based		Pass-through	10-951247-AO2	California Department of Public Health	HIV Care	746,872	549,280
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups		Pass-through	07-65872, A03	California Department of Public Health	Expanded & Integrated HIV Test	277,559	60,800
93.958	Block Grants for Community Mental Health Services		Pass-through	1946001347J5	California Department of Mental Health	Community Mental Health Services Block Grant (MHBG)	684,274	684,274
93.959	Block Grants for Prevention and Treatment of Substance Abuse		Pass-through	N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - Adolescent Treatment Program	412,130	412,130
93.959	Block Grants for Prevention and Treatment of Substance Abuse		Pass-through	N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - Discretionary	4,546,702	3,799,455
93.959	Block Grants for Prevention and Treatment of Substance Abuse		Pass-through	N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - Friday Night Live and Club Live	30,000	30,000
93.959	Block Grants for Prevention and Treatment of Substance Abuse		Pass-through	N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - HIV Set Aside	666,591	403,219
93.959	Block Grants for Prevention and Treatment of Substance Abuse		Pass-through	N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - Perinatal Set Aside	1,424,757	1,190,599
93.959	Block Grants for Prevention and Treatment of Substance Abuse		Pass-through	N/A	California Department of Alcohol & Drug Programs	SAPT Block Grant - Prevention Set Aside	1,963,052	1,963,052
						Total Block Grants for Prevention and Treatment of Substance Abuse	**9,043,232**	**7,798,455**
93.991	Preventive Health and Health Services Block Grant		Pass-through	N/A	California Department of Health Care Services	Child Health and Disability Prevention (CHDP) Program Allocation	3,781,606	87,987
93.994	Maternal and Child Health Services Block Grant to the States		Direct	N/A	N/A	N/A	139,340	-
93.994	Maternal and Child Health Services Block Grant to the States		Pass-through	N/A	California Department of Health Care Services	Health Care Program for Children in Foster Care Program	813,441	-
93.994	Maternal and Child Health Services Block Grant to the States		Pass-through	201101	California Department of Health Care Services	Black Infant Health	841,076	-
93.994	Maternal and Child Health Services Block Grant to the States		Pass-through	N/A	California Department of Health Care Services	Maternal and Child Health Services Block Grant to the States	2,678,701	-
						Total Maternal and Child Health Services Block Grant to the States	**4,472,558**	**-**
						U.S. Department of Health and Human Services	**325,673,362**	**62,400,381**

County of Alameda
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

CFDA No	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Homeland Security								
97.012	Boating Safety Financial Assistance		Pass-through	10-204-758	California Department of Boating & Waterways	Boating Safety Enforcement Equipment Program	$ 31,959	$ -
97.024	Emergency Food and Shelter National Board Program	Emergency Food & Shelter Program	Direct	N/A	N/A	N/A	26,600	-
97.042	Emergency Management Performance Grants		Pass-through	2010-0044	California Emergency Management Agency	Emergency Management Performance Grant	3,500	-
97.042	Emergency Management Performance Grants		Pass-through	2011-0048	California Emergency Management Agency	Emergency Management Performance Grant	198,718	-
						Total Emergency Management Performance Grants	**202,218**	**-**
97.045	Cooperating Technical Partners		Direct	N/A	N/A	N/A	181,986	-
97.067	Homeland Security Grant Program	Homeland Security	Pass-through	2009-0019	California Emergency Management Agency	FY 2009 State Homeland Security Grant	3,071,329	-
97.067	Homeland Security Grant Program	Homeland Security	Pass-through	2010-0085	California Emergency Management Agency	Homeland Security Grants	730,452	-
97.067	Homeland Security Grant Program	Homeland Security	Pass-through	2011-SS-0077	California Emergency Management Agency	Homeland Security Grants	142,197	-
97.067	Homeland Security Grant Program	Homeland Security	Pass-through	N/A	County and City of San Francisco	Urban Area Security Initiative	5,892,711	-
						Total Homeland Security Grants	**9,836,689**	**-**
						Total Homeland Security Cluster	**9,836,689**	**-**
97.078	Buffer Zone Protection Program (BZPP)		Pass-through	2009-2006	California Emergency Management Agency	Buffer Zone Protection	199,733	-
						Total U.S. Department of Homeland Security	**10,479,185**	**-**
						Total Federal Expenditures	**$ 395,334,852**	**$ 79,623,790**

Note 1 – General

The accompanying schedule of expenditures of federal awards (SEFA) presents the expenditures for all federal award programs of the County of Alameda (the County), except as discussed (in notes 5, 6 & 7) below. The County's financial reporting entity is defined in note 1(A) to the County's financial statements. The County's financial statements include the operations of the Alameda County Housing and Community Development Department, Alameda County Lead Poisoning Prevention Program, and the Alameda County Medical Center, which expended $26,052,728, $1,261,915, and $3,421,023 in federal awards, respectively. These federal expenditures are not included in the accompanying schedule. Additionally, Medical Assistance (Medi-Cal) and Medicare Hospital Insurance (Medicare) are not considered federal awards (note 4).

Note 2 – Basis of Accounting

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

Note 3 – Relationship to the Financial Statements

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

Note 4 – Medi-Cal

Except for Medi-Cal administrative expenditures, Medi-Cal and Medicare program expenditures are excluded from the schedule of expenditures of federal awards. These expenditures represent fees for services; therefore, neither is considered a federal award program of the County for the purposes of the schedule of expenditures of federal awards or in determining major programs. The County assists the State of California in determining eligibility and provides Medi-Cal and Medicare services through County-owned health facilities. Medi-Cal administrative expenditures are included in the schedule of expenditures of federal awards as they do not represent fees for services.

Note 5 – Federal Expenditures of the Alameda County Medical Center Not Included in the SEFA

The Alameda County Medical Center (ACMC) federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the ACMC listed below are taken from ACMC's single audit report for fiscal year ended June 30, 2012.

COUNTY OF ALAMEDA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures
Department of Justice, Office of Victims of Crime			
Passed Through California Emergency Management Agency			
Crime Victim Assistance	16.575	RC10 26 0010	$ 39,718
Crime Victim Assistance	16.575	RC11 27 0010	176,497
Total Department of Justice, Office of Victims of Crime			**216,215**
U.S. Department of Labor			
Passed Through Alameda County Health Care Foundation			
WIA Youth Activities	17.259	None	36,424
Total U.S. Department of Labor			**36,424**
U.S. Department of Health and Human Services			
Direct Programs:			
ARRA-Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement	93.403	1 D5FHP20666-01-00	182,230
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	1 T22HA22948-01-00	399,768
Subtotal of direct programs			581,998
Passed Through Center for Health Training			
AIDS Education and Training Centers	93.145	H4A HA 00058	12,000
Passed Through Children's Hospital & Research Center at Oakland			
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	None	202,161
Passed Through Alameda County Health Care Services Agency			
Mental Health Clinical And AIDS Service- Related Training Grants	93.244	PHG01CH40500	79,347
Passed Through John Hopkins University			
National Research Service Awards - Health Services Research Training	93.225	2001376220	56,431
Passed Through RTI International			
Mental Health Research Grants	93.242	2-312-0212795	37,620
Passed Through the Regents of the University of California			
Mental Health Research Grants	93.242	5276SC	9,643
Subtotal of Mental Health Research Grants			47,263
Passed Through the Regents of the University of California			
Mental Health Research Grants			
Allergy, Immunology and Transplantation Research	93.855	5202SC	22,814
Passed Through Alameda County Health Care Services Agency			
Medical Assistance Program	93.778	MAA MOU 2010-2011	1,047,844
Passed Through Tri-City Health Center, California			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	5 H76 HA 00160	471,151
Passed Through Alameda County Public Health Department,			
Office of AIDS Administration			
HIV Emergency Relief Project Grants	93.914	PHG08HA60200	52,591
HIV Care Formula Grants	93.917	PHG08HA60100	529,784
HIV Prevention Activities - Health Department Based	93.940	PHG08HA61000	65,000
Subtotal of pass-through programs			2,586,386
Total U.S. Department of Health and Human Services			**3,168,384**
Total Expenditures of Federal Awards			**$ 3,421,023**

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

The Alameda County Housing & Community Development Department (Department) federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the Department listed below are taken from the separate single audit report for fiscal year ended June 30, 2012. The programs of the Department are as follows:

Federal Grantor/ Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures
U.S. Department of Housing and Urban Development		
Community Development Block Grants/Entitlement Grants	14.218	$ 1,960,013
Emergency Shelter Grants Program	14.231	88,386
Supportive Housing Program	14.235	2,586,155
Shelter Plus Care	14.238	5,633,400
Home Investment Partnerships Program	14.239	4,983,676
Housing Opportunities for Persons with AIDS	14.241	446,968
Community Development Block Grant ARRA Entitlement Grants	14.253	64,782
Neighborhood Stabilization Program	14.256	8,127,781
Homeless Prevention and Rapid Re-Housing Program (Recovery Act Fund)	14.257	224,073
Subtotal of direct programs		24,115,234
Passed Through City of Oakland		
Housing Opportunities for Persons with AIDS	14.241	1,670,393
Passed Through Building Future of Women & Children, Cities of Alameda, Berkeley, Fremont, Hayward, Livermore, Oakland, Union City		
Homeless Prevention and Rapid Re-Housing Program (Recovery Act Fund)	14.257	267,101
Total U.S. Department of Housing and Urban Development		**26,052,728**
Total Expenditures of Federal Awards		**$ 26,052,728**

Note 7 – Federal Expenditures of the Alameda County Lead Poisoning Prevention

Program Not Included in the SEFA

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

Federal Grantor/ Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures
U.S. Department of Housing and Urban Development		
Lead-Based Paint Abatement (Round XVI)	14.900	$ 553,634
Lead-Based Paint Abatement (Round XIX)	14.900	334,402
Healthy Homes Demonstration Grant	14.913	373,879
Total U.S. Department of Housing and Urban Development		1,261,915
Total Expenditures of Federal Awards		**$ 1,261,915**

Note 8– Department of Aging Federal/State Share

The California Department of Aging (CDA) requires agencies that receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following federal and state amounts under these grants in fiscal year ended June 30, 2012.

Program Information			Expenditures				Amount Provided to Subrecipients			
CFDA No.	CDA Program No.	CDA Program Title	Federal	State	County	Total	Federal	State	County	Total
10.576	AP-1112-09	Farmers' Market	$ 30,000			$ 30,000	$ 30,000			$ 30,000
17.235	TV1112-09	Senior Employment	173,197			173,197	173,197			173,197
93.041	AP-1112-09	Elder Abuse	21,095			21,095	21,095			21,095
93.042	AP-1112-09	Ombudsman	58,617			58,617				-
93.043	AP-1112-09	Disease Prevention	92,702			92,702	92,702			92,702
93.044	AP-1112-09	Supportive Services	1,386,052		206,420	1,592,472	799,846		206,420	1,006,266
93.045	AP-1112-09	Congregate Nutrition	1,102,819	139,368		1,242,187	936,236	138,577		1,074,813
93.045	AP-1112-09	Home-Delivered Meal	1,516,823	137,392	96,928	1,751,143	1,434,230	137,182	96,928	1,668,340
93.052	AP-1112-09	Caregiver Support	638,755			638,755	580,168			580,168
93.053	AP-1112-09	NSIP	509,954			509,954	509,954			509,954
93.779	HI1112-09	HICAP	148,142	263,218		411,360	136,078	248,045		384,123
93.779	MI-0910-09	MIPPA	66,382			66,382	63,260			63,260
N/A	AP-1112-09	Ombudsman Initiative		135,470		135,470				-
N/A	N/A	Measure A			110,400	110,400			100,000	100,000
			$5,744,538	**$675,448**	**$413,748**	**$6,833,734**	**$4,776,766**	**$523,804**	**$403,348**	**$5,703,918**

The federal expenditure of $30,000 under CDA Program No. AP-1112-09 (CFDA# 10.576) was in the form of noncash federal assistance that Alameda County Social Services Agency (SSA) received through California Department of Aging. This noncash assistance was in the form of coupons issued to seniors for use at certified farmers' markets.

COUNTY OF ALAMEDA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section I Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements disclosed?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified, except qualified for CFDA # 17.275, 17.277, 93.558, 93.674, 93.958, and 93.959
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes

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

Identification of major programs:

(1)	CFDA #10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
(2)	CFDA #11.550	Public Telecommunications Facilities Planning and Construction
(3)		Workforce Investment Act Cluster:
	CFDA #17.258	WIA Adult Program (ARRA and non-ARRA)
	CFDA #17.259	WIA Youth Activities
	CFDA #17.260	WIA Dislocated Workers (ARRA)
	CFDA #17.278	WIA Dislocated Worker Formula Grants
(4)	CFDA #17.275	ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
(5)	CFDA #17.277	WIA National Emergency Grants
(6)	CFDA #93.069	Public Health Emergency Preparedness
(7)	CFDA #93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Center for the Homeless, Public Housing Primary Care, and School Based health Centers)
(8)	CFDA #93.558	Temporary Assistance for Needy Families
(9)	CFDA #93.658	Foster Care_Title IV-E
(10)	CFDA #93.674	Chafee Foster Care Independence Program
(11)	CFDA #93.914	HIV Emergency Relief Project Grants
(12)	CFDA #93.958	Block Grants for Community Mental Health Services
(13)	CFDA #93.959	Block Grants for Prevention and Treatment of Substance Abuse
(14)	CFDA #93.991	Preventive Health and Health Services Block Grant
(15)	CFDA #93.994	Maternal and Child Health Services Block Grant to the States

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

Section II Financial Statement Findings

Finding 2012-A Significant Deficiency
Year-end Financial Reporting

Condition:

As part of the County's year-end financial reporting process, the County prepares manual journal entries to accrue outstanding liabilities and to record capital asset activities. For the year ended June 30, 2012, we noted that the County omitted an $8.5 million accrual for construction costs related to the Acute Tower capital project. Also, there was an $11.8 million project transferred out of construction in process prematurely. Finally, there were six additional transactions identified during our testing of capital asset additions, retirements and construction in process transfers that were related to transactions that occurred prior to fiscal year 2011/12. None of these additional transactions were determined to be material to the financial statements individually or in the aggregate, however, the misstatements were corrected.

Recommendation:

We recommend the County take measures to ensure information received from outside departments is accurate, complete, and recorded timely in the County's accounting system. By strengthening its internal controls over year-end accruals and capital asset management, the County will reduce the risk of errors in its financial statements.

Management Response:

Management agrees with the recommendation to enhance internal controls over year-end accruals and capital asset management to ensure that information received from County departments is accurate, complete, and recorded in the County's accounting system in a timely manner.

Finding 2012-B Significant Deficiency
Schedule of Expenditures of Federal Awards Completeness

Regulatory or Other Criteria:

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

Condition Identified and Perspective:

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

- Public Telecommunications Facilities Planning and Construction Program overstated expenditures by $243,909 as follows:
    - Overstated federal expenditures by $502,099 by erroneously including local match funds
    - Overstated federal expenditures by $63,646 by erroneously including non-grant expenditures
    - Understated prior year SEFA expenditures by $321,836 by failing to include this program in the SEFA.
- Foster Care Program overstated expenditures by $6,862,274 because the Social Services and Probation Departments both reported the same expenditures.

The County subsequently corrected the expenditure amounts reported in its fiscal year 2012 SEFA, including reporting the $321,836 erroneously left off the prior year SEFA.

Asserted Cause and/or Effect:

County department management did not carefully review expenditures reported in the SEFA prior to being submitted to the Auditor-Controller Agency.

The County's SEFA serves as the basis in determining the number of major programs required to be audited in a fiscal year. Inaccuracy in its SEFA reporting may result in high-risk Type A programs not being identified for testing and Type B programs not being subjected to the required audit risk assessment.

Recommendation:

The County should improve its process for reviewing expenditures reported in the SEFA by requiring department management to review and sign off program expenditures prior to being reported to the Auditor-Controller Agency. In addition, the Auditor-Controller Agency should reconcile the detailed listing of expenditures to the SEFA for each significant federal program prior to the County submitting such detailed listing to its external auditors.

Views of Responsible Officials:

Department management is required to review and sign off program expenditures when submitting the SEFA to the Auditor-Controller Agency. We will continue the existing sign-off process and add a step in next year's SEFA submission in which departments review program expenditures to grant limits as an additional review for errors or needed corrections.

The Foster Care Program overstatement of expenditures occurred because under the Title IV-E waiver, the Probation program expenditure was transferred to Social Services. The Probation Department received a credit from Social Services for this expense. Social Services will clarify with Probation how to handle this situation in the future.

Section III Findings and Questioned Costs Related to Federal Awards

Finding 2012-1 Subrecipient Monitoring

Program Identification:

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Social Services
Program Name:	Chafee Foster Care Independence Program
CFDA:	93.674
Award Number:	All awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Social Services
Program Name:	Foster Care Title IV-E
CFDA:	93.658
Award Number:	All awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Social Services
Program Name:	Temporary Assistance for Needy Families Cluster
CFDA:	93.558
Award Number:	All awards
Award Year:	FYE 6/30/2012

Criteria:

2 CFR 176.50(c) states in part:

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

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

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

Finding 2012-1 Subrecipient Monitoring (continued)

Condition Identified and Perspective:

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

For the year ended June 30, 2012, one Chafee Foster Care Independence Program subrecipient was not properly monitored. This subrecipient submitted its single audit report to the County 26 days late on April 26, 2012. The County issued its management decision on audit findings 46 days late on December 11, 2012.

For the year ended June 30, 2012, one Foster Care Title IV-E Program subrecipient was not properly monitored. This subrecipient submitted its single audit report to the County over a month late in May 2012 (the exact date received was not documented in County files). The County issued its management decision on audit findings late on December 4, 2012.

For the year ended June 30, 2012, three Temporary Assistance for Needy Families subrecipients were not properly monitored:

- One subrecipient submitted its single audit report to the County over a month late in May 2012 (the exact date received was not documented in County files). The County issued its management decision on audit findings late on December 11, 2012.
- One subrecipient submitted its single audit report to the County timely in February 2012 (the exact date received was not documented in County files), but the County issued its management decision on audit findings late on January 8, 2013.
- One subrecipient submitted its single audit report to the County timely in October 2011 (the exact date received was not documented in County files), but the County issued its management decision on audit findings late on July 27, 2012.

Asserted Cause and/or Effect:

The County did not adequately monitor its subrecipient as required by the Code of Federal Regulations and OMB Circular A-133.

Questioned Costs:

Questioned costs for the year ended June 30, 2012 related to the Chafee Foster Care Independence Program subrecipient totaled $706,233, representing the amount of federal expenditures to this subrecipient for the year.

Questioned costs for the year ended June 30, 2012 related to the Foster Care Title IV-E Program subrecipient totaled $157,404, representing the amount of federal expenditures to this subrecipient for the year.

Questioned costs for the year ended June 30, 2012 related to Temporary Assistance for Needy Families program totaled $8,889,835, representing the amount of federal expenditures to these three subrecipients for the year.

Recommendations:

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

- Follow up immediately and regularly until subrecipient single audit report is received
- Maintain documentation of such communications with subrecipients
- Establish and administer escalating sanctions for non-complying subrecipients
- Reconcile amounts reporting in each subrecipient single audit report to County records

Finding 2012-1 Subrecipient Monitoring (continued)

- For findings in subrecipient single audit reports, ensure subrecipient takes timely corrective action and consider implications to County's compliance

Views of Responsible Officials:

The standard contract language with subrecipients requires "the audit report package, including all attachments and any management letter with its corresponding response, [ ] be sent to the County supervising department within six months after the end of the audit period, or other time frame specified by the department. The County supervising department is responsible for forwarding a copy to the County Auditor within one week of receipt."

The Social Services Agency (SSA) will continue to educate subrecipients about the audit submission requirement and will continue its established policy whereby all subrecipients who have not submitted audit reports one month before due dates are formally notified as to audit report due dates. Implementation of formal sanctions would require amendments to the Social Services Agency's contracts. SSA management will explore possible sanctions as part of its contract reform efforts by June 30, 2013.

Additionally, SSA has expanded its centralized contracts database to include due date and tracking for all contractor audit reports.

Finding 2012-2 Multiple Programs – Procurement

Program Identification:

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Mental Health Services
Program Name:	Block Grants for Community Mental Health Services
CFDA:	93.958
Award Number:	All awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Alcohol and Drug Programs
Program Name:	Block Grants for Prevention and Treatment of Substance Abuse
CFDA:	93.959
Award Number:	All awards
Award Year:	FYE 6/30/2012

Criteria:

The County's Board of Supervisors approved a Sole Source Policy ("SSP"), with a most current revision date of August 8, 2007. Section V of the SSP identifies the specific exceptions to the County's competitive procurement policy; none of these exceptions apply to the two above-mentioned Federal programs. Section VII B of the SSP identifies the procedures to be followed and documents to be completed for the sole-source procurements other than the exceptions identified in Section V.

Finding 2012-2 Multiple Programs – Procurement (continued)

Condition Identified and Perspective:

Subrecipients for the Block Grants for Community Mental Health Services program and the Block Grants for Prevention and Treatment of Substance Abuse program were awarded on a sole source basis. The County has no documentation to demonstrate compliance with the County's SSP.

Questioned Costs:

Questioned costs on CFDA 93.958 awards are 100% of the subrecipient expenditures for the year, or $684,274.

Questioned costs on CFDA 93.959 awards are 100% of the subrecipient expenditures for the year, or $7,798,455.

Asserted Cause and/or Effect:

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

Recommendation:

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

Views of Responsible Officials:

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

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

In order to provide continuity of care for programs under Alcohol and Other Drug Treatment and Prevention Services, BHCS requested and received approval from the Board of Supervisors on June 26, 2012, File No. 28265, Item No. 35 to exempt Community Based Organizations from the Small Local Emerging Business policy and the procurement process. This solution has been submitted to State Department of Alcohol and Drug and was accepted.

Finding 2012-3 Multiple Programs – Reporting

Program Identification

Awarding Agency:	United States Department of Agriculture
Passed Through:	California Department of Public Health
Program Name:	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
CFDA:	10.557
Award Number:	All Awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Health Care Services
Program Name:	Preventive Health and Health Services Block Grant (CHDP)
CFDA:	93.991
Award Number:	All Awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Health Care Services
Program Name:	Maternal and Child Health Services Block Grant to the States
CFDA:	93.994
Award Number:	All Awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Public Health
Program Name:	Public Health Emergency Preparedness
CFDA:	93.069
Award Number:	All Awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Social Services
Program Name:	Chafee Foster Care Independence Program
CFDA:	93.674
Award Number:	All awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Labor
Passed Through:	California Department of Employment Development
Program Name:	Workforce Investment Act (WIA) Cluster (ARRA and non-ARRA)
CFDA:	17.258, 17.259, 17.260 and 17.278
Award Number:	All awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Labor
Passed Through:	California Department of Employment Development
Program Name:	ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
CFDA:	17.275
Award Number:	All awards
Award Year:	FYE 6/30/2012

Finding 2012-3 Multiple Programs – Reporting (continued)

Awarding Agency:	United States Department of Labor
Passed Through:	California Department of Employment Development
Program Name:	Workforce Investment Act National Emergency Grants
CFDA:	17.277
Award Number:	All awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	NA
Program Name:	HIV Emergency Relief Project Grants
CFDA:	93.914
Award Number:	All awards
Award Year:	FYE 6/30/2012

Criteria:

Page 12.4 of the *WIC Contract Management Binder (CMB) FFY 2012-2014*, published by the California Department of Public Health, states:

> "Final Invoice is the last claim for reimbursement of unliquidated obligations following submission of a Report of Actual Expenditures and shall be submitted no later than 150 days after the expiration of the budget period (e.g., federal fiscal year), which is March 1st. This is the final date an invoice shall be accepted for reimbursement by the State WIC Program. The State WIC Program reserves the right to return any invoice received after March 1st for the prior budget period without payment."

Page 12.4 of the *WIC Contract Management Binder (CMB) FFY 2012-2014*, published by the California Department of Public Health, states:

> "At least one (1) invoice shall be submitted within forty-five (45) days following the end of each billing period. Thereafter, the WIC local agency may submit one (1) supplemental invoice each month until all costs for the budget period are liquidated or until March 1st, whichever occurs first unless the WIC local agency is sanctioned for failing to submit a Report of Actual Expenditures (RAE)."

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

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

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

> "Invoices must be submitted within 45 calendar days after the close of the billing period."

Finding 2012-3 Multiple Programs – Reporting (continued)

Exhibit A of the *2011-12 CDC Public Health Emergency Preparedness (PHEP), State General Fund (GF) Pandemic Influenza, HHS Hospital Preparedness Program (HPP) Funding Agreement* states that:

> "Semi-annual written progress reports and expenditure reports must be submitted according to the schedule below. The purpose of the progress reports and expenditure reports are to document activities and expenditure of funds:
> - Start of each grant through mid-year point — April 2, 2012
> - Start of each grant through end of each grant — November 1, 2012"

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

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

Related to the WIA, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, and Workforce Investment Act National Emergency Grants programs, Workforce Services Directive 12-3, Quarterly and Monthly Financial Reporting Requirements, states that:

> "…Subrecipients must adhere to the following dates shown in the table below.
>
> NOTE: When the reporting deadline falls on a weekend or holiday, all reports are due by close of business (COB) on the last working day prior to the reporting deadline.

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

Related to the HIV Emergency Relief Project Grants Program, page 6 of the Notice of Award Authorization dated February 27, 2012 states:

> "3. Due Date: 06/01/2012
> The grantee must submit a separate FY 2012 Part A MAI Annual Plan using HRSA's MAI web-based reporting system accessed via the HRSA EHBs, consistent with reporting guidelines and instructions provided separately."

Condition Identified and Perspective:

During our audit we noted the following:

WIC:

- The report for the quarter ended September 30, 2011, was due by November 14, 2011 but not submitted until December 14, 2011.
- The report for the quarter ended December 31, 2011, was due by February 14, 2012 but not submitted until April 6, 2012.
- The report for the quarter ended June 30, 2012, was due by August 14, 2012 but not submitted until August 22, 2012.

Finding 2012-3 Multiple Programs – Reporting (continued)

CHDP:

- The report for the quarter ended June 30, 2012, was due by August 29, 2012, but not submitted until October 12, 2012.

Maternal and Child Health Services Block Grant to the States:

- Reports for the Maternal Child and Adolescent grant, the Children in Foster Care grant and the Black Infant Health grant were due by November 14, 2011, but not submitted until April 20, 2012, January 9, 2012 and April 17, 2012, respectively.
- Reports for the Maternal Child and Adolescent grant, the Children in Foster Care grant and the Black Infant Health grant were due by February 14, 2012, but not submitted until June 20, 2012, March 26, 2012 and May 24, 2012, respectively.
- Reports for the Maternal Child and Adolescent grant, the Children in Foster Care grant and the Black Infant Health grant were due by May 31, 2012, but not submitted until July 11, 2012, June 29, 2012 and July 11, 2012, respectively.
- Reports for the Maternal Child and Adolescent grant, the Children in Foster Care grant and the Black Infant Health grant were due by August 31, 2012, but not submitted until September 12, 2012, October 8, 2012 and January 2, 2013, respectively.
- Reports for the Maternal Child and Adolescent grant for supplemental project launch was due by November 14, 2011, but not submitted until December 15, 2011.

Public Health Emergency Preparedness:

- Semi-annual written progress and expenditure reports were due on April 2, 2012 and November 1, 2012. However, both were filed on January 29, 2013.

Chafee Foster Care Independence Program:

- The report for the quarter ended December 31, 2011, was due by January 20, 2012 but not submitted until January 27, 2012.
- The report for the quarter ended March 31, 2012, was due by April 20, 2012 but not submitted until May 2, 2012.
- The report for the quarter ended June 30, 2012, was due by July 20, 2012, but not submitted until July 24, 2012.

WIA:

- The report for the quarter ended September 30, 2011, was due by October 20, 2011 but not submitted until October 24, 2011.
- The report for the quarter ended March 31, 2012, was due by April 20, 2012 but not submitted until April 24, 2012.
- The report for the quarter ended June 30, 2012, was due by July 20, 2012 but not submitted until July 24, 2012.

Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors:

- The report for the quarter ended September 30, 2011, was due by October 20, 2011 but not submitted until October 24, 2011.
- The report for the quarter ended March 31, 2012, was due by April 20, 2012 but not submitted until April 24, 2012.
- The report for the quarter ended June 30, 2012, was due by July 20, 2012 but not submitted until July 24, 2012.

Workforce Investment Act National Emergency Grants:

- The report for the quarter ended September 30, 2011, was due by October 20, 2011 but not submitted until October 24, 2011.
- The report for the quarter ended March 31, 2012, was due by April 20, 2012 but not submitted until April 24, 2012.

Finding 2012-3 Multiple Programs – Reporting (continued)

- The report for the quarter ended June 30, 2012, was due by July 20, 2012 but not submitted until July 24, 2012.

HIV Emergency Relief Project Grants Program:

- The Part A MAI Annual Plan was due by June 1, 2012 but not submitted until August 8, 2012.
- The Part A MAI Annual Report was due by January 13, 2013 but not submitted until February 26, 2013.
- The Program Term Report was due by May 29, 2012 but not submitted until June 7, 2012.

Questioned Costs:

None

Asserted Cause and/or Effect:

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

Recommendation:

We recommend that the County meet all mandated reporting deadlines.

Views of Responsible Officials:

The Financial Services Officer (FSO) will work with the Supervising Financial Services Specialist (SFSS) to record all invoice due dates for grants on a calendar, which will be monitored closely to ensure that original payment due dates are adhered to. Once an invoice payment is made and before the next one is due, the FSO/SFSS will proactively anticipate if there are any forthcoming issues which may delay the next payment. If an extension is necessary, all requests will be documented by email or other written communication noting to whom the extension request was made. The reply from the grantee agency will be documented.

Internal processes will also be reviewed and revised to improve workflow and to minimize delays in invoice processing, including:

- Requests for extensions were requested and responded to exclusively via email and copies were maintained. We will formalize this process to ensure the proper steps are taken and designated contact persons with authority to grant an extension are identified. We requested five extensions, and four were granted. We did not receive a reply to one request. A master log of grant deadlines and extensions will be developed and all grants with documented requests and approvals for extensions will include a copy of such correspondence for audit purposes.

- There were staffing shortages and changes in administrative/finance and program areas at varying times and reporting requirements were not communicated. We will work with the program directors to ensure that they know what the reporting requirements that they are responsible for are as there are components to some reports that rely on both program staff and finance staff. Reports that were related to the HIV Emergency Relief Project Grants Program relied heavily upon program staff for example. We will also revisit who needs to review invoice information and eliminate unnecessary duplicate efforts.

- There were some items that are out of Public Health Department's control, which may have resulted in additional delay to the process, such as waiting for the State to send back approved templates for invoice submissions. We

Finding 2012-3 Multiple Programs – Reporting (continued)

will proactively communicate with the State to reiterate our willingness to submit invoices on time, but that we are dependent on their approved template. If the State approves a delay, we will maintain documentation to evidence.

Corrective actions will begin immediately and are comprised of various components with varying degrees of implementation complexity. Actions which involve the administrative/finance department will be more immediate. Actions which involve program personnel will take more time and require ongoing communication efforts to educate responsible program staff on the importance of reporting deadlines. The SFSS or FSO will send out reminder emails to the responsible parties for the next upcoming grant deadlines of May 15, 2013 and May 31, 2013 prior to March 31, 2013. This process will continue with subsequent quarterly deadlines with reminder emails at least two to three months prior to the respective due dates.

The County agrees with the finding of late submission of the Chafee Exit Outcomes quarterly reports (SOC405E) to the State. The Chafee Exit Outcomes is a joint effort by both Probation and SSA. In the next reporting period and subsequently, SSA will follow up and set a deadline to Probation to get their reports to SSA by the 10th day of the month following the end of the quarter. This will enable the County to submit the Chafee Exit Outcomes report before the due date set by the State. The corrective action plan will start on the July 20, 2013 SOC405E report for the quarter ending June 30, 2013.

Alameda County Workforce Investment Board (ACWIB) acknowledges that the State's required report deadlines have not been met. ACWIB staff will revise report preparation schedules to ensure all information is available prior-to the deadline dates to ensure that data entry is completed on-or-before the deadline. In addition, this fiscal year ACWIB will train a back-up staff person for fiscal report data entry to ensure that reports are entered by the deadline.

Finding 2012-4 Multiple Programs – Eligibility

Program Identification:

Awarding Agency:	United States Department of Labor
Passed Through:	California Department of Employment Development
Program Name:	ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
CFDA:	17.275
Award Number:	All awards
Award Year:	FYE 6/30/2012

Awarding Agency:	United States Department of Labor
Passed Through:	California Department of Employment Development
Program Name:	Workforce Investment Act National Emergency Grants
CFDA:	17.277
Award Number:	All awards
Award Year:	FYE 6/30/2012

Criteria:
29 CFR 97.20 states:

> "(2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information

Finding 2012-4 Multiple Programs – Eligibility (continued)

pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

Condition Identified and Perspective:

For the Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, of the 25 casefiles selected for testing, the County was unable to provide 2 casefiles.

For the Workforce Investment Act National Emergency Grants program, of the 25 casefiles selected for testing, the County was unable to provide 1 casefile.

Questioned Costs:

Questioned costs on CFDA 17.275 awards are 8% (2 of 25 casefiles) of the payments to participants for the year, or $48,386. This was computed by totaling the disbursements to the two participants during fiscal year 2011/12.

Questioned costs on CFDA 17.277awards are 4% (1 of 25 casefiles) of the payments to participants for the year, or $203,073. This was computed by totaling the disbursements to the one participant during fiscal year 2011/12.

Asserted Cause and/or Effect:

The County was not able to find casefiles to demonstrate that participants were eligible for benefits.

Recommendation:

We recommend that the County maintain complete participant casefiles.

Views of Responsible Officials:

The ACWIB Department maintains a policy for the set-up, maintenance and retention of complete case files for each WIA participant. Initially the set-up and maintenance of each case file is completed by the WIA sub-recipient / program provider. ACWIB staff provides guidance and ongoing technical assistance to ensure that a complete case file is established and maintained for each WIA participant. Annual on-site program monitoring of each WIA sub-recipient / program provider by ACWIB staff includes oversight of the maintenance of case files, and includes a minimum 10% random sampling for a detailed review of the case files. Technical assistance on eligibility determination and case file documents is also provided by the ACWIB Management Information Systems (MIS) Technicians on a continuous basis including frequent on-site visits. At each on-site visit the sub-recipient / program provider has provided a case file for each WIA participant requested by ACWIB staff.

A review of the WIA participant case files is part of the annual Program Monitoring conducted by the State Employment Development Department (EDD) on the WIA Programs operated by Alameda County. A random sampling of participant case files is examined for hardcopies of the required documents. For each of the last 12 Program Years of monitoring by EDD, every requested case file has been provided by the Alameda County WIA program.

ACWIB will implement an annual cross-check on all WIA participants with a corresponding hardcopy case file to ensure a 100% availability of case files. A Directive to each WIA sub-recipient / program provider will provide specific directions for verifying the availability of a case file for each and every WIA participant.

In addition, ACWIB will develop internal procedures, no later than June 30, 2013, to provide a 100% cross-check on all participant files to be retained by ACWIB upon the completion of every WIA Discretionary project.

County of Alameda
Status of Prior Year Findings
For the Year Ended June 30, 2012

Finding No.	Description	Status
Financial Statement Findings:		
2011-A	Schedule of Expenditures of Federal Awards Completeness	In Progress. The County is currently working on improving its process for reviewing expenditures reported in the SEFA. However, due to the timing of finding communication and corrective action implementation, this finding was not fully corrected during FY 2012. See finding 2012-B.
2011-B	Preparation of the County Expense Claim	Corrected
Federal Awards Findings:		
2010-5	Multiple Programs - Reporting (CFDA No: 84.027A, 93.958)	Partially Corrected. The County submitted cost report on a timely manner for CFDA No. 93.958. There are no federal expenditures for CFDA No. 84.027A during FY 2012 therefore, status cannot be verified.
2011-1	Multiple Programs - Known Fraud (CFDA No: 93.558, 93.674)	Corrected
2011-2	Workforce Investment Act Cluster - Subrecipient Monitoring (CFDA No: 17.258, 17.259, 17.260, and 17.278)	In Progress. The County implemented and documented policies and procedures as recommended in prior year. However, due to the timing of finding communication and corrective action implementation, this finding is not fully corrected during FY 2012. See finding 2012-1.
2011-3	Multiple Programs - Procurement (CFDA No: 84.027A, 93.958, 93.959)	The County will begin requesting the Board of Supervisors' approval to exempt Community Based Organizations from the Small Local Emerging Business Policy and the procurement process as contracts are renewed and new contracts executed. Therefore this finding was not fully corrected in FY2012. See finding 2012-2.
2011-4	Multiple Programs - Reporting (CFDA No: 10.557, 93.991, 93.994, 93.069)	In Progress. The County is currently in the process of documenting any extension from grantors. However, due to the timing of finding communication and corrective action implementation, this finding was not fully corrected during FY 2012. See finding 2012-3.

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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.

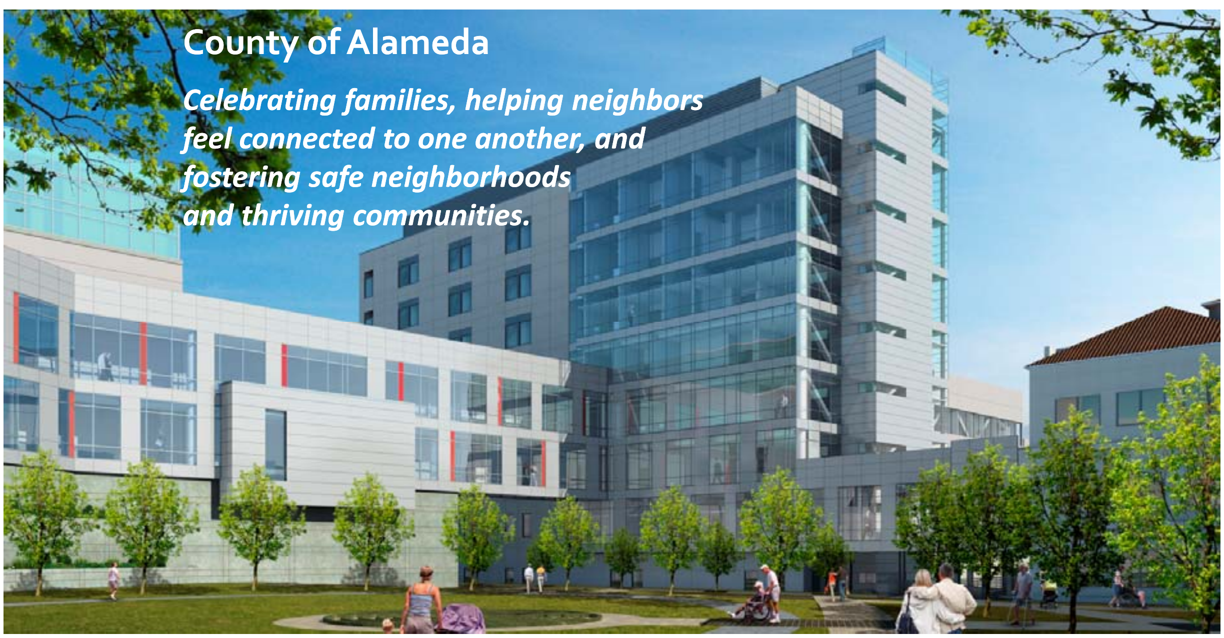

Illustration of the future Highland Hospital Acute Care Tower and Courtyard