SINGLE AUDIT REPORTS

For the Fiscal Year Ended June 30, 2016

County of Alameda, California

Through the support and shared vision of New Beginnings, Alameda County Arts Commission's 100 Families program partnered with Alameda County Library to conduct family art making workshops at Library locations in all five Supervisorial Districts. Images celebrate the diversity of Alameda County and feature local residents making art and reading books. Four phrases are included: "Growing Readers and Learners," "Supporting Youth and Families," "Inspiring Creative Communities," and "Connecting through Creative Expression" translated into Chinese, Hindi, Spanish, Vietnamese, Korean, Punjabi and Tagalog.

Compiled under the direction of

Steve Manning, Auditor-Controller

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alameda County Employees' Retirement Association (ACERA) and the Alameda Health System (Health System), which represent the following percentages of the assets and deferred outflows, net positions/fund balances, and revenues/additions of the following opinion units as of and for the year ended June 30, 2016.

Opinion Unit	Assets and Deferred Outflows	Net Positions/ Fund Balances	Revenues/ Additions
Aggregate remaining fund information	67%	71%	3%
Discretely presented component unit	100%	100%	100%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for ACERA and the Health System, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

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preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of County contributions, the schedule of changes in the net pension liability and related ratios, the schedule of funding progress - postemployment medical benefits, and the budgetary comparison schedules as listed in the tables 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Oakland, California
December 16, 2016, except for our report on the schedule of expenditures
of federal awards, as to which the date is February 17, 2017

This section of the County of Alameda's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $1,542,232 (net position). Of this amount, $779,105 is restricted for specified purposes and is not available to meet the government's ongoing obligations to citizens and creditors, $706,722 is net investment in capital assets, and the remaining unrestricted net position totals $56,405.

- The government's total net position increased for fiscal year 2016 by $103,677, an increase of 7.2 percent over the prior fiscal year. Total revenue increased $29,465 which includes increases in most of the revenue sources. Total expenses increased $121,828 or 5 percent over the prior fiscal year.

- As of June 30, 2016, the County's governmental funds reported a combined ending fund balance of $2,280,143, an increase of $29,312 in comparison with the prior year. Unassigned fund balance of $190,287 is available for spending at the government's discretion.

- At the end of the current fiscal year, the unassigned fund balance for the general fund was $194,490 or 9.0 percent of total general fund expenditures of $2,149,888.

- The County's gross long-term obligations, excluding unamortized premiums and discounts, increased by $202,527 during the fiscal year 2016 primarily due to the change in value of the net pension liability.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

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

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

Proprietary funds

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

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

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

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

Fiduciary funds

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

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

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-96 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 97-104 of this report.

Other supplementary information

The combining statements referred to in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 105-135 of this report. Budgetary comparisons for the County's capital projects and non-major special revenue funds are also presented.

(Amounts expressed in thousands)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Alameda County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,542,232 at June 30, 2016.

A portion of the County's net position, $706,722 or 46 percent, reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less related outstanding debt used to acquire those assets and debt-related deferred outflows of resources. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Alameda
Net Position
June 30, 2016 and 2015

	Governmental Activities	
	2016	2015
Assets:		
Current and other assets	$ 2,957,783	$ 2,864,182
Capital assets	1,694,204	1,601,345
Total assets	4,651,987	4,465,527
Deferred outflows of resources	603,981	426,054
Liabilities:		
Current liabilities	503,607	445,484
Long-term liabilities	3,142,409	2,938,882
Total liabilities	3,646,016	3,384,366
Deferred inflows of resources	67,720	68,660
Net position:		
Net investment in capital assets	706,722	703,738
Restricted	779,105	763,777
Unrestricted	56,405	(28,960)
Total net position	$ 1,542,232	$ 1,438,555

Current and other assets increased $93,601 from prior year primarily due to net increases of cash and investment balances of $165,474 from improved property and sales tax revenues. This is offset by a decrease of $48,301 due from Alameda Health System and a decrease of $32,545 for repayment of outstanding receivables.

Current liabilities increased $58,123 primarily due to an increase of $57,331 in accounts payable and accrued expenses. This increase was offset by a decrease of $10,000 redemption of commercial paper.

Long-term liabilities, and deferred outflows and inflows of resources increased $203,527, $177,927, and $940, respectively, primarily due to the change in value for the net pension liability and related deferred inflows and outflows of resources The increase in the net pension liability in long-term liabilities was offset by a decrease in long-term debt due to annual redemptions.

(Amounts expressed in thousands)

A portion of the County's net position, $779,105, represents resources that are subject to external restrictions as to how they may be used. As of June 30, 2015, the County has a balance of $56,405 in unrestricted net position.

The County's net position increased by $103,677 during the fiscal year 2016 versus $196,040 for fiscal year 2015. As compared to last fiscal year, expenses increased by $121,828. Operating and capital grants and contributions increased $46,531 over fiscal year 2015 while charges for services decreased $42,271. General revenues increased by a total of $25,205.

County of Alameda
Changes in Net Position
For the Years Ended June 30, 2016 and 2015

	Governmental Activities	
	2016	**2015**
Revenues:		
Program revenues:		
Charges for services	$ 590,756	$ 633,027
Operating grants and contributions	1,481,270	1,463,685
Capital grants and contributions	57,038	28,092
General revenues:		
Property taxes	500,987	466,093
Sales taxes - shared revenues	65,175	57,369
Other taxes	37,957	35,417
Interest and investment income	10,075	12,488
Other	30,511	48,133
Total Revenues	2,773,769	2,744,304
Expenses:		
General government	201,130	148,801
Public protection	995,579	884,370
Public assistance	672,846	671,151
Health and sanitation	638,290	680,779
Public ways and facilities	49,533	47,515
Recreation and cultural services	639	615
Education	29,617	27,442
Interest on long-term debt	82,458	87,591
Total expenses	2,670,092	2,548,264
Change in net position	103,677	196,040
Net position - beginning of period, as previously reported	1,438,555	1,935,372
Cumulative effect of restatements	-	(692,857)
Net position - beginning of period, as restated	1,438,555	1,242,515
Net position - end of period	$ 1,542,232	$ 1,438,555

Governmental activities

Governmental activities increased the County's net position by $103,677.

Operating grants and contributions increased $17,585 during the year. The increase is primarily due to an increase of $24,066 in federal and state health programs and $21,516 in federal and state public protection programs. This is offset by state SB90 revenue of $21,980 received in the prior fiscal year and a decrease of $3,359 in state and federal public assistance programs.

Capital grants and contributions increased $28,946. The County received state funding of $48,258 for the East County Hall of Justice construction, an increase of $37,095 from the prior year, and federal funding of $8,092 for the Acute Tower Replacement project. This is offset by the prior year's contribution of $6,404 from the redevelopment successor agency for the construction of Cherryland Fire Station.

Charges for services decreased $42,271 or 7 percent from fiscal year 2015. This decrease can be primarily attributed to a decrease of $37,751 in health care services due to reduced Medicaid revenues earned. Medicaid revenues are based on utilization and eligibility of the population that is provided with corresponding services.

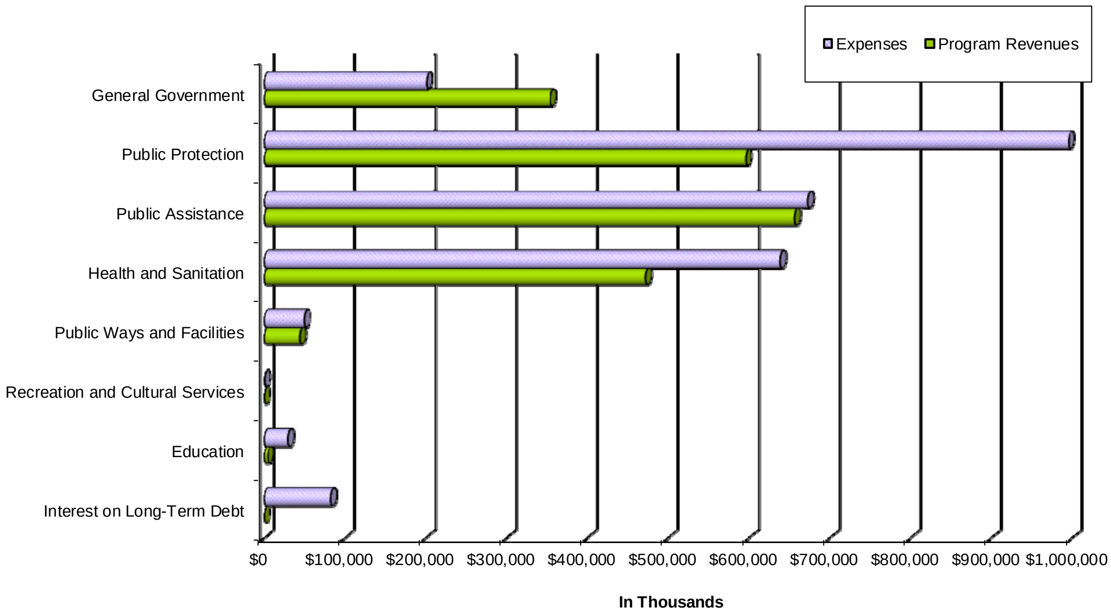
General revenues increased by $25,205 or 4 percent overall in the fiscal year 2016.

- Property tax revenues increased by $34,894 or 7 percent due to a strong assessment roll growth.
- Sales and use tax revenue increased by $7,806 or 14 percent due to an improving economy.
- Other revenue decreased $17,622 or 37 percent. The decrease was primarily due to $16,476 in donations received in the prior year from private foundations and individuals to benefit pediatric trauma hospitals in the County.

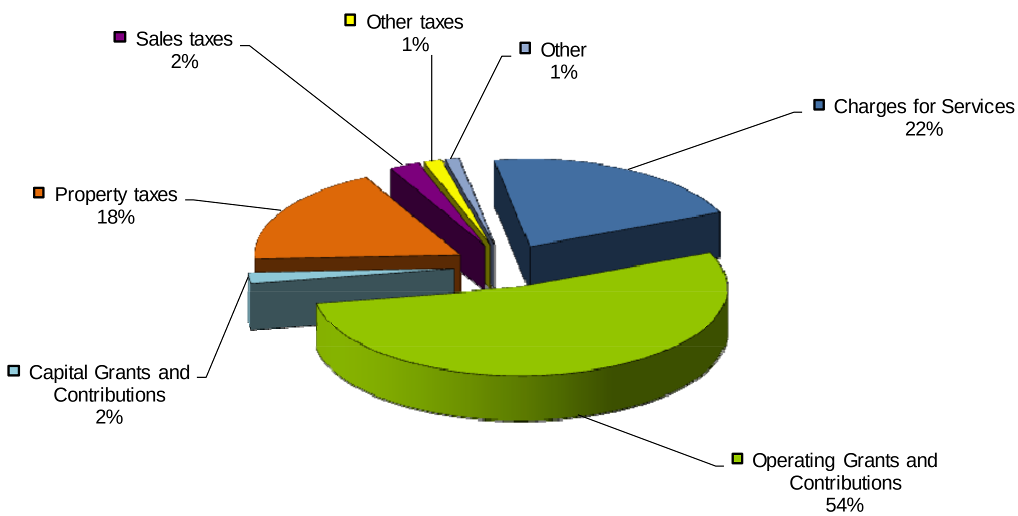
Expenses related to governmental activities increased $121,828 during fiscal year 2016. Pension expenses increased $81,850 based on the GASB 68 actuarial valuation.

- Public protection had an increase of $68,641 for the Sheriff's Department in salaries and employee benefits due to increase in hiring and retirement and healthcare costs. Services and supplies expenses for the Probation Department also increased $9,896 primarily due to professional services, service contracts, and behavioral health care services.
- Health and sanitation expenses decreased $42,489 due to delay in State's processing of intergovernmental transfers for Alameda Health System.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the County's Funds

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

Governmental funds

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

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

As of June 30, 2016, the County's governmental funds reported combined ending fund balances of $2,280,143, an increase of $29,312 or 1 percent as compared to fiscal year 2015. Approximately 8 percent of this total amount ($190,287) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance consists of nonspendable ($5,950), restricted ($765,115), committed ($1,105,426), or assigned ($213,365).

Revenue for governmental funds overall totaled $2,754,834 for the fiscal year 2016, which represents an increase of $40,118 or 1 percent from the fiscal year 2015. Expenditures for governmental funds, totaling $2,770,341, decreased by $6,413 from the fiscal year 2015. The governmental funds' expenditures exceeded revenues by $15,507 or 1 percent.

The general fund is the primary operating fund of the County. At the end of fiscal year 2016, the unassigned fund balance of the general fund was $194,490, while total fund balance was $1,438,191. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.0 percent of total general fund expenditures of $2,149,888, while total fund balance represents 67 percent of that same amount.

General fund revenues decreased by $7,689 or 0 percent to due to the following factors:

- Taxes revenue increased by $34,970 or 8 percent. Property tax revenue increased $27,743 due to a strong assessment roll growth. Sales tax revenue increased $4,742 due to an improved economy. In addition, improvements in housing sales increased transfer taxes $2,856 in fiscal year 2016.

- State aid increased by $34,136 or 4 percent. Improved economic conditions resulted in an increase of $21,235 in sales tax realignment revenue. Revenue for child support enforcement programs increased $5,329 and IHSS revenue increased $4,300.

- Charges for services decreased by $66,549 or 19 percent. Decrease was due to $36,251 in mental health programs due to decrease in utilization. In addition, intergovernmental transfer were lower by $28,596 in fiscal year 2015-2016.

- Other revenue decreased by $8,405 or 15 percent, mainly due to $16,476 donations received in fiscal year 2015 from private foundations and individuals to benefit pediatric trauma hospitals in the County. This decrease was offset by an increase of $7,349 funding for Early Periodic Screening, Diagnosis and Treatment (EPSDT) expansion.

General fund expenditures increased by $695 from fiscal year 2015, totaling $2,149,888. Overall, the general fund's performance resulted in revenues exceeding expenditures in the fiscal year 2016, by $168,617. In fiscal year 2015, the general fund revenues exceeded expenditures by $177,001.

The property development fund total fund balance was $377,205. 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 2016 was $27,823, primarily due to proceeds from sale of land.

The fund balance in the flood control fund increased in 2016 from $186,859 to $201,856 or 8 percent. Revenue increased by $5,646 mainly due to increased property tax, license and permit revenues.

The capital projects fund has a negative fund balance of $4,203, a decrease of $76,011 from fiscal year 2015. The decrease was primarily attributable to the completion of the construction of the Alameda Health System's Acute Tower in November 2015 and continued progress in the construction of the East County Courthouse.

The fund balance in the debt service fund decreased $13,744 from $77,635 to $63,891 due to pay down on existing debt.

Proprietary funds

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

The net position of the internal service funds increased $8,882 in 2016 with an operating gain of $4,868. This was primarily due to a net transfers out of $14,710 for debt service and tenant improvement projects.

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, 2015, ACERA's fiscal year-end, the net position of ACERA and the other employee benefits trust totaled $6,640,191 representing a decrease of $149,723 in net position from the prior year's net position. The decrease was largely attributable to a decrease in fair value of investments as of December 31, 2015.

As of June 30, 2016, the investment trust fund's net position totaled $2,532,941, a $685,245 increase in net position. The increase in net position of the investment trust fund was due to contributions exceeding withdrawals to the fund by $671,118, plus net investment income of $14,127.

The private-purpose trust fund includes the redevelopment non-housing successor agency, public guardian, and Court Wards & Dependents. As of June 30, 2016, the private-purpose trust fund's net position totaled $3,078, a decrease of $6,548.

General fund budgetary highlights

The County's final expenditure budget of the general fund differs from the original budget in that it contains supplemental appropriations approved during the fiscal year. The difference of $139,919 between the original budget and the final amended budget represents increased appropriations, the significant appropriations are briefly summarized:

- The public protection departments increased appropriations by $68,610. This included $25,353 of salary and benefit increases and $29,841 year-end budget adjustment approved by the Board of Supervisors.

- The public assistance departments increased appropriations by $15,260. This included $8,054 of salary and benefit increases. It also included $2,963 for Social Services Agency office improvements and $1,900 for staff relocation costs.

- Appropriations for health and sanitation increased by $50,017. This included $3,867 of salary and benefit increases and $1,322 year-end budget adjustment approved by the Board of Supervisors. This increase included $2,449 for Environmental Health Department for an additional 13 positions for increased inspection services for hazardous waste, $1,105 for new mandated outpatient mental health services with various contractors, and a $9,964 adjustment for an intergovernmental transfer to Alameda Health System for the purpose of enhancing Medi-Cal managed care rates. Other increases included $1,000 to implement a pilot expansion of the Public Health Department's Asthma Start Program and a $11,586 adjustment as the result of the calculation of the final fund balance for fiscal year 2015.

Overall, the County's actual general fund revenues under-realized its budgeted fiscal year 2016 revenues by $84,422. Revenues that had significant variances include:

- State aid revenue was over-realized by $26,979 or 3 percent. Public protection state sales tax aid and realignment revenues were higher than expected by $2,623 and $11,243, respectively, due to improved economic conditions leading to improved state revenues. Human services realignment revenues were also higher than expected by $3,801 due to the improved economy. CalWorks maintenance of effort revenues were $21,415 higher than budgeted to provide welfare assistance payments. Health care services received vehicle license fee revenues of $2,677 more than budget based on state allocations.

- Federal aid revenue was under-realized by $72,849 or 15 percent. Juvenile probation claims were lower than budgeted by $3,009 due to reimbursable costs incurred. The Community Development Agency's housing and community development grant funding was $6,743 lower than budgeted due to delays in project assignments. Decrease in caseload for CalWorks and foster care programs resulted in lower revenue of $11,937 compared with budget. The Workforce Investment Board had claims that were $2,944 lower than budget. Claim ratio for CalWorks payments was lowered at the end of the fiscal year resulting along with lower caseloads led to lower Federal revenue of $34,110 compared to the budget. Health care services received $2,420 less than anticipated in Medi-Cal administrative activities revenues as the state attempts to resolve claiming methodology issues.

- Charges for current services under-realized budget by $44,952 or 14 percent. Estimates for recording fees were $3,436 higher than revenues collected. Institutional care and services were $2,639 lower than expected based on contract services provided. Medi-Cal revenue for behavioral health services were less than budget by $31,603 due to decrease in utilization. The Household Hazardous Waste Collection Program under-budgeted by $11,579 due to community green efforts which resulted in lower revenue.

- Other revenue was less than budgeted by $23,024 or 33 percent. The Community Development Agency experience decreased CalHome rehabilitation assignment and implementation leading to decreased revenues of $1,718. Tobacco tax settlement funds under-realized by $1,348. Health care services had lower revenues of $9,036 due to lower levels of donations to match federal and state grants. Public health had lower revenues of $3,232 due to decreased in First 5 funding for contracts and delays in the implementation of the Asthma Start pay for Success pilot project.

Revenue received for Educationally Related Mental Health Services was less than anticipated, resulting in lower revenue of $8,192.

Variations between budget and actual expenditures in the general fund reflect overall expenditures under the adjusted budget by $306,766 or 12 percent. In general, this represents savings from the major government functions, primarily due to vacancies, cost-containment measures, and contingency appropriations not spent. Significant savings came from the following County functions:

- General government's total actual expenditures was $27,478 or 15 percent less than budget. Vacant positions resulted in savings of $8,511. Discretionary expenditures were lower by $7,364 due to reduction of expenditures. Other charges such as debt payments and claims were lower by $13,142 due to lower claim costs.

- Public protection spent $34,566 or 5 percent less than budget. Vacant positions resulted in savings of $10,157 in salaries and benefits. Discretionary services and supplies expenditures were lower by $12,299 due to reduction of expenditures and delayed services contract assignment and implementation.

- Public assistance spent $97,891 or 12 percent less than budget. Vacant positions resulted in savings of $14,502 in salaries and benefits. Discretionary services and supplies expenditures were lowered by $5,598 due to delayed professional service program assignments for community development. Due to an improving economy, CalWorks caseload was lowered resulting in expenditures being $13,009 lower than budgeted. Other charges were lower by $13,010 due to lower caseloads in CalWorks, extended foster care, and adoptions. Capital assets were lower than budget by $32,320 due to the reclassification of Tier 1 community development projects to miscellaneous designations.

- Health and sanitation expenditures were $145,904 or 18 percent less than budget. Salaries and employee benefits were under-spent by $22,335 due to vacant positions. Public health care discretionary services and supplies were lower by $2,341 due to delays in program activities for the Asthma Start Pay for Success pilot project and uncompensated physician claims. Behavioral health care saved $32,593 due to delays with start-up and implementation of programs, and underutilized mental health programs. Other behavioral health services such as Institution for Mental Diseases (IMD); Managed Care; and pharmaceutical costs were under-spent by $6,657. In addition, $5,256 hospital payments to Washington and Alameda Health System were budgeted but not paid due to the State delay in processing the CPE payments. Environmental health expenditures were under-spent by $3,786 due to delay in program implementation. Other charges for medical care financing were lower by $12,036 because the intergovernmental transfer to the Alameda Health System was not paid by the state.

Capital assets and debt administration

Capital Assets

The County's investment in capital assets for its governmental activities amounts to $1,694,204 (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 2016 was $92,859 or 6 percent.

(Amounts expressed in thousands)

Capital Assets Net of Accumulated Depreciation
June 30, 2016

	Governmental Activities	
	2016	2015
Land and other assets not being depreciated	$ 754,578	$ 668,104
Structures and improvements, machinery and equipment, and infrastructure, net of depreciation	939,626	933,241
Total	$ 1,694,204	$ 1,601,345

Major capital asset events that occurred during fiscal year 2016 include:

- Machinery and equipment increased $12,351 due to the acquisition of information technology equipment and vehicles.
- Infrastructure increased $32,992 due to the completion of road and flood control projects which increased by $20,510 and $12,482, respectively.
- Construction in progress increased $126,113 primarily due to construction costs for the following: Phase II of Alameda Health System's Acute Tower, East County Hall of Justice, San Lorenzo Library expansion project, and Cherryland Fire Station in the amount of $23,446, $59,252, $2,781 and $3,118, respectively. Road and flood control projects increased construction in progress by $9,744 and $8,493, respectively.

At the end of the fiscal year, healthcare facilities and criminal justice facility projects had outstanding contract commitments of $41,606 and $37,863, respectively.

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

Governmental fund financial statements record capital asset purchases as expenditures.

Additional information about the County's capital assets can be found in Note 5 (page 57) of the financial statements.

Debt Administration

As of June 30, 2016, the County had long-term obligations outstanding of $3,304,938, excluding unamortized premiums and discounts of $16,325, as summarized below:

(Amounts expressed in thousands)

Outstanding Long-term Obligations
June 30, 2016 and 2015

	Governmental Activities	
	2016	2015
Certificates of participation	$ 23,198	$ 27,462
Tobacco securitization bonds	284,596	280,740
Pension obligation bonds	198,891	262,846
Lease revenue bonds	792,955	802,020
Capital leases	3,590	3,784
Net pension liability	1,690,591	1,403,337
Net OPEB obligation	61,518	70,253
Other long-term obligations	249,599	251,969
Total	$ 3,304,938	$ 3,102,411

The County's total long-term obligations increased $202,527 during the fiscal year primarily due to the change in value of the net pension liability in the GASB 68 actuarial valuation, which resulted in an increase of $287,254 in net pension liability. This increase was offset by $10,000 for the redemption of commercial paper and by $36,428 for pay down on existing long-term debts. Outstanding pension obligation bonds decreased $63,955 due to principal payments of $20,052 and net reduction in accreted value by $43,902.

The County's legal debt limit is 1.25 percent of total assessed value. As of June 30, 2016, the legal limit was $3.01 billion; however, the County did not have any general obligation bonds and, therefore, has not used any of its debt limitation.

Although the County has no general obligation debt it has general obligation equivalent ratings as follows:

	2016 Rating	2015 Rating
Moody's	Aaa	Aa1
Standard & Poor's	AA+	AA+
Fitch	AAA	AA+

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

	2016 Rating	2015 Rating
Moody's	Aa1	Aa3
Standard & Poor's	AA	AA
Fitch	AA+	AA

The County's long-term obligations can be found in Note 7 (page 61) 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 the County was 4.7 percent in June 2016, compared to the rate of 4.8 percent in June 2015. The State's unemployment rate was 5.4 percent in June 2016.
- The assessed value of the County's property increased by 7.7 percent in 2016 compared to an increase of 5 percent in 2015.

- The County experienced an increase in property tax revenue in fiscal year 2016 due to an improved economy and housing market. Spending for goods and services throughout the state and the country increased as unemployment rates, as indicated above, declined.

All of the above factors were considered in preparing the County's budget for fiscal year 2017.

The County adopted its fiscal year 2017 budget on June 28, 2016, one day after the State of California adopted its own budget on June 27, 2015.

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 POSITION
JUNE 30, 2016
(amounts expressed in thousands)

	Primary Government	Component Unit
	Governmental Activities	Alameda Health System
ASSETS		
Current assets:		
Cash and investments with County Treasurer	$ 1,899,637	$ -
Cash and investments with fiscal agents	311,112	20,827
Deposits with others	5,481	-
Receivables, net of allowance for uncollectible accounts	361,380	281,206
Due from component unit	15,531	-
Due from primary government	-	18,408
Advance to component unit	1,046	-
Inventory of supplies	146	10,471
Prepaid items	3,454	6,385
Total current assets	2,597,787	337,297
Noncurrent assets:		
Restricted assets - cash and investments with fiscal agents	130,515	-
Properties held for resale	1,086	-
Due from component unit, net of allowance	115,378	-
Endowment	-	3,100
Loans receivable	113,017	-
Capital assets:		
Land and other assets not being depreciated	754,578	13,066
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	939,626	67,668
Total capital assets, net	1,694,204	80,734
Total noncurrent assets	2,054,200	83,834
Total assets	4,651,987	421,131
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding debt	2,180	
Related to pensions	601,801	156,667
Total deferred outflows of resources	603,981	156,667
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	262,950	194,365
Due to component unit	18,408	-
Due to primary government	-	15,531
Compensated employee absences payable	43,319	14,255
Estimated liability for claims and contingencies	29,827	6,885
Certificates of participation and bonds payable	100,130	-
Lease obligations	239	-
Loans payable	1,211	-
Accrued interest payable	4,794	-
Unearned revenue	38,601	-
Advance from primary government	-	1,046
Obligation to fund Coliseum Authority deficit	4,128	-
Total current liabilities	503,607	232,082
Noncurrent liabilities:		
Net pension liability	1,690,591	370,138
Net OPEB obligation	61,518	38,835
Compensated employee absences payable	24,534	12,433
Estimated liability for claims and contingencies	99,922	24,863
Certificates of participation and bonds payable	1,215,835	-
Lease obligations	3,351	-
Loans payable	5,273	-
Due to primary government	-	146,378
Obligation to fund Coliseum Authority deficit	41,385	-
Total noncurrent liabilities	3,142,409	592,647
Total liabilities	3,646,016	824,729
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	67,720	19,431
NET POSITION		
Net investment in capital assets	706,722	79,688
Restricted:		
Public protection	349,102	-
Public assistance	109,498	-
Health and sanitation	159,263	10,701
Public ways and facilities	91,202	-
Education	12,374	-
Other purposes	57,666	31,681
Unrestricted (deficit)	56,405	(388,432)
Total net position	$ 1,542,232	$ (266,362)

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, 2016
(amounts expressed in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position: Primary Government	Net (Expense) Revenue and Changes in Net Position: Component Unit
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Alameda Health System**
Primary government:						
Governmental activities:						
General government	$ 201,130	$ 139,123	$ 214,822	$ 688	$ 153,503	$ -
Public protection	995,579	236,577	311,261	48,258	(399,483)	-
Public assistance	672,846	12,011	645,059	-	(15,776)	-
Health and sanitation	638,290	186,944	277,276	8,092	(165,978)	-
Public ways and facilities	49,533	12,559	31,478	-	(5,496)	-
Recreation and cultural services	639	151	-	-	(488)	-
Education	29,617	3,391	1,374	-	(24,852)	-
Interest on long-term debt	82,458	-	-	-	(82,458)	-
Total governmental activities	2,670,092	590,756	1,481,270	57,038	(541,028)	-
Total primary government	$ 2,670,092	$ 590,756	$ 1,481,270	$ 57,038	(541,028)	-
Alameda Health System	$ 899,115	$ 820,938	$ 16	$ -	-	(78,161)
General revenues:						
Property taxes					500,987	-
Sales taxes - shared revenues					65,175	103,653
Other taxes					37,957	-
Interest and investment income					10,075	597
Other					30,511	10,580
Total general revenues					644,705	114,830
Change in net position					103,677	36,669
Net position - beginning of period					1,438,555	(303,031)
Net position - end of period					$ 1,542,232	$ (266,362)

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

COUNTY OF ALAMEDA, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016
(amounts expressed in thousands)

	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Assets:							
Cash and investments with County Treasurer	$ 1,286,278	$ 61,346	$ 207,290	$ -	$ -	$ 179,387	$ 1,734,301
Cash and investments with fiscal agents	-	311,112	-	-	-	-	311,112
Restricted assets - cash and investments with fiscal agents	3,403	-	-	42,558	63,690	20,864	130,515
Deposits with others	650	-	-	-	-	4,826	5,476
Receivables, net of allowance for uncollectible accounts	327,289	81	2,637	6,051	-	23,346	359,404
Due from other funds	48,506	-	-	-	-	-	48,506
Due from component unit, net of allowance	72,464	-	-	-	13,252	26	85,742
Advance to component unit	-	-	-	-	1,046	-	1,046
Inventory of supplies	-	-	3	-	-	139	142
Properties held for resale	256	830	-	-	-	-	1,086
Prepaid items	-	-	-	-	-	48	48
Loans receivable	75,443	3,856	-	-	-	33,718	113,017
Total assets	$ 1,814,289	$ 377,225	$ 209,930	$ 48,609	$ 77,988	$ 262,354	$ 2,790,395
Liabilities, deferred inflows of resources, and fund balances							
Liabilities:							
Accounts payable and accrued expenditures	$ 206,872	$ 20	$ 7,926	$ 18,114	$ -	$ 16,161	$ 249,093
Due to other funds	-	-	-	34,698	13,051	757	48,506
Due to component unit	18,285	-	-	-	-	33	18,318
Unearned revenue	36,875	-	-	-	-	1,726	38,601
Total liabilities	262,032	20	7,926	52,812	13,051	18,677	354,518
Deferred inflows of resources							
Unavailable revenue	114,066	-	148	-	1,046	40,474	155,734
Fund balances (deficit):							
Nonspendable	5,760	-	3	-	-	187	5,950
Restricted	302,339	-	201,853	-	63,891	197,032	765,115
Committed	728,221	377,205	-	-	-	-	1,105,426
Assigned	207,381	-	-	-	-	5,984	213,365
Unassigned	194,490	-	-	(4,203)	-	-	190,287
Total fund balances	1,438,191	377,205	201,856	(4,203)	63,891	203,203	2,280,143
Total liabilities, deferred inflows of resources, and fund balances	$ 1,814,289	$ 377,225	$ 209,930	$ 48,609	$ 77,988	$ 262,354	$ 2,790,395

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

COUNTY OF ALAMEDA, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016
(amounts expressed in thousands)

Fund balances – total governmental funds	$ 2,280,143
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,673,248
The unamortized balance of deferred outflows of resources resulting from deferred refunding losses.	2,180
The unamortized balance of deferred outflows of resources related to net pension liability	564,741
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	(1,315,965)
Compensated employee absences payable	(64,332)
Lease obligations	(3,590)
Loans and note payable	(6,484)
Other liabilities	(45,513)
Total long-term liabilities	(1,435,884)
The net OPEB obligation pertaining to governmental fund types is not recorded in the governmental fund statements.	(61,518)
The net pension liability pertaining to governmental fund types is not recorded in the governmental fund statements.	(1,607,471)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	155,734
Deferred inflows of resources related to net pension liability	(63,315)
Receivable from Alameda Health System's share of pension obligation bonds, reported as Due from component unit, net of allowance, noncurrent	44,750
Interest on long-term debt is not accrued in the funds, but is recognized as an expenditure when due.	(4,794)
Internal service funds are used by management to charge the costs of fleet management, building maintenance, communications, information technology, and risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	(5,582)
Net position of governmental activities	$ 1,542,232

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, 2016
(amounts expressed in thousands)

	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$ 485,536	$ -	$ 37,741	$ -	$ -	$ 80,788	$ 604,065
Licenses and permits	8,418	-	8,658	-	-	1,256	18,332
Fines, forfeitures, and penalties	42,719	-	-	2,541	-	1,841	47,101
Use of money and property	12,287	5,390	1,785	460	43	3,991	23,956
State aid	996,166	-	816	48,258	-	29,841	1,075,081
Federal aid	413,869	-	97	688	8,092	4,537	427,283
Other aid	26,170	-	3,647	-	-	6,128	35,945
Charges for services	286,595	-	12,371	-	29,935	112,894	441,795
Other revenue	46,745	3,110	208	9	1,080	30,124	81,276
Total revenues	2,318,505	8,500	65,323	51,956	39,150	271,400	2,754,834
Expenditures:							
Current							
General government	141,348	671	-	-	-	31	142,050
Public protection	687,120	-	50,326	-	-	138,268	875,714
Public assistance	695,704	-	-	-	-	1,312	697,016
Health and sanitation	609,857	-	-	-	-	34,968	644,825
Public ways and facilities	2,926	-	-	-	-	47,232	50,158
Recreation and cultural services	659	-	-	-	-	-	659
Education	303	-	-	-	-	29,419	29,722
Debt service							
Principal	-	-	-	-	31,813	4,615	36,428
Interest	-	-	-	-	110,147	9,185	119,332
Capital outlay	11,971	-	-	162,466	-	-	174,437
Total expenditures	2,149,888	671	50,326	162,466	141,960	265,030	2,770,341
Excess (deficiency) of revenues over expenditures	168,617	7,829	14,997	(110,510)	(102,810)	6,370	(15,507)
Other financing sources (uses):							
Proceeds from sale of land	-	30,109	-	-	-	-	30,109
Transfers in	2,505	-	-	34,588	89,066	2,152	128,311
Transfers out	(99,399)	(10,115)	-	(89)	-	(3,998)	(113,601)
Total other financing sources (uses)	(96,894)	19,994	-	34,499	89,066	(1,846)	44,819
Net change in fund balances	71,723	27,823	14,997	(76,011)	(13,744)	4,524	29,312
Fund balances - beginning of period	1,366,468	349,382	186,859	71,808	77,635	198,679	2,250,831
Fund balances - end of period	$ 1,438,191	$ 377,205	$ 201,856	$ (4,203)	$ 63,891	$ 203,203	$ 2,280,143

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, 2016 (amounts expressed in thousands)

Net change in fund balances – total governmental funds	$ 29,312
Amounts reported for governmental activities in the statement of activities are different because:	
Some revenues will not be collected within the availability period established for governmental funds. As a result, they are not considered as available revenues in the governmental funds and are reported as deferred inflows of resources in the governmental funds.	5,113
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Increase in net pension liability	(95,354)
Decrease in postemployment medical benefits obligation	8,735
Increase in compensated absences	(2,220)
Decrease in obligation to fund Coliseum Authority deficit	3,932
Total	(84,907)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The statement of activities reports the gain or loss on disposal of capital assets but the governmental funds do not report any gain or loss. Governmental funds do not report capital assets; hence, capital assets transferred to and from governmental fund to the proprietary fund are not recorded in the governmental fund.	
Capital outlay	138,497
Depreciation expense	(46,869)
Net loss on disposal of capital assets	(131)
Total	91,497
The change in net position of internal service funds is reported with governmental activities.	(8,882)
Net decrease in accrued interest decreases the liability in the statement of net position but is reported as an expenditure in the governmental funds when paid.	159
The repayment of the principal of long-term debt, capital leases, and loans consume the current financial resources of governmental funds. These transactions, however, have no effect on net position.	
Principal payment on long-term debt	36,428
Accumulated accretion paid on capital appreciation bonds	63,212
Principal payment on capital leases, loans, and commercial paper notes	11,697
Total	111,337
Interest accreted on bonds and certificates of participation.	(26,212)
Amortization of bond premiums and bond discounts	1,578
Amortization of deferred outflows of resources resulting from the deferred refunding loss	(448)
Amortization of deferred outflows of resources resulting from the pension liability	(14,870)
Change in net position of governmental activities	$ 103,677

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Cash and investments with County Treasurer	$ 165,336
Deposits with others	5
Other receivables	1,976
Due from component unit	417
Inventory of supplies	4
Prepaid items	3,406
Total current assets	171,144
Noncurrent assets:	
Capital assets:	
Machinery and equipment, net of depreciation	20,957
Total assets	192,101
Deferred outflows of resources	
Related to pensions	37,060
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	13,857
Compensated employee absences payable	2,158
Estimated liability for claims and contingencies	29,827
Due to component unit	90
Total current liabilities	45,932
Noncurrent liabilities:	
Net pension liability	83,121
Compensated employee absences payable	1,363
Estimated liability for claims and contingencies	99,922
Total noncurrent liabilities	184,406
Total liabilities	230,338
Deferred inflows of resources	
Related to pensions	4,405
Net Position	
Investment in capital assets	20,957
Unrestricted	(26,539)
Total net position	$ (5,582)

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	$ 234,871
Operating expenses:	
Salaries and benefits	69,198
Contractual services	9,670
Utilities	14,151
Repairs and maintenance	9,024
Other supplies and expenses	65,884
Insurance claims and expenses	37,878
Depreciation	5,052
Telephone	2,554
County indirect costs	8,378
Dental claims	7,390
Other	824
Total operating expenses	230,003
Operating income	4,868
Non-operating revenues (expenses):	
Investment income	901
Loss on sale of capital assets	(32)
Total non-operating revenues (expenses)	869
Income (loss) before contributions and transfers	5,737
Capital contributions	91
Transfers in	4,347
Transfers out	(19,057)
Change in net position	(8,882)
Total net position - beginning of period	3,300
Total net position - end of period	$ (5,582)

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, 2016
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Internal activity - receipts from other funds	$ 235,878
Payments to suppliers	(99,910)
Payments to employees	(71,464)
Internal activity - payments to other funds	(8,378)
Claims paid	(34,441)
Other payments	(824)
Net cash provided by operating activities	20,861
Cash flows from non-capital financing activities:	
Transfers in	4,347
Transfers out	(19,057)
Net cash used in non-capital financing activities	(14,710)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(6,530)
Proceeds from sale of capital assets	72
Other increases (decreases)	104
Net cash used in capital and related financing activities	(6,354)
Cash flows from investing activities:	
Interest received on pooled cash	901
Net cash provided by investing activities	901
Net increase in cash and cash equivalents	698
Cash and cash equivalents - beginning of period	164,638
Cash and cash equivalents - end of period	$ 165,336
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 4,868
Adjustments for non-cash activities:	
Depreciation	5,052
Amortization - pension	(2,284)
Changes in assets and liabilities:	
Other receivables	1,007
Prepaid items	1,013
Accounts payable and accrued expenses	353
Compensated employee absences payable	18
Estimated liability for claims and contingencies	10,827
Due to component unit	7
Total adjustments	15,993
Net cash provided by operating activities	$ 20,861

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016
(amounts expressed in thousands)

	Pension, OPEB,[1] and Other Employee Benefits Trust Funds	Investment Trust Fund	Private-Purpose Trust Fund	Agency Funds
Assets:				
Cash and investments with County Treasurer	$ 2,599	$ 2,587,787	$ 32,294	$ 196,772
Investments, at fair value:				
Short-term investments	161,194	-	2,187	-
Domestic equities	1,451,044	-	-	-
Domestic equity commingled funds	716,825	-	-	-
International equities	1,417,208	-	-	-
International equity commingled funds	366,796	-	-	-
Domestic fixed income	762,685	-	-	-
International fixed income	138,045	-	-	-
International fixed income commingled funds	104,666	-	-	-
Real estate - separate properties	53,844	-	-	-
Real estate - commingled funds	430,081	-	-	-
Real return pool	235,280	-	-	-
Private equity and alternatives	795,022	-	-	-
Total investments	6,632,690	-	2,187	-
Investment of securities lending collateral	404,498	-	-	-
Deposits with others	706	-	-	-
Taxes receivable	-	-	-	146,871
Other receivables	29,076	-	-	-
Interest receivable	8,608	2,725	31	129
Properties held for redevelopment	-	-	11,279	-
Capital assets, net of accumulated depreciation	2,335	-	2,546	-
Total assets	7,080,512	2,590,512	48,337	343,772
Liabilities:				
Accounts payable and accrued expenses	33,488	57,571	-	5,007
Accrued interest payable	-	-	530	-
Securities lending obligation	404,498	-	-	-
Due to other governmental units	-	-	16,404	338,765
Bonds payable	-	-	28,325	-
Total liabilities	437,986	57,571	45,259	343,772
Net Position				
Investment in capital assets	2,335	-	2,546	-
Restricted for pension benefits	5,810,107	-	-	-
Restricted for postemployment medical benefits	828,183	-	-	-
Restricted for other employee benefits	1,901	-	-	-
Restricted for other purposes	-	2,532,941	532	-
Total net position	$ 6,642,526	$ 2,532,941	$ 3,078	$ -

[1] Pension and OPEB balances reported as of December 31, 2015.

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	Pension, OPEB,[1] and Other Employee Benefits Trust Funds	Investment Trust Fund	Private-Purpose Trust Fund
Additions:			
Contributions:			
Employees	$ 87,022	$ -	$ -
Employer	224,607	-	-
Contributions on pooled investments	-	8,206,412	-
Total contributions	311,629	8,206,412	-
Investment income:			
Interest	37,781	10,617	231
Dividends	65,604	-	-
Net decrease in fair value of investments	(61,625)	3,510	42
Real estate	21,454	-	-
Securities lending income	2,964	-	-
Private equity and alternatives	(18,525)	-	-
Brokers Commissions	118	-	-
Total investment income	47,771	14,127	273
Less investment expenses:			
Investment expenses	48,707	-	-
Securities lending borrower rebates and management fees	734	-	-
Real estate	4,833	-	-
Total investment expenses	54,274	-	-
Net investment income (expense)	(6,503)	14,127	273
Other Income:			
Redevelopment property tax revenue	-	-	11,567
Miscellaneous income	1,960	-	11,681
Total other income	1,960	-	23,248
Total additions, net	307,086	8,220,539	23,521
Deductions:			
Benefit payments	430,080	-	-
Refunds of contributions	8,991	-	-
Administration expenses	15,403	-	-
Distribution from pooled investments	-	7,535,294	9,744
General and administrative expenses	-	-	7,634
Depreciation	-	-	62
Contribution to other agencies	-	-	11,367
Interest on debt	-	-	1,262
Total deductions	454,474	7,535,294	30,069
Change in net position	(147,388)	685,245	(6,548)
Net position - beginning of period	6,789,914	1,847,696	9,626
Net position - end of period	$ 6,642,526	$ 2,532,941	$ 3,078

[1] Pension and OPEB balances reported for the year ended December 31, 2015.

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

1. Summary of Significant Accounting Policies

A. *Scope of Financial Reporting Entity*

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

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

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

Blended and Fiduciary Component Units - Blended component units are, in substance, part of the County's operations and their financial data are combined with data of the primary government. These component units have a June 30 fiscal year-end, with the exception of the Alameda County Employees' Retirement Association (ACERA), which has a December 31 fiscal year-end. The financial activities of ACERA for the year ended December 31, 2015, are included herein.

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

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

• *Alameda County Fire Department (Fire Department)*

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

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

ACERA is a multiple-employer public retirement system organized under the 1937 Retirement Act. The County and its component unit, Alameda Health System (previously the Alameda County Medical Center), are the major participants and contribute 76.60 and 18.02 percent, respectively, of total employer contributions. ACERA is governed by a nine-member board that includes the County treasurer, four County citizens appointed by the Board of Supervisors and four members elected by the ACERA membership. Although ACERA is legally separate from the County, it is reported as part of the County's reporting entity because it benefits the County by providing substantial services to the County's and its component units' employees. The activities of ACERA are reported within the pension and other employee benefit trust funds. Complete financial statements for ACERA may be obtained from the Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

Postemployment healthcare benefits currently provided by ACERA include medical, dental, and vision benefits. These benefits are reported in the pension and other employee benefits trust funds in the financial statements consistent with GASB Statement No 43. Other forms of postemployment benefits provided by ACERA include supplemental cost of living allowance and death benefits. These benefits are reported in the pension and other employee benefits trust funds in the financial statements consistent with GASB Statement No. 67, as they are considered pension benefits.

• *Alameda County Public Facilities Corporation (Corporation)*

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

• *County Service Areas (CSA)*

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

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

The Authority was established to account for the activities related to the tobacco securitization bonds and revenues generated from the master settlement agreement with the four largest U.S. tobacco manufacturers. The Authority is governed by a board consisting of five directors. It is a separate legal entity; however, it is presented as a blended entity because all members of the board are appointed by the Board of Supervisors and it provides services exclusively to the County. The activities of the Authority 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 initially formed by and between the County and the Redevelopment Agency to assist the County in the financing of public capital improvements. Effective February 1, 2012, the Redevelopment Agency was dissolved, and pursuant to the California Health and Safety Code, the Successor Agency to the Redevelopment Agency was established for the purpose of winding down the affairs of the former redevelopment agency. On March 18, 2014, the joint exercise of powers agreement was amended to add the Surplus Property Authority as a member of the Joint Powers Authority and for the Successor Agency to withdraw as a member. 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 and it provides services exclusively to the County. The activities of the Joint Powers Authority are reported within the debt service governmental fund. The books and records for the Joint Powers Authority are maintained by the County. Additional financial data for the Joint Powers Authority may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

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

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

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

• *Alameda Health System (AHS)*

Alameda Health System (AHS) is a public hospital authority created originally under the name of Alameda County Medical Center. AHS is governed by an eleven-member board of trustees, appointed by a majority vote of the Board of Supervisors of the County. Pursuant to the agreement dated July 1, 1998, between the County and the AHS, the AHS manages and operates the county hospitals and clinics. The County pays the AHS for the provision of indigent care. The hospital facilities and related debt are presented in the governmental activities of the County's statement of net position. All equipment is the property of the AHS. The AHS has a June 30 fiscal year-end. The financial activities of the AHS for the year ended June 30, 2016, are shown herein. Complete financial statements for the AHS may be obtained from the Alameda Health System, 1411 E. 31st Street, Oakland, CA 94602.

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The ***Property Development Fund*** accounts for the sale and development of surplus County land. The fund’s revenue sources include proceeds from sale of surplus land and developer fees.

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

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

Effect of Component Unit with Differing Fiscal Year-End

ACERA has a fiscal year ending on December 31. The amounts reflected in the June 30, 2016 financial statements are the balances as of ACERA's fiscal year ended December 31, 2015. The difference in the cash balance and interfund transactions are reconciled in the Cash and Investments footnote (Note 2).

D. ***Cash and Investments***

The County follows the practice of pooling cash and investments of all funds with the County Treasurer. Certain funds, which are held by outside custodians are classified as "Cash and investments with fiscal agents" on the accompanying financial statements. The earned interest yield on all funds held by the County Treasurer for fiscal year 2015-2016 was approximately .48 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 49.26 percent of the net position in the Treasurer's pool. The deposits held for these entities are included in the investment trust fund.

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

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

Investment Valuation

Certain U.S. government securities that have a remaining maturity at time of purchase of one year or less are carried at amortized cost, which approximates fair value. Investments with maturity of more than one year, whether pooled or specific, are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of investments is determined using the fair value hierarchy defined by GASB Statement 72.

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

Investment Income

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

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

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

E. Taxes Receivable

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

The County assesses properties and collects property taxes as follows:

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

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

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

F. Inter-fund Receivables/Payables

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

G. Inventory of Supplies

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

(amounts in tables expressed in thousands)

H. Capital Assets

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

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

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

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

I. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and the balance sheet report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The County reports the following deferred items:

Loss on Refunding Debt - A loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt and reported in the government-wide statement of net position.

Deferred Outflows and Inflows of Resources Related to Pensions - These deferred items are recognized and measured in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting. The deferral is for changes in the net pension liability that are not included in pension expense and must be amortized in a systematic and rational manner over a closed period depending on cause beginning with the current period. These causes may include changes of future economic and demographic assumptions or other inputs, differences between expected and actual experience with regard to economic or demographic factors, and differences between projected and actual earnings on pension plan investments.

Employer contributions subsequent to the measurement date of the net pension liability are required to be reported as deferred outflows of resources.

J. ***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, 2016, 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, 2016, have been compensated for any accumulated vacation, compensatory time, and unexpired in-lieu compensatory time.

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

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

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

L. ***Fund Balances/Net Position***

Fund Balances

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

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

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

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

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

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

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

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

Minimum Fund Balance

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

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

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

Net Position

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

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

M. ***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.

N. ***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.

O. ***Refunding of Debt***

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

P. ***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.

Q. ***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Alameda County Employees' Retirement Association (ACERA) and additions to/deductions from ACERA's fiduciary net position have been determined on the same basis as they are reported by ACERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	November 30, 2014
Measurement Date	December 31, 2015
Measurement Period	January 1, 2015 to December 31, 2015

(amounts in tables expressed in thousands)

For the Fire district, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) Miscellaneous Plan and Safety Plan and additions to/deductions from CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website (www.calpers.ca.gov) under Forms and Publications.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

R. 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 17 for further information on the Coliseum Authority joint venture.

S. 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.

T. New Accounting Standards Implemented

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement is intended to improve accounting and financial reporting for state and local governments' investments by enhancing the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement requires additional disclosures and did not have a significant impact to the County's financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement did not have a significant impact to the County's financial statements.

In June 2014, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which clarifies the hierarchy of generally accepted accounting principles (GAAP), and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the scope of authoritative GAAP. This statement did not have a significant impact to the County's financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants.* The statement addresses accounting and financial reporting for certain external investment pools and pool participants. The statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. It also establishes additional note disclosure requirements to include information about any limitations or restrictions on participant withdrawals. This statement did not have a significant impact to the County's financial statements.

U. <u>New Pronouncements</u>

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57*, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. Application of Statement No. 74 is effective for the County's fiscal year ending June 30, 2017.

In June 2014, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes new accounting and financial reporting requirements for OPEB plans improving the accounting and financial reporting by state and local governments for OPEB and provides information provided by state and local government employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB Statement No. 75 is effective for the County's fiscal year ending June 30, 2018.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures.* This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Application of Statement No. 77 is effective for the County's fiscal year ending June 30, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68 associated with pensions provided through certain cost-sharing multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Such plans are not considered a state or local government pension plan and are used to provide benefits to both employees of state and local governments and employees of employers that are not state or local governments. This Statement is effective for the County's fiscal year ending June 30, 2017.

(amounts in tables expressed in thousands)

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in GASB Statement No. 14, The Financial Reporting Entity, as amended. This Statement is effective for the County's fiscal year ending June 30, 2017.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. This Statement is effective for the County's fiscal year ending June 30, 2018.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practices for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for the County's fiscal year ending June 30, 2017.

2. Cash and Investments

A. Deposits

As of June 30, 2016, the County's cash and deposits were as follows:

	Bank Balance	Carrying Value
Deposits with financial institutions	$ 910,784	$ 907,551
Cash on hand		1,382
Deposits in transit		2,915
ACERA cash balance as of December 31, 2015		2,599
Total cash and deposits		$ 914,447

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 $910,784,000 in deposits with financial institutions, $4,084,000 was covered by federal depository insurance and $906,700,000 was collateralized by pledging financial institutions as required by California Government Code Section 53652.

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

As of December 31, 2015, ACERA reported a deposit of $698,000. As of December 31, 2015, ACERA had no investments that were exposed to custodial credit risk.

B. Investments

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

a. Treasurer's Investments

Funds with the County Treasurer are invested pursuant to the annual investment policy established by the Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the County deposits funds, the types of investment instruments and the percentage of the portfolio, which may be invested in certain instruments, as permitted by Section 53600 et seq. of the Government Code of the State of California. Authorized instruments in which the Treasurer can invest include U.S. Treasury securities, banker's acceptances, federal, state and local government securities, commercial paper, medium-term corporate notes, negotiable certificates of deposit, local agency investment fund, California asset management program, and money market mutual funds. Although the investment policy permits the Treasurer to invest in reverse repurchase agreements, or to engage in securities lending, such investment activities were not made during the year ended June 30, 2016.

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

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

(amounts in tables expressed in thousands)

Types of Investments Authorized by the County's Investment Policy

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

There were no derivative investments in the investment pool for the year ended June 30, 2016.

As of June 30, 2016 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
Commercial paper	N/A	$ 399,150	$ -	$ 399,150
Federal agency notes and bonds	A1 to AA+/P-1 to Aaa	946,415	1,779,671	2,726,086
Local agency investment funds	Not Rated	50,000	-	50,000
Medium term notes	A to AAA/A1 to AAA	74,225	83,856	158,081
Negotiable certificates of deposit	A-1/P-1	199,957	-	199,957
Municipal securities	Not Rated	1,500	-	1,500
U.S. Treasury notes	A-1+/P-1	149,862	-	149,862
Non-U.S. Treasury Notes [1]	AAA	-	20,006	20,006
California asset management program	AAf to AAAm/Aaa-mf	100,000	-	100,000
Total Investments		$ 1,921,109	$ 1,883,533	$ 3,804,642

[1] Non U.S. Treasury Notes represent securities with agencies outside of the U.S. which provide financial assistance to developing counties. These securities are backed by the U.S. government.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the fair value of an investment. In accordance with the investment policy, the Treasurer manages the risk exposure by limiting the weighted average maturity of its investment portfolio to not more than two years at any time. The weighted average maturity of the Treasurer's Pool at June 30, 2016 was 367 days.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Treasurer manages this risk exposure by complying with the Government Code and the Treasurer's more restrictive investment policy regarding the credit ratings of various types of investments. The investment policy, dated November 17 2015, prescribes the following rating requirements:

(amounts in tables expressed in thousands)

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: at least P-1 rated by at least one rating agency; may not exceed 270 days from purchase date to final maturity.

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The investment policy sets no limit on the amount the County may invest in any one issuer. As of June 30, 2016, more than 5 percent of the Treasurer's investments were under the following issuers:

Issuer:	**Pool Portfolio as of June 30, 2016**
Federal Home Loan Bank	24.5%
Federal Farm Credit Bank	23.5%
Federal Home Loan Mortgage Corporation	19.4%

(amounts in tables expressed in thousands)

The following represents a condensed statement of net position and changes in net position for the Treasurer's pool for the year ended June 30, 2016. Cash and deposits do not include cash associated with department revolving funds or the Alameda Health Systems, which are held outside of the County Treasury.

Statement of Net Position:

Assets:	
Deposits and cash on hand	$ 909,500
Deposits in Transit	2,915
Investments (at fair value)	3,804,642
Accrued Interest	5,139
Total assets	4,722,196
Liabilities:	57,570
Net Position	$ 4,664,626
Equity of internal pool participants	$ 2,131,685
Equity of external pool participants	2,532,941
Total Net Position	$ 4,664,626

Statement of Changes in Net Position

Net change in investments by pool participants	$ 940,866
Net position at July 1, 2015	3,723,760
Net position at June 30, 2016	$ 4,664,626

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2016, to support the value of shares in the pool.

As of June 30, 2016, the Treasurer's cash and investment pool was carried at fair value, based on the current market price of the investment holdings. During the fiscal year, the fair value of the cash and investment pool was determined quarterly and reported to the Board of Supervisors at the end of each calendar quarter.

To request a copy of an Investment Report, contact the Investment Officer at the Office of the Alameda County Treasurer – Tax Collector at 1221 Oak Street, Room 131, Oakland or call (510) 272-6800 for the fair value, the principal amount, ranges of interest rates, and maturities dates of each investment classification for the Treasurer's Pool.
Each County fund's equity in the pool is the fund's actual cash position as of any given date. Any "value" that served to either increase or decrease the pool's valuation as a result of the current fair value of the pool on June 30, 2016, has been allocated to each fund based on the average cash balance during the last quarter of the fiscal year.

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The investments in an external investment pool are not subject to reporting within the level hierarchy. The three levels of the fair value hierarchy are described below:

(amounts in tables expressed in thousands)

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The County's cash equivalents and investments by fair value as of June 30, 2016, include the following:

Investments	Total	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments subject to fair value hierarchy:			
Investments with County Treasury			
Commercial paper	$ 399,150	$ -	$ 399,150
Federal agency notes and bonds	2,726,086	-	2,726,086
Medium term notes	158,081	-	158,081
Negotiable certificates of deposit	199,957	-	199,957
Municipal securities	1,500	-	1,500
U.S. Treasury notes	149,862	149,862	-
Non-U.S. Treasury Notes	20,006	-	20,006
Total investments with County Treasury subject to fair value hierarchy	3,654,642	149,862	3,504,780
Investments with Fiscal Agents			
East Bay Regional Community System Authority revenue bonds	3,403	-	3,403
U.S. Treasury Securities	35,353	35,353	-
Federal agency debt securities	196,658	-	196,658
Corporate bonds	73,092	-	73,092
Private debt obligations	2,129	-	2,129
Total investments with fiscal agents subject to fair value hierarchy	310,635	35,353	275,282
Total investments subject to fair value hierarchy	$ 3,965,277	$ 185,215	$ 3,780,062
Investments not subject to fair value hierarchy:			
Local agency investment funds held by County Treasury	$ 50,000		
California asset management program	100,000		
Total investments not subject to fair value hierarchy	$ 150,000		

Note: The financial data for the Alameda County Employees' Retirement Association (ACERA) reflected in the County's June 30, 2016 CAFR has an effective date of December 31, 2015, which pre-dates the implementation requirement for GASB Statement No. 72. Thus the ACERA December 31, 2015 CAFR disclosures are not yet presented under the new standard and the County's disclosure above will not include the investments under ACERA until the next fiscal year.

Other Disclosures

As of June 30, 2016, 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 $22.71 billion as of June 30, 2016. Of that amount, 97.19% was invested in non-derivative financial products and 2.81% in structured notes and asset backed securities as of June 30, 2016. The weighted average maturity of LAIF was 167 days at June 30, 2016.

(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 cash and investments with fiscal agents.

As of June 30, 2016, cash and investments with fiscal agents consisted of the following:

Cash and Investments with Fiscal Agents

		Investment Maturities (in Years)			
	Ratings (S&P / Moody's)	Less than 1	1 to 5	More than 5	Fair Value
Cash & Cash Equivalents	N/A	$ 133,179	$ -	$ -	$ 133,179
EBRCSA revenue bonds[1]	Not Rated	-	-	3,403	3,403
U.S. Treasury Securities	NR/AAA	4,006	31,347	-	35,353
Federal Agency Debt Securities	AA+ / AAA	78,643	118,015	-	196,658
Corporate Bonds	A to AA+ / A3-AA1	8,498	64,594	-	73,092
Private Debt Obligations	Not Rated	-	-	2,129	2,129
Totals		$ 224,326	$ 213,956	$ 5,532	$ 443,814

[1] East Bay Regional Community System Authority

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

As of June 30, 2016, more than five percent of total investments with fiscal agents were in the Federal National Mortgage Association (33.00%) and Federal Home Loan Mortgage Corporation (28.36%).

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, 2016, more than five percent of the property development fund's investments were in the Federal National Mortgage Association (33.60%), Federal Home Loan Mortgage Corporation (30.86%).

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

Government Code Section 31595 allows the Board of Retirement to invest funds at its discretion. Instruments authorized by the Board of Retirement are U.S. equity, international equity, U.S. and international fixed income, real estate and Treasurer's pooled investments. ACERA is prohibited from investing in securities issued by the County of Alameda or any agency thereof. Additionally, ACERA may not invest in futures, written options, swaps or structured notes, unless specific authorization is obtained from the Board of Retirement in advance of the investment. The ACERA investments shown in the statement of fiduciary net position are as of ACERA's fiscal year ended December 31, 2015.

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

Concentration of Credit Risk

The individual investment guidelines for each fixed-income manager restrict concentrations greater than 5 percent in the securities of any one issuer (excluding all federal government and agency securities). As of December 31, 2015, ACERA had no investments in a single issuer that equaled or exceeded 5 percent of ACERA's net position.

Credit Risk

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

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

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

(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, 2015.

		Adjusted Moody's Credit Rating								
Debt Investments by Type	Total	Aaa	Aa	A	Bbb	Ba	B	Caa	Ca and Below	Not Rated
Collateralized Mortgage Obligations	$ 66,135	$ 29,740	$ -	$ 1,545	$ 4,883	$ 3,163	$ 5,090	$ 10,150	$ 3,239	$ 8,325
Convertible Bonds	9,064	-	-		22	4,761	730	-	-	3,551
Corporate Bonds	431,401	7,310	14,204	90,341	210,162	74,661	29,896	3,587	19	1,221
Federal Home Loan Mortgage Corp.	36,939	-	-	-	-	-	-	-	-	36,939
Federal National Mortgage Assn.	57,209	-	-	-	-	-	-	-	-	57,209
Government National Mortgage Assn. I, II	16,534	-	-	-	-	-	-	-	-	16,534
Government Issues	217,676	132,593	28,853	20,916	11,930	435	-	117	-	22,832
Municipal	3,828	-	-	3,828	-	-	-	-	-	-
Other Asset Backed Securities	61,944	24,930	-	1,848	10,410	10	-	3,447	15,493	5,806
Subtotal Debt Investments	900,730	194,573	43,057	118,478	237,407	83,030	35,716	17,301	18,751	152,417
External Investment Pools of Debt Securities										
Securities Lending Cash Collateral Fund										
Liquidation Pool	396,274	-	-	-	-	-	-	-	-	396,274
Duration Pool	8,224	-	-	-	-	-	-	-	-	8,224
Master Custodian Short-Term Investment Fund	123,572	-	-	-	-	-	-	-	-	123,572
Subtotal External Investment Pools	528,070	-	-	-	-	-	-	-	-	528,070
Total	$ 1,428,800	$ 194,573	$ 43,057	$ 118,478	$ 237,407	$ 83,030	$ 35,716	$ 17,301	$ 18,751	$ 680,487

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, 2015, ACERA had no investments that were exposed to custodial credit risk.

ACERA's investments include collateral associated with derivatives activity. As of December 31, 2015, collateral for derivatives was $2.4 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, 2015. 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	$ 396,274	37 days
Duration Pool	8,224	46 days
Master Custodian Short-Term Investment Fund	123,572	-
Total	$ 528,070	

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	$ 66,135	3.5
Convertible bonds	9,064	4.5
Corporate bonds	431,401	5.5
Federal Home Loan Mortgage Corp.	36,939	3.8
Federal National Mortgage Assn.	57,209	3.5
Government Issues	16,534	4.2
Government National Mortgage Assn. I, II	217,676	10.9
Municipal	3,828	12.0
Other Asset Backed Securities	61,944	2.9
	$ 900,730	

<u>Fair Value Highly Sensitive to Changes in Interest Rate</u>

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, 2015. ACERA has no general investment policy with respect to investments with fair values that are highly sensitive to changes in interest rates.

(amounts in tables expressed in thousands)

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 Values
Convertible Bonds	Jarden Corp	1.13%	$ 730
Corporate Bonds	Various debt related securities	3.95% to 8.46%	38,870
Government Issues	Various debt related securities	2.50% to 8.50%	63,348
Municipals	Municipal Electric Authority Georgia	6.66%	2,446
Other Asset Backed Securities	American Homes 4 Rent	5.04%	138

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, 2015. It provides an indication of the magnitude of ACERA's foreign currency risk for each foreign currency.

Foreign Currency Risk Analysis

Currency	Common Stock and Depository Receipts	Corporate Bonds	Foreign Currency	Government Issues	Currency Swaps	Net Exposure
Australian Dollar	$ 27,165	$ 1,522	$ (395)	$ 18,499	$ 118	$ 46,909
Brazilian Real	11,661	1,547	-	435	-	13,643
Canadian Dollar	35,235	-	244	-	593	36,072
Chilean Peso	-	1,125	-	-	(340)	785
Colombian Peso	-	2,753	-	-	-	2,753
Danish Krone	34,610	-	8	-	(1)	34,617
Euro Currency	370,059	9,729	16,186	12,047	81	408,102
Hong Kong Dollar	116,650	-	21	-	-	116,671
Indian Rupee	23,052	3,768	-	-	-	26,820
Indonesian Rupiah	8,840	-	-	-	-	8,840
Israeli Shekel	-	-	-	-	(10)	(10)
Japanese Yen	242,205	-	(46)	-	1,676	243,835
Malaysian Ringgit	-	-	-	9,236	-	9,236
Mexican Peso	-	2,257	-	20,916	-	23,173
New Taiwan Dollar	19,129	-	4	-	-	19,133
New Zealand Dollar	1,571	-	-	9,125	(12)	10,684
Norwegian Krone	1,114	-	7	-	(669)	452
Pound Sterling	240,627	-	1,005	-	752	242,384
Singapore Dollar	27,777	-	46	-	(21)	27,802
South African Rand	17,024	-	-	-	-	17,024
South Korean Won	8,355	-	-	-	-	8,355
Swedish Krona	35,349	-	3	-	(43)	35,309
Swiss Franc	122,819	-	4	-	10	122,833
Thailand Baht	3,111	-	-	-	-	3,111
Turkish Lira	3,362			-	-	3,362
Uae Dirham	3,210			-	-	3,210
TOTAL	$ 1,352,925	$ 22,701	$ 17,087	$ 70,258	$ 2,134	$ 1,465,105

Securities Lending

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

For the year ended December 31, 2015, on behalf of ACERA, the securities lending agent lent ACERA's securities (government bonds, corporate stocks, corporate bonds, international equities, and international fixed income) under this agreement and received cash (United States and foreign currency), securities issued or guaranteed by the United States government, sovereign debt and irrevocable bank letters-of-credit as collateral. ACERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 102% of the market value of the loaned security for domestic securities or sovereign debt issued by foreign governments, and at least 105% for international securities. Moreover, borrowers were required to maintain the market value of collateral on a daily basis.

ACERA did not impose any restrictions for the year ended December 31, 2015, 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, 2015, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2015, 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 2015, the short-term investment fund was separated into two investment pools: 1) a liquidity pool and 2) a duration pool. As of December 31, 2015, the liquidity pool had an average duration of 37 days and an average weighted final maturity of 74 days for USD collateral. The duration pool had an average duration of 46 days and an average weighted final maturity of 2,667 days for USD collateral. For the year ended December 31, 2015, ACERA had no credit risk exposure to borrowers because, for each borrower, the value of borrower collateral held exceeded the value of the securities on loan to the borrower.

As of December 31, 2015, ACERA had securities on loan with a fair value of $453.1 million for cash collateral of $467.9 million and exceeded the total fair value of loaned securities by $14.8 million.

(amounts in tables expressed in thousands)

Summary of County Deposits and Investments

The following table is a summary of the deposits and investments as of June 30, 2016:

Cash	
Cash on Hand and Deposits in Transit	$ 4,297
Cash in Bank - with County Treasurer	907,551
Cash with fiscal agents	133,179
Restricted Cash - With Component Unit (AHS)	20,827
ACERA cash balance as of 12/31/2015	2,599
Total Cash	1,068,453
Investments	
In Treasurer's Pool	3,804,642
with ACERA	6,632,690
with fiscal agents	310,635
Securities Lending - ACERA	404,498
Total Investments	11,152,465
Total Cash and Investments	$ 12,220,918
Primary Government	$ 12,200,091
Component Unit (AHS)	20,827
Total Cash and Investments	$ 12,220,918

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

	Primary Government			
	Governmental Activities	Fiduciary Funds	Total	Component Unit
Cash and investments with County Treasurer	$ 1,899,637 [1]	$ 2,819,452 [2]	$ 4,719,089	-
Cash and investments with fiscal agents	311,112	6,634,877	6,945,989	$ 20,827
Restricted Assets:				
Cash and investments with fiscal agents	130,515	-	130,515	-
Cash with Component Unit (AHS)	-	-	-	-
Investment of securities lending collateral	-	404,498	404,498	-
Total cash and investment	$ 2,341,264	$ 9,858,827	$ 12,200,091	$ 20,827
Deposits and cash on hand			$ 1,047,626	$ 20,827
Investments			11,152,465	-
Total deposits and investments			$ 12,200,091	$ 20,827

[1] Includes cash and investments with the County Treasurer of total governmental funds ($1,734,301) and internal service funds ($165,336).

[2] Includes deposits and investments with the County Treasurer of pension and other employee benefits trust funds ($2,599), investment trust fund ($2,587,787), private-purpose trust fund ($32,294) and agency funds ($196,772).

(amounts in tables expressed in thousands)

3. Receivables

Receivables as of June 30, 2016, for the County's individual major funds, non-major funds in the aggregate, and the internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds								
	General	Property Development	Flood Control	Capital Projects	Debt Service	Nonmajor Governmental Funds	Subtotal	Internal Service Funds	Governmental Activities Total
Interest	$ 1,763	$ 63	$ 218	$ -	$ -	$ 215	$ 2,259	$ 164	$ 2,423
Taxes	35,894	-	1,739	-	-	3,828	41,461	-	41,461
Departmental accounts	210,494	-	-	-	-	-	210,494	-	210,494
Federal and state grants and subventions	171,834	-	551	6,051	-	2,724	181,160	-	181,160
Charges for services	74,268	-	129	-	-	9,130	83,527	1,812	85,339
Other	4,944	18	-	-	-	7,449	12,411	-	12,411
Gross receivables	499,197	81	2,637	6,051	-	23,346	531,312	1,976	533,288
Less: allowance for uncollectibles	(171,908)	-	-	-	-	-	(171,908)	-	(171,908)
Net total receivable - governmental activities	$ 327,289	$ 81	$ 2,637	$ 6,051	$ -	$ 23,346	$ 359,404	$ 1,976	$ 361,380

The departmental accounts receivable, net of allowance for uncollectibles, in the amount of $38,586,000 is reported as unavailable revenue and classified as deferred inflows of resources. It is not practical to determine the amount that will be collected in the subsequent year.

Other receivables for pension and other employee benefits trust funds at December 31, 2015 are as follows:

Contributions	$ 10,842
Derivative investments	4,110
Investments sold	7,145
Investment receivables	6,604
Other	375
Total other receivables at December 31, 2015	$ 29,076

4. Loans Receivable

Loans receivable consist of operating loan to a public entity and loans to individuals and multi-family affordable housing projects. Loans to individuals include loans for acquisition and rehabilitation of owner-occupied housing, and silent deeds for financing to first time homebuyers, and bear interest at annual rates ranging from zero to seven percent. Loans to multi-family affordable housing projects, including shelters, shared housing, and apartment complexes, may be deferred or amortized and bear interest at annual rates from zero to seven percent. Deferred and amortized housing loans receivable are secured by recorded liens on properties for which the loans are made. Loans receivable as of June 30, 2016, for the County's individual major funds and non-major funds in the aggregate are as follows:

	General	Property Development	Non-major Governmental Funds	Total
Affordable housing	$ 75,443	$ 3,856	$ 33,718	$ 113,017

(amounts in tables expressed in thousands)

5. Capital Assets

Capital asset activities of the primary government for the year ended June 30, 2016, are as follows:

GOVERNMENTAL ACTIVITIES

	Balance July 1, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
Capital assets, not being depreciated:					
Land and easements	$ 72,759	$ -	$ -	$ -	$ 72,759
Construction in progress	595,295	123,934	264	(37,196)	681,769
Collections	50	-	-	-	50
Total capital assets, not being depreciated	668,104	123,934	264	(37,196)	754,578
Capital assets, being depreciated:					
Structures and improvements	981,361	5,505	-	4,204	991,070
Machinery and equipment	179,415	12,351	4,833	-	186,933
Software	34,514	-	1,860	-	32,654
Infrastructure	907,210	3,503	-	32,992	943,705
Total capital assets, being depreciated	2,102,500	21,359	6,693	37,196	2,154,362
Less accumulated depreciation for:					
Structures and improvements	536,812	19,172	-	-	555,984
Machinery and equipment	137,452	9,956	4,583	-	142,825
Software	34,514	-	1,860	-	32,654
Infrastructure	460,481	22,792	-	-	483,273
Total accumulated depreciation	1,169,259	51,920	6,443	-	1,214,736
Total capital assets, being depreciated, net	933,241	(30,561)	250	37,196	939,626
Governmental activities capital assets, net	$ 1,601,345	$ 93,373	$ 514	$ -	$ 1,694,204

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

Governmental Activities	
General government	$ 2,720
Public protection	15,010
Public assistance	1,940
Health and sanitation	6,647
Public ways and facilities	19,283
Recreation and cultural services	408
Education	860
Capital assets held by the County’s internal service funds	5,052
Total depreciation expense – governmental activities	$ 51,920

(amounts in tables expressed in thousands)

The County has active construction projects as of June 30, 2016. The projects include construction of new facilities, expansion of existing library facility, and improvements to roadways and flood control channels. The County's outstanding commitments with contractors as of June 30, 2016 are as follows:

Project	Spent-to-Date	Remaining Commitment
Construction of health care facilities	$ 541,962	$ 41,606
Construction of criminal justice facility	102,979	37,863
Expansion of library facility	10,254	34
Road improvements	12,234	2,816
Flood control channel improvements	6,313	6,644
Other projects	8,027	5,675
Total governmental funds	$ 681,769	$ 94,638

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

Capital Leases

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

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

Structures and Improvements	$ 4,896
Less accumulated amortization	(1,928)
Net book value	$ 2,968

(amounts in tables expressed in thousands)

FIDUCIARY FUNDS – Pension and Other Employee Benefits Trust Funds

Capital asset activities of the pension and other employee benefits trust funds for the year ended December 31, 2015, are as follows:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
Capital assets, not being depreciated:				
Construction in progress	$ 8	$ 43	$ 51	$ -
Capital assets, being depreciated:				
Equipment and furniture	3,232	35		3,267
Electronic document management system	4,163	-	-	4,163
Information systems	10,457	-	-	10,457
Leasehold improvements	2,578	7	-	2,585
Total capital assets, being depreciated	20,430	42	-	20,472
Less accumulated depreciation and amortization for:				
Equipment and furniture	2,988	142		3,130
Electronic document management system	2,868	832	-	3,700
Information systems	10,457	-	-	10,457
Leasehold improvements	755	95	-	850
Total accumulated depreciation	17,068	1,069	-	18,137
Total capital assets, being depreciated, net	3,362	(1,027)	-	2,335
Fiduciary fund capital assets, net	$ 3,370	$ (984)	$ 51	$ 2,335

COMPONENT UNIT – Alameda Health System

Capital asset activities of the Alameda Health System for the year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Increases	Transfers	Balance June 30, 2016
Capital assets, not being depreciated:				
Construction in progress	$ 3,412	$ 3,414	$ (2,781)	$ 4,045
Land	9,021	-	-	9,021
Total capital assets, not being depreciated	12,433	3,414	(2,781)	13,066
Capital assets, being depreciated:				
Structures and improvements	53,408	1,583	688	55,679
Machinery and equipment	139,198	11,369	2,093	152,660
Total capital assets, being depreciated	192,606	12,952	2,781	208,339
Less accumulated depreciation for:				
Structures and improvements	33,214	1,703	-	34,917
Machinery and equipment	93,369	12,385	-	105,754
Total accumulated depreciation	126,583	14,088	-	140,671
Total capital assets, being depreciated, net	66,023	(1,136)	2,781	67,668
Component unit capital assets, net	$ 78,456	$ 2,278	$ -	$ 80,734

(amounts in tables expressed in thousands)

6. Accounts Payable and Accrued Expenditures/Expenses

Accounts payable and accrued expenditures/expenses as of June 30, 2016, for the County's individual major funds, non-major funds in the aggregate, and internal service funds are as follows:

	Governmental Funds								
	General	Property Development	Flood Control	Capital Projects	Debt Service	Nonmajor Governmental Funds	Subtotal	Internal Service Funds	Governmental Activities Total
Accounts payable	$ 97,775	$ -	$ 5,646	$ 18,114	$ -	$ 10,873	$ 132,408	$ 9,231	$ 141,639
Outstanding warrants	40,766	-	-	-	-	-	40,766	-	40,766
Accrued payroll	68,331	20	2,280	-	-	5,288	75,919	4,626	80,545
Total accounts payable and accrued expenditures	$ 206,872	$ 20	$ 7,926	$ 18,114	$ -	$ 16,161	$ 249,093	$ 13,857	$ 262,950

Payables for pension and other employee benefits trust funds at December 31, 2015 are as follows:

Purchase of securities	$ 17,456
Investment-related payables	11,888
Member benefits	2,309
Accrued administrative expenses	1,649
Other	186
Total accounts payable and accrued expenses	$ 33,488

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

(amounts in tables expressed in thousands)

7. Long-Term Obligations

The following is a summary of long-term obligations of the County as of June 30, 2016:

GOVERNMENTAL ACTIVITIES

Type of Obligation and Purpose	Maturity	Interest Rates	Original Issue	Outstanding
Certificates of participation:				
Public Facilities Corporation:				
1989 Capital Projects capital appreciation certificates-principal (b)	6/15/2019	6.70 - 6.80%	$ 26,664	$ 1,142
2007A Refunding (a)	12/1/2021	4 - 5.625	37,010	16,320
Certificates of participation-principal				17,462
1989 Capital Projects capital appreciation certificates-accretion (b)				5,736
Tobacco Settlement Asset-Backed bonds				
Tobacco Securitization bonds 2002 (e)	6/1/2042	2.25 - 6.00	220,525	150,825
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				218,684
Tobacco Securitization capital appreciation bonds 2006 - accretion (e)				65,912
Pension obligation bonds				
1996 bonds series B capital appreciation bonds-principal (a)	12/1/2018	7.03 - 7.58	306,863	47,112
1996 bonds series B capital appreciation bonds-accretion (a)				151,779
Lease revenue bonds				
Alameda County Joint Powers Authority:				
Juvenile Justice Refunding Bonds 2008A (a)	12/1/2034	4.0 - 5.0	120,145	120,145
Multiple Capital Projects Bonds 2010A (a)	12/1/2044	7.046	320,000	320,000
North County Center Bonds 2004 (a)	12/1/2035	3.07 - 4.38	45,675	41,070
Lease Revenue Refunding Bonds 2012 (a)	12/1/2021	1.5 - 5	75,915	24,360
Multiple Capital Projects Bonds 2013A (a)	12/1/2035	3 - 5.25	287,380	287,380
Lease revenue bonds				792,955
Capital leases				
Water efficiency measures (a)	10/30/2023	4.08	3,000	1,694
Structures & Improvement - 7200 Bancroft Ave. (a)	2/28/2021	4.34	1,896	1,896
Capital leases payable				3,590
Other Long-term obligations				
Loans payable (d)	6/22/2015 to 6/22/2026	1.0 - 4.1	16,613	6,484
Compensated employee absences payable (c)				67,853
Estimated liability for claims and contingencies (d)				129,749
Obligation to fund Authority deficit (see Note 14) (a)				45,513
Other long-term obligations				249,599
Governmental activities total long-term obligations				$ 1,552,829

Debt service payments are generally made from the following sources:

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

The Alameda County Tobacco Asset Securitization Authority has pledged all revenues received from the tobacco master settlement agreement with four U.S. tobacco manufacturers to repay the outstanding amount as of June 30, 2016 of $150.82 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 $1.79 billion, payable through June 2055. The tobacco revenue is determined by applying a rate to the number of cigarettes sold; hence, the amount to be received over the term of the bonds is not estimable. During the year, principal and interest payments were $13.9 million while tobacco settlement revenue was $13 million.

(amounts in tables expressed in thousands)

COMPONENT UNIT

Type of Obligation	Outstanding
Alameda Health System	
Compensated employee absences payable	$ 26,688
Estimated liability for claims and contingencies	31,748
Component unit total long-term obligations	$ 58,436

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, 2016, the County's debt limit (1.25% of total assessed value) was $3.01 billion. The County does not have any general obligation debt and therefore, has not used any of its debt limit.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debts issued after August 31, 1986, are subject to arbitrage rebate requirements. The requirements stipulate, in general, that the excess of earnings from the investment of tax-exempt bond proceeds over related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The County has evaluated each outstanding debt obligation that is subject to the arbitrage rebate requirements and there is no arbitrage rebate liability as of June 30, 2016.

Conduit Debt

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

Mortgage revenue bonds - In order to facilitate affordable housing to first time home buyers, the County issued mortgage revenue bonds with an outstanding aggregate balance of $31.7 million as of June 30, 2016. 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 $80.8 million as of June 30, 2016. These obligations are the liability of the businesses that receive the proceeds of the bonds.

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, 2016, are as follows:

	Balance July 1, 2015	Additional Obligations, Interest Accretion, and Net Increases	Current Maturities, Retirements, and Net Decreases	Balance June 30, 2016	Amounts Due Within One Year
Governmental activities:					
Certificates of participation and bonds payable					
Certificates of participation	$ 20,157	$ -	$ (2,695)	$ 17,462	$ 2,791
Tobacco securitization bonds	223,299	-	(4,615)	218,684	-
Pension obligation bonds	67,165	-	(20,053)	47,112	19,392
Lease revenue bonds	802,020	-	(9,065)	792,955	8,870
Total certificates of participation and bonds payable before accretion	1,112,641	-	(36,428)	1,076,213	31,053
Accretion on capital appreciation certificates and bonds					
Certificates of participation	7,305	611	(2,180)	5,736	2,209
Tobacco Securitization bonds	57,441	8,471	-	65,912	-
Pension obligation bonds	195,681	17,130	(61,032)	151,779	65,343
Total certificates of participation and bonds payable at accreted value	1,373,068	26,212	(99,640)	1,299,640	98,605
Other debt-related items					
Issuance premiums	21,613	-	(1,714)	19,899	1,661
Issuance discount	(3,710)	-	136	(3,574)	(136)
Total bonds and certificates payable	1,390,971	26,212	(101,218)	1,315,965	100,130
Loans and commercial paper notes	17,987	-	(11,503)	6,484	1,211
Compensated employee absences payable	65,615	37,104	(34,866)	67,853	43,319
Estimated liability for claims and contingencies	118,922	38,474	(27,647)	129,749	29,827
Capital leases	3,784	-	(194)	3,590	239
Obligation to fund Coliseum Authority deficit	49,445	-	(3,932)	45,513	4,128
Governmental activity long-term obligations	$ 1,646,724	$ 101,790	$ (179,360)	$ 1,569,154	$ 178,854

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, 2016, $3.52 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, 2016, are as follows:

Component Unit:	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due Within One Year
Compensated employee absences payable	$ 25,561	$ 35,497	$ (34,370)	$ 26,688	$ 14,255
Estimated liability for claims and contingencies	31,287	9,047	(8,586)	31,748	6,885
Total component unit long-term obligations	$ 56,848	$ 44,544	$ (42,956)	$ 58,436	$ 21,140

(amounts in tables expressed in thousands)

Annual debt service requirements for long-term obligations outstanding as of June 30, 2016, are as follows:

GOVERNMENTAL ACTIVITIES

For the Year Ending June 30	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest	Tobacco Securitization Bonds Principal	Tobacco Securitization Bonds Accreted Interest	Tobacco Securitization Bonds Interest	Pension Obligation Bonds Principal	Pension Obligation Bonds Accreted Interest	Total Bonds Principal	Total Bonds Accreted Interest	Total Bonds Interest
2017	$ 8,870	$ 45,664	$ -	$ -	$ 8,920	$ 19,391	$ 65,343	$ 28,261	$ 65,343	$ 54,584
2018	9,280	45,257	-	-	8,920	18,782	69,763	28,062	69,763	54,177
2019	20,775	44,606	-	-	8,920	8,938	36,817	29,713	36,817	53,526
2020	21,720	43,669	-	-	8,920	1	-	21,721	-	52,589
2021	22,755	42,653	-	-	8,920	-	-	22,755	-	51,573
2022-2026	111,175	197,089	-	-	44,598	-	-	111,175	-	241,687
2027-2031	136,945	166,277	29,405	-	41,216	-	-	166,350	-	207,493
2032-2036	164,010	127,151	45,170	-	33,490	-	-	209,180	-	160,641
2037-2041	150,655	79,217	-	-	22,875	-	-	150,655	-	102,092
2042-2046	146,770	21,197	76,250	-	4,575	-	-	223,020	-	25,772
2047-2051	-	-	51,475	764,585	-	-	-	51,475	764,585	-
2052-2056	-	-	16,384	616,926	-	-	-	16,384	616,926	-
Total	$ 792,955	$ 812,780	$ 218,684	$ 1,381,511	$ 191,354	$ 47,112	$ 171,923	$ 1,058,751	$ 1,553,434	$ 1,004,134

For the Year Ending June 30	Total Bonds Principal	Total Bonds Accreted Interest	Total Bonds Interest	Certificates of Participation Principal	Certificates of Participation Accreted Interest	Certificates of Participation Interest	Other Long-Term Obligations Principal	Other Long-Term Obligations Interest	Total Debt Principal	Total Debt Accreted Interest	Total Debt Interest
2017	$ 28,261	$ 65,343	$ 54,584	$ 2,791	$ 2,208	$ 737	$ 1,449	$ 1,383	$ 32,501	$ 67,551	$ 56,704
2018	28,062	69,763	54,177	2,900	2,235	607	1,693	1,140	32,655	71,998	55,924
2019	29,713	36,817	53,526	3,001	2,259	478	1,549	938	34,263	39,076	54,942
2020	21,721	-	52,589	2,785	-	342	1,554	648	26,060	-	53,579
2021	22,755	-	51,573	2,930	-	199	1,365	227	27,050	-	51,999
2022-2026	111,175	-	241,687	3,055	-	63	2,464	149	116,694	-	241,899
2027-2031	166,350	-	207,493	-	-	-	-	-	166,350	-	207,493
2032-2036	209,180	-	160,641	-	-	-	-	-	209,180	-	160,641
2037-2041	150,655	-	102,092	-	-	-	-	-	150,655	-	102,092
2042-2046	223,020	-	25,772	-	-	-	-	-	223,020	-	25,772
2047-2051	51,475	764,585	-	-	-	-	-	-	51,475	764,585	-
2052-2056	16,384	616,926	-	-	-	-	-	-	16,384	616,926	-
Total	$ 1,058,751	$ 1,553,434	$ 1,004,134	$ 17,462	$ 6,702	$ 2,426	$ 10,074	$ 4,485	$ 1,086,287	$ 1,560,136	$ 1,011,045

It is not practical to determine the specific year of payment for 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.

(amounts in tables expressed in thousands)

8. Operating Lease Obligations

The County has numerous operating leases for office space. Rental expense for operating leases for fiscal year 2015-16 was $25.0 million. Future minimum lease payments for operating leases at June 30, 2016, are as follows:

2017	2018	2019	2020	2021	2022-26	Total
$ 25,547	$ 17,434	$ 13,147	$ 11,857	$ 11,633	$ 16,965	$ 96,583

9. Fund Deficits

Individual fund deficit at June 30, 2016 are as follows:

Alameda Health System	$ 266,362
Capital Projects Fund	$ 4,203
Internal Service Fund - Building Maintenance	$ 8,670
Internal Service Fund - Information Technology	$ 21,124

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

(amounts in tables expressed in thousands)

10. Fund Balances

Details of the fund balance classifications of the major and non-major governmental funds as of June 30, 2016 are as follows:

	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major	Total
Nonspendable in form:							
Inventory	$ -	$ -	$ 3	$ -	$ -	$ 139	$ 142
Long-term receivables	5,505	-	-	-	-	-	5,505
Properties held for resale	255	-	-	-	-	-	255
Prepaid items	-	-	-	-	-	48	48
Total Nonspendable	5,760	-	3	-	-	187	5,950
Restricted for:							
Public protection	141,774	-	201,853	-	-	60,012	403,639
Public assistance	2,687	-	-	-	-	404	3,091
Health and sanitation	152,675	-	-	-	-	10,861	163,536
Public ways and facilities	-	-	-	-	-	92,611	92,611
Education	-	-	-	-	-	12,280	12,280
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	63,891	20,864	84,755
Other purposes	5,203	-	-	-	-	-	5,203
Total Restricted	302,339	-	201,853	-	63,891	197,032	765,115
Committed to:							
Fiscal management rewards	80,731	-	-	-	-	-	80,731
Settlement claims	8,000	-	-	-	-	-	8,000
General contingencies	101,586	-	-	-	-	-	101,586
Capital projects	106,295	-	-	-	-	-	106,295
Pension liability reduction	302,653	-	-	-	-	-	302,653
Capital projects and related debt	-	377,205	-	-	-	-	377,205
Public assistance	8,020	-	-	-	-	-	8,020
Public protection	2,262	-	-	-	-	-	2,262
Other commitments	118,674	-	-	-	-	-	118,674
Total Committed	728,221	377,205	-	-	-	-	1,105,426
Assigned to:							
Appropriations in subsequent year	97,170	-	-	-	-	-	97,170
General government	9,239	-	-	-	-	-	9,239
Public protection	17,998	-	-	-	-	5,984	23,982
Public assistance	26,442	-	-	-	-	-	26,442
Health and sanitation	56,262	-	-	-	-	-	56,262
Public ways and facilities	74	-	-	-	-	-	74
Recreation and cultural services	19	-	-	-	-	-	19
Other purposes	177	-	-	-	-	-	177
Total Assigned	207,381	-	-	-	-	5,984	213,365
Unassigned	194,490	-	-	(4,203)	-	-	190,287
Total fund balances	$ 1,438,191	$ 377,205	$ 201,856	$ (4,203)	$ 63,891	$ 203,203	$ 2,280,143

Encumbrance balances by major funds and non-major funds as of June 30, 2016 are:

	Restricted	Committed	Assigned	Total
General Fund	$ 9,969	$ -	$ 103,743	$ 113,712
Property Development	-	17	-	17
Flood Control	35,103	-	-	35,103
Capital Projects	88,451	-	-	88,451
Non-major Governmental Funds	15,691	-	487	16,178
Total encumbrances	$ 149,214	$ 17	$ 104,230	$ 253,461

(amounts in tables expressed in thousands)

11. Restricted Net Position

Restricted net position is net position that is subject to constraints either externally imposed by creditors, grantors, contributors, or by enabling legislation. Restricted net position as of June 30, 2016 for governmental activities is as follows:

Restricted for Public Protection		
Flood	$202,003	
Consumer Protection	34,358	
Sheriff	27,242	
Public Safety	23,664	
Criminal Justice and Courthouse Construction	21,094	
Vital Records	18,643	
Child Support Enforcement	10,466	
Community Development	6,395	
Criminal Justice Programs	881	
Vehicle Theft Prevention	581	
Survey Monument Preservation	541	
Domestic Violence	479	
Probation	121	
Other	2,634	$349,102
Restricted for Public Assistance		
Housing and Commercial Development	107,125	
Social Services Programs	2,373	109,498
Restricted for Health and Sanitation		
Behavioral Health Services	83,996	
Public Health	40,259	
Emergency Medical Services	18,263	
Environmental Health	16,745	159,263
Restricted for Public Ways and Facilities		
Roads and Bridges Maintenance	85,281	
Streets and Highway Lighting	5,921	91,202
Restricted for Education		
Library Services		12,374
Restricted for Other Purposes		
Debt Payments	46,390	
Property Taxes	6,078	
Assessor	5,198	57,666
Total Restricted Net Position-Governmental Activities		$779,105

Included in governmental activities restricted net position as of June 30, 2016 is net position restricted by enabling legislation of $101,116,000.

12. Interfund Receivables, Payables, and Transfers

“Due to” and “due from” balances have been recorded for cash overdraft and inter-fund loans. The composition of inter-fund balances as of June 30, 2016, is as follows:

	Due to other funds			
Due from other funds	**Capital Projects Fund**	**Debt Service Funds**	**Non-major Governmental Funds**	**Total Due from**
General fund	$ 34,698	$ 13,051	$ 757	$ 48,506

(amounts in tables expressed in thousands)

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

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

Due to/from primary government and component unit:

Receivable Entity	Payable Entity	Amount
	Alameda Health System	$ 161,909
Primary government-governmental		$ 161,909
Less allowance for uncollectibles		(31,000)
Net		$ 130,909
Alameda Health System	Primary government-governmental	$ 18,408

Advances to/from primary government and component unit:

Receivable Entity	Payable Entity	Amount
Primary government-governmental	Alameda Health System	$ 1,046

Transfers between funds for the year ended June 30, 2016, are as follows:

	Transfers In:					
Transfers out:	General Fund	Capital Projects Fund	Debt Service Fund	Non-major Governmental Funds	Internal Service Funds	Total Transfers Out
General fund	$ -	$ 22,241	$ 73,058	$ -	$ 4,100	99,399
Property development fund	614	-	9,501	-	-	10,115
Capital projects fund	35	-	-	54	-	89
Non-major governmental funds	-	1,751	-	2,000	247	3,998
Internal service funds	1,856	10,596	6,507	98	-	19,057
Total transfers in	$ 2,505	$ 34,588	$ 89,066	$ 2,152	$ 4,347	$ 132,658

The $99.4 million General Fund transfer out includes $51.7 million for pension obligation debt service, $21.4 million to provide for the payment of debt service, $20.5 million to provide funding for capital projects, and $5 million for maintenance projects.

The $10.1 million Property Development Fund transfer out includes $9.5 million reimbursement to the Debt Service Fund for the Juvenile Justice bond payment.

The $4.0 million Non-major Governmental Funds transfer out includes $1.75 million to provide funding for capital projects and $2 million to cover operating costs of the bridges.

The $19.1 million Internal Service Funds transfer out includes $6.5 million for the payment of debt service, $1.9 million for payment of energy loans and leases, and $10.6 million for tenant improvement projects

13. Defined Benefit Pension Plan - ACERA

A. Plan Description

The County is the major participant in the Alameda County Employees' Retirement Association (ACERA). The total payroll covered by ACERA for all participants was $969.5 million as of December 31, 2015. ACERA began operations on January 1, 1948 and is governed by the California Constitution, the County Employees Retirement Law of 1937, the California Public Employees' Pension Reform Act (PEPRA) of 2012 and the bylaws, policies and procedures adopted by the Board of Retirement.

ACERA operates as a cost-sharing, multiple-employer, defined benefit plan for the County, the Alameda Health System, the Superior Court of California for the County of Alameda, and four participating special districts located in the County, but not under the control of the County Board of Supervisors. All full-time employees of participating entities, except for Alameda Health System, appointed to permanent positions are required by statute to become members of ACERA.

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.

There are separate retirement benefits for General and Safety members. Safety membership includes employees who are in active law enforcement, deferred firefighters, probation officers, and juvenile hall group counselors. General membership includes all other eligible classifications. Any new member who becomes a member on or after January 1, 2013 is placed into Tier 4 and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197. General members enrolled in Tiers 1, 2, or 3 are eligible to retire once they attain the age of 70 regardless of service or at age 50 with five or more years of retirement service credit and a total of 10 years of qualifying membership. A non-Tier 4 General member with 30 years of service is eligible to retire regardless of age. General members enrolled in Tier 4 are eligible to retire once they have attained the age of 52 and have acquired five years of retirement service credit, or at age 70 regardless of service. Safety members enrolled in Tiers 1, 2, 2C, or 2D are eligible to retire once they attain the age of 70 regardless of service or at age 50 with five or more years of retirement service credit and a total of 10 years of qualifying membership. A non-Tier 4 Safety member with 20 years of service is eligible to retire regardless of age. Safety members enrolled in Tier 4 are eligible to retire once they have attained the age of 50 and have acquired five years of retirement service credit, or at age 70 regardless of service. The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier. For members enrolled in Tiers 1, 2, 2C, 2D, or 3, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members enrolled in Tier 4.

ACERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the San Francisco-Oakland-San Jose Area (with 1982-84 as the base period), is capped at 3.0% for General Tiers 1 and 3 and Safety Tier 1, and at 2.0% for General Tiers 2 and 4 and Safety Tiers 2, 2C, 2D, and 4.

ACERA also provides other postemployment benefits for retired members and their beneficiaries. The payment of those benefits is subject to available funding and must be periodically reauthorized by the Board of Retirement. These benefits include supplemental cost of living adjustment (COLA) and retired member death benefit. The supplemental COLA is to maintain each retiree's purchasing power at no less than 85% of the purchasing power of the original benefit. The retired member death benefit is a one-time $1,000 lump sum payment to the beneficiary of a retiree.

An actuarial valuation is performed annually for the pension plan as a whole. ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2015 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Contributions

The pension plan under the 1937 Act has no legal or contractual maximum contribution rates. The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits, and are between 5.01 and 22.66 percent of their annual covered salary effective September 2015. Member contributions are refundable upon termination from the retirement system.

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

Article 5.5 provides for the systematic funding of the SRBR and stipulates that its assets be used only for the benefit of retired members and their beneficiaries. The 1937 Act grants exclusive authority over the use of the SRBR funds to the Board of Retirement. Supplemental benefits currently provided through the SRBR include supplemental COLA, retiree death benefit, and retiree health benefits including the Monthly Medical Allowance (MMA), dental and vision care, and Medicare Part B reimbursement. The provision of all supplemental benefits from the SRBR is subject to available funding and annual review and authorization by the Board of Retirement. SRBR benefits are not vested.

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

The County is required by statute to contribute the amounts necessary to finance the estimated benefits accruing to the employees. For the year ended June 30, 2016, the County made contributions of $169,323,000 to ACERA. However, the reported contributions are allocated between the pension and the other postemployment benefit plans. Therefore, 16.48 percent of the County's contributions were reallocated due to the transfer of excess investment earnings to the Supplemental Retirees Benefit Reserve.

C. Pension Liabilities

As of June 30, 2016, the County reported a liability of $1,615,549,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At December 31, 2015, the County's proportion was 77.16 percent, which was an increase of 0.15 percent from its proportion measured as of December 31, 2014.

D. Pension Expense and Deferred Flows of Resources Related to Pensions

For the year ended June 30, 2016, the County recognized pension expense of $295,313,000. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(amounts in tables expressed in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 57,122
Changes of assumptions	199,974	-
Net difference between projected and actual earnings on investments	284,953	-
Changes in proportion and differences between County contributions and proportionate share of contributions	5,410	2,429
County contributions subsequent to the measurement date	96,201	-
Total	$ 586,538	$ 59,551

County contributions of $96,201,000 are reported as deferred outflows of resources to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	$ 116,439
2018	116,439
2019	116,439
2020	83,985
2021	(2,516)

E. <u>Actuarial Assumptions</u>

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 total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	December 31, 2015	December 31, 2014
Inflation	3.25%	3.25%
Salary Increases	General: 4.15% to 7.45% Safety: 4.45% to 10.45% Vary by service, including inflation	General: 4.15% to 7.45% Safety: 4.45% to 10.45% Vary by service, including inflation
Investment Rate of Return	7.60%, net of pension plan investment expense, including inflation	7.60%, net of pension plan investment expense, including inflation
Mortality Tables	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, adjusted for future mortality improvements based on a review of the mortality experience in the December 1, 2010 - November 30, 2013 Actuarial Experience Study	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, adjusted for future mortality improvements based on a review of the mortality experience in the December 1, 2010 - November 30, 2013 Actuarial Experience Study
Date of Experience Study	December 1, 2010 through November 30, 2013	December 1, 2010 through November 30, 2013

The long-term expected rate of return on pension plan investments for funding valuation purposes was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. This information is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses and a risk margin, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

(amounts in tables expressed in thousands)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Large Cap Equity	25.60 %	5.91 %
Domestic Small Cap Equity	6.40	6.47
Developed International Equity	20.25	6.88
Emerging Market Equity	6.75	8.24
U.S. Core Fixed Income	11.25	0.73
High Yield Bonds	1.50	2.67
International Bonds	2.25	0.42
Real Estate	6.00	4.95
Commodities	2.00	4.25
Absolute Return (Hedge Fund)	7.50	3.17
Real Return	3.00	0.70
Private Equity	7.50	11.94
Total	100.00 %	

Discount Rate – The discount rate used to measure the total pension liability was 7.60% as of December 31, 2015. Article 5.5, which authorizes the allocation of 50% excess earnings to the SRBR, does not allow the use of a different investment return assumption for funding than is used for interest crediting. In order to reflect the provisions of Article 5.5, future allocations to the SRBR have been treated as an additional outflow against ACERA's fiduciary net position in the GASB crossover test. It is estimated that the additional outflow would average approximately 0.75% of assets over time, based on the results of the actuarial stochastic modeling of the 50% allocation of future excess earnings to the SRBR.

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current member contribution rates, and that employer contributions will be made at rates equal to the actuarially determined contribution rates plus additional future contributions that would follow from the future allocation of excess earnings to the SRBR. Projected employer contributions that are intended to fund the service costs for -future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, ACERA's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
County's proportionate share of the net pension liability	$ 2,326,878	$ 1,615,549	$ 1,026,344

F. *Pension Plan Fiduciary Net Position*

Detailed information about pension plan fiduciary net position is available in the separately issued ACERA financial report.

14. Defined Benefit Pension Plan – Alameda County Fire District (ACFD)

A. *Plan Description*

The ACFD Miscellaneous Plan (Miscellaneous Plan) is a cost-sharing, multiple-employer, defined benefit plan and the County of Alameda Fire Department Safety Plan (Safety Plan) is an agent multiple-employer, defined benefit plan. Both plans are administered by CalPERS. The Miscellaneous Plan and the Safety Plan provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and County ordinance.

All permanent ACFD non-safety employees classified as full-time are required to participate in the Miscellaneous Plan. Members hired before January 1, 2013 become eligible for service retirement upon attainment of age 50 with at least five years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements). PEPRA members become eligible for service retirement upon attainment of age 52 with at least five years of service.

All permanent ACFD safety employees classified as full-time are required to participate in the Safety Plan. Members become eligible for service retirement upon attainment of age 50 with at least five years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements).

The service retirement benefit is equal to the product of the benefit factor, years of service, and final compensation. The benefit factor depends on the benefit formula specified in the contract. The years of service is the amount credited by CalPERS to a member while employed in this group (or for other periods that are recognized under the employer's contract with CalPERS).The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit is 36 months. Employers had the option of providing a final compensation equal to the highest 12 consecutive months for classic plans only.

The non-industrial disability retirement benefit is available to both ACFD safety and non-safety employees if the employee becomes disabled and has at least 5 years of credited service. There is no special age requirement and the illness or injury does not have to be job related. The employee must be active employed at the time of disability in order to be eligible for this benefit.

The industrial disability retirement is available only to ACFD safety employees. An employee is eligible for this benefit if the disability is work-related illness or injury, which is expected to be permanent or to last indefinitely.

Upon the death of retiree, a one-time lump sum payment of $500 will be available to the retiree's designated survivor(s) or to the retiree's estate for both Plans.

A full description of the ACFD Miscellaneous and Safety Plan benefit provisions and membership information is available in the separately issued CalPERS Annual Actuarial Valuation Reports.

B. Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The Miscellaneous Plan's actuarially determined rate is based on the estimated amount necessary to pay the Miscellaneous Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. ACFD is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015, the active employee contribution rate is 6.887 percent of annual pay, and the average ACFD contribution rate is 11.522 percent of annual payroll.

The Safety Plan's actuarially determined rate is based on the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. ACFD is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015, the active employee contribution rate is 9.0 percent of annual pay, and the average County contribution rate is 26.980 percent of annual payroll.

ACFD's contribution rates may change if plan contracts are amended. The contribution requirements of employees and ACFD are established and may be amended by CalPERS.

C. Net Pension Liability

Miscellaneous Plan

As of June 30, 2016, ACFD reported a liability of $1,600,000 for its proportionate share of the net pension liability for the Miscellaneous Plan. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. ACFD's proportion of the net pension liability was based on a projection of ACFD's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2015, ACFD's proportion was 0.058 percent, which was a decrease of 0.007 percent from its proportion measured as of June 30, 2014.

Safety Plan

As of June 30, 2016, ACFD reported a liability of $73,442,000 for its Safety Plan net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The following table summarizes the changes in the net pension liability:

(amounts in tables expressed in thousands)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	$ 342,302	$ 281,132	$ 61,170
Changes for the year:			
Service cost	13,449	-	13,449
Interest	25,746	-	25,746
Changes of assumptions	(6,244)	-	(6,244)
Differences between expected and ac	1,544	-	1,544
Contributions - employer	-	12,024	(12,024)
Contributions - employee	-	4,144	(4,144)
Net investment income	-	6,379	(6,379)
Benefit payments[1]	(15,559)	(15,559)	-
Administrative expenses	-	(324)	324
Net changes for the year	18,936	6,664	12,272
Balances at June 30, 2015	$ 361,238	$ 287,796	$ 73,442

[1] Including refunds of employee contributions

D. *Pension Expense and Deferred Flows of Resources Related to Pensions*

Miscellaneous Plan

For the year ended June 30, 2016, ACFD recognized pension credit of $310,000. At June 30, 2016, ACFD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 195
Changes of assumptions	-	388
Differences between expected and actual experience	41	-
Changes in proportion and differences between ACFD contributions and proportionate share of contributions	862	154
ACFD contributions subsequent to the measurement date	491	-
Total	$ 1,394	$ 737

ACFD contributions of $491,000 are reported as deferred outflows of resources to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	$ (50)
2018	(33)
2019	(1)
2020	250

Safety Plan

For the year ended June 30, 2016, ACFD recognized pension expense of $11,361,000. At June 30, 2016, ACFD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(amounts in tables expressed in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 2,284
Changes of assumptions	-	5,148
Differences between expected and actual experience	1,273	-
ACFD contributions subsequent to the measurement date	12,596	-
Total	$ 13,869	$ 7,432

ACFD contributions of $12,596,000 are reported as deferred outflows of resources to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	$ (2,589)
2018	(2,589)
2019	(2,589)
2020	2,185
2021	(577)

E. ***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 total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	7.65%
Inflation Rate	2.75%
Salary Increases	Varies by entry age and service
Mortality Rate Table[1]	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

[1] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

(amounts in tables expressed in thousands)

Asset Class	Target Allocation	Real Return Years 1-10[1]	Real Return Years 11+[2]
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

[1] An expected inflation rate of 2.5% is used for this period

[2] An expected inflation rate of 3.0% is used for this period

Discount Rate – The discount rate used to measure the total pension liability of both the Miscellaneous Plan and the Safety Plan was 7.65 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current member contribution rates, and that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, both the Miscellaneous Plan and the Safety Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability of both the Miscellaneous Plan and the Safety Plan was 7.50 percent as of June 30, 2014. According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

Miscellaneous Plan

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents ACFD's proportionate share of the net pension liability of the Miscellaneous Plan calculated using the discount rate of 7.65 percent, as well as what ACFD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
ACFD's proportionate share of the net pension liability	$ 3,052	$ 1,600	$ 401

Safety Plan

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents ACFD's net pension liability for the Safety Plan calculated using the discount rate of 7.65 percent, as well as what the ACFD's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
ACFD's net pension liability	$ 121,849	$ 73,442	$ 33,376

F. Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position is available in the separately issued CalPERS financial report.

15. Postemployment Medical Benefits - ACERA

A. Plan Description

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

The County arranges health insurance coverage for employees, negotiating coverage levels and premium rates annually with several carriers. Employees who meet certain eligibility conditions and make the required contributions may continue coverage in those same health plans after retirement until they become Medicare eligible. Currently, the County uses a single blended rate for budgeting and setting premium and contribution rates for both active employees and non-Medicare eligible retirees. The County funds the premiums for employees while ACERA funds the premiums for retirees. ACERA establishes the amount of the Monthly Medical Allowance (MMA). For employees who retire with a minimum 20 years of service, the MMA has been set at $540.44 per month in 2016.

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, 2015 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Funding Policy

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

The County's OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's annual postemployment medical benefit cost, the percentage of annual postemployment medical benefit cost contributed to the plan, and the net OPEB obligation for fiscal years 2014 through 2016 are as follows:

(amounts in tables expressed in thousands)

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 26,953	198.6 %	$ 91,035
2015	14,126	672.8	10,127
2016	22,001	143.8	488

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	$ 22,204
Interest on net OPEB obligation	810
Adjustment to annual required contributions	(1,013)
Annual OPEB cost	22,001
OPEB contributions	(31,640)
Change in net OPEB obligation	(9,639)
Net OPEB obligation, beginning of fiscal year	10,127
Net OPEB obligation, end of fiscal year	$ 488

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, 2015 was $901 million; the actuarial value of assets was $822.6 million; the unfunded actuarial accrued liability was $78.1 million; and the funded ratio was 91.3 percent. Covered payroll was $969.5 million and the ratio of unfunded actuarial accrued liability to covered payroll was 8 percent. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 100.

C. ***Actuarial Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarially determined amounts for the OPEB plan are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The projections for postemployment medical benefits plan are based on the actuarial methods and assumptions for the annual required contribution (12/31/2014 valuation) and the funded status of the plan (12/31/2015 valuation), as shown in a schedule on the next page.

(amounts in tables expressed in thousands)

Valuation date	December 31, 2015	December 31, 2014
Actuarial cost method	Entry Age Normal	
Amortization of UAAL	Closed period 30 years (decreasing)	
Remaining amortization period	20 years	21 years
Amortization method	Level percentage of pay	
Assets valuation method	Difference between actual and expected market return smoothed over 10 six-month periods	
Interest rate	7.60%	
Inflation rate	3.25%	
Across-the-Board salary increases	0.50%	
Salary increases:		
General	4.15 - 7.45%	
Safety	4.45 - 10.45%	
Demographics:		
(A) Healthy	RP-2000 Combined Healthy Mortality Table	
General members and all beneficiaries	Set back one year for males and females	
Safety members	No set back for males and set back two years for females	
(B) Disability	RP-2000 Combined Healthy Mortality Table	
General members	Set forward seven years for males and set forward four years for females	
Safety members	Set forward six years for males and set forward three years for females	
Healthcare Cost Trend Rates:		
Monthly Medical Allowance (MMA)	Starting at 6.75% for 2016 to 2017, reduced by 0.25% per annum until it reaches 5%	Starting at 7.0% for 2015 to 2016, reduced by 0.25% per annum until it reaches 5%
Dental and Vision	5%	
Medicare Part B	5%	
Postemployment benefit increases	Dental, vision and Medicare Part B subsidies are assumed to increase with full trend. Monthly Medical Allowance (MMA) subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit, with the exception that the 2017 MMA will remain at 2016 levels for non-Medicare insurer at $540.44; for Medicare insurer at $414.	Dental, vision and Medicare Part B subsidies are assumed to increase with full trend. Monthly Medical Allowance (MMA) subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit, with the exception that the 2016 MMA will be $540.44, an increase of 3.5% from 2015 for non-Medicare insurer; for Medicare insurer will be $414.

(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.

16. Postemployment Medical Benefits – ACFD

A. Plan Description

The ACFD administers a defined benefit post-retirement medical benefit program through CalPERS, an agent-multiple employer retirement system, for all eligible retired employees and their eligible dependents. Retirees are eligible if they retire from the ACFD with a minimum of five years of employment with the ACFD and ten years of service credit with CalPERS. The ACFD currently provides three tiers of medical benefit coverage to retirees, based on the hire date and years of service: tier 1- hire date before April 1, 2009, tier 2 – hire date on or after April 1, 2009 and before January 1, 2015; tier 3 – hire date on or after January 1, 2015. The ACFD pays the Minimum Employer Contribution (MEC) to CalPERS and provides eligible retirees with a stipend to offset medical benefit costs.

B. Funding Policy

The ACFD’s current funding policy for postemployment medical benefit is pay-as-you-go, with employees making contribution to CERBT as a percentage of salary. For fiscal year 2016, the ACFD’s contribution is $13,053,000. This amount includes: $682,000 of employee contributions, $8,200,000 of the City of Dublin contribution toward its subaccount, $1,000,000 contribution from ACFD special revenue fund toward the County’s subaccount, and $3,171,000 of the pay-as-you-go amount allocated to contract agencies based on their shared allocation percentage. The ACFD is working with an actuary and its contract agencies to develop a funding strategy and accounting methodology for its retiree healthcare plan unfunded liability.

Annual OPEB Cost and Net OPEB Obligation

The ACFD's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (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 normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the ACFD's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the ACFD's net OPEB obligation to the Plan:

Annual Required Contribution	$ 16,879
Interest on net OPEB obligation	2,405
Adjustment to annual required contribution	(5,327)
Annual OPEB cost	13,957
Contributions made	(13,053)
Increase in Net OPEB obligation	904
Net OPEB obligation – beginning of year	60,126
Net OPEB obligation – end of year	$ 61,030

(amounts in tables expressed in thousands)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2014 through 2016 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	$ 12,490	22.00 %	$ 52,999
6/30/2015	13,023	45.28	60,126
6/30/2016	13,957	93.52	61,030

Funded Status and Funding Progress

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Allocation of UAAL

Although unfunded liability of all ACFD's employees is reported in the ACFD's financials, initial Unfunded Actuarial Accrued Liability (UAAL) will be allocated to the ACFD contract agencies based on the agencies' prior years weighted average cost allocation percentage and ARC amount will also be allocated to contract agencies based on their current cost allocation percentage.

C. <u>Actuarial Assumptions</u>

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

In the June 30, 2013 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 4.0 percent investment rate of return for no pre-funding scenario, an increasing trend of healthcare cost compared to the prior year, ranging from 7.5 to 7.8 percent increase beginning fiscal year 2016 to 5.0 percent increase beginning fiscal year 2021. The UAAL is being amortized at a level percentage of payroll method over a closed period with 22 years remaining as of June 30, 2016.

17. Joint Venture

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

Stadium Background

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

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

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

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

The Stadium Bonds are limited obligations of the Coliseum Authority payable solely from certain revenues of the Coliseum Authority, including revenues from the Stadium and Arena Complex and base rental payments from the City and the County. The source of the Coliseum Authority's revenues relating to football games consists primarily of a portion of the club dues, concession, and parking payments. The Coliseum Authority has pledged the base rental payments and most other revenues received under the Master Lease from the lessees, the City, and the County to the trustee to pay debt service on the bonds. In the event that football revenues and other revenues received in connection with the Stadium are insufficient to make base rental payments, the City and the County are obligated to make up the shortfall in the base rental payments from their respective general funds. The City and the County each have covenanted to appropriate $11 million annually to cover such shortfall in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the County could have to pay up to $22 million annually in the event of default by the City. Base rental payments are projected to cover one hundred percent of the debt service requirements over the life of the bonds. The obligation of the City and the County to make such payments is reduced to the extent the Coliseum Authority receives revenues generated at the complex to pay debt service and for operations and maintenance. The Stadium Bonds are not general obligations of either the City or the County.

Arena Background

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

(amounts in tables expressed in thousands)

On April 14, 2015, the Authority issued $79,735,000 in Refunding Bonds Series 2015 with coupons of 0.8 to 3.793 percent to refund and defease all outstanding variable rate 1996 Series A-1 and A-2 Bonds. The bonds were sold at par, bringing total proceeds to $79,735,000.

These funds coupled with $3,319,013 in the 1996 Series A reserve fund generated available funds of $83,054,013 which was used to refund the 1996 Series A Refunding Bonds of $79,735,000, to fund a reserve fund of $2,168,103, to pay underwriter's discount and issuance cost of $659,928 and $490,983 was returned to the Authority's general fund. The all-in true interest cost of the 2015A refunding bonds was 3.33 percent.

There was an economic loss of $13,479,519 (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.

Under the Warriors Agreements, the Arena Bonds are limited obligations of the Coliseum Authority, payable solely from revenues received by the Coliseum Authority on behalf of the City and the County. Revenues consist of base rental payments from the City and County, certain payments from the Warriors of up to $7.428 million annually from premium seating revenues, the sale of personal seat licenses by the Coliseum Authority, concessionaire payments and Arena naming rights. If necessary to prevent default, additional premium revenues up to $10 million may be pledged to service Arena debt. If the revenues received from the Warriors and from Arena operations are not sufficient to cover the debt service requirements in any fiscal year, the City and the County are obligated to make up the shortfall in the base rental payments from their respective general funds. The County and the City each have covenanted to appropriate up to $9.5 million annually to cover such shortfalls in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the County could have to pay up to $19 million annually in the event of default by the City.

Debt Obligations

Long-term debt outstanding as of June 30, 2016 is as follows:

Type of Indebtedness	Maturity	Interest Rate	Authorized and Issued	Outstanding
Stadium Bonds				
2012 Refunding Series A Lease Revenue Bonds	February 1, 2025	5%	$ 122,815	$ 91,025
Arena Bonds				
2015 Refunding Series A Lease Revenue Bonds	February 1, 2026	1% - 4%	79,735	74,335
Total Long-term debt			$ 202,550	$ 165,360

Debt payments during the fiscal year ended June 30, 2016 were as follows:

	Stadium	Arena	Total
Principal	$ 7,865	$ 5,400	$ 13,265
Interest	4,945	1,671	6,616
Total	$ 12,810	$ 7,071	$ 19,881

(amounts in tables expressed in thousands)

The following is a summary of long-term debt transactions for the year ended June 30, 2016:

Outstanding lease revenue bonds, July 1, 2015	$ 178,625
Principal repayments	(13,265)
Outstanding lease revenue bonds, June 30, 2016	165,360
Amount due within one year	(14,055)
Amount due beyond one year	$ 151,305

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

For the Period	Stadium Bonds		Arena Bonds		Total	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 8,255	$ 4,551	$ 5,800	$ 2,168	$ 14,055	$ 6,719
2018	8,670	4,139	6,200	2,096	14,870	6,235
2019	9,100	3,705	6,600	1,991	15,700	5,696
2020	9,555	3,250	7,000	1,838	16,555	5,088
2021	10,035	2,772	7,600	1,651	17,635	4,423
2022-2026	45,410	5,815	41,135	4,200	86,545	10,015
Total	$ 91,025	$ 24,232	$ 74,335	$ 13,944	$ 165,360	$ 38,176

Management of Coliseum Authority

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

Under the joint exercise of power agreement, which formed the Coliseum Authority, the County is responsible for funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements to the extent such funding is necessary. During the year ended June 30, 2016, the County made contributions of $11.02 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 $11.02 million for the year ending June 30, 2017. There are many uncertainties in the estimation of revenues for the Coliseum Authority beyond one year into the future; therefore, the County has established a contingent liability to fund the Coliseum Authority deficit in the statement of net position in an amount equal to its contingent share (50 percent) of the outstanding Stadium Bonds, in the amount of $45.513 million. The County has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to cover the debt payments.

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

18. Alameda Health System Discretely Presented Component Unit

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

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

During the year ended June 30, 2014, AHS completed the acquisitions of the San Leandro Hospital (SLH) and the Alameda Hospital (AH). AHS continued to operate SLH as an acute care hospital with 36 acute staffed beds, and AH with 64 acute staffed beds, 35 sub-acute staffed beds, 146 skilled nursing staffed beds, and clinics. SLH is located at 13855 East 14th Street, San Leandro, California. AH is located at 2070 Clinton Avenue, Alameda, California.

Effective July 1, 2003, the County adopted the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*. This resulted in the Alameda Health System Foundation (Foundation) being included as a discretely presented component unit of AHS. During fiscal year 2004, the Foundation's Articles of Incorporation and bylaws were amended to require AHS to approve Foundation board members and to allow that upon dissolution, the Foundation's remaining assets would be distributed to AHS. The Foundation distributed $2.1 million to AHS during fiscal year 2016.

Included in the County's outstanding long-term liabilities at June 30, 2016, are $1 million in lease revenue bonds which refunded the 2001A Refunding certificates of participation that were issued to provide for improvements to the Facilities. The County is liable for the repayment of the debt.

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

(amounts in tables expressed in thousands)

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

	2015/16	2014/15
Estimated liability for claims and contingencies at the beginning of the fiscal year	$ 31,287	$ 26,021
Additional obligations	9,047	10,142
Payments	(8,586)	(4,876)
Estimated liability for claims and contingencies at the end of the fiscal year	$ 31,748	$ 31,287

AHS has experienced significant operating losses and negative cash flows from operations in recent years. AHS has financed its working capital needs through loans from the County. AHS expects to require ongoing working capital support from the County in fiscal year 2017.

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 percent. Seventy-five percent of the funds are to be used by AHS. On June 3, 2014, the voters of Alameda County approved Measure AA, which extends the expiration date of Measure A from June 30, 2019 to June 30, 2034.

In August 2004, the County placed a $200 million limitation on net loans to AHS. As defined, this limitation is calculated as gross loans to AHS, reduced by board-designated funds held by the County on behalf of AHS. The terms of loan repayment, amended in April 2011, called for a reduction of the $200 million loan limit to $70 million by June 30, 2016. AHS and the County signed an interim agreement, which is effective from October 28, 2014 through December 31, 2014. The interim agreement has been extended several times and continued to be in effect until March 31, 2016 as approved by the Board on December 15, 2015. The purpose of the agreement is to allow AHS and the County time to develop a longer term agreement on repayment of AHS's obligation to the County. During fiscal year 2016, the interim agreement was replaced with an agreement that sets a schedule of repayment of AHS net loans and a net loans limit of $145 million at June 30, 2016. The net loans of $101.63 million at June 30, 2016 is classified as long-term in the accompanying statement of net position. Should AHS, as a hospital authority, be terminated, the County may be required to assume the liabilities of AHS related to the operation of Hospitals and Clinics.

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

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

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

A substantial portion of AHS's revenues is derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Revenues from Medi-Cal and Medicare programs represent approximately 48.2 percent and 27.9 percent, respectively, of gross patient service revenues, excluding certain federal aid revenues, for the year ended June 30, 2016. Reimbursement rates are tentative and final reimbursement for services is determined after submission of annual cost reports and audits by third-party intermediaries.

(amounts in tables expressed in thousands)

C. ***Other Program Revenues***

AHS also receives significant revenues from components of the Medi-Cal Waiver Program. Beginning in fiscal year 2006, California Senate Bill 1100 (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. Effective January 1, 2016, California's Section 1115 Waiver Renewal was approved and established the Global Payment Program (GPP) of statewide funding for the uninsured, and the Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program funding for improved quality of care and better care coordination through safety net providers. AHS recognized $75 million in revenues for Section 1115 waiver programs for the year ended June 30, 2016. This amount includes the net intergovernmental transfers for the year ended June 30, 2016 and adjustment to prior year revenues for changes in state allocations.

D. ***Charity Care***

Counties are required by federal statute, Section 17000 of the Health and Welfare Act, to provide charity care to patients who are unable to pay. AHS provides services to patients who are financially screened and qualified to receive charity care under the guidelines of AB 774. AHS captures the amount of unreimbursed costs for services and supplies for patients who qualify for the charity care program and County programs. The following table summarizes the estimated cost of charity care for the year ended June 30, 2016:

Charity care at cost	$ 4,025
Percent of operating expenses	0.4 %

In addition to the direct cost of charity care, AHS recognizes the unreimbursed costs of care provided to medically indigent patients covered by the Health Plan of Alameda County (HPAC) as contractual allowances. The following table summarizes the estimated HPAC unreimbursed costs for the year ended June 30, 2016:

HPAC unreimbursed cost	$ 13,023
Percent of operating expenses	1.4 %

E. ***Accounts Receivable***

Accounts receivable at June 30, 2016, comprised the following:

Patient accounts receivable	$ 230,047
Due from State of California	41,928
Other accounts receivable	9,231
Total	$ 281,206

Patient accounts receivable include amounts due from third party payors, patients, and other agencies for patient services rendered and is net of $486.5 million in estimated contractual adjustments and uncollectible accounts. Other accounts receivable include professional and other fees earned on patient services and services provided to various outside agencies. Also included in other accounts receivable are reimbursement claims for grants expenditures, amounts owed to AHS from the State for payments under the SB 1100 program, and uncollected contributions to the Foundation.

(amounts in tables expressed in thousands)

F. ***Accounts Payable and Accrued Expenses***

Accounts payable and accrued expenses at June 30, 2016, comprised the following:

Accounts payable	$ 47,532
Accrued payroll	19,190
Due to third-party payors	127,643
	$ 194,365

G. ***Pension Obligation Bond Commitments***

The County issued pension obligation bonds in 1995 and 1996 and contributed the net bond proceeds to the pension plan. A portion of the obligation is attributable to the participation of AHS employees in ACERA and allows ACERA to provide pension obligation bond credits to AHS, thus reducing contributions otherwise payable to ACERA over time. The outstanding bonds are recorded by the County and have not been reflected in AHS financial statements prior to fiscal year 2015. In recognizing AHS legal obligation for the allocated share of the debt, the amount due to the County related to the pension obligation bonds has been recognized within the financial statements of fiscal year 2015 and included as a fiscal year 2014 restatement.

H. ***Defined Benefit Pension Plan***

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

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

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

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

AHS is a discretely presented component unit and is an active participant of ACERA. As of June 30, 2016, the proportionate share of net pension liability was $370,138.

ACERA and AHS separately issue their stand-alone financial statements which can be directly obtained from their respective offices.

I. Postemployment Medical Benefits

AHS's annual postemployment medical benefits cost for fiscal years 2014 to 2016 are shown below. There are no transfers of the excess investment earnings from the pension to the SRBR trust for the same periods.

Fiscal Year ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 6,533	0.00 %	$ 33,113
2015	1,482	0.00	34,595
2016	4,240	0.00	38,835

The following table shows AHS's annual postemployment medical benefits cost and the changes in the net OPEB obligation for the year ended June 30, 2016:

Annual required contributions	$ 5,401
Interest on net OPEB obligation	2,600
Adjustment to annual required contributions	(3,761)
Annual postemployment medical benefits cost	4,240
Postemployment medical benefits contributions	-
Increase in net OPEB obligation	4,240
Net OPEB obligation, beginning of year	34,595
Net OPEB obligation, end of year	$ 38,835

19. Self-Insurance and Contingencies

A. Self-insurance and Purchased Insurance

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

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

(amounts in tables expressed 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, the information provided in the table below is for property insurance policies covering the period March 31, 2016 to March 31, 2017.

Property Insurance – Declared values as of March 31, 2015 for Policy Period March 31, 2016 to March 31, 2017

	Funding Sources and Coverage Limits		
Coverage type and declared value, if applicable	**Deductible**	**Pooled Retention Limit (CSAC-EIA)**	**Excess Insurance Limit (Various carriers)**
All Risk		3,000,000 per occurrence, $10,000,000 Aggregate, reinsured by EIO, a captive of EIA	$600,000,000
Real and personal property and rents: $2,917,944,168	$50,000		
Vehicles and mobile equipment (excluding buses): $103,599,443	$20,000, except $100,000 for vehicles with replacement value greater than $250,000		
Buses: $3,850,000	$100,000		
Fine Arts (scheduled): $1,952,093	$50,000		
Terrorism	$500,000	$3,000,000	$500,000,000
Flood: $2,917,944,168	$50,000 (Except Zones A/V, 5% per unit, $5 million aggregate per occurrence)	$0	$550,000,000 (excluding Zones A/V in Tower II)
Earthquake: $2,791,017,746	2% 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 $100 million in purchased coverage for each tower and an additional $415 million in annual aggregate purchased coverage shared among all members in Towers I –V only, for total purchased earthquake coverage of $915 million. The total limit available to Alameda County across the three towers in which its property is scheduled is $715 million: $100 million per tower and $415 million in shared limits	

(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	Corridor retention of $9,000,000	$25,000,000 (inclusive of retention)
Medical Malpractice	$10,000 deductible	$1,500,000	$1,500,000 pooled retention limit
Workers' Compensation	$3,000,000	Quota share of 20% of $5,000,000 (80% borne by insurer) from SIR to $5,000,000	Statutory
Employer's Liability	$3,000,000	$5,000,000	Statutory
Pollution Liability	$250,000	$0	$10,000,000 per occurrence / $100,000,000 aggregate

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 (2000 Cessna 206)	$0	$15,000,000
Watercraft Coverage:		
Watercraft Protection and Indemnity	$1,000	$1,000,000
Watercraft Collision and Towers	$1,000	$1,000,000
Watercraft Hull and Machinery	$1,000	Varies by vessel ($12,500 to $4,800,000)
Foster Parents Liability	$250	$300,000
Crime Bond / Employee Dishonesty	$2,500	$15,000,000
Cyber Liability	$100,000	$2,000,000 aggregate per member / $20,000,000 aggregate per pool / various sub-limits
Public Guardian Bonds	$2,500	$15,000,000
Notary Bonds	$0	$1,000,000
Notary Public Errors and Omissions	$0	$10,000

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	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Estimated liability for claims and contingencies at the beginning of the fiscal year	$ 22,007	19,766	$ 96,915	$ 85,481	$ 118,922	$ 105,247
Incurred claims and claim adjustment expenses	7,379	9,715	31,095	29,718	38,474	39,433
Payments	(7,866)	(7,474)	(19,781)	(18,284)	(27,647)	(25,758)
Total estimated liability for claims and contingencies at the end of the fiscal year	$ 21,520	$ 22,007	$ 108,229	$ 96,915	$ 129,749	$ 118,922

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, 2016, have not yet been conducted or settled. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that any audit disallowances would have a significant effect on the financial position of the County.

D. Medicare and Medi-Cal Reimbursements

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

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

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

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

(amounts in tables expressed in thousands)

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

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

Capital asset activities of the private-purpose trust fund for the year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, being depreciated:				
Infrastructure	$ 3,111	$ -	$ -	$ 3,111
Less accumulated depreciation for:				
Infrastructure	503	62	-	565
Total capital assets, being depreciated, net	$ 2,608	$ (62)	$ -	$ 2,546

The changes in liabilities, other than long-term debt, of the private-purpose trust fund for the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due Within One Year
Due to other governmental units	$ 7,632	$ 11,368	$ (2,596)	$ 16,404	$ 2,717

The outstanding tax allocation bonds of the Alameda County Redevelopment Successor Agency as of June 30, 2016:

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	$ 28,080

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 $44.01 million, with the final payment due on August 1, 2036. The tax allocation bonds are secured by and to be serviced from tax increment revenues of the project areas. All project tax increment revenues except dedicated housing tax increment allocation are the security for the bonds. These revenues have been pledged until the year 2036. Pledged tax increment revenue recognized during the year ended June 30, 2016 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 changes in the tax allocation bonds of the Alameda County Redevelopment Successor Agency for the year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Additional Obligations and Net Increases	Current Maturities, Retirements, and Net Decreases	Balance June 30, 2016	Amounts Due Within One Year
Tax allocation bonds	$ 28,905	$ -	$ (825)	$ 28,080	$ 855
Deferred amount for issuance premium	258	-	(13)	245	12
Total private-purpose trust bonds payable	$ 29,163	$ -	$ (838)	$ 28,325	$ 867

Annual debt service requirements for Alameda County Redevelopment Successor Agency tax allocation bonds outstanding as of June 30, 2016 are as follows:

For the Year Ending June 30	Tax Allocation Bonds		
	Principal	Interest	Total
2017	$ 855	$ 1,254	$ 2,109
2018	890	1,219	2,109
2019	925	1,183	2,108
2020	960	1,145	2,105
2021	1,000	1,105	2,105
2022-2026	5,665	4,842	10,507
2027-2031	6,995	3,487	10,482
2032-2036	8,765	1,645	10,410
2037	2,025	51	2,076
	$ 28,080	$ 15,931	$ 44,011

21. Subsequent Event

On November 17, 2016, the Alameda County Joint Powers Authority issued Juvenile Justice Refunding Bonds, Series 2016, in the amount of $98.47 million. The purpose of the bond issuance was to (1) advance refund and defease all of the outstanding County of Alameda Juvenile Justice Refunding Bonds, Series 2008A, in order to reduce the County's overall debt, as well as its debt service obligation, and (2) pay the cost of issuance and underwriter's discount for the Juvenile Justice Refunding Bonds, Series 2016. The serial bonds component were issued with fixed interest rates ranging from 2 percent to 5 percent, with maturity dates between December 1, 2017 and December 1, 2031. The term bonds component were issued at 4 percent fixed interest rate with maturity dates between December 1, 2032 and December 1, 2034.

The aggregate difference in debt service between the Juvenile Justice Refunding Bonds, Series 2008A and the Juvenile Justice Refunding Bonds, Series 2016 was a decrease of $30.7 million. The economic gain on the refunding was $18.69 million.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
(amounts expressed in thousands)

Schedule of Proportionate Share of the Net Pension Liability

ACERA

Fiscal Year	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability (a)	Covered Employee Payroll (b)	NPL Proportion as percentage of Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a percentage of Total Pension Liability
2016	76.26 %	$ 1,615,549	$ 658,750	245.24 %	73.43 %
2015	77.01	1,340,553	614,704	218.08	77.26

CalPERS Miscellaneous Plan

Fiscal Year	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability (a)	Covered Employee Payroll (b)	NPL Proportion as percentage of Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as percentage of Total Pension Liability
2016	0.02 %	$ 1,600	$ 5,951	26.88 %	78.40 %
2015	0.03	1,614	5,244	30.77	83.03

(amounts expressed in thousands)

Schedule of County Contributions

ACERA

Calendar Year	Contractually Required Contribution	Contributions in relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a percentage of Covered Employee Payroll
2015	$ 169,323	$ 169,323	$ -	$ 658,750	25.70 %
2014	159,661	159,661	-	614,704	25.97

CalPERS Miscellaneous Plan

Fiscal Year	Contractually Required Contribution	Contributions in relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a percentage of Covered Employee Payroll
2016	$ 491	$ 491	$ -	$ 6,134	8.00 %
2015	652	652	-	5,951	10.96
2014	564	564	-	5,244	10.76

CalPERS Safety Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a percentage of Covered Employee Payroll
2016	$ 12,596	$ 12,596	$ -	$ 44,064	28.59 %
2015	12,024	12,024	-	45,029	26.70
2014	12,029	12,029	-	45,785	26.27

Notes to the CalPERS Safety Plan Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2016 were from the June 30, 2013 public agency valuations:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age, service, and type of employment
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include five years of projected mortality improvement using Scale AA published by the Society of Actuaries.

(amounts expressed in thousands)

Schedule of Changes in the Net Pension Liability and Related Ratios

CalPERS Safety Plan

	Fiscal Year 2016	Fiscal Year 2015
Total pension liability		
Service cost	$ 13,449	$ 14,144
Interest	25,746	23,869
Changes of assumptions	(6,244)	
Differences between expected and actual experience	1,543	
Benefit payments, including refunds of employee contributions	(15,559)	(13,785)
Net change in total pension liability	18,935	24,228
Total pension liabiltiy, beginning	342,302	318,074
Total pension liabiltiy, ending	$ 361,237	$ 342,302
Safety plan fiduciary net position		
Contributions - employer	$ 12,024	$ 12,029
Contributions - employee	4,144	4,465
Net investment income	6,378	41,634
Benefit payments, including refunds of employee contributions	(15,559)	(13,785)
Administrative expense	(324)	-
Net change in safety plan fiduciary net position	6,663	44,343
Safety plan fiduciary net position, beginning	281,132	236,789
Safety plan fiduciary net position, ending	$ 287,795	$ 281,132
County's net pension liability - ending	$ 73,442	$ 61,170
Safety plan fiduciary net position as a percentage of the total pension liability	79.67 %	82.13 %
Covered employee payroll	$ 45,029	$ 45,785
County's net pension liability as a percentage of covered employee payroll	163.10 %	133.60 %

REQUIRED SUPPLEMENTARY INFORMATION
(amounts expressed in thousands)

Schedule of Funding Progress - Postemployment Medical Benefits

ACERA

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]
2013	$ 617,627	$ 724,576	85.2 %	$ 106,949	$ 916,803	11.7 %
2014	759,200	831,334	91.3	72,134	948,848	7.6
2015	822,858	900,981	91.3	78,123	969,534	8.1

CalPERS

Actuarial Valuation Date	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]
1/1/2010	$ -	$ 77,388	0.0 %	$ 77,388	$ 47,274	163.7 %
6/30/2011	-	91,574	0.0	91,574	48,377	189.3
6/30/2013	-	111,712	0.0	111,712	50,708	220.3

Historical trend information is presented.

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary	Variance Positive
	Original	Final	Basis	(Negative)
Revenues:				
Taxes	$ 446,663	$ 475,787	$ 485,536	$ 9,749
Licenses and permits	8,907	8,907	8,418	(489)
Fines, forfeitures, and penalties	27,319	31,302	42,719	11,417
Use of money and property	7,088	7,088	12,287	5,199
State aid	994,578	969,187	996,166	26,979
Federal aid	423,467	486,718	413,869	(72,849)
Other aid	22,462	22,622	26,170	3,548
Charges for services	304,030	331,547	286,595	(44,952)
Other revenue	68,926	69,769	46,745	(23,024)
Total revenues	2,303,440	2,402,927	2,318,505	(84,422)
Expenditures:				
Current				
General government				
Salaries and benefits	98,231	103,587	94,105	9,482
Services and supplies	48,989	53,171	44,650	8,521
Other charges	25,517	23,431	13,956	9,475
Capital assets	102	277	277	-
Public protection				
Salaries and benefits	480,931	528,896	514,829	14,067
Services and supplies	201,222	220,408	202,103	18,305
Other charges	8,002	8,394	7,021	1,373
Capital assets	3,242	4,309	3,488	821
Public assistance				
Salaries and benefits	250,432	255,892	241,919	13,973
Services and supplies	215,525	218,244	188,840	29,404
Other charges	312,198	323,019	302,697	20,322
Capital assets	38,595	34,855	663	34,192
Health and sanitation				
Salaries and benefits	180,111	188,515	163,835	24,680
Services and supplies	521,133	549,702	455,788	93,914
Other charges	76,494	89,445	62,312	27,133
Capital assets	106	199	22	177
Public ways and facilities				
Salaries and benefits	415	375	375	-
Services and supplies	2,759	2,807	2,646	161
Recreation and cultural services				
Salaries and benefits	10	11	11	-
Services and supplies	735	734	667	67
Education				
Salaries and benefits	152	-	-	-
Services and supplies	140	303	303	-
Capital outlay	17,104	15,490	14,791	699
Pension bond debt service transfer	(51,698)	(51,698)	(51,698)	-
Total expenditures	2,430,447	2,570,366	2,263,600	306,766
Excess (deficiency) of revenues over expenditures	(127,007)	(167,439)	54,905	222,344
Other financing sources (uses):				
Transfers in	-	41,211	2,505	(38,706)
Transfers out	(51,698)	(124,933)	(99,399)	25,534
Budgetary reserves and designations	-	(21,424)	-	21,424
Total other financing sources (uses)	(51,698)	(105,146)	(96,894)	8,252
Net change in fund balance	(178,705)	(272,585)	(41,989)	230,596
Add outstanding encumbrances for current budget year	-	-	113,712	113,712
Fund balance - beginning of period	1,366,468	1,366,468	1,366,468	-
Fund balance - end of period	$ 1,187,763	$ 1,093,883	$ 1,438,191	$ 344,308

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PROPERTY DEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Revenues:				
Use of money and property	$ 237	$ 237	$ 5,390	$ 5,153
Other revenue	3,000	3,000	3,110	110
Total revenues	3,237	3,237	8,500	5,263
Expenditures:				
Current				
General government				
Salaries and benefits	493	493	279	214
Services and supplies	1,873	1,873	409	1,464
Capital assets	228	228	-	228
Total expenditures	2,594	2,594	688	1,906
Excess of revenues over expenditures	643	643	7,812	7,169
Other financing sources (uses):				
Proceeds from sale of land	17,000	17,000	30,109	13,109
Transfers out	(17,721)	(18,305)	(10,115)	8,190
Total other financing sources (uses)	(721)	(1,305)	19,994	21,299
Net change in fund balance	(78)	(662)	27,806	28,468
Add outstanding encumbrances for current budget year	-	-	17	17
Fund balance - beginning of period	349,382	349,382	349,382	-
Fund balance - end of period	$ 349,304	$ 348,720	$ 377,205	$ 28,485

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FLOOD CONTROL SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary	Variance Positive
	Original	Final	Basis	(Negative)
Revenues:				
Taxes	$ 31,776	$ 37,815	$ 37,741	$ (74)
Licenses and permits	25	25	8,658	8,633
Use of money and property	870	870	1,785	915
State aid	348	348	816	468
Federal aid	200	200	97	(103)
Other aid	3,112	3,112	3,647	535
Charges for services	12,526	12,526	12,371	(155)
Other revenue	65	65	208	143
Total revenues	48,922	54,961	65,323	10,362
Expenditures:				
Current				
Public protection				
Salaries and benefits	37,776	38,036	16,642	21,394
Services and supplies	61,124	107,927	64,564	43,363
Other charges	2,113	2,158	1,340	818
Capital assets	6,606	6,956	2,883	4,073
Total expenditures	107,619	155,077	85,429	69,648
Excess (deficiency) of revenues over expenditures	(58,697)	(100,116)	(20,106)	80,010
Other financing uses:				
Transfers out	-	(147)	-	147
Total other financing uses	-	(147)	-	147
Net change in fund balance	(58,697)	(100,263)	(20,106)	80,157
Add outstanding encumbrances for current budget year	-	-	35,103	35,103
Fund balance - beginning of period	186,859	186,859	186,859	-
Fund balance - end of period	$ 128,162	$ 86,596	$ 201,856	$ 115,260

See the notes to required supplementary information.

1. Budget and Budgetary Accounting

General Budget Policies

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

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

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

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

Budgetary Basis of Accounting

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

2. Reconciliation of Budget vs. GAAP Basis Expenditures

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

Reconciliation of Budget vs. GAAP Basis Expenditures

	General Fund	Property Development Fund	Flood Control Fund
Budget basis expenditures	$ 2,263,600	$ 688	$ 85,429
Encumbrances for current budget year	(113,712)	(17)	(35,103)
GAAP basis expenditures	$ 2,149,888	$ 671	$ 50,326

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 16, 2016, except for our report on the schedule of expenditures of federal awards, as to which the date is February 17, 2017. Our report includes a reference to other auditors who audited the financial statements of the Alameda County Employees' Retirement Association (ACERA) and the Alameda Healthy System (Health System), as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Macias Gini & O'Connell LLP

Oakland, California
December 16, 2016

Certified
Public
Accountants

Century City
Los Angeles
Newport Beach
Oakland
Sacramento
San Diego
San Francisco
Walnut Creek
Woodland Hills

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the County of Alameda's, California (County), compliance with the types of compliance requirements described in the *OMB 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, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Alameda Health System (Health System); Alameda County Housing and Community Development Department (Department); and the Alameda County Healthy Homes (Program), which expended $3,110,199, $16,910,734, and $1,003,213 in federal awards, respectively, which are not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2016. Our audit, described below, did not include the operations of the Health System because we were not engaged to perform an audit in accordance with the Uniform Guidance and report on the results separately to the Health System. The Department and the Program engaged other auditors to perform audits in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Macias Gini & O'Connell LLP
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Oakland, CA 94612

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Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, 2016-003 and 2016-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, 2016-003 and 2016-004, that we consider to be significant deficiencies.

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

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

Macias Gini & O'Connell LLP

Oakland, California
February 17, 2017

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County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2016

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	14-0133FR/14-8506-1165-CA	California Department of Food and Agriculture	Dog Team	$ 66,076	$ -
				14-0433FR/15-8506-0484-CA	California Department of Food and Agriculture	GWS - Glassy Winged Sharpshooter	250,389	-
				14-0435FR-CA/15-8506-1164-CA	California Department of Food and Agriculture	Light Brown Apple Moth	95,014	-
				14-0518FR/15-8506-1317-CA	California Department of Food and Agriculture	European Grapevine Moth	4,537	-
				14-8505-1399-CA & 14-8506-0934-GR	California Department of Food and Agriculture	Insect Trapping	180,663	-
				15-8506-0572-CA	California Department of Food and Agriculture	SOD - Sudden Oak Death	61,843	-
				15-8506-1164-CA	California Department of Food and Agriculture	Light Brown Apple Moth	87,519	-
				15-8506-1165-CA/150139FA	California Department of Food and Agriculture	Dog Team	168,417	-
				15-8506-1317-CA	California Department of Food and Agriculture	European Grapevine Moth	7,588	-
				16-8506-0934-GR-15-0530FR&15-8506-0689-CA-14-0590FR	California Department of Food and Agriculture	Insect Trapping	771,340	-
						10.025 Total	**1,693,387**	-
10.555	National School Lunch Program	Child Nutrition	Pass-through	01001-SN-01-R	California Department of Education	National School Lunch Program	256,694	-
						10.555 Total	**256,694**	-
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		Pass-through	15-10050	California Department of Public Health	Women, Infant, Children (WIC) Program	4,186,925	-
						10.557 Total	**4,186,925**	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance	SNAP	Pass-through	13-20018	California Department of Public Health	Nutrition Education and Obesity Prevention Program	3,555,206	948,404
				Not Applicable	California Department of Social Services	CALWIN-CalFresh	22,513	-
				Not Applicable	California Department of Social Services	CALWIN-Fleeing Felon	5,526	-
				Not Applicable	California Department of Social Services	CALWIN-Horizontal	38,724	-
				Not Applicable	California Department of Social Services	CALWIN-Outreach	8,942	-
				Not Applicable	California Department of Social Services	Food Stamps - E&T - Admin	22,389,075	829,464
				SP-1516-09	California Department of Aging	SNAP-Ed	38,072	34,265
						10.561 Total	**26,058,058**	**1,812,132**
10.576	Senior Farmers Market Nutrition Program		Pass-through	AP-1516-09	California Department of Aging	Farmers' Market	30,000	30,000
						10.576 Total	**30,000**	**30,000**
10.680	Forest Health Protection		Pass-through	14DG11052021204	California Department of Food and Agriculture	Japanese Dodder	9,310	-
						10.680 Total	**9,310**	-
U.S. Department of Agriculture Total							**32,234,374**	**1,842,132**
U.S. Department of the Interior								
15.668	Coastal Impact Assistance Program		Direct	F14AF00191	Not Applicable	Not Applicable	105,980	-
						15.668 Total	**105,980**	**-**
U.S. Department of the Interior Total							**105,980**	**-**
U.S. Department of Justice								
16.111	Domestic Cannabis Eradication/Suppression Program		Direct	2014-07	Not Applicable	Not Applicable	33,910	-
				2015-14	Not Applicable	Not Applicable	71,413	-
						16.111 Total	**105,323**	-

County of Alameda
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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)								
16.523	Juvenile Accountability Block Grants		Pass-through	BSCC 181-14	Board of State and Community Corrections	Juvenile Justice and Delinquency Prevention Allocation to States	23,738	-
				BSCC 181-15	Board of State and Community Corrections	Juvenile Justice and Delinquency Prevention Allocation to States	83,681	-
						16.523 Total	**107,419**	-
16.560	National Institute of Justice Research, Evaluation, and Development Project		Direct	2014-DN-BX-K065	Not Applicable	Not Applicable	147,475	-
						16.560 Total	**147,475**	-
16.575	Crime Victim Assistance		Pass-through	HA14010010	California Office of Emergency Services	Human Trafficking Advocacy Program	47,621	-
				HA15020010	California Office of Emergency Services	Human Trafficking Advocacy Program	115,515	-
				UV14050010	California Office of Emergency Services	Unserved/Underserved Victim Advocacy and Outreach Program	102,176	-
				VW15340010	California Office of Emergency Services	Victim/Witness Assistance Program	822,593	-
						16.575 Total	**1,087,905**	-
16.588	Violence Against Women Formula Grants		Pass-through	VV15070010	California Office of Emergency Services	Violence Against Women Vertical Prosecution Program	218,526	-
				VW15340010	California Office of Emergency Services	Victim/Witness Assistance Program	176,505	-
						16.588 Total	**395,031**	-
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		Direct	Not Applicable	Not Applicable	Not Applicable	285,970	-
						16.590 Total	**285,970**	-
16.710	Public Safety Partnership and Community Policing Grants		Direct	2013-UL-WX-0057	Not Applicable	Not Applicable	744,575	-
				2014-UL-WX-0019	Not Applicable	Not Applicable	354,943	-
				2015-UL-WX-0007	Not Applicable	Not Applicable	138,946	-
						16.710 Total	**1,238,463**	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program		Direct	2013-DJ-BX-0363	Not Applicable	Not Applicable	37,052	-
				2015-DJ-BX-0209	Not Applicable	Not Applicable	729,701	-
				2014-DJ-BX-0275	Not Applicable	Not Applicable	589,534	-
						16.738 Total	**1,356,286**	-
16.741	DNA Backlog Reduction Program		Direct	2014-DN-BX-0031	Not Applicable	Not Applicable	12,219	-
				2015-DN-BX-0121	Not Applicable	Not Applicable	81,596	-
						16.741 Total	**93,815**	-
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		Pass-through	CQ14 10 0010	Board of State and Community Corrections	Coverdell Science Improvement Program	3,542	-
						16.742 Total	**3,542**	-
16.812	Second Chance Act Reentry Initiative		Direct	2013-CZ-BX-0025	Not Applicable	Not Applicable	77,306	-
				2014-SM-BX-0006	Not Applicable	Not Applicable	184,255	-
				2015-CZ-BX-0009	Not Applicable	Not Applicable	3,597	-
			Pass-through	Not Applicable	City of Oakland	Juvenile Second Chance Prisoner Reentry Program	39,136	-
						16.812 Total	**304,294**	-
16.817	Byrne Criminal Justice Innovation Program		Direct	2014-AJ-BX-0013	Not Applicable	Not Applicable	272,786	-
				Not Applicable	Not Applicable	Not Applicable	65,796	-
						16.817 Total	**338,582**	-
U.S. Department of Justice Total							**5,464,104**	-

County of Alameda
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CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Labor								
17.235	Senior Community Service Employment Program		Pass-through	TV-1516-09	California Department of Aging	Senior Employment	142,813	142,813
						17.235 Total	**142,813**	**142,813**
17.258	WIA/WIOA Adult Program	WIA/WIOA Cluster	Pass-through	K594754	California Employment Development Department	WIA Title 1 15% Workforce Accelerator	100,000	20,000
				K594754	California Employment Development Department	WIA Title I Adult Formula - 202	240,188	133,917
				K698355	California Employment Development Department	WIOA Title 1 Adult Formula – 201	134,497	-
				K698355	California Employment Development Department	WIOA Title 1 Adult Formula – 202	1,319,832	863,139
						17.258 Total	**1,794,517**	**1,017,056**
17.259	WIA/WIOA Youth Activities	WIA/WIOA Cluster	Pass-through	K594754	California Employment Development Department	WIA Title I Youth Formula - 301	126,854	118,870
				K698355	California Employment Development Department	WIOA Title 1 Youth Formula – 301	1,685,844	1,189,600
						17.259 Total	**1,812,698**	**1,308,470**
17.278	WIA/WIOA Dislocated Worker Formula Grants	WIA/WIOA Cluster	Pass-through	13-W058	South Bay Workforce Investment Board	WIA 25% Dislocated Workers Additional Assistance Project	177,104	76,945
				K594754	California Employment Development Department	Title I Dislocated Workers - 541/WIA Title I Rapid Response for RA&PGM	14,035	-
				K594754	California Employment Development Department	WIA Dislocated Workers	386,375	131,939
				K698355	California Employment Development Department	WIOA Title 1 Dislocated Worker Formula – 501	344,568	243,886
				K698355	California Employment Development Department	WIOA Title 1 Dislocated Worker Formula – 502	1,881,851	1,165,345
				K698355	California Employment Development Department	WIOA Title 1 Rapid Response Formula – 540	25,027	-
				K698355	California Employment Development Department	WIOA Title 1 Rapid Response Formula – 541	129,843	-
				K698355	California Employment Development Department	WIOA Title 1 RR Layoff Aversion – 292	12,818	-
				K698355	California Employment Development Department	WIOA Title 1 RR Layoff Aversion – 293	44,908	-
						17.278 Total	**3,016,530**	**1,618,115**
U.S. Department of Labor Total							**6,766,558**	**4,086,454**
U.S. Department of Transportation								
20.205	Highway Planning and Construction	Highway Planning and Construction	Pass-through	Program Supplement N075	California Department of Transportation	CML-5933(109)	688,224	-
				PS M045	California Department of Transportation	STPLZ-5933(028)	179,931	-
				PS N061	California Department of Transportation	HSIPL-5933(097)	205,859	-
				PS N063	California Department of Transportation	HRRRL-5933(089)	716,301	-
				PS N074	California Department of Transportation	TCSPL-09CA(018)	249,175	-
				PS N078	California Department of Transportation	DEM05L-5933(114)	639,052	-
				PS N079	California Department of Transportation	HPLUL-5933(116)	43,032	-
				PS N081	California Department of Transportation	TCSPL-5933(121)	141,043	-
				PS N083	California Department of Transportation	DEM05L-5933(123)	6,148	-
				PS N084	California Department of Transportation	HPLUL-5933 (126)	2,303	-
				PS N085	California Department of Transportation	STPL-5933 (125)	1,560,102	-
				PS N086	California Department of Transportation	CML-5933 (127)	289,509	-
				PS N087	California Department of Transportation	HSIPL-5933(129)	10,000	-
						20.205 Total	**4,730,679**	**-**
U.S. Department of Transportation Total							**4,730,679**	**-**

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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								
93.041	Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of		Pass-through	AP-1516-09	California Department of Aging	Elder Abuse	19,698	19,698
						93.041 Total	**19,698**	**19,698**
93.042	Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman		Pass-through	AP-1516-09	California Department of Aging	Ombudsman	56,400	-
						93.042 Total	**56,400**	**-**
93.043	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health		Pass-through	AP-1516-09	California Department of Aging	Disease Prevention	85,787	85,787
						93.043 Total	**85,787**	**85,787**
93.044	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and	Aging	Pass-through	AP-1516-09	California Department of Aging	Supportive Services	1,308,970	750,153
						93.044 Total	**1,308,970**	**750,153**
93.045	Special Programs for the Aging_Title III, Part C_Nutrition Services	Aging	Pass-through	AP-1516-09	California Department of Aging	Nutrition Services	2,631,239	2,383,106
						93.045 Total	**2,631,239**	**2,383,106**
93.052	National Family Caregiver Support, Title III, Part E		Pass-through	AP-1516-09	California Department of Aging	Caregiver Support	610,120	554,847
						93.052 Total	**610,120**	**554,847**
93.053	Nutrition Services Incentive Program	Aging	Pass-through	AP-1516-09	California Department of Aging	Nutrition Services Incentive Program (NSIP)	529,202	529,202
						93.053 Total	**529,202**	**529,202**
93.071	Medicare Enrollment Assistance Program		Pass-through	MI-1516-09	California Department of Aging	MIPPA	41,177	37,059
						93.071 Total	**41,177**	**37,059**
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness		Pass-through	14-10490 A01	California Department of Public Health	BT-CDC Base Allocation	736,871	-
				14-10490 A01	California Department of Public Health	BT-Cities Readiness Initiative	317,706	-
				14-10490 A01	California Department of Public Health	BT-HRSA Emergency Preparedness Program	108,005	-
						93.074 Total	**1,162,582**	**-**
93.090	Guardianship Assistance		Pass-through	Not Applicable	California Department of Social Services	KINGAP - 4T	2,113,404	-
				Not Applicable	California Department of Social Services	KINGAP IV-E Admin	203,084	-
						93.090 Total	**2,316,488**	**-**
93.104	Comprehensive Community Mental Health Services for Children with Serious		Direct	Not Applicable	Not Applicable	Not Applicable	408,031	100,477
						93.104 Total	**408,031**	**100,477**
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control		Pass-through	Not Applicable	California Department of Public Health	Tuberculosis Control	471,206	-
						93.116 Total	**471,206**	**-**
93.136	Injury Prevention and Control Research and State and Community Based Programs		Direct	Not Applicable	Not Applicable	Not Applicable	370,000	85,156
						93.136 Total	**370,000**	**85,156**
93.150	Projects for Assistance in Transition from Homelessness (PATH)		Pass-through	1946001347J5	California Department of Health Care Services	Projects for Assistance in Transition from Homelessness (PATH)	287,116	259,906
						93.150 Total	**287,116**	**259,906**

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CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Health and Human Services (continued)								
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers,	Health Center Program Cluster	Direct	H80CS00047	Not Applicable	Not Applicable	3,876,774	-
						93.224 Total	**3,876,774**	**-**
93.242	Mental Health Research Grants		Pass-through	00008843	University of California, Berkeley	A Transdiagnostic Sleep and Circadian Treatment to Improve Community SMI Outcomes	57,082	-
				15-10971	California Department of Public Health	Disease Prevention	55,758	-
						93.242 Total	**112,840**	**-**
93.268	Immunization Cooperative Agreements		Pass-through	15-10410	California Department of Public Health	State Immunization Assessment and Immunization Registry Awards	520,818	-
						93.268 Total	**520,818**	**-**
93.297	Teenage Pregnancy Prevention Program		Direct	5TP1AH000014-05-06	Not Applicable	Not Applicable	955,283	443,099
						93.297 Total	**955,283**	**443,099**
93.324	State Health Insurance Assistance Program		Pass-through	HI-1516-09	California Department of Aging	HICAP	161,770	145,593
						93.324 Total	**161,770**	**145,593**
93.556	Promoting Safe and Stable Families		Pass-through	Not Applicable	California Department of Social Services	Family Preservation / Family Support-Case Worker	993,996	341,360
						93.556 Total	**993,996**	**341,360**
93.558	Temporary Assistance for Needy Families	TANF	Pass-through	Not Applicable	California Department of Social Services	CALWIN	1,927,862	-
				Not Applicable	California Department of Social Services	CALWIN-OCAT	15,500	-
				Not Applicable	California Department of Social Services	CALWIN-SB1041	27,897	-
				Not Applicable	California Department of Social Services	CalWORKS ARC – 2S, 2T, 2U, 2P, 2R	41,030	-
				Not Applicable	California Department of Social Services	CalWORKs Assistance-30,33,35, 3P,3R,3E,3H,3U	18,265,042	-
				Not Applicable	California Department of Social Services	CalWORKS CEC Program	64,750,743	27,620,318
				Not Applicable	California Department of Social Services	CWS - Emergency Assistance(TANF)	6,448,900	-
						93.558 Total	**91,476,974**	**27,620,318**
93.563	Child Support Enforcement		Pass-through	93.563	California Department of Child Support Services	Child Support Enforcement	17,555,791	-
						93.563 Total	**17,555,791**	**-**
93.566	Refugee and Entrant Assistance_State Administered Programs		Pass-through	Not Applicable	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	730,334	153,042
						93.566 Total	**730,334**	**153,042**
93.575	Child Care and Development Block Grant	CCDF	Pass-through	01-2501-00-5	California Department of Education	Child Care Salary / Retention Incentive Program (CRET)	624,911	-
				01-2501-00-5	California Department of Education	Local Child Care & Development Planning Council Program (CLPC)	56,647	-
						93.575 Total	**681,558**	**-**
93.576	Refugee and Entrant Assistance_Discretionary Grants		Pass-through	Not Applicable	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	20,693	20,693
						93.576 Total	**20,693**	**20,693**
93.584	Refugee and Entrant Assistance_Targeted Assistance Grants		Pass-through	Not Applicable	California Department of Social Services	Refugee and Entrant Assistance_State Administered Programs	211,911	211,911
						93.584 Total	**211,911**	**211,911**
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CCDF	Pass-through	Not Applicable	California Department of Education	Child Care Development	701,356	670,673
						93.596 Total	**701,356**	**670,673**
93.645	Stephanie Tubbs Jones Child Welfare Services Program		Pass-through	Not Applicable	California Department of Social Services	CWS-IV-B	743,894	-
						93.645 Total	**743,894**	**-**

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)								
93.658	Foster Care_Title IV-E		Pass-through	Not Applicable	California Department of Social Services	CWS-CSEC	4,560	-
				Not Applicable	California Department of Social Services	CWS-IV-E	37,478,144	3,982,289
				Not Applicable	California Department of Social Services	EA-Foster Care-5k	64,915	-
				Not Applicable	California Department of Social Services	Foster Care	1,380,116	-
				Not Applicable	California Department of Social Services	Foster Care Assistance-40,42	16,493,174	-
				Not Applicable	California Department of Social Services	Foster Care EFC	3,078,104	-
				Not Applicable	California Department of Social Services	Foster Home Licensing	490,028	-
				Not Applicable	California Department of Social Services	Kin-GAP S	206,321	-
				Not Applicable	California Department of Social Services	NCWS	2,044,238	-
				Not Applicable	California Department of Social Services	SACWIS	37,234	-
				Not Applicable	Social Services Agency	Family Preservation Program	676,227	-
				Not Applicable	Social Services Agency	Foster_Care Title IV-E	6,629,568	-
						93.658 Total	**68,582,629**	**3,982,289**
93.659	Adoption Assistance		Pass-through	Not Applicable	California Department of Social Services	Adoption Eligibility	715,989	-
				Not Applicable	California Department of Social Services	Adoption SS	1,112,723	-
				Not Applicable	California Department of Social Services	Adoptive Assistance Payments-03, 04	9,838,109	-
						93.659 Total	**11,666,821**	**-**
93.667	Social Services Block Grant		Pass-through	Not Applicable	California Department of Social Services	CalWorks Single XX	8,830,836	-
				Not Applicable	California Department of Social Services	CWS Title XX	2,293,000	-
				Not Applicable	California Department of Social Services	Foster Care XX	2,314,851	-
						93.667 Total	**13,438,687**	**-**
93.670	Child Abuse and Neglect Discretionary Activities		Pass-through	Not Applicable	California Department of Social Services	Youth Transitions Partnership	162,857	43,213
						93.670 Total	**162,857**	**43,213**
93.674	Chafee Foster Care Independence Program		Pass-through	Not Applicable	California Department of Social Services	INDEPENDENT LIVING SKILLS	803,073	803,073
						93.674 Total	**803,073**	**803,073**
93.767	Children's Health Insurance Program		Pass-through	Not Applicable	California Department of Social Services	Connecting Kids to Coverage	101,509	101,509
						93.767 Total	**101,509**	**101,509**
93.778	Medical Assistance Program	Medicaid	Pass-through	13-90009	California Department of Health Care Services	Medi-Cal Administrative Activities (MAA)	6,237,846	-
				14-90005	California Department of Health Care Services	Medi-Cal Administrative Activities (MAA)	1,604,772	-
				Not Applicable	California Department of Health Care Services	California Children Services	5,070,756	-
				Not Applicable	California Department of Health Care Services	IHSS PCSP/Health Related ADM - DHS	14,596,706	-
				Not Applicable	California Department of Health Care Services	Medi-Cal	32,637,942	506,433
				Not Applicable	California Department of Health Care Services	Medi-Cal Outreach and Enrollment	406,494	326,576
				Not Applicable	California Department of Social Services	APS/CSBG - Health Related - DHS	6,573,405	663,861
				Not Applicable	California Department of Social Services	IHSS - Health Related - DHS	14,204,227	-
						93.778 Total	**81,332,148**	**1,496,870**
93.914	HIV Emergency Relief Project Grants		Direct	H89HA00018	Not Applicable	Not Applicable	6,165,585	5,496,594
						93.914 Total	**6,165,585**	**5,496,594**

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)								
93.917	HIV Care Formula Grants		Pass-through	13-20001	California Department of Public Health	HIV Care	1,188,556	-
						93.917 Total	**1,188,556**	**-**
93.926	Healthy Start Initiative		Direct	H49MC00130	Not Applicable	Not Applicable	1,886,453	-
						93.926 Total	**1,886,453**	**-**
93.940	HIV Prevention Activities_Health Department Based		Pass-through	13-20242	California Department of Public Health	HIV Care	831,069	659,744
						93.940 Total	**831,069**	**659,744**
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome		Pass-through	14-10864; 14-10736	California Department of Public Health	Expanded & Integrated HIV Test	259,759	-
						93.943 Total	**259,759**	**-**
93.945	Assistance Programs for Chronic Disease Prevention and Control		Pass-through	14-10958	California Department of Public Health	Preventive Health and Health Services Block Grant	312,282	123,805
						93.945 Total	**312,282**	**123,805**
93.958	Block Grants for Community Mental Health Services		Pass-through	1946001347J5	California Department of Health Care Services	Community Mental Health Services Block Grant (MHBG)	1,019,995	959,261
						93.958 Total	**1,019,995**	**959,261**
93.959	Block Grants for Prevention and Treatment of Substance Abuse		Pass-through	Not Applicable	California Department of Health Care Services	SAPT Block Grant - Adolescent Treatment Program	418,326	397,410
				Not Applicable	California Department of Health Care Services	SAPT Block Grant - Discretionary	4,551,947	4,324,350
				Not Applicable	California Department of Health Care Services	SAPT Block Grant - Friday Night Live and Club Live	30,000	30,000
				Not Applicable	California Department of Health Care Services	SAPT Block Grant - HIV Set Aside	156,403	89,373
				Not Applicable	California Department of Health Care Services	SAPT Block Grant - Perinatal Set Aside	1,554,808	1,477,068
				Not Applicable	California Department of Health Care Services	SAPT Block Grant - Prevention Set Aside	1,955,231	1,955,231
						93.959 Total	**8,666,715**	**8,273,432**
93.977	Preventive Health Services_Sexually Transmitted Diseases Control Grants		Pass-through	Not Applicable	California Department of Public Health	Preventive Health and Health Services Block Grant	27,646	12,590
						93.977 Total	**27,646**	**12,590**
93.991	Preventive Health and Health Services Block Grant		Pass-through	Not Applicable	California Department of Health Care Services	Child Health and Disability Prevention (CHDP) Program Allocation	2,393,622	293,530
						93.991 Total	**2,393,622**	**293,530**
93.994	Maternal and Child Health Services Block Grant to the States		Pass-through	15-10912	California Department of Public Health	Maternal and Child Health Services Block Grant to the States	11,204	-
				201301; 15-10141	California Department of Public Health	California Home Visiting Program	1,111,122	-
				201501	California Department of Public Health	Maternal and Child Health Services Block Grant to the States	2,652,382	-
				Not Applicable	California Department of Health Care Services	Health Care Program for Children in Foster Care Program	780,433	-
						93.994 Total	**4,555,141**	**-**
U.S. Department of Health and Human Services Total							**332,436,555**	**56,657,987**
U.S. Department of Homeland Security								
97.042	Emergency Management Performance Grants		Pass-through	2014-0070	California Office of Emergency Services	Homeland Security Grants	11,199	-
				2015-0049	California Office of Emergency Services	Homeland Security Grants	454,418	-
						97.042 Total	**465,617**	**-**
97.044	Assistance to Firefighters Grant		Direct	Not Applicable	Not Applicable	Not Applicable	133,319	-
						97.044 Total	**133,319**	**-**

County of Alameda
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2016

CFDA No.	Federal Program Name	Cluster	Direct / Pass-through	Grant ID	Pass-through Entity Name	Pass-through Entity Program Name	Federal Expenditures	Amount Passed to Subrecipients
U.S. Department of Homeland Security (continued)								
97.056	Port Security Grant Program		Direct	EMW-2013-PU-0010-S01	Not Applicable	Not Applicable	784,115	-
				EMW-2014-PU-00039	Not Applicable	Not Applicable	429,062	-
						97.056 Total	**1,213,177**	**-**
97.067	Homeland Security Grant Program		Pass-through	2013-00110	County and City of San Francisco	Urban Area Security Initiative	(19,496)	-
				2014-00093	California Office of Emergency Services	Homeland Security Cluster	1,185,235	-
				2014-SS-00093	County and City of San Francisco	Urban Area Security Initiative	4,458,513	-
				2015-00078	California Office of Emergency Services	Homeland Security Cluster	242,752	-
				2015-00078	County and City of San Francisco	Urban Area Security Initiative	1,373,900	-
						97.067 Total	**7,240,904**	**-**
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)		Direct	Not Applicable	Not Applicable	Not Applicable	1,952,196	-
						97.083 Total	**1,952,196**	**-**
U.S. Department of Homeland Security Total							**11,005,213**	**-**
Total Expenditures of Federal Awards							**$ 392,743,464**	**$ 62,586,574**

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 Health System (Health System), the Alameda County Housing and Community Development Department (the Department), and Alameda County Healthy Homes (the Program), which expended $3,110,199, $16,910,734, and $1,003,213 in federal awards, respectively. These federal expenditures are audited separately and accordingly are not included in the SEFA. Additionally, Medical Assistance (Medi-Cal) and Medicare Hospital Insurance (Medicare) are not considered federal awards (note 4).

Note 2 – Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting, which is described in note 1(C) to the County's basic financial statements. The County did not elect to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

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 and other governmental funds.

Note 4 – Medi-Cal and Medicare

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

Note 5 – Federal Expenditures of the Alameda Health System Not Included in the SEFA

The Health System federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the Health System listed on the next page are taken from Health System's single audit report for the year ended June 30, 2016. The Health System did not pass through federal awards to subrecipients for the fiscal year ended June 30, 2016.

COUNTY OF ALAMEDA

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor	Program Title Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Justice, Office of Victims of Crime			
Passed Through California Emergency Management Agency			
Crime Victim Assistance	16.575	RC14300010	$ 32,717
Crime Victim Assistance	16.575	RC15310010	227,911
Total U.S. Department of Justice, Office of Victims of Crime			260,628
U.S. Department of Labor			
Passed Through Alameda County Health Care Foundation			
WIA Youth Activities	17.259	P4B5130	197,080
Total U.S. Department of Labor			197,080
U.S. Department of Health and Human Services			
Direct Programs:			
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.403	1 T22HA26478-01-00	47,725
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	900148	47,689
Subtotal of direct programs			95,414
Passed Through Children's Hospital & Research Center at Oakland Coordinated Services and Access to Research for Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	4 H12HA24777-03-01	164,792
Passed Through Alameda County Health Care Services Agency Mental Health Clinical and AIDS Service-Related Training Grants	93.224	PHG01CH40500	103,543
Passed Through Johns Hopkins University National Research Service Awards - Health Services Research Training	93.225	2001376220	60,542
Passed Through the Regents of the University of California Allergy, Immunology and Transplantation Research	93.855	U01A1034989	14,280
Passed Through the Regents of the University of California Research on Healthcare Costs, Quality and Outcomes	93.226	1R01HS024426-01	65,153
Passed Through Alameda County Health Care Services Agency Medical Assistance Program	93.778	MAA MOU 2015-2016	1,113,566
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	455,432
Passed Through Alameda County Public Health Department, Office of AIDS Administration			
HIV Emergency Relief Project Grants	93.914	PHG0BHA60200	6,471
HIV Care Formula Grants	93.917	PHG0BHA60100	506,553
HIV Prevention Activities - Health Department Based	93.940	PHG0BHA61000	66,745
Subtotal of pass-through programs			2,557,077
Total U.S. Department of Health and Human Services			2,652,491
Total Expenditures of Federal Awards			$ 3,110,199

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

The Department's federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the Department listed below are taken from the separate single audit report for the year ended June 30, 2016. The programs of the Department are as follows:

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures	Amount Provided To Sub recipients
U.S. Department of Housing and Urban Development					
Community Development Block Grant	14.218		*	$ 1,355,756	$ 597,044
NSP I HERA	14.218		*	174,720	
Home Grant	14.239			1,559,506	1,309,720
HOPWA SPNS - Project Independence	14.241			516,785	473,441
Continuum of Care	14.267		*	10,996,570	9,548,166
Emergency Shelter Grant	14.231			153,818	125,110
NSP II ARRA	14.256			559,269	542,233
Sub-Total of Direct Programs				15,316,424	12,595,714
Pass-Through Program From City of Oakland					
Housing Opportunities for Persons With Aids	14.241	**		1,594,310	1,271,255
Sub-Total of Pass-Through Programs				1,594,310	1,271,255
Total U.S. Department of Housing and Urban Development				$ 16,910,734	$ 13,866,969

* *Denotes tested as a Major Federal Program*
***Pass -Through Entity Identifying Number not available*

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

The Program's federal expenditures are excluded from the SEFA because such expenditures are audited separately. Expenditures for the programs of the Program listed below are taken from the separate single audit report for the year ended June 30, 2016. The Program did not pass through federal awards to subrecipients for the year ended June 30, 2016. The programs of the Program are as follows:

Federal Grantor/Pass-Through Grantors/Program of Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Lead Based Paint Abatement	14.901*	$ 1,003,213
Sub-total of direct programs		1,003,213
Total Expenditures of Federal Awards		$ 1,003,213

** Tested as a Major Federal Program*

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 the year ended June 30, 2016.

Program Information			Expenditures			Amount Provided to		
CFDA No.	CDA Program No.	CDA Program Title	Federal	State	Total	Federal	State	Total
10.561	SP 1516-09	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	$ 38,072	$ -	$ 38,072	$ 34,265	$ -	$ 34,265
10.576	AP-1516-09	Senior Farmers Market Nutrition Program	30,000	-	30,000	30,000	-	30,000
17.235	TV-1516-09	Senior Community Service Employment Program	142,813	-	142,813	142,813	-	142,813
93.041	AP-1516-09	Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	19,698	-	19,698	19,698	-	19,698
93.042	AP-1516-09	Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	56,400	-	56,400	-	-	-
93.043	AP-1516-09	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	85,787	-	85,787	85,787	-	85,787
93.044	AP-1516-09	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	1,308,970	43,110	1,352,080	750,153	-	750,153
93.045	AP-1516-09	Special Programs for the Aging_Title III, Part C_Nutrition Services	999,709	137,028	1,136,737	834,783	136,240	971,023
93.045	AP-1516-09	Special Programs for the Aging_Title III, Part C_Nutrition Services	1,631,530	136,971	1,768,501	1,548,323	136,761	1,685,084
93.052	AP-1516-09	National Family Caregiver Support, Title III, Part E	610,120	-	610,120	554,847	-	554,847
93.053	AP-1516-09	Nutrition Services Incentive Program	529,202	-	529,202	529,202	-	529,202
93.071	MI-1516-09	Medicare Enrollment Assistance Program	41,177	-	41,177	37,059	-	37,059
93.324	HI-1516-09	State Health Insurance Assistance Program	161,770	265,974	427,744	145,593	247,146	392,739
N/A	AP-1516-09	Ombudsman Initiative/SNF Quality & Accountability	-	197,574	197,574	-	-	-
			$ 5,655,248	**$780,657**	**$ 6,435,905**	**$ 4,712,523**	**$520,147**	**$ 5,232,670**

The federal expenditure of $30,000 under CDA Program No. AP-1516-09 (CFDA No. 10.576) was in the form of noncash federal assistance that Alameda County Social Services Agency (SSA) received through the CDA. This noncash assistance was in the form of coupons issued to seniors for use at certified farmers' markets.

Note 9 – Cluster Program Totals

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

Program Title	CFDA Number	Expenditures	Amount Passed to Subrecipients
WIA/WIOA Cluster			
WIA/WIOA Adult Program			
Passed Through California Employment Development Department	17.258	$ 1,794,517	$ 1,017,056
WIA/WIOA Youth Activities			
Passed Through California Employment Development Department	17.259	1,812,698	1,308,470
WIA/WIOA Dislocated Worker Formula Grants			
Passed Through California Employment Development Department	17.278	2,839,426	1,541,170
South Bay Workforce Investment Board	17.278	177,104	76,945
Subtotal WIA Dislocated Worker Formula Grants		3,016,530	1,618,115
Total WIA Cluster		$ 6,623,745	$ 3,943,641
Aging Cluster			
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers			
Passed Through California Department of Aging	93.044	$ 1,308,970	$ 750,153
Special Programs for the Aging_Title III, Part C_Nutrition Services			
Passed Through California Department of Aging	93.045	2,631,239	2,383,106
Nutrition Services Incentive Program			
Passed Through California Department of Aging	93.053	529,202	529,202
Total Aging Cluster		$ 4,469,411	$ 3,662,461
CCDF Cluster			
Child Care and Development Block Grant			
Passed Through California Department of Education	93.575	$ 681,558	$ -
Child Care Mandatory and Matching Funds of the Child Care and Development Fund			
Passed Through California Department of Education	93.596	701,356	670,673
Total CCDF Cluster		$ 1,382,914	$ 670,673

Section I Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Section I Summary of Auditor's Results (Continued)

Identification of major programs:

(1)		WIA Cluster:
	CFDA No. 17.258	WIA/WIOA Adult Program
	CFDA No. 17.259	WIA/WIOA Youth Activities
	CFDA No. 17.278	WIA/WIOA Dislocated Worker Formula Grants
(2)	CFDA No. 93.090	Guardianship Assistance
(3)	CFDA No. 93.558	Temporary Assistance for Needy Families
(4)	CFDA No. 93.659	Adoption Assistance
(5)	CFDA No. 93.674	Chafee Foster Care Independence Program
(6)	CFDA No. 93.778	Medical Assistance Program
(7)	CFDA No. 93.914	HIV Emergency Relief Project Grants
(8)	CFDA No. 93.958	Block Grants for Community Mental Health Services
(9)	CFDA No. 93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs:	$3,000,000
Auditee qualified as low-risk auditee?	Yes

Section II Financial Statement Findings

None reported.

Section III Federal Award Findings and Questioned Costs

Finding 2016-001 Subrecipient Monitoring

Program Identification:

Awarding Agency:	United States Department of Labor
Passed Through:	California Employment Development Department
Program Name:	Workforce Investment Act (WIA) Cluster
CFDA:	17.258, 17.259, 17.278
Award Number:	All awards
Award Year:	FYE 6/30/2016

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Social Services
Program Name:	Temporary Assistance for Needy Families (TANF)
CFDA:	93.558
Award Number:	All awards
Award Year:	FYE 6/30/2016

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 6/30/2016

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Social Services
Program Name:	Medical Assistance Program
CFDA:	93.778
Award Number:	All awards
Award Year:	FYE 6/30/2016

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	N/A – Direct Federal Award
Program Name:	HIV Emergency Relief Project Grants
CFDA:	93.914
Award Number:	All awards
Award Year:	FYE 6/30/2016

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Health Care Services
Program Name:	Block Grants for Community Mental Health Services
CFDA:	93.958
Award Number:	All awards
Award Year:	FYE 6/30/2016

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Health Care Services

Finding 2016-001 Subrecipient Monitoring (continued)

Program Name:	Block Grants for Prevention and Treatment of Subtance Abuse Prevention
CFDA:	93.959
Award Number:	All awards
Award Year:	FYE 6/30/2016

Criteria:

The Code of Federal Regulations (Title 2, Subtitle A, Chapter II, Part 200, Subpart D, §200.331, *Requirements for pass-through entities*) states that all pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring to be performed.

Condition Identified and Perspective:

During our audit we noted that the County has not yet developed and documented a formal risk assessment process over its subrecipients of federal awards by which to determine the frequency and extent of subrecipient monitoring to be performed.

Questioned Costs:

None.

Asserted Cause and Effect:

Under the provisions of the Uniform Guidance, subrecipient monitoring procedures should be developed on the basis of risk assessments. The County has not yet implemented the provisions of the Uniform Guidance with regards to this requirement and thus is not currently in compliance with these requirements.

Recommendation:

We recommend that the County adopt and document a formal process for performing risk assessments over its subrecipients of federal awards in order to determine the frequency and extent of subrecipient monitoring to be performed.

Views of Responsible Officials:

Social Services Agency:

For Programs: Workforce Investment Act (WIA) Cluster – CFDA 17.258, 17.259, 17.278
Temporary Assistance for Needy Families (TANF) – CFDA 93.558
Chafee Foster Care Independence Program – CFDA 93.674
Medical Assistance Program – CFDA 93.778

The SSA agrees with the finding and will apply the Recommendation as a good guideline for the agency to establish a Subrecipient monitoring procedure for performing risk assessments under the new Uniform Guidance. The Financial Services Director is responsible for the corrective action.

The SSA will arrange for Contracts and Finance staff to participate in the Subrecipient Risk Assessment training, which is conducted by Health Care Services Agency and an independent auditor. Throughout the training Social Services Agency will develop a formal procedure and risk assessment evaluation tools

Finding 2016-001 Subrecipient Monitoring (continued)

over its subrecipients to determine the frequency and extent of subrecipient monitoring. Based on that procedure the Contracts staff will perform appropriate monitoring over subrecipients to assure risk assessment goals are achieved and in compliance with the provisions of the Uniform Guidance. The corrective action will be implemented by July 31, 2017.

Health Care Services Agency (Behavioral Health Care Services, Public Health and Administration):

For Programs: HIV Emergency Relief Project Grants – CFDA 93.914
Block Grants for Community Mental Health Services – CFDA 93.958
Block Grants for Prevention and Treatment of Substance Abuse Prevention – CFDA 93.959

Health Care Services Agency has developed, and is in the process of documenting and implementing, a formal subrecipient risk assessment methodology to determine the frequency and extent of subrecipient monitoring activities to be performed. All contract managers in Behavioral Health Care Services, Public Health, and Administration Departments within Health Care Services Agency are engaged in this process.

Completion of written subrecipient monitoring procedures are scheduled for May 31, 2017 and subrecipient risk assessments for September 30, 2017.

Finding 2016-002 Reporting

Program Identification:

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Social Services
Program Name:	Chafee Foster Care Independence Program
CFDA:	93.674
Award Number:	All awards
Award Year:	FYE 6/30/2016

Criteria:

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

> “Reports are to be received on or before the 20^{th} calendar day of the month following the end of the report quarter”

Finding 2016-002 Reporting (continued)

Condition Identified and Perspective:

During our audit we noted that the report for the quarter ended June 30, 2016, was due by July 20, 2016 but not submitted until July 29, 2016.

This is a repeat finding from the County's single audit for the year ended June 30, 2015.

Questioned Costs:

None.

Asserted Cause and Effect:

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

Recommendation:

We recommend that the County develop a process to ensure that information is gathered and summarized in a timely manner in order to meet reporting deadlines. In the event that it is determined that reporting deadlines will not be met, we further recommend that the County coordinate with the State for extensions and obtain written documentation of these extensions.

Views of Responsible Officials:

The County agrees with the finding of late submission of "Outcomes for Non-minor Dependents Child Welfare Youth Existing Foster Care" quarterly report, Form SOC 405X. The SOC 405X report for the quarter ended June 30, 2016 was not filed by the due date due to unexpected staff changes. The Department of Children & Family Services management was aware of the delay later and filed the report. However, the filing due date had been passed.

The Department of Children & Family Services has implemented action plans to avoid late submission of the quarterly report. An Independent Living Program (ILP) Coordinator is primarily responsible for 405X report's data collection, input, and submission to the State by the due date and has developed written instructions for the 405X report process. The department also assigned a Program Specialist to assist the ILP Coordinator in data collection and report preparation. If a new administrative staff takes over this assignment in the future, the ILP Coordinator and the ILP Program Manager will be included in the submission email to assure the report is filed on time. The Financial Services Director is responsible for the corrective action. The corrective action will be implemented by June 30, 2017.

Finding 2016-003 Subrecipient Monitoring

Program Identification:

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Social Services
Program Names:	Chafee Foster Care Independence Program
CFDA:	93.674
Award Number:	All awards
Award Year:	FYE 6/30/2016

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	N/A – Direct Federal Award
Program Names:	HIV Emergency Relief Project Grants
CFDA:	93.914
Award Number:	All awards
Award Year:	FYE 6/30/2016

Criteria:

The Code of Federal Regulations (Title 2, Subtitle A, Chapter II, Part 200, Subpart D, §200.331, Requirements for pass-through entities) states that all pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

Condition Identified and Perspective:

For the Chafee Foster Care Independence Program (CFDA 93.674), the subrecipient's Single Audit report reflected a pass through amount from the County of $497,051, which differed from the County's recorded amount granted to the subrecipient of $781,611. The County's monitoring procedures did not identify the error.

For the HIV Emergency Relief Project Grants (CFDA 93.914), for one out of nine tested subrecipients selected from a population of 40, there were findings included in the Single Audit report provided to the County. However the County's communication letter to the subrecipient stated that the Single Audit report had no findings and hence no follow up action or management decision on the finding was provided to the subrecipient. The sample is not considered statistically valid.

Questioned Costs:

None

Finding 2016-003 Subrecipient Monitoring (continued)

Asserted Cause and Effect:

Internal controls over the review of subrecipient Single Audit reports are not sufficient to address the monitoring requirements outlined in the Federal Code of Regulations.

Recommendation:

We recommend that the County take measures to ensure that subrecipient Single Audit reports are carefully reviewed to verify that reported pass through amounts agree with the County's records and that findings are properly identified and resolved in accordance with monitoring requirements.

Views of Responsible Officials:

For the Chafee Foster Care Independence Program (CFDA 93.674):

The County agrees with the finding and accepts the recommendation. The subrecipient's Single Audit report listed a pass through amount of $497,051 from the County, which is the estimated funding source allocation amount. At the time the County contracted with the subrecipient, the Federal Grant allocation was unknown. Thus, County used an estimated funding source ratio to calculate the Federal Grant portion in the Master Contract Exhibit cover sheet.

In the future, County will take measures to notify subrecipients of Federal Grant final reimbursement amounts for each contract, and carefully review the Schedule of Expenditures of Federal Awards in the subrecipients' Single Audit reports to ensure pass through funding source amounts are accurately reported.

The Financial Services Director is responsible for the corrective action. The corrective action will be implemented by March 31, 2017.

For the HIV Emergency Relief Project Grants (CFDA 93.914):

The department agrees with the finding in part. The subrecipient did provide a corrective action plan and addressed the findings in the Single Audit report, but the County's letter to them mistakenly noted that there were no findings.

The Single Audit review and reporting responsibilities were transferred from the County's central auditing authority to be self-monitored within the various County agencies. Each agency has taken different approaches on the best way to address this responsibility. The Health Care Services Agency centralized the responsibilities within a department. That department coordinates and reviews all financial statements for Single Audit purposes. The findings in the Single Audit report for the subrecipients was mistakenly identified as no findings per prior policies and training. The department has taken measures to update its management findings template for subrecipients with findings and have provided a Corrective Action Plan (CAP). Departments that pass through funding to subrecipients with findings with a CAP are requested to ensure the findings are corrected according to the CAP and included in the subrecipients financial report regarding the "status of prior year findings" in the following year. The department has also partnered with a Certified Public Accounting firm to develop additional guidelines and policies to ensure all requirements from federal funding to subrecipients are met for Single Audit purposes.

For this specific subrecipient, the department that passed through the funding to the subrecipient has resolved the issue that was addressed in the finding.

Finding 2016-003 Subrecipient Monitoring (continued)

A revision to subrecipient monitoring is currently in progress. (See Finding 2016-001) and is being led by the Community-based Organization (CBO) Audit Coordinator in the CBO Audit Review Unit. Additionally, for this specific finding, the Supervising Financial Services Specialist has followed up with the subrecipient ensuring that the corrective action plan is being followed and is expected to be completed prior to the end of the award year.

Finding 2016-004 Procurement, Suspension and Debarment

Program Identification:

Awarding Agency:	United States Department of Health and Human Services
Passed Through:	California Department of Health Care Services
Program Name:	Medical Assistance Program
CFDA:	93.778
Award Number:	13-90009, 14-90005
Award Year:	FYE 6/30/2016

Criteria:

The Code of Federal Regulations (Title 2, Subtitle A, Chapter II, Part 200, Subpart C, §200.213, Suspension and Debarment) states that non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at https://www.sam.gov/portal/public/SAM/, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition Identified and Perspective:

The County enters into Memorandum of Understanding agreements with various Local Educational Consortia (LEC) and Local Governmental Agency (LGA) coordinators to administer its Medi-Cal Administrative Activities (MAA) grants under the Medical Assistance Program. During our audit, we noted that the County does not have a process in place to verify that these entities are not suspended or debarred prior to entering into an agreement with them.

Finding 2016-004 Procurement, Suspension and Debarment (continued)

Questioned Costs:

None.

Asserted Cause and Effect:

Disbursements made to suspended or debarred parties which are claimed under federal awards are not considered to be allowable costs. In not performing verification checks to ensure that contracted parties are not suspended or debarred prior to entering into agreements with them, the County is at risk of claiming unallowable costs for disbursements made to these contracted parties.

Recommendation:

We recommend that the County implement a process to perform preliminary checks to verify that external parties are not suspended or debarred before entering into agreements with them. We further recommend that the County maintain documentary evidence of this process in its records.

Views of Responsible Officials:

We agree with the Auditor's recommendation to perform preliminary checks to verify that external parties are not suspended or debarred before entering into agreements with them.

The MAA LGA Coordinator will lead the new process of adding an Addendum to the current MOU contract, for participating agencies to confirm that their business is neither suspended nor debarred. The MAA LGA Coordinator will present the Addendum to participating agencies and request for the signed Addendums back by April 30, 2017.

County of Alameda
Status of Prior Year Findings
For the Year Ended June 30, 2016

Finding No.	Compliance Requirement and CFDA Number(s)	Status
Financial Statement Findings:		
	None reported.	
Federal Awards Findings:		
2015-001	Reporting (CFDA No: 93.674)	Repeated. See finding 2016-002.
2015-002	Eligibility (CFDA No: 93.674)	Corrected.

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.

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INSPIRING CREATIVE COMMUNITIES
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INSPIRANDO COMUNIDADES CREATIVAS
प्रेरणादायक रचनात्मक समुदाय
DAMIHAN ANG MGA MAGBABASA AT SABIK MATUTO
令人振奮和富有創造力的社區
창의적 커뮤니티 격려


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