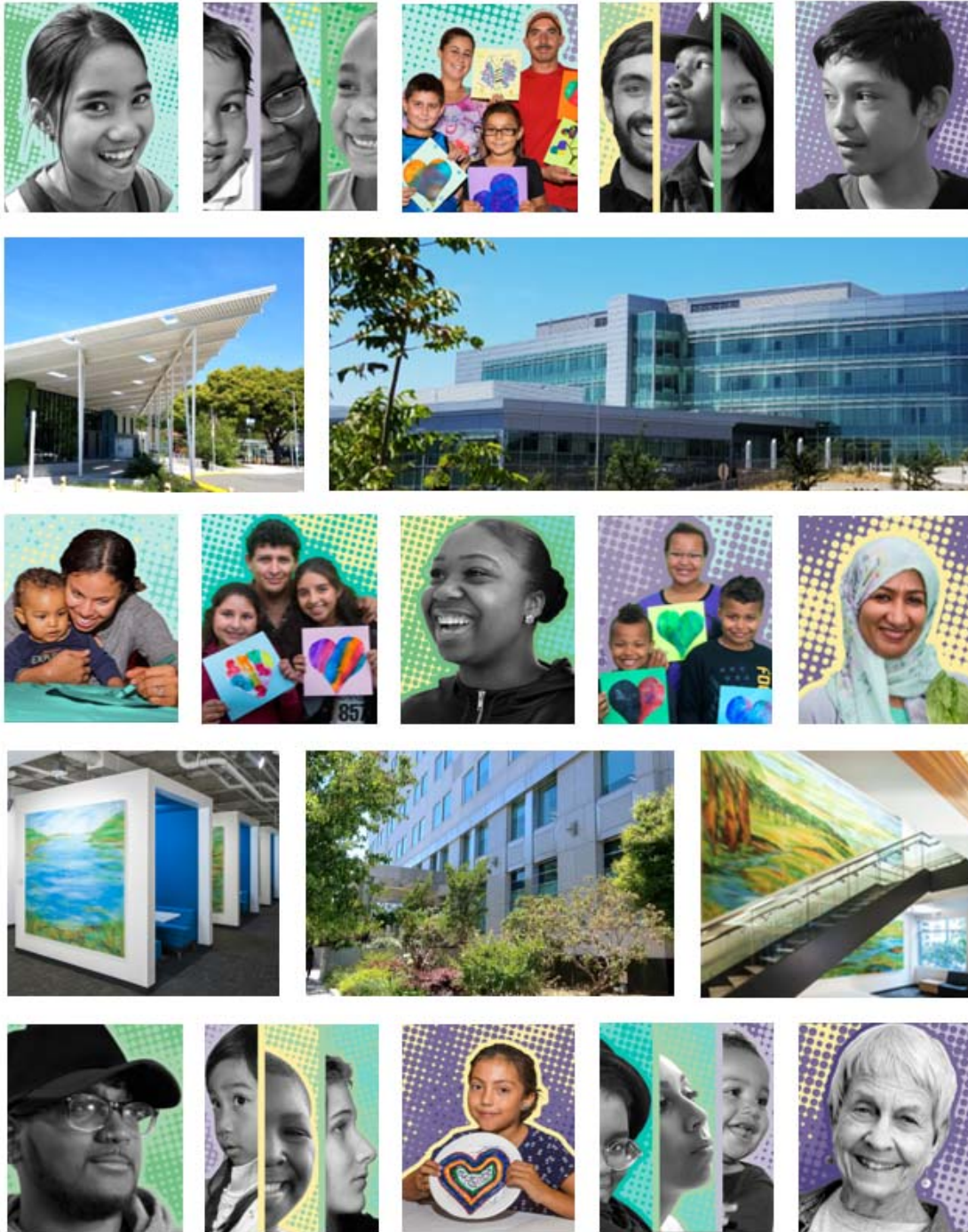


COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018



County of Alameda, California



Through the support and shared vision of New Beginnings, Alameda County Arts Commission's 100 Families program conducted family art making workshops. Images celebrate the diversity of Alameda County and feature local residents making art and engaging in healthy activities. Images of buildings include San Lorenzo Library, East County Hall of Justice, and 1111 Jackson Street with images of artwork created by Jane Norling.

Steve Manning, Auditor-Controller

COUNTY OF ALAMEDA STATE OF CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Year Ended
June 30, 2018**

**Steve Manning
Auditor-Controller**

COUNTY OF ALAMEDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	viii
Elected and Appointed Public Officials	ix
Organization Chart	x
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position – Proprietary Funds	23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Statement of Fiduciary Net Position – Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	27
Notes to Basic Financial Statements	
(1) Summary of Significant Accounting Policies	28
(2) Cash and Investments	41
(3) Receivables	55
(4) Loans Receivable	55
(5) Capital Assets	56
(6) Accounts Payable and Accrued Expenditures/Expenses	59
(7) Long-Term Obligations	60
(8) Operating Lease Obligations	64
(9) Fund Deficits	64

COUNTY OF ALAMEDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	Page
(10) Fund Balances	65
(11) Restricted Net Position	66
(12) Interfund Receivables, Payables, and Transfers	66
(13) Defined Benefit Pension Plan – ACERA	68
(14) Defined Benefit Pension Plan – Alameda County Fire District (ACFD)	72
(15) Other Postemployment Benefits – ACERA	77
(16) Other Postemployment Benefits – ACFD	81
(17) Joint Venture	86
(18) Alameda Health System Discretely Presented Component Unit	89
(19) Self-Insurance and Contingencies	93
(20) Alameda County Redevelopment Successor Agency Private-Purpose Trust Fund	96
(21) Restatement of Beginning Net Position	98
(22) Subsequent Event	99
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios	101
Schedule of Changes in the Net Pension Liability and Related Ratios	102
Schedule of County Contributions – Pension Plans	103
Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios	105
Schedule of Changes in the Net OPEB Liability and Related Ratios	105
Schedule of County Contributions - OPEB Plans	106
Budgetary Comparison Schedules	
General Fund	108
Property Development Special Revenue Fund	109
Flood Control Special Revenue Fund	110
Notes to Required Supplementary Information	111
Combining Financial Statements and Other Supplementary Information	
Budgetary Comparison Schedule - Capital Projects Fund	114
Combining Balance Sheet – Non-major Governmental Funds	116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds	119
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Fish and Game - Special Revenue Fund	122
Road - Special Revenue Fund	123
County Library - Special Revenue Fund	124

COUNTY OF ALAMEDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	Page
Library Special Taxing Zone - Special Revenue Fund	125
Health Services - Special Revenue Fund	126
Fire - Special Revenue Fund	127
Recovery Grants - Special Revenue Fund	128
Lighting - Special Revenue Fund	129
Public Ways and Facilities - Special Revenue Fund	130
Dublin Library - Special Revenue Fund	131
Police Protection - Special Revenue Fund	132
Combining Statement of Net Position – Internal Service Funds	134
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	135
Combining Statement of Cash Flows – Internal Service Funds	136
Combining Statement of Fiduciary Net Position - Pension, OPEB, and Other Employee Benefits Trust Funds	138
Combining Statement of Changes in Fiduciary Net Position – Pension, OPEB, and Other Employee Benefits Trust Funds	139
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	140
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	141
Schedule by Function and Type	142
Schedule of Changes by Function	143
 STATISTICAL SECTION	
Financial Trends	
Net Position by Component – Last Ten Fiscal Years	146
Changes in Net Position – Last Ten Fiscal Years	147
Fund Balances of Governmental Funds – Last Ten Fiscal Years	148
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	149
Revenue Capacity	
Assessed Value of Taxable Property – Last Ten Fiscal Years	150
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	151
Principal Property Taxpayers – Current Year and Nine Years Ago	152
Property Tax Levies and Collections – Last Ten Fiscal Years	153
Debt Capacity	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	154

COUNTY OF ALAMEDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	Page
Ratios of General Bonded Debt Outstanding	155
Estimated Direct and Overlapping Bonded Debt	156
Legal Debt Margin Information – Last Ten Fiscal Years	158
Pledged-Revenue Coverage – Last Ten Fiscal Years	159
Economic and Demographic Information	
Demographic and Economic Statistics – Last Ten Fiscal Years	160
Principal Employers - Current Year and Nine Years Ago	161
Operating Information	
Full-time Equivalent Employees by Function – Last Ten Fiscal Years	162
Operating Indicators by Function – Last Ten Fiscal Years	163
Capital Assets Statistics by Function – Last Ten Fiscal Years	164



INTRODUCTORY SECTION



ALAMEDA COUNTY
AUDITOR-CONTROLLER AGENCY
STEVE MANNING
AUDITOR-CONTROLLER/CLERK-RECORDER

December 21, 2018

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

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

The Comprehensive Annual Financial Report (CAFR) of Alameda County (the County) for the year ended June 30, 2018, is hereby submitted in compliance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California.

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

The CAFR has been audited by the independent certified public accounting firm of Macias Gini & O'Connell LLP. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the County of Alameda for the year ended June 30, 2018, are free of material misstatements. The independent certified public accounting firm has issued an unmodified ("clean") opinion on the County's financial statements for the year ended June 30, 2018.

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

In addition to the annual audit of this CAFR, the County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the 1996 amendments to that act, and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Information related to the single audit, including the schedule of expenditures of federal awards, findings and questioned costs, and the auditor's report on the internal control and compliance with applicable laws and regulations, is presented in a separate publication.

The CAFR includes all funds of the County. The County provides a full range of services, including public protection; social services; health care for the indigent; construction and maintenance of highways, streets and other infrastructure; recreational activities; library services and cultural events. In addition to general government activities, this CAFR includes activities of the Alameda Health System (as a discretely presented component unit), the Alameda County Employees' Retirement Association, the Alameda County Redevelopment Successor Agency, and certain special districts, financing authorities, and county service areas. The Oakland-Alameda County Coliseum Authority, which includes the Oakland-Alameda County Coliseum Financing Corporation as its blended component unit, is a joint venture between the County and the City of Oakland, each funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements, to the extent such funding is necessary. Finally, information about the Master Tobacco Settlement Corporation is included (as a blended component unit).

Central Collections Division

1221 Oak St., Rm. 220
Oakland, CA 94612
Tel: (510) 208-9900
Fax: (510) 208-9932

Office of the Auditor-Controller

Melissa Wilk, Chief Deputy Auditor
1221 Oak St., Rm. 249
Oakland, CA 94612
Tel: (510) 272-6565
Fax: (510) 272-6502

Clerk-Recorder's Office

1106 Madison St., 1st Floor
Oakland, CA 94607
Tel: (510) 272-6362
Fax: (510) 208-9858

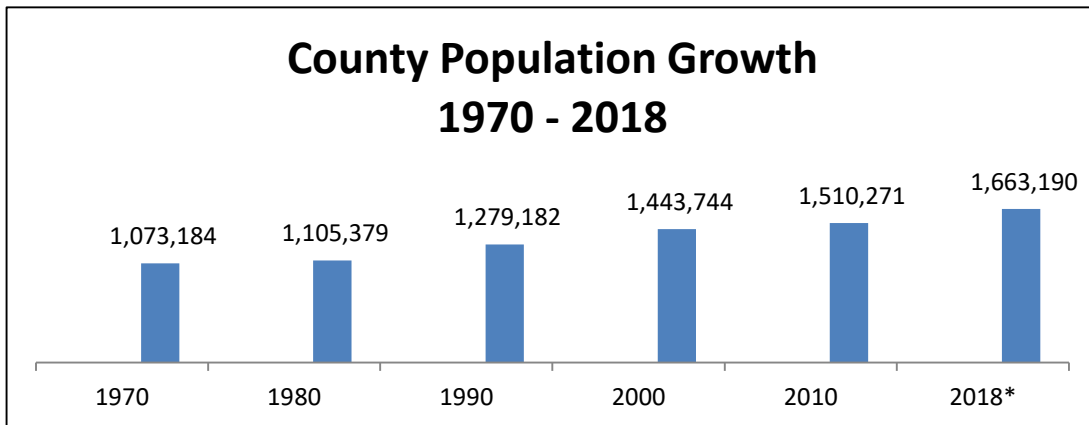
ALAMEDA COUNTY

Profile of Government:

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

Local Economy:

Located on the east side of the San Francisco Bay, Alameda County encompasses 813 square miles and extends from Albany in the North to Fremont in the South and Livermore in the East. The population of Alameda County exceeds 1.6 million making it the seventh most populous county in California according to U.S. Census Bureau data. Population growth in Alameda County has been fairly consistent during the last forty years making it a desirable place to live and work.



Source U.S. Census

* Estimate based on U.S. Census 2010 Benchmark

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

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

The Port of Oakland serves an essential role for the agricultural and manufacturing sectors of the California economy. California farm products, such as fruits, nuts, vegetables, rice, and raw cotton are exported through the Port of Oakland, as are other products, including animal feed, chemicals, lumber, recycled paper, and scrap metal. The Port loads and discharges more than 99% of the containerized goods moving through Northern California. It was ranked eighth on the annual ranking of the 2018 Top 20 U.S. Ports by import volume, measured in twenty-foot equivalent units (TEUs) of containerized cargo for 2017. In 2017, the Port recorded 880,821 TEUs with a value of \$46.05 million which was an increase of 2.34% and 4.26% respectively compared to 2016.

Oakland International Airport (OAK), owned and operated by the Port of Oakland, is a passenger, cargo and general aviation airport located on approximately 2,600 acres of land. It is California’s fourth largest airport, with more than 11 million passengers passing through its gates every year. In 2017, over 13

million passengers flew to or from Oakland, up 8.3 percent from 2016. The airport completed several infrastructure changes to manage the growth of its traffic, including a \$45 million upgrade to its International Arrivals Building and renovation of its Terminal 1 facilities. It also resurfaced its \$67 million primary commercial runway project.

In addition, the Port oversees approximately 837 acres of land along the Oakland Estuary that is not used for maritime or aviation purposes. The commercial real estate properties on this land serve a number of uses including warehouses, parking lots, hotels, offices, shops, restaurants, public parks and open space.

The Livermore Valley is home to one of California's oldest wine regions with a rich winemaking tradition dating back to 1840. Capturing America's first international gold medal for wine in 1889 at the Paris Exposition thus putting California on the world wine map, Livermore Valley currently has 50 plus wineries and more than 5,000 acres of vineyards. Wineries vary in size from limited release, 100-case special reserves to 400,000-case mass produced operations. The region's climate is ideal for producing fully ripened, balanced grapes for winemaking. The Livermore Valley's long and rich tradition of winemaking makes it a true tourist destination for wine lovers.

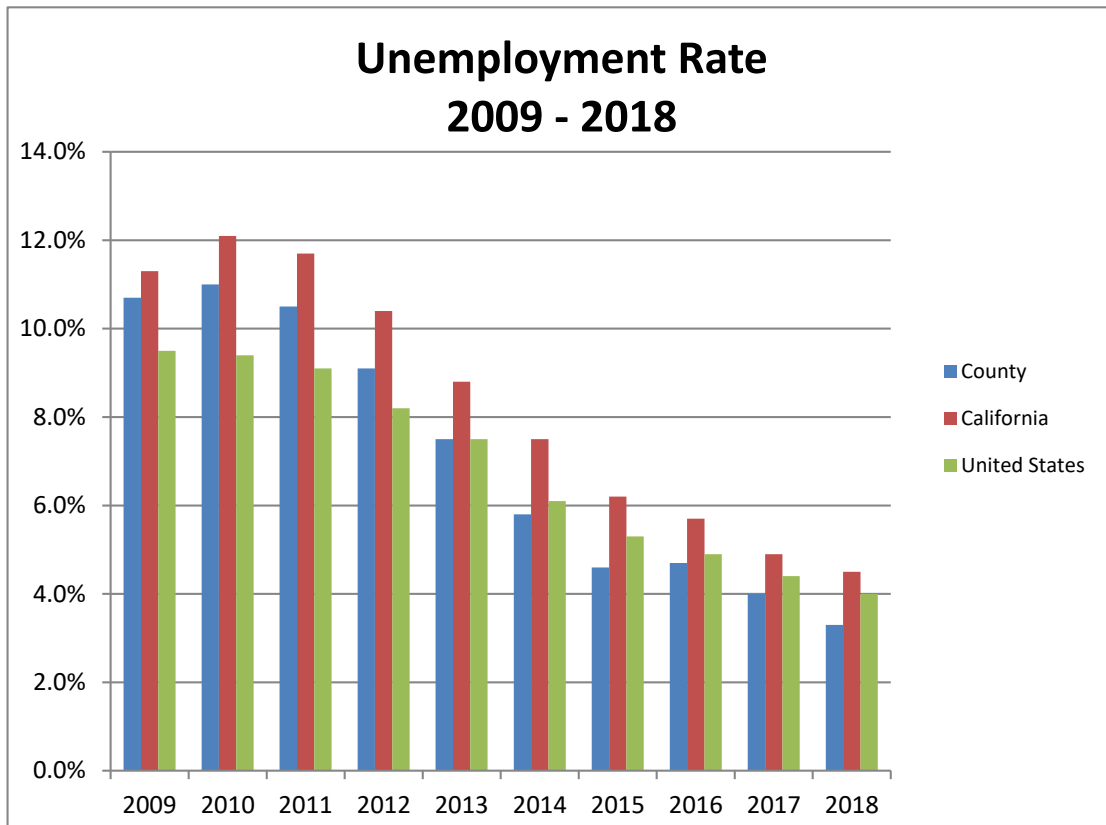
Alameda County is also the home of Ernest Orlando Lawrence Berkeley National Laboratory and Lawrence Livermore National Laboratory. Both sites are world-renowned scientific centers, where cutting-edge science and engineering are used to break new ground to enhance national security. Other areas of research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

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

A number of major freeways, bridges, the Alameda-Contra Costa Transit District (AC Transit), and the San Francisco Bay Area Rapid Transit District (BART) provide the County with a modern and efficient transportation system. For fiscal year 2018, annual ridership for AC Transit was 51.8 million while BART estimated 126 million.

ECONOMIC OUTLOOK

The California economy continues to expand after recovering from the depths of the Great Recession. However, unemployment in California continues to be higher than the nationwide average. The United States Bureau of Labor Statistics show that nationally, the unemployment rate was at 4.0 percent in June 2018, down from 4.4 percent in June 2017. However, unemployment in California stood at 4.5 percent in June 2018, down from the June 2016 rate of 4.9 percent. In Alameda County, the unemployment rate decreased from 4.0 percent in June 2017 to 3.3 percent in June 2018. These numbers reflect a positive trend and place Alameda County below the national average, demonstrating the impact of an improving economy.



Source: Bureau of Labor Statistics

The UCLA Anderson School of Business anticipates California's unemployment rate to remain higher than the U.S. rate and be at 4.3 percent in 2020 as a consequence of a younger and more entrepreneurial workforce.

The State of California has passed eight consecutive on-time budgets, kept its spending in line with revenues, and fully filled its Rainy Day Fund which had a positive impact as the County of Alameda's ability to provide essential services to its most vulnerable population. Out of the \$138.7 billion State General fund budget for FY 2019, over \$700 million was set aside specific to counties to address homelessness and build affordable housing. In addition, counties are given additional funding to provide mental health treatment and implement the Continuum of Care Reform, which is a California child welfare initiative with the goal of improving outcomes for youth in foster care.

On July 2, 2018, the Board of Supervisors adopted a budget for the 2018 – 2019 Fiscal Year by closing a \$65.9 million funding gap compared to last year's \$108.5 million through a combination of spending reductions, revenue increases and the use of Fiscal Management Reward (FMR) program savings. The final budget was balanced with \$31.4 million in ongoing strategies and \$34.5 million in one-time strategies, with most of the one-time saving coming from the FMR.

California continues to be among the least affordable states in the nation for housing. In Alameda County, only 16 percent of residents can afford the typical home. Economists for the California Association of Realtors forecast an expected rise in interest rates and a lack of affordable housing to push more prospective buyers out of the market. Across the Bay Area, the strong economy coupled with lack of new housing has led to record prices. CoreLogic reports median home price sales have risen 19 percent from May 2017 to May 2018. This represents an increase in the median price of Alameda County sales to \$950,000 – a record for the county.

The leadership of Alameda County continues to employ sound fiscal judgment to address the severe economic issues it is facing. In the last three fiscal years, Alameda County has closed budget gaps totaling \$246.6 million while still providing essential services to the citizens of Alameda County.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Partnerships and collaboration have played a key role in helping the County to close a \$65.9 million funding gap.

The Assessor's Office timely submitted the 2017 – 2018 local assessment roll of \$280.2 billion reflecting assessments of more than 508,000 taxable properties. The 6.7 percent roll increase from 2016 – 2017 is primarily attributed to the continued recovery in real estate market values.

In February 2018, the County's credit was upgraded to the highest possible AAA rating by Standard and Poor's (S&P) Global Ratings, matching continued AAA ratings from Fitch Ratings and Moody's Investors Service. The County is now one of the only two California counties, along San Diego County, to attain this rare "triple-triple" designation from each of the big 3 credit rating agencies. This is due in large part to long-standing financial management policies enacted by the Board that enabled the County to borrow funds at lower interest rates.

The County partnered with 332 different community-based organizations to deliver nearly \$558 million in economic assistance, job training, housing, substance abuse treatment, behavioral, physical and dental health care, crime victim assistance, and many other services. Without these partnerships, services would be less accessible to serve the specific needs of our unique and diverse communities.

The County agencies and departments are all contributing to the ongoing leadership in reducing greenhouse gas emissions. With 4.7 megawatts of onsite solar generation, Alameda County facilities generate the most solar energy of any local government in the country. Over the past year, the County installed 1.7 megawatts of new solar panels at Santa Rita Jail, along with the 400,000 sq. ft. of cool roofing to save energy. Employees have access to 339 all-electric vehicle charging ports at its facilities, with 106 available to the public.

The County's Public Health Department led a school immunization outreach program which won national honors for helping to spur the largest improvement in immunization rates in local schools in the state. It also helped the County reach its highest-ever kindergarten immunization rate, 97.2 percent.

The County launched East Bay Community Energy (EBCE), a community-governed regional energy authority. It became the official energy provider for the unincorporated County and 11 local cities in June 2018. Businesses in these areas have been automatically enrolled to receive energy, while the residential customers were enrolled in November 2018 with EBCE, which focuses on providing electricity primarily from renewable solar, wind and geothermal sources and on seizing opportunities for local economic development.

The County is expected to complete construction of the Cherryland Community Center in 2019. The \$22 million project will provide much needed recreation and gathering space in Cherryland community near Hayward.

The County will continue to lead regional efforts to address the housing crisis created by soaring home prices and continued scarcity of affordable housing. \$240 million from the first tranche of financing is included in the budget to implement the Measure A1 Affordable Housing General Obligation Bond program that was approved by over 70% of the voters in November 2016. This will provide opportunities to assist renters, new homeowners and residents at risk of losing their homes.

RELEVANT FINANCIAL POLICIES

Internal Control: The management of the County is responsible for establishing and maintaining adequate internal control to assure that County operations are effective and efficient, applicable laws and regulations are followed, and financial reports are reliable. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable

assurance recognizes that the cost of internal control should not exceed the benefit likely to be derived, and that cost-benefit analyses require estimates and judgment by management.

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

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

Pension and Other Postemployment Benefits (OPEB) Trust Fund Operations: County employees' pension and OPEB are managed under trust by ACERA, except Fire Department employees, who are managed under two pension plans and one OPEB plan by CalPERS. ACERA and CalPERS Miscellaneous Risk Pool are cost-sharing multiple-employer defined benefit pension plans and as such all risks and costs are shared by the participating employers within the plans. In addition, CalPERS OPEB and Safety pension plans are agent multiple-employer defined benefit plans and as such plan assets are maintained separately for each individual employer to pay the benefits of its employees. All plans operate independently outside the control of the County Board of Supervisors. Pension benefits are the only vested benefits and all other postemployment benefits (healthcare, COLA and death benefits) are not vested.

The County's funding objective for its pension plans is to fund long-term pension liabilities through contributions and investment income. Total contributions of \$336.4 million, net investment gain of \$1.31 billion, and miscellaneous income of \$.8 million, combined for a net increase of \$1.37 billion. Of the total contributions of \$336.4 million, the employers' share was \$247.1 million while the employees' share was \$89.3 million. Total contributions increased by \$9 million compared with \$19.9 million increase the previous year. For calendar year 2017, overall change to plan net position was an increase of \$1.1 billion, compared to \$324.9 million increase in calendar year 2016.

In fiscal year 2015, the Board of Supervisors authorized the establishment of a Pension Liability Reduction Account (PLRA), a commitment of fund balance in the general fund, and the initial transfer of \$200 million from County reserves to reduce the ACERA net pension liability. Since then, \$332 million has been transferred which increased the PLRA balance to \$532 million. This significantly improved the funded ratio from 76.41% to 84.45%.

Alameda County is one of the few counties within the State of California that has adopted Article 5.5 of the County Employees Retirement Law of 1937, which requires 50 percent of investment earnings in excess of the actuarially assumed rate of return from pension to be transferred to the Supplemental Retirees Benefits Reserve (SRBR). The SRBR funds other postemployment healthcare benefits for ACERA members. CalPERS members are funded on a pay-as-you-go basis in a separate plan. The postemployment healthcare benefits payments for calendar year 2017 was \$37.9 million, an increase of \$3 million or 8.6 percent over the prior year.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Alameda for its Comprehensive Annual Financial Report for the year ended June 30, 2017. The County has received this prestigious award for thirty four consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate is valid for a period of one year only. The County believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and the County is submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

A handwritten signature in cursive script that reads "Steve Manning".

Steve Manning
Auditor-Controller
of Alameda County



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Alameda
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

COUNTY OF ALAMEDA, CALIFORNIA
ELECTED AND APPOINTED PUBLIC OFFICIALS

As of June 30, 2018

ELECTED OFFICIALS

Board of Supervisors

Scott Haggerty	District 1
Richard Valle	District 2
Wilma Chan	District 3
Nathan Miley	District 4
Keith Carson	District 5

Department Heads

Ron Thomsen	Assessor
Steve Manning	Auditor-Controller/Clerk-Recorder
Nancy E. O'Malley	District Attorney
Gregory J. Ahern	Sheriff-Coroner-Public Administrator
Henry C. Levy	Treasurer-Tax Collector

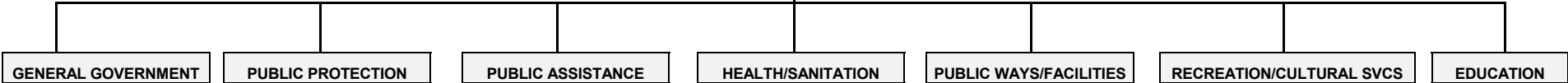
APPOINTED DEPARTMENT HEADS

Susan S. Muranishi	County Administrator
Anika Campbell-Belton	Clerk, Board of Supervisors
Christopher Bazar	Director, Community Development
Rob Bennaton	Director, Cooperative Extension
Donna R. Ziegler	County Counsel
David A. Rocha	Fire Department
Willie A. Hopkins, Jr.	Director, General Services
Colleen Chawla	Director, Health Care Services
Joseph M. Angelo	Director, Human Resource Services
Timothy Dupuis	Chief Information Officer
Cynthia L. Chadwick	County Librarian
Wendy Still	Chief Probation Officer
Brendon D. Woods	Public Defender
Daniel Woldesenbet	Director, Public Works
Timothy Dupuis	Registrar of Voters
Lori A. Cox	Director, Social Services
Phyllis Nance	Director, Child Support Services

COUNTY OF ALAMEDA ELECTORS

BOARD OF SUPERVISORS

COUNTY ADMINISTRATOR



GENERAL GOVERNMENT

Clerk, Board of Supervisors
 AUDITOR-CONTROLLER*
 ASSESSOR*
 TREASURER-TAX COLLECTOR*
 County Counsel
 Human Resources
 Public Works
 General Services
 Registrar of Voters
 Information Technology

PUBLIC PROTECTION

COUNTY CLERK-RECORDER*
 DISTRICT ATTORNEY*
 SHERIFF-CORONER-PUBLIC ADMINISTRATOR*
 Probation Officer
 Public Defender
 Housing and Community Development
 Planning
 Agriculture/Weights and Measures
 Child Support Services
 Fire Department

PUBLIC ASSISTANCE

Social Services
 Public Guardian

HEALTH/SANITATION

Health Care Services

PUBLIC WAYS/FACILITIES

Road and Bridge Maintenance

RECREATION/CULTURAL SVCS

Veterans' Memorial Buildings

EDUCATION

County Library
 Cooperative Extension

* Elected Officials



FINANCIAL SECTION



Independent Auditor’s Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alameda, California (County) as of and for the year ended June 30, 2018, 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 (AHS), 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, 2018.

Opinion Unit	Assets and Deferred Outflows	Net Positions/ Fund Balances	Revenues/ Additions
Aggregate remaining fund information	67%	70%	15%
Discretely presented component unit	100%	100%	100%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for ACERA and AHS, 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 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, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of a New Accounting Pronouncement

As discussed in Note 1(G) to the financial statements, effective as of July 1, 2017, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors.

In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, 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 solely 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 the effectiveness of the County's 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

Walnut Creek, California
December 21, 2018

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018

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, 2018. 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 \$1,716,075 (net position). Of this amount, \$814,964 is restricted for specified purposes and is not available to meet the government's ongoing obligations to citizens and creditors, \$737,186 is net investment in capital assets, and the remaining unrestricted net position totals \$163,925.
- The government's total net position increased for fiscal year 2018 by \$114,120, an increase of 7.1 percent over the prior fiscal year. Total revenue increased \$104,846 which includes increases in most of the revenue sources. Total expenses increased \$103,993 or 4 percent over the prior fiscal year.
- As of June 30, 2018, the County's governmental funds reported a combined ending fund balance of \$2,896,727, an increase of \$470,556 in comparison with the prior year. Unassigned fund balance of \$134,850 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 \$134,850 or 5.6 percent of total general fund expenditures of \$2,406,218.
- The County's gross long-term obligations, excluding unamortized premiums and discounts, increased by \$124,050 during the fiscal year 2018 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

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018

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 but earned and 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 17-18 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 19-22 of this report.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018

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 23-25 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 26-27 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 28-99 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 101-111 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 113-140 of this report. Budgetary comparisons for the County's capital projects and non-major special revenue funds are also presented.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018

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 \$1,716,075 at June 30, 2018.

A portion of the County's net position, \$737,186 or 43 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, 2018 and 2017

	Governmental	
	Activities	
	<u>2018</u>	<u>2017</u>
Assets:		
Current and other assets	\$ 3,624,963	\$ 3,116,678
Capital assets	1,817,609	1,815,705
Total assets	<u>5,442,572</u>	<u>4,932,383</u>
Deferred outflows of resources	<u>606,618</u>	<u>606,759</u>
Liabilities:		
Current liabilities	533,312	523,821
Long-term liabilities	3,358,671	3,212,342
Total liabilities	<u>3,891,983</u>	<u>3,736,163</u>
Deferred inflows of resources	<u>441,132</u>	<u>89,773</u>
Net position:		
Net investment in capital assets	737,186	796,142
Restricted	814,964	801,958
Unrestricted	163,925	115,106
Total net position	<u>\$ 1,716,075</u>	<u>\$ 1,713,206</u>

Current and other assets increased \$508,285 from prior year primarily due to net increases of cash and investment balances of \$521,535 from improved property taxes and grant revenues and an increase of \$35,853 for outstanding receivables. This is offset by a decrease of \$57,148 due from Alameda Health System.

Deferred outflows of resources decreased \$141 due to the change in value for the pension and OPEB deferred outflows of resources.

Current liabilities increased \$9,491 primarily due to an increase of \$24,764 in unearned revenues and \$14,004 due to Alameda Health System and a decrease of \$25,173 in bonds payable due to the repayment of the pension obligation bonds.

COUNTY OF ALAMEDA, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018**

Long-term liabilities and deferred inflows of resources increased \$146,329 and \$351,359, respectively, primarily due to the change in value for the net pension/OPEB liability and related deferred inflows and outflows of resources. The increase in the net pension liability in long-term liabilities was supplemented by the net increase in long-term debt due to new debt issuances offset by annual redemptions.

A portion of the County's net position, \$814,964, represents resources that are subject to external restrictions as to how they may be used. As of June 30, 2018, the County has a balance of \$163,925 in unrestricted net position.

The County's net position increased by \$114,120 during the fiscal year 2018 versus \$113,267 for fiscal year 2017. As compared to last fiscal year, expenses increased by \$103,993. Operating and capital grants and contributions increased \$38,402 over fiscal year 2017 and charges for services decreased \$18,706. General revenues increased by a total of \$85,150.

**County of Alameda
Changes in Net Position
For the Years Ended June 30, 2018 and 2017**

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 586,081	\$ 604,787
Operating grants and contributions	1,716,652	1,644,159
Capital grants and contributions	17,365	51,456
General revenues:		
Property taxes	580,500	530,322
Sales taxes - shared revenues	69,692	64,175
Other taxes	41,970	37,222
Interest and investment income	22,880	7,443
Other	37,945	28,675
Total Revenues	<u>3,073,085</u>	<u>2,968,239</u>
Expenses:		
General government	188,361	175,232
Public protection	1,025,266	991,438
Public assistance	746,760	732,600
Health and sanitation	831,984	812,264
Public ways and facilities	61,309	47,969
Recreation and cultural services	719	665
Education	30,695	21,110
Interest on long-term debt	73,871	73,694
Total expenses	<u>2,958,965</u>	<u>2,854,972</u>
Change in net position	114,120	113,267
Net position - beginning of period, as previously reported	1,713,206	1,542,232
Cumulative effect of restatements	(111,251)	57,707
Net position - beginning of period, as restated	<u>1,601,955</u>	<u>1,599,939</u>
Net position - end of period	<u>\$ 1,716,075</u>	<u>\$ 1,713,206</u>

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018

Governmental activities

Governmental activities increased the County's net position by \$114,120.

Operating grants and contributions increased \$72,493 during the year. The increase is primarily due to an increase of \$16,021 in state and local general government programs, an increase of \$45,957 in federal and state health programs, and \$7,473 in federal and state public protection programs.

Capital grants and contributions decreased \$34,091. Significant projects include state funding of \$9,018 for the East County Hall of Justice construction, a decrease of \$33,894 from the prior year, and federal funding of \$8,110 for the Acute Tower Replacement project, an increase of \$26 from the prior year. Other projects include federal funding of \$237, a decrease of \$223 from the prior year.

Charges for services decreased \$18,706 or 3 percent from fiscal year 2017. The County earned lower charges for services because there were sales of land in 2017 totaling \$11,957 while no land sales occurred in 2018. Election services decreased \$10,602 due to no local elections being held during the fiscal year.

General revenues increased by \$85,150 or 13 percent overall in the fiscal year 2018.

- Property tax revenues increased by \$50,178 or 9 percent due to a strong assessment roll growth.
- Sales and use tax revenue increased by \$5,517 or 9 percent due to an improving economy.
- Other taxes increased \$4,748 or 13 percent due to increases in property transfer taxes and utility user taxes.
- Interest and investment income increased by \$15,437 or 207 percent. The increase was primarily due to increased rates of return on investments.
- Other revenue increased \$9,270 or 32 percent. The increase was primarily due to \$3,676 in additional tobacco tax settlement receipts, an increase of \$2,734 due to interest earned from agency funds, and an increase of \$1,106 due to higher claims on unclaimed monies.

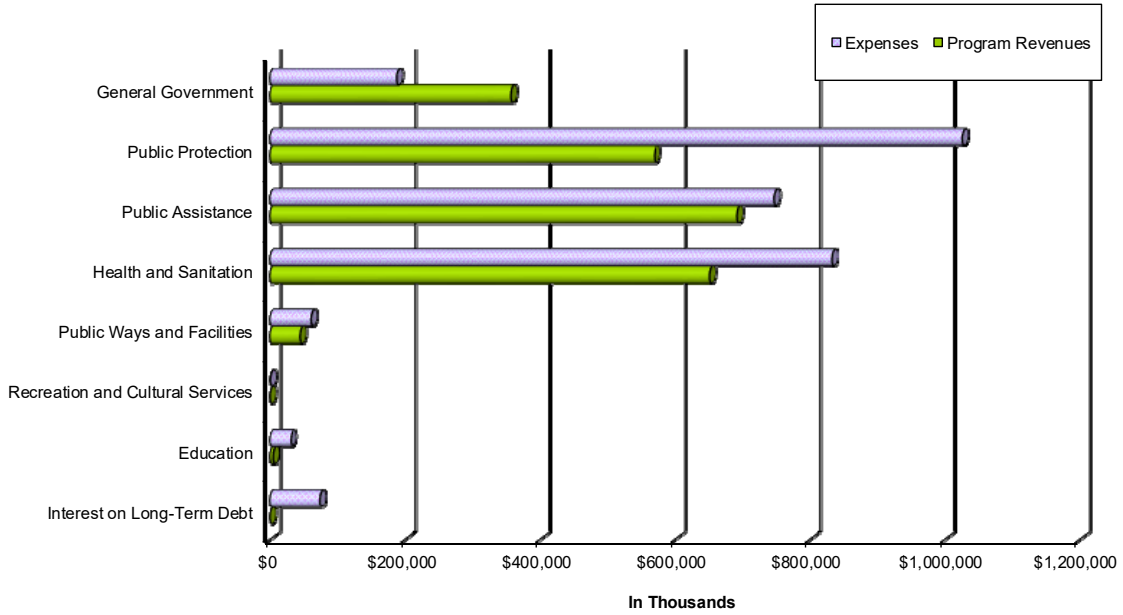
Expenses related to governmental activities increased \$103,993 during fiscal year 2018. OPEB expenses increased \$14,615 based on the GASB 75 actuarial valuation.

- Public protection had an increase of \$14,711 for the Probation administration and adult services as well as to fund local community realignment programs. Flood control also increased \$5,842 due to increased salaries and services for Zone 7 flood control services. Fire department has an increase of \$9,023 due to increase salaries and services for Zone 1 and countywide fire districts.
- Public assistance had an increase of \$10,947 for welfare assistance payments. Welfare administration also increased \$2,976 due to increased contract service expenditures for welfare administration services.
- Health and sanitation expenses increased \$19,720 due to increases in salaries and services for medical care financing and behavioral health care offset by health care services administration.

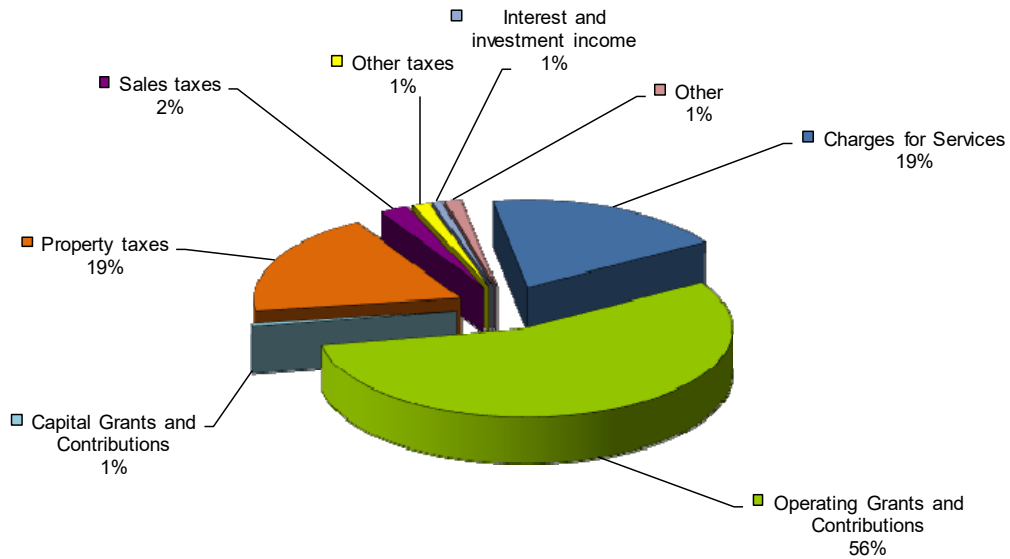
COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Amounts expressed in thousands)
 JUNE 30, 2018

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018

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, 2018, the County's governmental funds reported combined ending fund balances of \$2,896,727, an increase of \$470,556 or 19 percent as compared to fiscal year 2017. Approximately 5 percent of this total amount (\$134,850) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance consists of nonspendable (\$6,545), restricted (\$873,734), committed (\$1,676,506), or assigned (\$205,092).

Revenue for governmental funds overall totaled \$3,086,139 for the fiscal year 2018, which represents an increase of \$114,739 or 4 percent from the fiscal year 2017. Expenditures for governmental funds, totaling \$2,950,643, increased by \$97,768 from the fiscal year 2017. The governmental funds' revenues exceeded expenditures by \$135,496 or 5 percent.

The general fund is the primary operating fund of the County. At the end of fiscal year 2018, the unassigned fund balance of the general fund was \$134,850, while total fund balance was \$1,682,421. 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 5.6 percent of total general fund expenditures of \$2,406,218, while total fund balance represents 70 percent of that same amount.

General fund revenues increased by \$124,859 or 5 percent to due to the following factors:

- Taxes revenue increased by \$49,860 or 10 percent. Property tax revenue increased \$40,867 due to a strong assessment roll growth. Sales tax revenue increased \$4,811 due to a growing economy.
- Federal aid increased by \$14,459 or 3 percent. This was mainly due to an increase of \$22,205 in federal health programs due to a full fiscal year of grant revenues for the Whole Person Care program. This increase was offset by a decrease of \$10,266 in medical care financing.
- Other Aid increased by \$56,424 or 92 percent. The increase was primarily due to \$53,398 in matching contributions for federal grant awards.
- Charges for services decreased by \$11,632 or 4 percent. Decrease was due to \$1,706 in medical charges due to decrease in utilization. In addition, election services revenue decreased \$10,603 as no local election was held during the fiscal year.

COUNTY OF ALAMEDA, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018**

- Other revenue increased by \$9,590 or 17 percent, primarily due to \$3,676 in additional tobacco tax settlement receipts, an increase of \$2,734 due to interest earned from agency funds, and an increase of \$1,106 due to higher claims on unclaimed monies.

General fund expenditures increased by \$127,376 from fiscal year 2017, totaling \$2,406,218. Overall, the general fund's performance resulted in revenues exceeding expenditures in the fiscal year 2018, by \$256,407. In fiscal year 2017, the general fund revenues exceeded expenditures by \$258,924.

The property development fund total fund balance was \$613,198. 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 2018 was \$232,923, primarily due to proceeds from sale of land.

The fund balance in the flood control fund increased in 2018 from \$202,173 to \$214,012. Revenue increased by \$5,513 mainly due to increased tax revenues and decreased services and supplies for Districts 5 and 6.

The capital projects fund has a total fund balance of \$65,596, an increase of \$24,894 from fiscal year 2017. The increase was primarily attributable to the transfer of bond proceeds for construction costs for the Acute Care Tower, the East County Courthouse, and the Santa Rita Jail access and disability upgrades and security system projects.

The fund balance in the debt service fund decreased \$30,272 from \$63,646 to \$33,374 due to pay down of existing debt.

Proprietary funds

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

The net position of the internal service funds increased \$715 in 2018 with an operating income of \$7,638. This was primarily due to a net transfers out of \$8,141 for debt service, energy loans and leases, 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, 2017, ACERA's fiscal year-end, the net position of ACERA and the other employee benefits trust totaled \$8,114,618 representing an increase of \$1,146,316 in net position from the prior year's net position. The increase was largely attributable to an increase in fair value of investments as of December 31, 2017.

As of June 30, 2018, the investment trust fund's net position totaled \$3,177,023, a \$207,308 increase in net position. The increase in net position of the investment trust fund was due to contributions exceeding withdrawals to the fund by \$183,159, plus net investment income of \$24,149.

The private-purpose trust fund includes the redevelopment non-housing successor agency, public guardian, and Court Wards & Dependents. As of June 30, 2018, the private-purpose trust fund's net position totaled \$6,124, an increase of \$3,753.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018

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 \$194,447 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 \$75,012. This included \$41,297 of salary and benefit increases and \$33,435 of service and supplies increases.
- Appropriations for health and sanitation increased by \$110,038. This included \$6,706 of salary and benefit increases, \$36,187 of services and supplies increases and \$67,031 in other charges increases.

Overall, the County's actual general fund revenues under-realized its budgeted fiscal year 2018 revenues by \$139,303 or 5 percent. Revenues that had significant variances include:

- Fines, forfeitures, and penalties revenue exceeded the budget by \$16,640 or 91 percent. This was due to the under-budgeting of penalties for delinquent taxes by \$13,268 and fines and penalties collected for consumer fraud by \$5,054.
- Use of money revenue exceeded the budget by \$7,917. This was due to \$8,170 higher returns on investment pool than anticipated.
- Federal aid revenue was under-realized by \$78,911 or 15 percent. Federal social services and public assistance programs were lower than expected by \$6,881 and \$44,309, respectively, due to lower than expected reimbursable costs associated with welfare administration and assistance payments. Federal health administration revenues were lower than expected by \$26,310 due to mental health services.
- Other aid revenue was over-realized by \$37,839 or 47 percent. This was primarily due to \$35,524 in matching contributions for federal grant awards.
- Charges for services under-realized budget by \$23,801 or 7 percent. Medi-Cal revenue for behavioral health services were less than budget by \$24,879 due to decrease in utilization.
- Other revenue was less than budgeted by \$107,314 or 62 percent. Medical care financing was under-realized by \$86,338. Health care services administration was under budget by \$20,119.

Variations between budget and actual expenditures in the general fund reflect overall expenditures under the adjusted budget by \$423,582 or 14 percent. In general, this represents savings from the major government functions, primarily due to vacancies, cost-containment measures, and unspent contingency appropriations. Significant savings came from the following County functions:

- General government's total actual expenditures was \$39,033 or 20 percent less than budget. Vacant positions resulted in savings of \$10,118. Discretionary expenditures were lower by \$15,735 due to reduction of expenditures. Other charges such as debt payments and claims were lower by \$13,180 due to lower claim costs.
- Public protection spent \$51,049 or 6 percent less than budget. Vacant positions resulted in savings of \$23,331 in salaries and benefits. Discretionary services and supplies expenditures were lower by \$26,938 due to reduction of expenditures and delayed services contract assignment and implementation.

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Amounts expressed in thousands)

JUNE 30, 2018

- Public assistance spent \$119,390 or 13 percent less than budget. Vacant positions resulted in savings of \$19,875 in salaries and benefits. Discretionary services and supplies expenditures were lowered by \$19,798 due to delayed professional service program assignments for community development programs using grant revenues. Due to an improving economy, CalWorks caseload was lowered resulting in expenditures being \$24,036 lower than budgeted and the Workforce Investment Board expenditures were \$2,078 lower than expected. Other charges were lower by \$32,811 due to lower caseloads in CalWorks, extended foster care, and adoptions. Capital expenditures were lower than budget by \$14,178 due to the reclassification of Tier 1 community development projects to miscellaneous designations.
- Health and sanitation expenditures were \$211,147 or 19 percent less than budget. Salaries and employee benefits were under-spent by \$28,238 due to vacant positions. Medical care financing and health care services funding were \$31,682 and 11,133 lower, respectively, than budgeted because contributions were lower than expected. Health care administration was lower by \$7,811 due to budgeted services that were not contracted. Behavioral health care saved \$54,086 due to delays with start-up and implementation of programs, and underutilized mental health programs. Public health and behavioral health services paid by grants were under-spent by \$3,122 and \$1,611, respectively. Environmental health expenditures were under-spent by \$6,019 due to delay in program implementation to achieve departmental savings.

Capital assets and debt administration

Capital Assets

The County's investment in capital assets for its governmental activities amounts to \$1,817,609 (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 2018 was \$1,904 or 0 percent.

Capital Assets Net of Accumulated Depreciation

June 30, 2018

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Land and other assets not being depreciated	\$ 190,185	\$ 305,927
Structures and improvements, machinery and equipment, and infrastructure, net of depreciation	<u>1,627,424</u>	<u>1,509,778</u>
Total	<u>\$ 1,817,609</u>	<u>\$ 1,815,705</u>

Major capital asset events that occurred during fiscal year 2018 include:

- Land increased \$4,974 due primarily to the acquisition of land for the Cherryland Fire Station, the Cherryland Community Center, and the Castro Valley Shared Lot.
- Machinery and equipment increased \$11,030 due primarily to the acquisition of information technology and other equipment totaling \$6,396 and vehicles for \$4,053.
- Structures and improvements increased \$2,873 due to the acquisition of a building in Oakland.

COUNTY OF ALAMEDA, CALIFORNIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018**

- Construction in progress decreased \$120,716 primarily due to the transfer of the following: East County Hall of Justice and Cherryland Fire Station in the amount of \$152,354 and \$10,534, respectively. These transfers were partially offset due to construction costs for the following: Alameda Health System's Acute Care Tower and ITD 13th Street Building Renovation and in the amount of \$20,036 and \$8,813, respectively. Road projects increased construction in progress by \$5,716 while and flood control projects decreased construction in progress by \$3,878.

At the end of the fiscal year, healthcare facilities, road improvements, and flood control channel improvements projects had outstanding contract commitments of \$29,312, \$15,549 and \$2,035, 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 56) of the financial statements.

Debt Administration

As of June 30, 2018, the County had long-term obligations outstanding of \$3,494,549, excluding unamortized premiums and discounts of \$31,510, as summarized below:

**Outstanding Long-term Obligations
June 30, 2018 and 2017**

	Governmental Activities	
	2018	2017
Certificates of participation	\$ 14,030	\$ 18,671
Tobacco securitization bonds	290,177	288,703
Pension obligation bonds	45,755	126,252
Lease revenue bonds	825,145	766,420
General obligation bonds	240,000	-
Capital leases	2,915	3,351
Net pension liability	1,677,312	1,815,103
Net OPEB obligation	128,542	98,782
Other long-term obligations	270,673	253,217
Total	<u>\$ 3,494,549</u>	<u>\$ 3,370,499</u>

The County's total long-term obligations decreased \$124,050 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 a decrease of \$137,791 in net pension liability. The County issued general obligation and lease revenue debt during the year that increased long-term debt by \$313,495. These increases were offset by \$44,642 for pay down on existing long-term debts. Outstanding pension obligation bonds decreased \$80,497 due to principal payments of \$18,782 and net reduction in accreted value by \$61,715.

The County's legal debt limit is 1.25 percent of total assessed value. As of June 30, 2018, the legal limit was \$3.43 billion. The County's outstanding general obligation debt is \$240 million and therefore \$3.19 is still available of the debt limit.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts expressed in thousands)
JUNE 30, 2018

The County's general obligation debt financings are rated as follows:

	<u>2018 Rating</u>	<u>2017 Rating</u>
Moody's	Aaa	Aaa
Standard & Poor's	AAA	AA+
Fitch	AAA	AAA

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

	<u>2018 Rating</u>	<u>2017 Rating</u>
Moody's	Aa1	Aa1
Standard & Poor's	AA+	AA
Fitch	AA+	AA+

The County's long-term obligations can be found in Note 7 (page 60) 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 3.3 percent in June 2018, compared to the rate of 4.0 percent in June 2017. The State's unemployment rate was 4.5 percent in June 2018.
- The assessed value of the County's property increased by 6.7 percent in 2018 compared to an increase of 6.9 percent in 2017.
- The County experienced an increase in property tax revenue in fiscal year 2018 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 2018.

The County adopted its fiscal year 2019 budget on July 2, 2018, five days after the State of California adopted its own budget on June 27, 2018.

Requests for Information

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

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



BASIC FINANCIAL STATEMENTS

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2018

(amounts expressed in thousands)

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component Unit</u> <u>Alameda Health</u> <u>System</u>
ASSETS		
Current assets:		
Cash and investments with County Treasurer	\$ 2,287,001	\$ -
Cash and investments with fiscal agents	555,034	24,766
Deposits with others	5,325	-
Receivables, net of allowance for uncollectible accounts	420,542	297,371
Due from component unit	14,584	-
Due from primary government	-	30,868
Inventory of supplies	63	9,387
Prepaid items	3,512	8,091
Total current assets	<u>3,286,061</u>	<u>370,483</u>
Noncurrent assets:		
Restricted assets - cash and investments with fiscal agents	160,502	6,000
Properties held for resale	2,091	-
Due from component unit, net of allowance	49,915	-
Endowment	-	3,180
Loans receivable	126,394	-
Capital assets:		
Land and other assets not being depreciated	190,185	40,642
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	1,627,424	70,413
Total capital assets, net	<u>1,817,609</u>	<u>111,055</u>
Total noncurrent assets	<u>2,156,511</u>	<u>120,235</u>
Total assets	<u>5,442,572</u>	<u>490,718</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding debt	5,201	-
Related to pensions	556,848	140,725
Related to OPEB	44,569	10,278
Total deferred outflows of resources	<u>606,618</u>	<u>151,003</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	251,864	254,805
Due to component unit	30,868	-
Due to primary government	-	14,584
Compensated employee absences payable	48,731	18,270
Estimated liability for claims and contingencies	32,588	6,584
Certificates of participation and bonds payable	79,576	-
Lease obligations	595	-
Loans payable	1,348	-
Accrued interest payable	6,823	-
Unearned revenue	76,369	-
Obligation to fund Coliseum Authority deficit	4,550	-
Total current liabilities	<u>533,312</u>	<u>294,243</u>
Noncurrent liabilities:		
Net pension liabilities	1,677,312	342,201
Net OPEB liabilities	128,542	5,139
Compensated employee absences payable	26,675	12,352
Estimated liability for claims and contingencies	108,983	23,415
Certificates of participation and bonds payable	1,367,041	-
Lease obligations	2,320	-
Loans payable	15,298	-
Due to primary government	-	80,915
Due to other governmental units	-	12,306
Obligation to fund Coliseum Authority deficit	32,500	-
Total noncurrent liabilities	<u>3,358,671</u>	<u>476,328</u>
Total liabilities	<u>3,891,983</u>	<u>770,571</u>
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	307,125	99,999
Related to OPEB	134,007	30,977
Total deferred inflows of resources	<u>441,132</u>	<u>130,976</u>
NET POSITION		
Net investment in capital assets	737,186	111,109
Restricted:		
Public protection	362,802	-
Public assistance	113,721	-
Health and sanitation	189,557	18,807
Public ways and facilities	90,138	-
Education	17,030	-
Other purposes	41,716	20,206
Unrestricted (deficit)	163,925	(409,948)
Total net position	<u>\$ 1,716,075</u>	<u>\$ (259,826)</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Alameda Health System
Primary government:						
Governmental activities:						
General government	\$ 188,361	\$ 109,342	\$ 246,927	\$ 237	\$ 168,145	\$ -
Public protection	1,025,266	241,418	319,027	9,018	(455,803)	-
Public assistance	746,760	12,545	678,955	-	(55,260)	-
Health and sanitation	831,984	208,283	435,674	8,110	(179,917)	-
Public ways and facilities	61,309	11,080	34,517	-	(15,712)	-
Recreation and cultural services	719	171	-	-	(548)	-
Education	30,695	3,242	1,552	-	(25,901)	-
Interest on long-term debt	73,871	-	-	-	(73,871)	-
Total governmental activities	<u>2,958,965</u>	<u>586,081</u>	<u>1,716,652</u>	<u>17,365</u>	<u>(638,867)</u>	<u>-</u>
Total primary government	<u>\$ 2,958,965</u>	<u>\$ 586,081</u>	<u>\$ 1,716,652</u>	<u>\$ 17,365</u>	<u>(638,867)</u>	<u>-</u>
Alameda Health System	<u>\$ 1,030,269</u>	<u>\$ 902,772</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>-</u>	<u>(127,481)</u>
General revenues:						
Property taxes					580,500	-
Sales taxes - shared revenues					69,692	111,416
Property transfer taxes					21,343	-
Utility users' tax					13,369	-
Other taxes					7,258	-
Interest and investment income					22,880	808
Other					37,945	700
Total general revenues					<u>752,987</u>	<u>112,924</u>
Change in net position					114,120	(14,557)
Net position - beginning of period, as originally reported					1,713,206	(266,557)
Cumulative effect of restatements					(111,251)	21,288
Net position - beginning of period, as restated					<u>1,601,955</u>	<u>(245,269)</u>
Net position - end of period					<u>\$ 1,716,075</u>	<u>\$ (259,826)</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

(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	\$ 1,584,798	\$ 54,269	\$ 213,574	\$ 61,114	\$ -	\$ 192,184	\$ 2,105,939
Cash and investments with fiscal agents	1,327	553,453	-	-	-	4	554,784
Restricted assets - cash and investments with fiscal agents	2,910	-	-	7,150	61,264	89,178	160,502
Deposits with others	5	-	-	-	-	5,315	5,320
Receivables, net of allowance for uncollectible accounts	382,538	185	6,130	2,987	-	25,822	417,662
Due from other funds	40,324	-	-	-	-	-	40,324
Due from component unit, net of allowance	33,537	-	-	-	12,135	10	45,682
Inventory of supplies	-	-	3	-	-	56	59
Properties held for resale	255	1,836	-	-	-	-	2,091
Prepaid items	-	-	-	-	-	687	687
Loans receivable	88,890	3,608	-	-	-	33,896	126,394
Total assets	\$ 2,134,584	\$ 613,351	\$ 219,707	\$ 71,251	\$ 73,399	\$ 347,152	\$ 3,459,444
Liabilities, deferred inflows of resources, and fund balances							
Liabilities:							
Accounts payable and accrued expenditures	\$ 217,184	\$ 153	\$ 5,548	\$ 5,655	\$ 557	\$ 14,075	\$ 243,172
Due to other funds	-	-	-	-	39,468	856	40,324
Due to component unit	30,638	-	-	-	-	230	30,868
Unearned revenue	74,642	-	-	-	-	1,727	76,369
Total liabilities	322,464	153	5,548	5,655	40,025	16,888	390,733
Deferred inflows of resources							
Unavailable revenue	129,699	-	147	-	-	42,138	171,984
Fund balances:							
Nonspendable	3,963	1,836	3	-	-	743	6,545
Restricted	348,316	-	214,009	-	33,374	278,035	873,734
Committed	999,548	611,362	-	65,596	-	-	1,676,506
Assigned	195,744	-	-	-	-	9,348	205,092
Unassigned	134,850	-	-	-	-	-	134,850
Total fund balances	1,682,421	613,198	214,012	65,596	33,374	288,126	2,896,727
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,134,584	\$ 613,351	\$ 219,707	\$ 71,251	\$ 73,399	\$ 347,152	\$ 3,459,444

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, 2018
(amounts expressed in thousands)

Fund balances – total governmental funds	\$ 2,896,727
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.	1,793,101
The unamortized balance of deferred outflows of resources resulting from deferred refunding losses.	5,201
The unamortized balance of deferred outflows of resources related to net pension liability	519,163
The unamortized balance of deferred outflows of resources related to net OPEB	42,541
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	(1,446,617)
Compensated employee absences payable	(71,767)
Lease obligations	(2,915)
Loans and note payable	(16,646)
Other liabilities	(37,050)
Total long-term liabilities	(1,574,995)
The net OPEB liability pertaining to governmental fund types is not recorded in the governmental fund statements.	(127,432)
The net pension liability pertaining to governmental fund types is not recorded in the governmental fund statements.	(1,603,490)
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.	171,984
Deferred inflows of resources related to net pension liability	(275,669)
Deferred inflows of resources related to net OPEB liability	(127,156)
Receivable from Alameda Health System's share of pension obligation bonds, reported as Due from component unit, net of allowance, noncurrent	18,767
Interest on long-term debt is not accrued in the funds, but is recognized as an expenditure when due.	(6,823)
Internal service funds are used by management to charge the costs of fleet management, building maintenance, 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.	(15,844)
Net position of governmental activities	\$ 1,716,075

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, 2018
 (amounts expressed in thousands)

	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 555,402	\$ -	\$ 44,384	\$ -	\$ -	\$ 92,326	\$ 692,112
Licenses and permits	10,248	-	126	-	-	1,273	11,647
Fines, forfeitures, and penalties	34,901	-	-	2,849	-	1,170	38,920
Use of money and property	16,494	2,508	2,457	802	622	11,569	34,452
State aid	1,096,937	-	2,875	9,018	-	35,280	1,144,110
Federal aid	448,132	-	770	237	8,110	2,087	459,336
Other aid	118,078	-	4,855	-	-	7,640	130,573
Charges for services	316,843	-	12,524	-	29,394	122,540	481,301
Other revenue	65,590	1,730	196	503	-	25,669	93,688
Total revenues	2,662,625	4,238	68,187	13,409	38,126	299,554	3,086,139
Expenditures:							
Current							
General government	143,589	510	-	-	558	7	144,664
Public protection	734,869	-	46,295	-	-	154,207	935,371
Public assistance	728,053	1,395	-	-	-	45	729,493
Health and sanitation	788,994	-	-	-	-	33,170	822,164
Public ways and facilities	2,695	-	-	-	-	39,635	42,330
Recreation and cultural services	714	-	-	-	-	-	714
Education	318	-	-	-	-	29,317	29,635
Debt service							
Principal	-	-	-	-	36,452	8,190	44,642
Interest	-	-	-	-	117,014	8,635	125,649
Bond issuance costs	-	1,114	-	-	724	-	1,838
Capital outlay	6,986	-	10,053	44,855	-	12,249	74,143
Total expenditures	2,406,218	3,019	56,348	44,855	154,748	285,455	2,950,643
Excess (deficiency) of revenues over expenditures	256,407	1,219	11,839	(31,446)	(116,622)	14,099	135,496
Other financing sources (uses):							
Issuance of commercial paper	-	-	-	10,000	-	-	10,000
Issuance of bonds	-	240,000	-	-	73,495	-	313,495
Premium on issuance of bonds	-	3,424	-	-	-	-	3,424
Transfers in	2,703	-	-	46,340	120,190	69,926	239,159
Transfers out	(103,336)	(11,720)	-	-	(107,335)	(8,627)	(231,018)
Total other financing sources (uses)	(100,633)	231,704	-	56,340	86,350	61,299	335,060
Net change in fund balances	155,774	232,923	11,839	24,894	(30,272)	75,398	470,556
Fund balances - beginning of period	1,526,647	380,275	202,173	40,702	63,646	212,728	2,426,171
Fund balances - end of period	\$ 1,682,421	\$ 613,198	\$ 214,012	\$ 65,596	\$ 33,374	\$ 288,126	\$ 2,896,727

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, 2018
(amounts expressed in thousands)**

Net change in fund balances – total governmental funds \$ 470,556

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. (5,753)

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	(26,028)
Decrease in postemployment medical benefits obligation	(31,232)
Increase in compensated absences	(4,745)
Decrease in obligation to fund Coliseum Authority deficit	4,335
Total	<u>(57,670)</u>

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The statement of activities reports the gain or loss on disposal of capital assets but the governmental funds do not report any gain or loss. Governmental funds do not report capital assets; hence, capital assets transferred to and from governmental fund to the proprietary fund are not recorded in the governmental fund.

Capital outlay	76,530
Depreciation expense	(73,598)
Proceeds from sale of capital assets	62
Net loss on disposal of capital assets	<u>(1,842)</u>
Total	<u>1,152</u>

The change in net position of internal service funds is reported with governmental activities. 715

Loan proceeds are reported as financing sources in governmental funds, but increase liabilities in the statement of net position. (10,000)

Net increase in accrued interest decreases the liability in the statement of net position but is reported as an expenditure in the governmental funds when paid. (2,704)

Proceeds from issuance of long-term bonds are reported as financing sources in governmental funds, but increase liabilities in the statement of net position. (313,495)

Bond premiums are recognized in the governmental funds when the bonds are issued, and are deferred and amortized in the statement of net position. (3,424)

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	44,642
Accumulated accretion paid on capital appreciation bonds	71,998
Principal payment on capital leases and loans	2,063
Total	<u>118,703</u>

Interest accreted on bonds and certificates of participation. (18,206)

Amortization of bond premiums and bond discounts 2,394

Amortization of deferred outflows of resources resulting from the deferred refunding loss (514)

Amortization of deferred outflows of resources resulting from the pension liability (91,203)

Amortization of deferred outflows of resources resulting from the OPEB liability 23,569

Change in net position of governmental activities \$ 114,120

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, 2018

(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Cash and investments with County Treasurer	\$ 181,062
Cash and investments with fiscal agents	250
Deposits with others	5
Other receivables	2,880
Due from component unit	50
Inventory of supplies	4
Prepaid items	2,825
Total current assets	<u>187,076</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment, net of depreciation	<u>24,508</u>
Total assets	<u>211,584</u>
Deferred outflows of resources	
Related to pensions	37,685
Related to OPEB	<u>2,028</u>
Total deferred outflows of resources	<u>39,713</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	8,692
Compensated employee absences payable	2,238
Estimated liability for claims and contingencies	<u>32,588</u>
Total current liabilities	<u>43,518</u>
Noncurrent liabilities:	
Net pension liability	73,822
Net OPEB liability	1,110
Compensated employee absences payable	1,401
Estimated liability for claims and contingencies	<u>108,983</u>
Total noncurrent liabilities	<u>185,316</u>
Total liabilities	<u>228,834</u>
Deferred inflows of resources	
Related to pensions	31,456
Related to OPEB	<u>6,851</u>
Total deferred inflows of resources	<u>38,307</u>
Net Position	
Investment in capital assets	24,508
Unrestricted	<u>(40,352)</u>
Total net position	<u>\$ (15,844)</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 260,102
Operating expenses:	
Salaries and benefits	81,522
Contractual services	12,982
Utilities	14,544
Repairs and maintenance	8,745
Other supplies and expenses	69,244
Insurance claims and expenses	39,311
Depreciation	5,986
Telephone	2,600
County indirect costs	7,914
Dental claims	8,408
Other	1,208
Total operating expenses	252,464
Operating income	7,638
Non-operating revenues (expenses):	
Investment income	1,264
Loss on sale of capital assets	(46)
Total non-operating revenues (expenses)	1,218
Income before transfers	8,856
Transfers in	1,783
Transfers out	(9,924)
Change in net position	715
Total net position - beginning of period	(10,908)
Cumulative effect of restatements	(5,651)
Total net position - beginning of period, as restated	(16,559)
Total net position - end of period	\$ (15,844)

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, 2018
 (amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Internal activity - receipts from other funds	\$ 259,735
Payments to suppliers	(109,114)
Payments to employees	(74,616)
Internal activity - payments to other funds	(7,914)
Claims paid	(39,138)
Other payments	(1,208)
Net cash provided by operating activities	<u>27,745</u>
Cash flows from non-capital financing activities:	
Transfers in	1,783
Transfers out	(9,924)
Net cash used in non-capital financing activities	<u>(8,141)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(6,927)
Proceeds from sale of capital assets	147
Net cash used in capital and related financing activities	<u>(6,780)</u>
Cash flows from investing activities:	
Interest received on pooled cash	1,264
Net cash provided by investing activities	<u>1,264</u>
Net increase in cash and cash equivalents	14,088
Cash and cash equivalents - beginning of period	166,974
Cash and cash equivalents - end of period	<u>\$ 181,062</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 7,638
Adjustments for non-cash activities:	
Depreciation	5,986
Amortization - pension	6,529
Amortization - OPEB	285
Changes in assets and liabilities:	
Other receivables	(372)
Prepaid items	291
Accounts payable and accrued expenses	(831)
Compensated employee absences payable	92
Estimated liability for claims and contingencies	8,581
Due to other funds	(454)
Total adjustments	<u>20,107</u>
Net cash provided by operating activities	<u>\$ 27,745</u>

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

COUNTY OF ALAMEDA, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018
(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	\$ 2,526	\$ 3,224,315	\$ 30,462	\$ 308,924
Cash and investments with fiscal agents	17,130	2	2,187	-
Investments, at fair value:				
Short-term investments	210,168	-	-	-
Domestic equities	1,547,412	-	-	-
Domestic equity commingled funds	1,082,242	-	-	-
International equities	1,915,468	-	-	-
International equity commingled funds	560,459	-	-	-
Domestic fixed income	953,511	-	-	-
International fixed income	136,735	-	-	-
International fixed income commingled funds	141,106	-	-	-
Real estate - separate properties	66,538	-	-	-
Real estate - commingled funds	445,602	-	-	-
Real return pool	301,579	-	-	-
Private equity and alternatives	746,115	-	-	-
Total investments	<u>8,106,935</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment of securities lending collateral	406,876	-	-	-
Deposits with others	848	-	-	-
Taxes receivable	-	-	-	130,155
Other receivables	34,359	-	-	-
Interest receivable	8,551	10,629	90	434
Properties held for redevelopment	-	-	8,890	-
Capital assets, net of accumulated depreciation	<u>1,605</u>	<u>-</u>	<u>2,421</u>	<u>-</u>
Total assets	<u>8,578,830</u>	<u>3,234,946</u>	<u>44,050</u>	<u>439,513</u>
Liabilities:				
Accounts payable and accrued expenses	57,336	53,287	-	17,561
Accrued interest payable	-	-	500	-
Securities lending obligation	406,876	-	-	-
Due to other governmental units	-	4,636	10,870	421,952
Bonds payable	-	-	26,556	-
Total liabilities	<u>464,212</u>	<u>57,923</u>	<u>37,926</u>	<u>439,513</u>
Net Position				
Investment in capital assets	1,605	-	2,421	-
Restricted for pension benefits	7,246,659	-	-	-
Restricted for postemployment medical benefits	863,836	-	-	-
Restricted for other employee benefits	2,518	-	-	-
Restricted for other purposes	-	3,177,023	3,703	-
Total net position	<u>\$ 8,114,618</u>	<u>\$ 3,177,023</u>	<u>\$ 6,124</u>	<u>\$ -</u>

¹ Pension and OPEB balances reported as of December 31, 2017.

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Pension, OPEB, ¹ and Other Employee Benefits Trust Funds	Investment Trust Fund	Private- Purpose Trust Fund
Additions:			
Contributions:			
Employees	\$ 93,800	\$ -	\$ -
Employer	247,064	-	-
Contributions on pooled investments	-	8,515,044	-
Total contributions	340,864	8,515,044	-
Investment income:			
Interest	41,170	35,190	405
Dividends	70,621	-	-
Net increase (decrease) in fair value of investments	1,231,430	(11,041)	(105)
Real estate	22,244	-	-
Securities lending income	5,899	-	-
Private equity and alternatives	(1,803)	-	-
Brokers Commissions	126	-	-
Total investment income	1,369,687	24,149	300
Less investment expenses:			
Investment expenses	52,943	-	-
Securities lending borrower rebates and management fees	3,508	-	-
Real estate	4,977	-	-
Total investment expenses	61,428	-	-
Net investment income	1,308,259	24,149	300
Other Income:			
Redevelopment property tax revenue	-	-	5,704
Miscellaneous income	864	-	9,547
Total other income	864	-	15,251
Total additions, net	1,649,987	8,539,193	15,551
Deductions:			
Benefit payments	480,003	-	-
Refunds of contributions	7,893	-	-
Administration expenses	15,775	-	-
Distribution from pooled investments	-	8,331,885	7,524
General and administrative expenses	-	-	439
Project expenses	-	-	25
Depreciation	-	-	62
Transfers to taxing entities	-	-	125
Contribution to other agencies	-	-	2,431
Interest on debt	-	-	1,192
Total deductions	503,671	8,331,885	11,798
Change in net position	1,146,316	207,308	3,753
Net position - beginning of period	6,968,302	2,969,715	2,371
Net position - end of period	\$ 8,114,618	\$ 3,177,023	\$ 6,124

¹ Pension and OPEB balances reported for the year ended December 31, 2017.

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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, 2017, 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 75.20 and 18.70 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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 74. 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

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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, 2018, 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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, proceeds from the issuance of the Measure A1 general obligation bonds, 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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, 2018 financial statements are the balances as of ACERA's fiscal year ended December 31, 2017. 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 2017-2018 was approximately 1.08 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 47.08 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 No. 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

that earned the interest. A transfer is then recorded to transfer an amount equal to the interest earnings to the general fund.

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

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

E. Taxes Receivable

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

The County assesses properties and collects property taxes as follows:

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

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

inventory accounting. This method records an expenditure when supplies are consumed rather than when purchased.

H. Capital Assets

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

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

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

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

I. 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.

Unavailable Revenue – Resources collected after 180 days, except for property taxes that are collected after 60 days, are recognized and measured in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

Deferred Outflows and Inflows of Resources Related to Pensions and OPEB - 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/OPEB liability that are not included in pension/OPEB 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, differences between projected and actual earnings on pension/OPEB plan investments and changes in proportion and differences between actual and proportionate share of contributions.

Employer contributions subsequent to the measurement date of the net pension/OPEB 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, 2018, 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, 2018, have been compensated for any accumulated vacation, compensatory time, and unexpired in-lieu compensatory time. The funds used to liquidate the liability is based on the funds the employee's salaries are budgeted.

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 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 No. 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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 and Other Postemployment Benefits

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68 and 75 require 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	December 31, 2016
Measurement Date	December 31, 2017
Measurement Period	January 1, 2017 to December 31, 2017

For the Fire Department, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) Miscellaneous Plan, Safety Plan and OPEB 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 and 75 require 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, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Below is a summary of the aggregate amount of net pension and OPEB liabilities, and deferred outflows/inflows of resources related to all pension and OPEB plans as presented in the financial statements.

	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense/ Expenditures
ACERA	\$ 1,561,392	\$ 519,158	\$ 303,755	\$ 301,396
Fire Department	115,920	37,690	3,370	22,749
Total	<u>\$ 1,677,312</u>	<u>\$ 556,848</u>	<u>\$ 307,125</u>	<u>\$ 324,145</u>

	Net OPEB Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/ Expenditures
ACERA	\$ 20,664	\$ 37,901	\$ 125,209	\$ 5,715
Fire Department	107,878	6,668	8,798	8,900
Total	<u>\$ 128,542</u>	<u>\$ 44,569</u>	<u>\$ 134,007</u>	<u>\$ 14,615</u>

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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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

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*. The County implemented GASB Statement No. 75 for fiscal year ending June 30, 2018. The effect to the financial statements was a decrease of \$111.3 million to the beginning balance of the net position. See Note 21 for more information.

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 did not have a significant impact to the County's financial statements.

GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This statement did not have a significant impact to the County's financial statements.

GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement did not have a significant impact to the County's financial statements.

U. New Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations. The requirements of this statement are effective for the County's fiscal year ending June 30, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Obligations*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for the County's fiscal year ending June 30, 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for the County's fiscal year ending June 30, 2021.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement is effective for the County's fiscal year ending June 30, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Statement is effective for the County's fiscal year ending June 30, 2021.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interest-an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separated organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. The Statement is effective for the County's fiscal year ending June 30, 2020.

2. Cash and Investments

A. Deposits

As of June 30, 2018, the County's cash and deposits were as follows:

	<u>Bank Balance</u>	<u>Carrying Value</u>
Deposits with financial institutions	\$ 513,708	\$ 513,693
Cash on hand		8
Deposits in transit		1,278
Cash with County Treasurer for other employee benefits trust fund		2,526
ACERA cash balance as of December 31, 2017		17,130
Total cash and deposits		<u>\$ 534,635</u>

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 \$513,708 in deposits with

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

financial institutions, \$5,082 was covered by federal depository insurance and \$508,626 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 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 by the Federal Deposit Insurance Corporation. The County, however, has not waived the collateralization requirements.

As of December 31, 2017, ACERA reported a deposit of \$17,130. As of December 31, 2017, ACERA had no deposits 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, 2018.

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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

Types of Investments Authorized by the County's Investment Policy

Authorized Investments	Maximum Maturity	Maximum Percentage of Portfolio
Banker's Acceptance	180 days	30%
Commercial Paper	270 days	25%
Medium Term Notes or Corporate Notes	5 years	30%
Negotiable Certificates of Deposit	1 year	30%
Money-Market Mutual Funds	Daily Liquidity	20%
US Treasury Bills, US Government Notes and Bonds, Federal Agency Notes, Debt issues by State of 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	\$65 million
California Asset Management Program (CAMP)	Daily Liquidity	2X LAIF Limit
CalTRUST	Daily Liquidity	2X LAIF Limit
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, 2018.

As of June 30, 2018 Treasurer's investments consisted of the following:

Investment Type	Credit Rating S&P's/Moody's	Investment Maturities (in Years)		Fair Value
		Less than 1	1 to 5	
Commercial paper	A-1/P-1	\$ 398,081	\$ -	\$ 398,081
Federal agency notes and bonds	A 1 to AA+/P-1 to Aaa	1,223,986	1,842,592	3,066,578
Local agency investment funds	Not Rated	10,000	-	10,000
Medium term notes	A to AAA/A1 to AAA	66,014	125,944	191,958
Negotiable certificates of deposit	A-1/P-1	1,050,106	-	1,050,106
Municipal securities	A 1 to AA+/P-1 to Aaa	16,289	5,006	21,295
U.S. Treasury notes	N/A	272,761	49,332	322,093
Non-U.S. Treasury Notes *	A-1+ to AAA/P-1 to Aaa	59,503	118,109	177,612
California Asset Management Program	AAA/m/Aaa-mf	98,000	-	98,000
Total Investments		<u>\$ 3,194,740</u>	<u>\$ 2,140,983</u>	<u>\$ 5,335,723</u>

* Non-U.S. Treasury notes fall under the Washington Supranatural Obligations category in the County's investment policy. These are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by certain international banks that are eligible for purchase or sale in the United States.

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, 2018 was 357 days.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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 October 24, 2017, prescribes the following rating requirements:

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

Commercial Paper: 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.

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, 2018, more than 5 percent of the Treasurer's investments were under the following issuers:

Issuer:	Percentage of Treasurer's Pool Portfolio as of June 30, 2018
Federal Farm Credit Bank	15.0%
Federal Home Loan Mortgage Corporation	13.1%
Federal Home Loan Bank	13.0%
Federal National Mortgage Association	8.9%

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, 2018. Cash and deposits do not include cash associated with department revolving funds or the Alameda Health System, which are held outside of the County Treasury.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

Statement of Net Position:

Assets:					
	Deposits and cash on hand	\$	516,227		
	Deposits in Transit		1,278		
	Investments (at fair value)		5,335,723		
	Accrued Interest		20,057		
	Total assets		5,873,285		
	Liabilities:				57,924
	Net Position	\$	5,815,361		
	Equity of internal pool participants	\$	2,638,338		
	Equity of external pool participants		3,177,023		
	Total Net Position	\$	5,815,361		

Statement of Changes in Net Position

	Net change in investments by pool participants	\$	468,583
	Net position at July 1, 2017		5,346,778
	Net position at June 30, 2018		\$ 5,815,361

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2018, to support the value of shares in the pool.

As of June 30, 2018, 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, 2018, 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:

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

- 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, 2018, include the following:

<u>Investments</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments subject to fair value hierarchy:			
Investments with County Treasury			
Commercial paper	\$ 398,081	\$ -	\$ 398,081
Federal agency notes and bonds	3,066,578	-	3,066,578
Medium term notes	191,958	-	191,958
Negotiable certificates of deposit	1,050,106	-	1,050,106
Municipal securities	21,295	-	21,295
U.S. Treasury notes	322,093	322,093	-
Non-U.S. Treasury Notes	177,612	-	177,612
Total investments with County Treasury subject to fair value hierarchy	<u>5,227,723</u>	<u>322,093</u>	<u>4,905,630</u>
Investments with Fiscal Agents			
East Bay Regional Community System Authority revenue bonds	2,910	-	2,910
U.S. Treasury Securities	69,525	69,525	-
Federal agency debt securities	158,325	-	158,325
Corporate bonds	79,001	-	79,001
Private debt obligations	2,187	-	2,187
Total investments with fiscal agents subject to fair value hierarchy	<u>311,948</u>	<u>69,525</u>	<u>242,423</u>
Total investments subject to fair value hierarchy	<u>\$ 5,539,671</u>	<u>\$ 391,618</u>	<u>\$ 5,148,053</u>
Investments not subject to fair value hierarchy:			
Local agency investment funds held by County Treasury	\$ 10,000		
California asset management program	98,000		
Total investments not subject to fair value hierarchy	<u>\$ 108,000</u>		

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

ACERA's cash equivalents and investments by fair value as of June 30, 2018, include the following:

Investments	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Cash Equivalents				
Government Issues	\$ 50,017	\$ 50,017	\$ -	\$ -
STIF-Type Instrument	158,261	-	158,261	-
Total Cash Equivalents	<u>208,278</u>	<u>50,017</u>	<u>158,261</u>	<u>-</u>
Fixed Income Securities				
Asset-Backed Securities	73,551	-	73,551	-
Commercial Mortgage-Backed Securities	75,678	-	75,678	-
Convertible Bonds	21,572	-	21,572	-
Corporate bonds	496,079	-	495,468	611
Municipal/Revenue Bonds	3,546	-	3,546	-
FHLMC	58,348	-	58,348	-
FNMA	65,885	-	65,885	-
GNMA I	2,255	-	2,255	-
GNMA II	13,212	-	13,212	-
Government Issues	280,119	174,245	105,874	-
Mutual Funds	141,107	-	141,107	-
Total Fixed Income Securities	<u>1,231,352</u>	<u>174,245</u>	<u>1,056,496</u>	<u>611</u>
Equity Securities				
Non-U.S. Equity	2,089,686	1,792,949	296,737	-
Pooled Investments	1,540,535	1,419,456	121,079	-
U.S. Equity	1,475,360	1,475,342	18	-
Total Equity Securities	<u>5,105,581</u>	<u>4,687,747</u>	<u>417,834</u>	<u>-</u>
Real Estate				
Properties	66,538	-	-	66,538
Collateral from Securities Lending	406,876	-	406,876	-
Total investments subject to fair value hierarchy	<u>7,018,625</u>	<u>\$ 4,912,009</u>	<u>\$ 2,039,467</u>	<u>\$ 67,149</u>
Investments Measured at Net Asset Value (NAV)				
Real Assets	301,579			
Private Equity	438,023			
Absolute Return	308,092			
Real Estate	445,602			
Total Investments Measured at NAV	<u>1,493,296</u>			
Total investments subject to fair value hierarchy	<u>\$ 8,511,921</u>			
Derivatives				
Equity Index Swaps	\$ 803	\$ -	\$ -	\$ 803
Future Contracts-Equity Index	272	272	-	-
Foreign Exchange Contracts	199	199	-	-
Total Derivatives	<u>\$ 1,274</u>	<u>\$ 471</u>	<u>\$ -</u>	<u>\$ 803</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

Other Disclosures

As of June 30, 2018, the County's investment in Local Agency Investment Fund (LAIF) is \$10 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 quasi-governmental agencies in LAIF is \$22.5 billion as of June 30, 2018. Of that amount, 97.33% was invested in non-derivative financial products and 2.67% in structured notes and asset backed securities as of June 30, 2018.

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, 2018, cash and investments with fiscal agents consisted of the following:

	Ratings (S&P/ Moody's)	Investment Maturities (in Years)			Fair Value
		Less than 1	1 to 5	More than 5	
Cash & Cash Equivalents	N/A	\$ 453,673	\$ -	\$ -	\$ 453,673
EBRCSA revenue bonds (*)	Not Rated	-	-	2,910	2,910
U.S. Treasury Securities	Not Rated	11,940	57,585	-	69,525
Federal Agency Debt Securities	AA+ / AAA	49,125	109,200	-	158,325
Corporate Bonds	A to AA+ / A3-AA1	22,999	56,002	-	79,001
Private Debt Obligations	Not Rated	-	-	2,187	2,187
Totals		<u>\$ 537,737</u>	<u>\$ 222,787</u>	<u>\$ 5,097</u>	<u>\$ 765,621</u>

* 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, 2018, more than five percent of total investments with fiscal agents were in the Federal National Mortgage Association (33.16%) and Federal Home Loan Mortgage Corporation (15.66%).

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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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 end December 31, 2017.

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, 2017, ACERA had no investments in a single issuer that equaled or exceeded 5 percent of ACERA's net position.

Credit Risk

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

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

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

The Credit Risk Analysis table discloses the fair value of debt investments by type and credit rating as of December 31, 2017.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

Debt Investments by Type	Total	Adjusted Moody's Credit Rating							Ca and Below	Not Rated
		Aaa	Aa	A	Baa	Ba	B	Caa		
Collateralized Mortgage Obligations	\$ 50,468	\$ 32,715	\$ -	\$ -	\$ 3,260	\$ 1,455	\$ 3,189	\$ 6,874	\$ 1,536	\$ 1,439
Convertible Bonds	21,739	-	-	-	2,053	2,982	4,112	1,755	-	10,837
Corporate Bonds	495,913	5,508	14,881	91,529	276,676	79,533	22,123	3,429	621	1,613
Federal Home Loan Mortgage Corp.	80,898	5,213	-	-	-	-	-	-	-	75,685
Federal National Mortgage Assn.	68,398	-	-	-	397	-	-	-	-	68,001
Government National Mortgage Assn. I, II	15,467	-	-	-	-	-	-	-	-	15,467
Government Issues	280,118	185,071	33,695	49,268	-	6,585	2,872	-	-	2,627
Municipals	3,546	-	1,499	2,047	-	-	-	-	-	-
Other Asset Backed Securities	73,699	36,889	985	4,705	9,990	5	148	2,841	9,610	8,526
Subtotal Debt Investments	<u>1,090,246</u>	<u>265,396</u>	<u>51,060</u>	<u>147,549</u>	<u>292,376</u>	<u>90,560</u>	<u>32,444</u>	<u>14,899</u>	<u>11,767</u>	<u>184,195</u>
External Investment Pools of Debt Securities										
Securities Lending Cash Collateral Fund										
Liquidation Pool	403,297	-	-	-	-	-	-	-	-	403,297
Duration Pool	3,555	-	-	-	-	-	-	-	-	3,555
Master Custodian Short-Term Investment Fund	158,261	-	-	-	-	-	-	-	-	158,261
Subtotal External Investment Pools	<u>565,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>565,113</u>
Total	<u>\$ 1,655,359</u>	<u>\$ 265,396</u>	<u>\$ 51,060</u>	<u>\$ 147,549</u>	<u>\$ 292,376</u>	<u>\$ 90,560</u>	<u>\$ 32,444</u>	<u>\$ 14,899</u>	<u>\$ 11,767</u>	<u>\$ 749,308</u>

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

Custodial Credit Risk

The individual investment guidelines for each investment manager require that managed investments be held and maintained with the master custodian in the name of ACERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments, investments in commingled pools, and private equity and alternative investments. As of December 31, 2017, ACERA had no investments that were exposed to custodial credit risk.

ACERA's investments include collateral associated with derivatives activity. As of December 31, 2017, collateral for derivatives was \$4.2 million. The collateral margins are maintained in margin accounts at financial services firms that provide brokerage services. Each account is uninsured and uncollateralized, and subject to custodial credit risk.

Interest Rate Risk

ACERA has investments in three external investment pools containing debt securities that are subject to interest rate risk. ACERA has no general policy on interest rate risk for investments in external pools. The Interest Rate Risk Analysis – Duration of External Investment Pools of Debt Securities table indicates interest rate risk for the investments in these pools in terms of the duration of the pool securities as of December 31, 2017. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present values of cash flows, weighted for those cash flows as a percentage of the investment's full price.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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

<u>External Investment Pools of Debt Securities</u>	<u>Fair Value</u>	<u>Duration</u>
Securities Lending Cash Collateral Fund		
Liquidity Pool	\$ 403,297	28 days
Duration Pool	3,555	25 days
Master Custodian Short-Term Investment Fund	158,261	-
Total	<u>\$ 565,113</u>	

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

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

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

Interest Rate Risk Analysis – Duration of Fixed Income Portfolios

<u>Debt Investments by Type</u>	<u>Fair Value</u>	<u>Duration In Years</u>
Collateralized mortgage obligations	\$ 50,468	4.6
Convertible bonds	21,739	3.5
Corporate bonds	495,913	6.4
Federal Home Loan Mortgage Corp.	80,898	4.4
Federal National Mortgage Assn.	68,398	3.9
Government National Mortgage Assn. I, II	15,467	4.3
Government Issues	280,118	7.6
Municipals	3,546	11.7
Other Asset Backed Securities	73,699	2.6
	<u>\$ 1,090,246</u>	

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

Fair Value Highly Sensitive to Changes in Interest Rate

The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. The two Interest Rate Risk Analysis – Duration tables above disclose the degree to which ACERA's investments are sensitive to interest rate changes due simply to the remaining term to maturity. In contrast, ACERA's investments with fair values that are highly sensitive to interest rates due to other factors are disclosed on the Interest Rate Risk Analysis – Highly Sensitive table as of December 31, 2017. ACERA has no general investment policy with respect to investments with fair values that are highly sensitive to changes in interest rates.

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

Investment Type	Investment Description	Interest Rates	Fair Values
Corporate Bonds	Various debt related securities	4.35% to 26.65%	\$ 48,752
Government Issues	Various debt related securities	7.75% to 26.25%	20,948
Municipals	Municipal Electric Authority Georgia	6.66%	2,047
Other Asset Backed	Various debt related securities	1.86% to 5.21%	3,266

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, 2017. It provides an indication of the magnitude of ACERA's foreign currency risk for each foreign currency.

Foreign Currency Risk Analysis							
Currency	Common Stock	Corporate Bonds	Foreign Currency	Government Issues	Total Return Swaps	Currency Swaps	Net Exposure
Argentine Peso	\$ -	\$ 2,135	\$ 112	\$ 1,789	\$ -	\$ -	\$ 4,036
Australian Dollar	31,908	-	243	19,215	(4)	1,024	52,386
Brazilian Real	12,775	621	-	-	-	-	13,396
Canadian Dollar	44,562	-	396	-	-	301	45,259
Colombian Peso	-	3,608	-	-	-	-	3,608
Danish Krone	49,763	-	5	-	-	(8)	49,760
Euro Currency	506,959	4,563	375	-	(33)	(222)	511,642
Hong Kong Dollar	143,385	-	51	-	544	(1)	143,979
Indian Rupee	63,525	-	68	-	-	69	63,662
Indonesian Rupiah	23,805	-	-	-	-	-	23,805
Japanese Yen	298,003	-	(155)	-	226	(382)	297,692
Malaysian Ringgit	-	-	-	15,743	-	-	15,743
Mexican Peso	1,707	1,920	-	23,718	-	-	27,345
Israeli Sheqel	10,043	-	-	-	-	14	10,057
New Taiwan Dollar	24,624	-	-	-	-	3	24,627
New Zealand Dollar	732	-	-	-	-	404	1,136
Norwegian Krone	3,241	-	8	-	-	(363)	2,886
Polish Zloty	-	-	-	7,823	-	215	8,038
Pound Sterling	329,440	-	1,234	19,491	-	(154)	350,011
Singapore Dollar	37,922	-	163	-	-	10	38,095
South African Rand	29,560	-	-	6,585	-	(463)	35,682
South Korean Won	22,626	-	-	-	-	-	22,626
Swedish Krona	44,357	-	127	-	80	14	44,578
Swiss Franc	107,317	-	6	-	(10)	(263)	107,050
Thailand Baht	6,049	-	-	-	-	-	6,049
Turkish Lira	-	-	-	2,627	-	-	2,627
Uae Dirham	1,665	-	-	-	-	-	1,665
TOTAL	\$ 1,793,968	\$ 12,847	\$ 2,633	\$ 96,991	\$ 803	\$ 198	\$ 1,907,440

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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, 2017, 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, 2017, 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, 2017, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2017, 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. For the fiscal year 2017, the short-term investment fund is separated into two investment pools: (a) a liquidity pool and (b) a duration pool. As of December 31, 2017, the Quality D Short – Term investment fund liquidity pool had an average duration of 28 days and an average weighted final maturity of 153 days for U.S. dollars collateral. The Quality D Short-Term investment fund duration pool had an average duration of 25 days and an average weighted final maturity of 3,185 days for U.S. dollars collateral. For the year ended December 31, 2017 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, 2017, ACERA had securities on loan with a fair value of \$493.8 million for cash and noncash collateral of \$511.8 million and exceeded the total fair value of loaned securities by \$18.0 million.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

Summary of County Deposits and Investments

The following table is a summary of the deposits and investments as of June 30, 2018:

Deposits			
Cash on Hand and Deposits in Transit	\$	1,286	
Cash in Bank - with County Treasurer		513,693	
Cash with fiscal agents		405,777	
Unrestricted Cash - With Component Unit (AHS)		24,766	
Restricted Cash - With Component Unit (AHS)		6,000	
Retiree Trust Cash Balance		2,526	
ACERA cash balance at 12/31/17		17,130	
Total Cash		971,178	
Investments			
In Treasurer's Pool		5,335,723	
with ACERA		8,106,935	
with fiscal agents		311,948	
Securities Lending - ACERA		406,876	
Total Investments		14,161,482	
Total Cash and Investments		\$ 15,132,660	
Primary Government		\$ 15,101,894	
Component Unit (AHS)		30,766	
Total Cash and Investments		\$ 15,132,660	

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

	Primary Government			Component Unit
	Governmental Activities	Fiduciary Funds	Total	
Cash and investments with County Treasurer	\$ 2,287,001 ¹	\$ 3,566,227 ²	\$ 5,853,228	\$ -
Cash and investments with fiscal agents	555,034	8,126,254	8,681,288	24,766
Restricted Assets:				
Cash with fiscal agents	160,502	-	160,502	6,000
Invested securities lending collateral	-	406,876	406,876	-
Total cash and investments	\$ 3,002,537	\$ 12,099,357	\$ 15,101,894	\$ 30,766
Deposits and cash on hand			\$ 946,412	\$ 30,766
Investments			14,161,482	-
Total deposits and investments			\$ 15,107,894	\$ 30,766

¹ Includes cash and investments with the County Treasurer of total governmental funds (\$2,105,939) and internal service funds (\$181,062).

² Includes deposits and investments with the County Treasurer of pension and other employee benefits trust funds (\$2,526), investment trust fund (\$3,224,315), private-purpose trust fund (\$30,462) and agency funds (\$308,924).

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

3. Receivables

Receivables as of June 30, 2018, for the County's individual major funds, non-major funds in the aggregate, and the internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds						Internal Service Funds	Governmental Activities Total
	General	Property	Flood	Capital	Nonmajor	Subtotal		
		Development	Control	Projects	Governmental Funds			
Interest	\$ 6,977	\$ 185	\$ 701	\$ 319	\$ 717	\$ 8,899	\$ 527	\$ 9,426
Taxes	39,886	-	2,039	-	4,414	46,339	-	46,339
Departmental accounts	198,603	-	-	-	-	198,603	-	198,603
Federal and state grants and subventions	198,662	-	3,251	2,668	4,344	208,925	-	208,925
Charges for services	75,685	-	117	-	7,832	83,634	2,353	85,987
Other	15,906	-	22	-	8,515	24,443	-	24,443
Gross receivables	535,719	185	6,130	2,987	25,822	570,843	2,880	573,723
Less: allowance for uncollectibles	(153,181)	-	-	-	-	(153,181)	-	(153,181)
Net total receivable - governmental activities	<u>\$ 382,538</u>	<u>\$ 185</u>	<u>\$ 6,130</u>	<u>\$ 2,987</u>	<u>\$ 25,822</u>	<u>\$ 417,662</u>	<u>\$ 2,880</u>	<u>\$ 420,542</u>

The departmental accounts receivable, net of allowance for uncollectibles, in the amount of \$45.4 million 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, 2017 are as follows:

Contributions	\$ 14,212
Derivative investments	1,007
Investments sold	9,858
Investment receivables	8,280
Equity Index Swaps	803
Other	199
Total other receivables at December 31, 2017	<u>\$ 34,359</u>

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, 2018, 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	<u>\$ 88,890</u>	<u>\$ 3,608</u>	<u>\$ 33,896</u>	<u>\$ 126,394</u>

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

5. Capital Assets

Capital asset activities of the primary government for the year ended June 30, 2018, are as follows:

GOVERNMENTAL ACTIVITIES					
	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2018</u>
Capital assets, not being depreciated:					
Land and easements	\$ 74,135	\$ 4,975	\$ -	\$ -	\$ 79,110
Construction in progress	231,742	64,183	-	(184,901)	111,024
Collections	50	-	-	-	50
Total capital assets, not being depreciated	<u>305,927</u>	<u>69,158</u>	<u>-</u>	<u>(184,901)</u>	<u>190,184</u>
Capital assets, being depreciated:					
Structures and improvements	1,612,311	2,872	-	165,260	1,780,443
Machinery and equipment	197,100	11,032	5,985	-	202,147
Software	32,654	-	-	-	32,654
Infrastructure	972,640	462	688	19,641	992,055
Total capital assets, being depreciated	<u>2,814,705</u>	<u>14,366</u>	<u>6,673</u>	<u>184,901</u>	<u>3,007,299</u>
Less accumulated depreciation for:					
Structures and improvements	617,871	45,170	-	-	663,041
Machinery and equipment	147,952	10,931	4,638	-	154,245
Software	32,654	-	-	-	32,654
Infrastructure	506,450	23,484	-	-	529,934
Total accumulated depreciation	<u>1,304,927</u>	<u>79,585</u>	<u>4,638</u>	<u>-</u>	<u>1,379,874</u>
Total capital assets, being depreciated, net	<u>1,509,778</u>	<u>(65,219)</u>	<u>2,035</u>	<u>184,901</u>	<u>1,627,425</u>
Governmental activities capital assets, net	<u>\$ 1,815,705</u>	<u>\$ 3,939</u>	<u>\$ 2,035</u>	<u>\$ -</u>	<u>\$ 1,817,609</u>

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

Governmental Activities	
General government	\$ 3,744
Public protection	22,484
Public assistance	2,248
Health and sanitation	23,647
Public ways and facilities	19,901
Recreation and cultural services	383
Education	1,191
Capital assets held by the County's internal service funds	5,986
Total depreciation expense – governmental activities	<u>\$ 79,584</u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

The County has active construction projects as of June 30, 2018. 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, 2018 are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Construction of health care facilities	\$ 47,276	\$ 29,312
Construction of youthful offender facility	4,000	315
Road improvements	12,020	15,549
Flood control channel improvements	17,942	2,035
Other projects	29,786	19,068
Total governmental funds	<u>\$ 111,024</u>	<u>\$ 66,279</u>

Debt proceeds finance the commitment for construction of health care facilities. The youth offender facility is funded by state funding, fines and penalties imposed on criminal offenses, and reserve. 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	<u>(2,341)</u>
Net book value	<u>\$ 2,555</u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
 (amounts in tables expressed in thousands)
JUNE 30, 2018

FIDUCIARY FUNDS – Pension, OPEB, and Other Employee Benefits Trust Funds

Capital asset activities of the pension, OPEB, and other employee benefits trust funds for the year ended December 31, 2017, are as follows:

	Balance				Balance
	January 1, 2017	Increases	Decreases		December 31, 2017
Capital assets, being depreciated:					
Equipment and furniture	\$ 3,019	\$ 15	\$ -		\$ 3,034
Electronic document management system	4,163	-	-		4,163
Information systems	10,457	-	-		10,457
Leasehold improvements	2,585	-	-		2,585
Total capital assets, being depreciated	<u>20,224</u>	<u>15</u>	<u>-</u>		<u>20,239</u>
Less accumulated depreciation and amortization for:					
Equipment and furniture	2,926	46	-		2,972
Electronic document management system	4,140	25	-		4,165
Information systems	10,457	-	-		10,457
Leasehold improvements	945	95	-		1,040
Total accumulated depreciation	<u>18,468</u>	<u>166</u>	<u>-</u>		<u>18,634</u>
Total capital assets, being depreciated, net	<u>1,756</u>	<u>(151)</u>	<u>-</u>		<u>1,605</u>
Fiduciary fund capital assets, net	<u>\$ 1,756</u>	<u>\$ (151)</u>	<u>\$ -</u>		<u>\$ 1,605</u>

COMPONENT UNIT – Alameda Health System

Capital asset activities of the Alameda Health System for the year ended June 30, 2018, are as follows:

	Balance				Balance
	July 1, 2017	Increases	Transfers		June 30, 2018
Capital assets, not being depreciated:					
Construction in progress	\$ 10,193	\$ 25,858	\$ (4,430)		\$ 31,621
Land	9,021	-	-		9,021
Total capital assets, not being depreciated	<u>19,214</u>	<u>25,858</u>	<u>(4,430)</u>		<u>40,642</u>
Capital assets, being depreciated:					
Structures and improvements	57,101	3,058	1,242		61,401
Machinery and equipment	155,609	11,212	3,188		170,009
Total capital assets, being depreciated	<u>212,710</u>	<u>14,270</u>	<u>4,430</u>		<u>231,410</u>
Less accumulated depreciation for:					
Structures and improvements	36,003	2,180	-		38,183
Machinery and equipment	108,465	14,349	-		122,814
Total accumulated depreciation	<u>144,468</u>	<u>16,529</u>	<u>-</u>		<u>160,997</u>
Total capital assets, being depreciated, net	<u>68,242</u>	<u>(2,259)</u>	<u>4,430</u>		<u>70,413</u>
Component unit capital assets, net	<u>\$ 87,456</u>	<u>\$ 23,599</u>	<u>\$ -</u>		<u>\$ 111,055</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

6. Accounts Payable and Accrued Expenditures/Expenses

Accounts payable and accrued expenditures/expenses as of June 30, 2018, for the County's individual major funds, non-major funds in the aggregate, and internal service funds are as follows:

	Governmental Funds							Internal Service Funds	Governmental Activities Total
	General	Property Development	Flood Control	Capital Projects	Debt Service	Nonmajor Governmental Funds	Subtotal		
	Accounts payable	\$ 141,391	\$ 143	\$ 4,338	\$ 5,655	\$ 557	\$ 9,659		
Outstanding warrants	37,554	-	-	-	-	-	37,554	-	37,554
Accrued payroll	38,239	10	1,210	-	-	4,416	43,875	2,463	46,338
Total accounts payable and accrued expenditures	<u>\$ 217,184</u>	<u>\$ 153</u>	<u>\$ 5,548</u>	<u>\$ 5,655</u>	<u>\$ 557</u>	<u>\$ 14,075</u>	<u>\$ 243,172</u>	<u>\$ 8,692</u>	<u>\$ 251,864</u>

Payables for pension, OPEB, and other employee benefits trust funds at December 31, 2017 are as follows:

Purchase of securities	\$ 37,552
Investment-related payables	13,293
Member benefits	3,473
Accrued administrative expenses	2,495
Other	523
Total accounts payable and accrued expenses	<u>\$ 57,336</u>

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.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

7. Long-Term Obligations

The following is a summary of long-term obligations of the County as of June 30, 2018:

GOVERNMENTAL ACTIVITIES

<u>Type of Obligation and Purpose</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Certificates of participation:				
Public Facilities Corporation:				
1989 Capital Projects capital appreciation certificates-principal (b)	6/15/2019	6.70 - 6.80%	\$ 26,664	\$ 356
2007A Refunding (a)	12/1/2021	4 - 5.625	37,010	11,415
Certificates of participation-principal				11,771
1989 Capital Projects capital appreciation certificates-accretion (b)				2,259
Tobacco settlement asset-backed bonds				
Tobacco Securitization bonds 2002 (e)	6/1/2042	2.25 - 6.00	220,525	137,695
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				205,554
Tobacco Securitization capital appreciation bonds 2006 - accretion (e)				84,623
Pension obligation bonds				
1996 bonds series B capital appreciation bonds-principal (a)	12/1/2018	7.03 - 7.58	306,863	8,938
1996 bonds series B capital appreciation bonds-accretion (a)				36,817
Lease revenue bonds				
Alameda County Joint Powers Authority:				
Juvenile Justice Refunding Bonds 2016 (a)	6/1/2035	2.0 - 5.0	98,470	94,880
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	38,470
Lease Revenue Refunding Bonds 2012 (a)	12/1/2021	1.5 - 5	75,915	17,015
Multiple Capital Projects Bonds 2013A (a)	12/1/2035	3 - 5.25	287,380	287,380
Taxable Lease Revenue Bonds 2018 (f)	6/1/2028	2.27 - 3.60	73,495	67,400
Lease revenue bonds				825,145
General obligation bonds				
Measure A1 bonds 2018 - A (g)	8/1/2038	2.56 - 4.00	240,000	240,000
Capital leases				
Water efficiency measures (a)	10/30/2023	4.08	3,000	1,281
Structures & Improvement - 7200 Bancroft Ave. (a)	2/28/2021	4.34	1,896	1,634
Capital leases payable				2,915
Other long-term obligations				
Loans payable (d)	6/22/2026	1.0 - 4.1	29,613	16,646
Compensated employee absences payable (c)				75,406
Estimated liability for claims and contingencies (d)				141,571
Obligation to fund Authority deficit (see Note 17) (a)				37,050
Other long-term obligations				270,673
Governmental activities total long-term obligations				\$ 1,688,695

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.
- (f) 1998 Escrow Securities from the issuance of the 2002 Tobacco Securitization bonds
- (g) Ad valorem taxes levied on taxable property located within the County

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, 2018 of \$137.70 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 \$1.75 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 \$16.8 million while tobacco settlement revenue was \$16.0 million.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

COMPONENT UNIT

<u>Type of Obligation</u>	<u>Outstanding</u>
Alameda Health System	
Compensated employee absences payable	\$ 30,622
Estimated liability for claims and contingencies	29,999
Component unit total long-term obligations	\$ 60,621

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, 2018, the County's debt limit (1.25% of total assessed value) was \$3.43 billion. The County's outstanding general obligation debt is \$240 million and therefore \$3.19 billion is still available of the 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 an arbitrage rebate payment of \$0.56 million during the year.

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 \$39.8 million as of June 30, 2018. 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 \$51.6 million as of June 30, 2018. 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.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

Changes in Long-Term Obligations

The changes in long-term obligations for governmental activities for the year ended June 30, 2018, are as follows:

	<u>Balance July 1, 2017</u>	<u>Additional Obligations, Interest Accretion, and Net Increases</u>	<u>Current Maturities, Retirements, and Net Decreases</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Certificates of participation and bonds payable					
Certificates of participation	\$ 14,671	\$ -	\$ (2,900)	\$ 11,771	\$ 3,001
Tobacco securitization bonds	213,744	-	(8,190)	205,554	-
Pension obligation bonds	27,720	-	(18,782)	8,938	8,938
Lease revenue bonds	766,420	73,495	(14,770)	825,145	26,010
General obligation bonds	-	240,000	-	240,000	-
Total certificates of participation and bonds payable before accretion	<u>1,022,555</u>	<u>313,495</u>	<u>(44,642)</u>	<u>1,291,408</u>	<u>37,949</u>
Accretion on capital appreciation certificates and bonds					
Certificates of participation	4,000	494	(2,235)	2,259	2,259
Tobacco Securitization bonds	74,959	9,664	-	84,623	-
Pension obligation bonds	98,532	8,048	(69,763)	36,817	36,817
Total certificates of participation and bonds payable at accreted value	<u>1,200,046</u>	<u>331,701</u>	<u>(116,640)</u>	<u>1,415,107</u>	<u>77,025</u>
Other debt-related items					
Issuance premiums	33,918	3,424	(2,530)	34,812	2,687
Issuance discount	(3,438)	-	136	(3,302)	(136)
Total bonds and certificates payable	<u>1,230,526</u>	<u>335,125</u>	<u>(119,034)</u>	<u>1,446,617</u>	<u>79,576</u>
Loans	8,273	10,000	(1,627)	16,646	1,348
Compensated employee absences payable	70,569	43,452	(38,615)	75,406	48,731
Estimated liability for claims and contingencies	132,990	40,433	(31,852)	141,571	32,588
Capital leases	3,351	-	(436)	2,915	595
Obligation to fund Coliseum Authority deficit	41,385	-	(4,335)	37,050	4,550
Governmental activity long-term obligations	<u>\$ 1,487,094</u>	<u>\$ 429,010</u>	<u>\$ (195,899)</u>	<u>\$ 1,720,205</u>	<u>\$ 167,388</u>

Internal service funds predominantly serve the governmental funds, the long-term liabilities of which are included as part of the above totals for governmental activities. At the year ended June 30, 2018, \$3.64 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, 2018, are as follows:

Component Unit:	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due Within One Year</u>
Compensated employee absences payable	\$ 28,952	\$ 1,670	\$ -	\$ 30,622	\$ 18,270
Estimated liability for claims and contingencies	32,180	944	(3,125)	29,999	6,584
Total component unit long-term obligations	<u>\$ 61,132</u>	<u>\$ 2,614</u>	<u>\$ (3,125)</u>	<u>\$ 60,621</u>	<u>\$ 24,854</u>

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

Annual debt service requirements for long-term obligations outstanding as of June 30, 2018, are as follows:

GOVERNMENTAL ACTIVITIES

For the Year Ending June 30	Lease Revenue Bonds		General Obligaion Bonds		Tobacco Securitization Bonds			Pension Obligation Bonds		Total Bonds		
	Principal	Interest	Principal	Interest	Accreted			Principal	Interest	Accreted		
					Principal	Interest	Interest			Principal	Interest	
2019	\$ 26,010	\$ 45,711	\$ -	\$ 7,343	\$ -	\$ -	\$ 8,165	\$ 8,938	\$ 36,817	\$ 34,948	\$ 36,817	\$ 61,219
2020	27,080	44,644	22,000	8,369	-	-	8,165	-	-	49,080	-	61,178
2021	28,260	43,489	26,700	7,642	-	-	8,165	-	-	54,960	-	59,296
2022	29,525	42,232	7,555	7,149	-	-	8,165	-	-	37,080	-	57,546
2023	26,045	41,009	7,855	6,840	-	-	8,165	-	-	33,900	-	56,014
2024-2028	149,380	185,763	44,250	29,130	-	-	40,823	-	-	193,630	-	255,716
2029-2033	145,710	149,025	53,315	19,989	16,275	-	37,080	-	-	215,300	-	206,094
2034-2038	151,865	108,842	64,020	9,028	45,170	-	28,182	-	-	261,055	-	146,052
2039-2043	164,980	56,985	14,305	273	76,250	-	18,300	-	-	255,535	-	75,558
2044-2048	76,290	5,428	-	-	-	-	-	-	-	76,290	-	5,428
2049-2053	-	-	-	-	51,475	764,585	-	-	-	51,475	764,585	-
2059-2060	-	-	-	-	16,384	616,926	-	-	-	16,384	616,926	-
Total	\$ 825,145	\$ 723,127	\$ 240,000	\$ 95,763	\$ 205,554	\$ 1,381,511	\$ 165,210	\$ 8,938	\$ 36,817	\$ 1,279,637	\$ 1,418,328	\$ 984,100

For the Year Ending June 30	Total Bonds		Certificates of Participation			Other Long-Term Obligations		Total Debt			
	Principal	Interest	Interest	Accreted			Principal	Interest	Accreted		
				Principal	Interest	Interest			Principal	Interest	
2019	\$ 34,948	\$ 36,817	\$ 61,219	\$ 3,001	\$ 2,259	\$ 478	\$ 1,943	\$ 963	\$ 39,892	\$ 39,076	\$ 62,660
2020	49,080	-	61,178	2,785	-	342	1,951	670	53,816	-	62,190
2021	54,960	-	59,296	2,930	-	199	1,766	245	59,656	-	59,740
2022	37,080	-	57,546	3,055	-	63	1,163	85	41,298	-	57,694
2023	33,900	-	56,014	-	-	-	1,193	54	35,093	-	56,068
2024-2028	193,630	-	255,716	-	-	-	11,545	40	205,175	-	255,756
2029-2033	215,300	-	206,094	-	-	-	-	-	215,300	-	206,094
2034-2038	261,055	-	146,052	-	-	-	-	-	261,055	-	146,052
2039-2043	255,535	-	75,558	-	-	-	-	-	255,535	-	75,558
2044-2048	76,290	-	5,428	-	-	-	-	-	76,290	-	5,428
2049-2053	51,475	764,585	-	-	-	-	-	-	51,475	764,585	-
2059-2060	16,384	616,926	-	-	-	-	-	-	16,384	616,926	-
Total	\$ 1,279,637	\$ 1,418,328	\$ 984,100	\$ 11,771	\$ 2,259	\$ 1,082	\$ 19,561	\$ 2,057	\$ 1,310,969	\$ 1,420,587	\$ 987,239

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.

On March 29, 2018, the County issued General Obligation Bonds Measure A1 2018 Series A, in the amount of \$240 million. The Series 2018 A Bonds is the first issuance from a total authorization under Measure A1 of \$580 million of general obligation bonds, duly authorized by at least two-thirds of the voters of the County voting on Measure A1 at an election held on November 8, 2016 ("Measure A1") to provide affordable local housing and prevent displacement of vulnerable populations, including low and moderate-income households, veterans, seniors, and persons with disabilities; provide supportive housing for homeless people Countywide; and help low and middle-income households purchase homes and stay in their communities. The serial bonds component were issued with fixed interest rates ranging from 2.56 percent to 4 percent, with maturity dates between August

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

1, 2019 and August 1, 2033. The term bonds component were issued at 3.82 percent fixed interest rate with dates between August 1, 2034 and August 1, 2038.

On April 24, 2018, the Alameda County Joint Powers Authority issued Taxable Lease Revenue Bonds Series 2018 in the amount of \$73.50 million. The proceeds of the bonds will be used to (a) finance and refinance certain public capital improvements and facilities of the County as permitted by applicable law; (b) refinance and prepay the 1998 Certificates principal along with the unpaid accrued interest to the prepayment date on April 25, 2018 and (c) pay cost of bond issuance. The serial bonds were issued with fixed interest rates ranging from 2.27 percent to 3.60 percent, with maturity dates between June 1, 2018 and June 1, 2028.

On February 8, 2018, the Alameda County Joint Powers Authority issued Commercial Paper Notes in the amount of \$10 million. The purpose of the issuance was to provide for the final stage of financing for the Acute Care Tower Seismic Replacement Project.

8. Operating Lease Obligations

The County has numerous operating leases for office space. Rental expense for operating leases for fiscal year 2017-18 was \$26.0 million. Future minimum lease payments for operating leases at June 30, 2018, are as follows:

2019	2020	2021	2022	2023	2024-28	Total
\$ 23,764	\$ 17,696	\$ 16,425	\$ 9,116	\$ 6,318	\$ 6,073	\$ 79,392

9. Fund Deficits

Individual fund deficit at June 30, 2018 are as follows:

Alameda Health System	\$ 259,826
Internal Service Fund - Building Maintenance	\$ 20,467
Internal Service Fund - Information Technology	\$ 22,799

The fund deficits of the internal service funds are expected to be funded by increased user charges. The fund deficit of AHS is expected to remain in the succeeding years as the County is to provide ongoing liquidity support until 2034.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

10. Fund Balances

Details of the fund balance classifications of the major and non-major governmental funds as of June 30, 2018 are as follows:

	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major	Total
Inventory	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ 56	\$ 59
Long-term receivables	3,708	-	-	-	-	-	3,708
Properties held for resale	255	1,836	-	-	-	-	2,091
Prepaid items	-	-	-	-	-	687	687
Total Nonspendable	3,963	1,836	3	-	-	743	6,545
Restricted for:							
Public protection	148,364	-	214,009	-	-	70,898	433,271
Public assistance	2,944	-	-	-	-	380	3,324
Health and sanitation	186,879	-	-	-	-	9,286	196,165
Public ways and facilities	-	-	-	-	-	91,356	91,356
Education	-	-	-	-	-	16,937	16,937
Debt service	-	-	-	-	33,374	89,178	122,552
Other purposes	10,129	-	-	-	-	-	10,129
Total Restricted	348,316	-	214,009	-	33,374	278,035	873,734
Committed to:							
Fiscal management rewards	181,598	-	-	-	-	-	181,598
Settlement claims	7,000	-	-	-	-	-	7,000
General contingencies	67,434	-	-	-	-	-	67,434
Capital projects	132,900	-	-	65,596	-	-	198,496
Pension liability reduction	532,653	-	-	-	-	-	532,653
Capital projects and related debt	-	611,362	-	-	-	-	611,362
Public assistance	7,790	-	-	-	-	-	7,790
Public protection	2,903	-	-	-	-	-	2,903
Other commitments	67,270	-	-	-	-	-	67,270
Total Committed	999,548	611,362	-	65,596	-	-	1,676,506
Assigned to:							
Appropriations in subsequent year	33,122	-	-	-	-	-	33,122
General government	7,964	-	-	-	-	-	7,964
Public protection	33,498	-	-	-	-	9,348	42,846
Public assistance	39,360	-	-	-	-	-	39,360
Health and sanitation	81,379	-	-	-	-	-	81,379
Public ways and facilities	200	-	-	-	-	-	200
Recreation and cultural services	5	-	-	-	-	-	5
Other purposes	216	-	-	-	-	-	216
Total Assigned	195,744	-	-	-	-	9,348	205,092
Unassigned	134,850	-	-	-	-	-	134,850
Total fund balances	\$ 1,682,421	\$ 613,198	\$ 214,012	\$ 65,596	\$ 33,374	\$ 288,126	\$ 2,896,727

Encumbrance balances by major funds and non-major funds as of June 30, 2018 are:

	Restricted	Committed	Assigned	Total
General Fund	\$ 12,811	\$ -	\$ 153,654	\$ 166,465
Property Development	-	17	-	17
Flood Control	35,103	-	-	35,103
Capital Projects	-	48,948	-	48,948
Non-major Governmental Funds	34,414	-	263	34,677
Total encumbrances	\$ 82,328	\$ 48,965	\$ 153,917	\$ 285,210

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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, 2018 for governmental activities is as follows:

Restricted for Public Protection		
Flood	\$214,159	
Consumer Protection	41,605	
Sheriff	31,594	
Public Safety	16,589	
Criminal Justice and Courthouse Construction	18,096	
Vital Records	21,907	
Child Support Enforcement	3,634	
Community Development	6,444	
Criminal Justice Programs	864	
Vehicle Theft Prevention	1,734	
Survey Monument Preservation	550	
Domestic Violence	112	
Probation	163	
Other	<u>5,351</u>	\$362,802
Restricted for Public Assistance		
Housing and Commercial Development	112,039	
Social Services Programs	439	
Child Protective Services	<u>1,243</u>	113,721
Restricted for Health and Sanitation		
Behavioral Health Services	102,236	
Public Health	37,284	
Emergency Medical Services	19,595	
Environmental Health	<u>30,442</u>	189,557
Restricted for Public Ways and Facilities		
Roads and Bridges Maintenance	82,924	
Streets and Highway Lighting	<u>7,214</u>	90,138
Restricted for Education		
Library Services		17,030
Restricted for Other Purposes		
Debt Payments	30,903	
Property Taxes	5,808	
Assessor	<u>5,005</u>	41,716
Total Restricted Net Position-Governmental Activities		<u><u>\$814,964</u></u>

Included in governmental activities restricted net position as of June 30, 2018 is net position restricted by enabling legislation of \$120.6 million.

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, 2018, is as follows:

	<u>Due to other funds</u>		<u>Total</u>
	<u>Debt Service Funds</u>	<u>Non-major Governmental Funds</u>	
<u>Due from other funds</u>			<u>Due from</u>
General fund	<u>\$ 39,468</u>	<u>\$ 856</u>	<u>\$ 40,324</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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.

Due to/from primary government and component unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government-governmental	Alameda Health System	<u>\$ 95,499</u>
Primary government-governmental		\$ 95,499
Less allowance for uncollectibles		<u>(31,000)</u>
Net		<u>\$ 64,499</u>
Alameda Health System	Primary government-governmental	<u>\$ 30,868</u>

Transfers between funds for the year ended June 30, 2018, are as follows:

	<u>Transfers In:</u>					<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Non-major Governmental Funds</u>	<u>Internal Service Funds</u>	
Transfers out:						
General fund	\$ -	\$ 5,321	\$ 96,306	\$ -	\$ 1,709	103,336
Property development fund	586	-	11,134	-	-	11,720
Debt service fund	-	39,709	-	67,626	-	107,335
Non-major governmental funds	-	-	6,327	2,300	-	8,627
Internal service funds	2,117	1,310	6,423	-	74	9,924
Total transfers in	<u>\$ 2,703</u>	<u>\$ 46,340</u>	<u>\$ 120,190</u>	<u>\$ 69,926</u>	<u>\$ 1,783</u>	<u>\$ 240,942</u>

The \$103.3 million General Fund transfer out includes \$60.3 million for pension obligation debt service, \$36 million to provide for the payment of debt service, \$5.3 million to provide funding for capital projects, and \$1.7 million for maintenance projects.

The \$11.7 million Property Development Fund transfer out includes \$8.2 million for the payment of Juvenile Justice Refunding bond.

The \$107.3 million Debt Service Fund transfer out includes \$34.6 million reimbursement to the Capital Project Fund for the Acute Tower Replacement project. \$5.1 million is from the proceeds of the JPA Taxable Lease Revenue Bond for other capital projects. Due to the prepayment of the 1998 Certificates, the 1998 Escrow Securities of \$67.6 million is now available for the benefit of the County. The County anticipates that the aggregate annual payments received from the 1998 Escrow Securities will approximate the County’s annual base rental payments of the Taxable Lease Revenue Bonds Series 2018. However, the 1998 Escrowed Securities payments to the County are not pledged as security for the Series 2018 Bonds,

The \$8.6 million Non-major Governmental Funds transfer out includes \$6.3 million for debt payments and \$2.3 million to cover operating costs of the bridges.

The \$9.9 million Internal Service Funds transfer out includes \$6.4 million for the payment of debt service, \$1.9 million for payment of energy loans and leases, and \$1.3 million for tenant improvement projects

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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 \$1.05 billion as of December 31, 2017. 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. 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.

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, inactive 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 annually 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%

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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, 2017 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Funding Policy

The pension plan under the 1937 Act has no legal or contractual maximum contribution rates. The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits, and are between 5.03 and 22.79 percent of their annual covered salary effective September 2016. 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, 2018, the County made contributions of \$189.78 million to ACERA. However, the reported contributions are allocated between the pension and the other postemployment benefit plans. Therefore, 18.32 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, 2018, the County reported a liability of \$1.56 billion for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. 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, 2017, the County's proportion was 77.54 percent, which was an increase of 0.98 percent from its proportion measured as of December 31, 2016.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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

For the year ended June 30, 2018, the County recognized pension expense of \$301.3 million. At June 30, 2018, the County 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
Differences between expected and actual experience	\$ 14,541	\$ 57,192
Changes of assumptions	394,568	36,676
Net difference between projected and actual earnings on investments	-	196,400
Changes in proportion and differences between County contributions and proportionate share of contributions	9,116	13,487
County contributions subsequent to the measurement date	100,933	-
Total	\$ 519,158	\$ 303,755

County contributions of \$100.9 million 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, 2019. 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:	
2019	\$ 91,956
2020	59,698
2021	(26,252)
2022	(32,118)
2023	21,186

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 December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	December 31, 2017
Inflation	3.00%
Salary Increases	General: 3.90% to 8.30% Safety: 4.30% to 11.30% Vary by service, including inflation
Investment Rate of Return	7.25%, 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, 2013 - November 30, 2016 Actuarial Experience Study
Date of Experience Study	December 1, 2013 through November 30, 2016

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Large Cap Equity	22.40 %	5.75 %
Domestic Small Cap Equity	5.60	6.37
Developed International Equity	19.50	6.89
Emerging Market Equity	6.50	9.54
U.S. Core Fixed Income	11.25	1.03
High Yield Bonds	1.50	3.99
International Bonds	2.25	19.00
TIPS	2.00	0.98
Real Estate	8.00	4.47
Commodities	3.00	3.78
Absolute Return (Hedge Fund)	9.00	4.30
Private Equity	9.00	7.60
Total	100.00 %	

Discount Rate – The discount rate used to measure the total pension liability was 7.25% as of December 31, 2017, a decrease of 0.35% from last year. 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability	\$ 2,433,920	\$ 1,561,392	\$ 843,478

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). PEPR 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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. Funding Policy

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, 2017, the active employee contribution rate is 7.00 percent of annual pay for non-PEPRA members and 6.25 percent of annual pay for PEPRA members. ACFD contribution rate is 8.92 percent of annual payroll for non-PEPRA members and 6.53 percent of annual payroll for PEPRA members.

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, 2017, the active employee contribution rate is 9.00 percent of annual pay for non-PEPRA members and 12.25 percent of annual pay for PEPRA members. The County contribution rate is 20.59 percent of annual payroll. ACFD contribution rate is 20.59 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, 2018, ACFD reported a liability of \$2.72 million for its proportionate share of the net pension liability for the Miscellaneous Plan. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2018, ACFD's proportion was 0.027 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2017.

Safety Plan

As of June 30, 2018, ACFD reported a liability of \$113.2 million for its Safety Plan net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2016	\$ 384,277	\$ 288,766	\$ 95,511
Changes for the year:			
Service cost	13,986	-	13,986
Interest	29,083	-	29,083
Changes of assumptions	24,186	-	24,186
Differences between expected and actual	692	-	692
Contributions - employer	-	14,046	(14,046)
Contributions - employee	-	4,434	(4,434)
Net investment income	-	32,203	(32,203)
Benefit payments ¹	(18,785)	(18,785)	-
Administrative expenses	-	(426)	426
Net changes for the year	49,162	31,472	17,690
Balances at June 30, 2017	<u>\$ 433,439</u>	<u>\$ 320,238</u>	<u>\$ 113,201</u>

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, 2018, ACFD recognized pension expense of \$996 thousand. At June 30, 2018, 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	\$ 132	\$ -
Changes of assumptions	581	44
Differences between expected and actual experience	5	67
Changes in proportion and differences between ACFD contributions and proportionate share of contributions	791	66
ACFD contributions subsequent to the measurement date	542	-
Total	<u>\$ 2,051</u>	<u>\$ 177</u>

ACFD contributions of \$542 thousand 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, 2019. 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:	
2019	\$ 558
2020	510
2021	341
2022	(77)

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

Safety Plan

For the year ended June 30, 2018, ACFD recognized pension expense of \$21.75 million. At June 30, 2018, 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
	\$ 4,110	\$ -
Net difference between projected and actual earnings on pension plan investments		
Changes of assumptions	20,155	2,958
Differences between expected and actual experience	1,307	235
ACFD contributions subsequent to the measurement date	10,067	-
Total	\$ 35,639	\$ 3,193

ACFD contributions of \$10.07 million 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, 2019. 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:	
2019	\$ 3,229
2020	8,003
2021	5,241
2022	1,760
2023	4,146

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2016
Discount Rate	7.15%
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. For more details on this table, please refer to the 2014 experience study report.

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1-10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

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 7.15 percent as of June 30, 2017, a decrease of 0.50 percent from last year. 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.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	<u>1% Decrease (6.15%)</u>	<u>Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
ACFD's proportionate share of the net pension liability	\$ 4,637	\$ 2,720	\$ 1,132

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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	<u>1% Decrease (6.15%)</u>	<u>Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
ACFD's net pension liability	\$ 172,544	\$ 113,201	\$ 64,258

F. Pension Plan Fiduciary Net Position

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

15. Other Postemployment Benefits - ACERA

A. Plan Description

ACERA administers a medical benefits plan for retired members and their eligible dependents. The County participates in the plan. The OPEB plan is a cost-sharing, multiple-employer, defined benefit plan. The OPEB plan 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 OPEB plan provides healthcare benefits for eligible retired members through health care subsidy in the form of the monthly medical allowance (MMA), Medicare Part B reimbursement, and dental and vision subsidies. Retirees can also purchase medical benefits for eligible dependents on an out-of-pocket basis.

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).

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

The maximum MMA in 2017 was \$540 and remains at \$540 in 2018 for retirees who are not purchasing individual insurance through the Medicare exchange. For those purchasing individual insurance through the Medicare exchange, the MMA was \$414 for 2017 and remains at \$414 for 2018. These allowances are subject to the following schedule:

<u>Completed Years of Service</u>	<u>Percentage Subsidized</u>
10-14	50%
15-19	75%
20+	100%

The ACERA Board of Retirement annually reviews the maximum MMA and does not index the MMA to increase automatically. In addition, the MMA can only be used to pay for retiree medical benefits. If the actual cost of coverage is less than the MMA, the benefit is limited to the cost of the medical insurance.

B. Funding Policy

The postemployment medical, dental and vision benefits are currently provided through the Supplemental Retirees Benefit Reserve (SRBR) as described in the ACERA Defined Benefit Pension Plan note. The SRBR is a funded trust that receives fifty percent of the investment earnings that are in excess of the assumed investment rate of return of the ACERA Defined Benefit Pension Plan. The County does not make postemployment medical benefit payments directly to retirees and does not have the ability to fund these benefits. However, the County's pension contribution to ACERA would be lower if not for the excess interest transfer to the SRBR.

C. OPEB Liabilities

As of June 30, 2018, the County reported a liability of \$20.66 million for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as December 31, 2016. The County's proportion of the net OPEB 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, 2017, the County's proportion was 75.20 percent, which was a decrease of 0.41 percent from its proportion measured as of December 31, 2016.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

D. OPEB Expense and Deferred Flows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$5.71 million. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,830
Changes of assumptions	37,710	-
Net difference between projected and actual earnings on investments	-	110,721
Changes in proportion and differences between County contributions and proportionate share of contributions	191	658
Total	\$ 37,901	\$ 125,209

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2019	\$ (23,558)
2020	(23,558)
2021	(23,558)
2022	(23,558)
2023	4,122
Thereafter	2,802

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	December 31, 2017
Inflation	3.00%
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
Health care premium trend rates	
Non-Medicare medical plan	Graded from 7.00% to ultimate 4.50% over 10 years
Medicare medical plan	Graded from 6.50% to ultimate 4.50% over 8 years
Dental/Vision and Medicare Part B	4.50%
Mortality Tables	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, projected generationally with two-dimensional MP-2016 projection scale. The generational projection is a provision for future mortality improvement.
Date of Experience Study	December 1, 2013 through November 30, 2016

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

The long-term expected rate of return on OPEB plan investments 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. These returns 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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Large Cap Equity	22.40 %	5.75 %
Domestic Small Cap Equity	5.60	6.37
Developed International Equity	19.50	6.89
Emerging Market Equity	6.50	9.54
U.S. Core Fixed Income	11.25	1.03
High Yield Bonds	1.50	3.99
International Bonds	2.25	19.00
TIPS	2.00	0.98
Real Estate	8.00	4.47
Commodities	3.00	3.78
Absolute Return (Hedge Fund)	9.00	4.30
Private Equity	9.00	7.60
Total	<u>100.00 %</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 7.25% as of December 31, 2017. The projection of cash flows used to determine the discount rate assumes benefits are paid from current SRBR assets. Based on this assumption, the SRBR’s Fiduciary Net Position was projected to be available to make all projected future benefits payments for current plan members. Therefore the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the County’s proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the County’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County’s proportionate share of the net OPEB liability	\$ 119,697	\$ 20,664	\$ 61,708

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the County’s proportionate share of the net OPEB liability calculated using the current trend rate, as well as what the County’s proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower (6.0 percent decreasing to 4.5 percent) or 1-percentage-point higher (8.0 percent decreasing to 5.5 percent) than the current rate:

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
 (amounts in tables expressed in thousands)
JUNE 30, 2018

	1% Decrease (6.0%) decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0%) decreasing to 4.5%)	1% Increase (8.0%) decreasing to 5.5%)
County's proportionate share of the net OPEB liability	\$ (71,205)	\$ 20,664	\$ 133,741

F. OPEB Plan Fiduciary Net Position

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

16. Other Postemployment Benefits – ACFD

A. Plan Description

The ACFD administers a defined benefit OPEB plan 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.

Tier 1 employees retiring from the ACFD with a minimum of five (5) years of services are eligible to receive a stipend amount, less the Minimum Employer Contribution (MEC), equal to the costs of the premium for the medical plan selected, up to the amount necessary for actual enrollment in Kaiser Single, Kaiser Two-Party, or Kaiser Family. For eligible retirees who are 65 years of age or older and enrolled in Medicare, the ACFD contribution will be a stipend amount, less the MEC, equal to the costs of the premium for the medical plan selected, not to exceed the premium for Kaiser Single, Kaiser Two-Party, or Kaiser Family Medicare medical coverage as applicable.

Tire 2 employees retiring from the ACFD with a minimum of five (5) years of services with the ACFD and a minimum of 10 years of total service credit with CalPERS, are eligible to receive percentage of post-retirement benefit from ACFD based on the following table:

Credited Years Of Service	Percentage of Employer Contribution
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20 or more	100

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

The ACFD's contribution will equal to the costs of the premium for the medical plan selected, not to exceed the premium for Kaiser Single, Kaiser Two-Party, or Kaiser Family Medicare medical coverage as applicable, less the MEC, with the application of the percentage of employer contribution. In no event will the department contribution be less than the MEC.

Tire 3 employees retiring from the ACFD with a minimum of five (5) years of services with the ACFD and a minimum of 10 years of total service credit with CalPERS, are eligible to receive post-retirement benefit from ACFD. The ACFD's maximum contribution will be based on ninety percent of either the Kaiser single or two-party rate (as applicable) less the MEC with the application of the formula as Tier 2, but in no event will the department contribution be less than the MEC.

At June 30, 2017, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
Inactives currently receiving benefits	276
Inactives entitled to but not yet receiving benefits	16
Active employees	419
Total	711

B. Funding Policy

The ACFD's current funding policy for postemployment medical benefits is pay-as-you-go, with employees making contribution to the CalPERS California Employers' Retiree Benefit Trust (CERBT) as a percentage of salary. For fiscal year 2018, the ACFD's contribution is \$8.3 million. This amount includes \$1.2 million of employee contributions and \$7.1 million of employer contributions. The employer contributions are comprised of \$2.2 million in contributions to the trust, \$4.2 million in cash benefit payments, and \$685 thousand in implied subsidy benefit payments. The ACFD is working with an actuary and its contract agencies to develop a funding strategy and accounting methodology for its net OPEB liability.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

C. Net OPEB Liability

As of June 30, 2018, ACFD reported a net OPEB liability of \$107.88 million. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016.

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2017	\$ 127,411	\$ 12,549	\$ 114,862
Changes for the year:			
Service cost	5,905	-	5,905
Interest	6,490	-	6,490
Changes of assumptions	(9,592)	-	(9,592)
Contributions - employer	-	7,086	(7,086)
Contributions - employee	-	1,241	(1,241)
Net investment income	-	1,468	(1,468)
Benefit payments	(4,915)	(4,915)	-
Administrative expenses	-	(8)	8
Net changes for the year	(2,112)	4,872	(6,984)
Balance at June 30, 2018	<u>\$ 125,299</u>	<u>\$ 17,421</u>	<u>\$ 107,878</u>

D. OPEB Expense and Deferred Flows of Resources Related to OPEB

For the year ended June 30, 2018, ACFD recognized OPEB expense of \$8.89 million. At June 30, 2018, ACFD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	\$ 405
Changes of assumptions	-	8,393
ACFD contributions subsequent to the measurement date	6,668	-
Total	<u>\$ 6,668</u>	<u>\$ 8,798</u>

ACFD contributions of \$6.67 million are reported as deferred outflows of resources to OPEB and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2019	\$ (1,300)
2020	(1,300)
2021	(1,300)
2022	(1,301)
2023	(1,199)
Thereafter	(2,398)

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

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 OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2017 Measurement Date										
Contribution Policy	Employer contributions are made on an ad hoc basis Employees contribute based on current MOUs										
Discount Rate	Based on crossover test 5.49% at June 30, 2017 4.96% at June 30, 2016										
Long-Term Expected Rate of Return on Investments	6.75%, net of investment expenses										
Municipal Bond Rate	5.49% at June 30, 2017 4.96% at June 30, 2016 Bond Buyer 20-Bond GO Index										
Crossover Test Assumptions	Projected contributions based on average over prior 5 years, omitting 15/16 atypical contribution Administrative expenses = 0.06% of FNP Crossover occurs in 38 years										
General Inflation	2.75% per annum										
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study										
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2017										
Salary Increases	Aggregate - 3% Merit - CalPERS 1997-2015 Experience Study										
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years										
Healthcare participation for future retirees	Hired before 4/1/09: 100% if currently covered, 90% if not currently covered Hired on or after 4/1/09: <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;"><u>Service</u></td> <td style="text-align: center;"><u>Participation</u></td> </tr> <tr> <td style="text-align: center;"><10</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">10-14</td> <td style="text-align: center;">90%</td> </tr> <tr> <td style="text-align: center;">15-19</td> <td style="text-align: center;">95%</td> </tr> <tr> <td style="text-align: center;">20+</td> <td style="text-align: center;">100%</td> </tr> </table>	<u>Service</u>	<u>Participation</u>	<10	60%	10-14	90%	15-19	95%	20+	100%
<u>Service</u>	<u>Participation</u>										
<10	60%										
10-14	90%										
15-19	95%										
20+	100%										

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

The long-term expected rate of return on 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 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.

<u>Asset Class</u>	<u>Target Allocation CERBT-Strategy 1</u>	<u>Expected Real Rate of Return</u>
Global Equity	57.00 %	4.82 %
Fixed Income	27.00	1.47
TIPS	5.00	1.29
Commodities	3.00	0.84
REITs	8.00	3.76
Total	<u>100.00 %</u>	

Assumed long-term inflation rate of 2.75%

Expected long-term net rate of return of 6.75%, rounded

Discount Rate – The discount rate used to measure the total OPEB liability was 5.49 percent as of June 30, 2017. 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, the 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents ACFD’s net OPEB liability calculated using the discount rate of 5.49 percent, as well as what the ACFD’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.49 percent) or 1-percentage-point higher (6.49 percent) than the current rate:

	<u>1% Decrease (4.49%)</u>	<u>Discount Rate (5.49%)</u>	<u>1% Increase (6.49%)</u>
ACFD's net OPEB liability	\$ 126,962	\$ 107,878	\$ 92,454

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents ACFD’s net OPEB liability calculated using the current trend rate, as well as what ACFD’s net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower (6.5 percent decreasing to 3.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 5.0 percent) than the current rate:

	<u>1% Decrease (6.5% decreasing to 3.0%)</u>	<u>Current Trend Rate (7.5% decreasing to 4.0%)</u>	<u>1% Increase (8.5% decreasing to 5.0%)</u>
ACFD's net OPEB liability	\$ 90,479	\$ 107,878	\$ 129,859

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

F. OPEB Plan Fiduciary Net Position

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

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

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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.

On April 14, 2015, the Authority issued \$79.7 million in Refunding Bonds Series 2015 with coupons of 0.8 to 3.8 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 \$79.7 million.

These funds coupled with \$3.3 million in the 1996 Series A reserve fund generated available funds of \$83 million which was used to refund the 1996 Series A Refunding Bonds of \$79.7 million to fund a reserve fund of \$2.1 million, to pay underwriter's discount and issuance cost of \$660 and \$491 was returned to the Authority's general fund. The all-in true interest cost of the 2015A refunding bonds was 3.3 percent.

There was an economic loss of \$13.4 million (difference between the present value of the old and the new debt service payments) due to the low variable interest rates on the old bonds and the higher fixed rates on the new bonds. The Authority was unable to maintain the bonds at a variable rate because it was not able to renew the letters of credit as required due to the tightening of the credit markets since 2008. However, the Authority was able to take advantage of the fixed rate market with historically low interest rates and issued fixed rate bonds.

Under the Bond 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 \$7.4 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. The Warriors' obligation to pay up to \$7.4 million annually ends with the termination of the current lease option in June 2019. However, in October 2018, an arbitrator provided an interim ruling favorable to the City and the County regarding the Warriors' ongoing contractual obligation under the License Agreement to annually reimburse the Authority for any principal balance remaining on the Arena Bonds debt obligation if the net operating revenues are not sufficient to pay scheduled debt service through the term of the debt issuance. The Arbitrator's interim award is not final and may be appealed to the Alameda Superior Court.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
 (amounts in tables expressed in thousands)
JUNE 30, 2018

Debt Obligations

Long-term debt outstanding as of June 30, 2018 is as follows:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Outstanding</u>
Stadium Bonds				
2012 Refunding Series A Lease Revenue Bonds	February 1, 2025	5%	\$ 122,815	\$ 74,100
Arena Bonds				
2015 Refunding Series A Lease Revenue Bonds	February 1, 2026	1% - 4%	<u>79,735</u>	<u>62,335</u>
Total Long-term debt			<u>\$ 202,550</u>	<u>\$ 136,435</u>

Debt payments during the fiscal year ended June 30, 2018 were as follows:

	<u>Stadium</u>	<u>Arena</u>	<u>Total</u>
Principal	\$ 8,670	\$ 6,200	\$ 14,870
Interest	<u>4,139</u>	<u>2,095</u>	<u>6,234</u>
Total	<u>\$ 12,809</u>	<u>\$ 8,295</u>	<u>\$ 21,104</u>

The following is a summary of long-term debt transactions for the year ended June 30, 2018:

Outstanding lease revenue bonds, July 1, 2017	\$ 151,305
Principal repayments	<u>(14,870)</u>
Outstanding lease revenue bonds, June 30, 2018	136,435
Amount due within one year	<u>(15,700)</u>
Amount due beyond one year	<u>\$ 120,735</u>

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

<u>For the Period Ending June 30</u>	<u>Stadium Bonds</u>		<u>Arena Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 9,100	\$ 3,705	\$ 6,600	\$ 1,991	\$ 15,700	\$ 5,696
2020	9,555	3,250	7,000	1,837	16,555	5,087
2021	10,035	2,772	7,600	1,650	17,635	4,422
2022	10,535	2,271	8,200	1,426	18,735	3,697
2023	11,065	1,744	8,800	1,167	19,865	2,911
2024-2026	<u>23,810</u>	<u>1,800</u>	<u>24,135</u>	<u>1,608</u>	<u>47,945</u>	<u>3,408</u>
Total	<u>\$ 74,100</u>	<u>\$ 15,542</u>	<u>\$ 62,335</u>	<u>\$ 9,679</u>	<u>\$ 136,435</u>	<u>\$ 25,221</u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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, 2018, the County made contributions of \$12 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 the County will have to contribute to base rental payments. Of the \$22 million appropriated in the general fund as part of the above agreements, it is estimated that the County will have to contribute \$12.5 million for the year ending June 30, 2019. 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 \$37.05 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.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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 \$3.5 million to AHS during fiscal year 2018.

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

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

	<u>2017/18</u>	<u>2016/17</u>
Estimated liability for claims and contingencies at the beginning of the fiscal year	\$ 32,180	\$ 31,748
Additional obligations	944	2,032
Payments	<u>(3,125)</u>	<u>(1,600)</u>
Estimated liability for claims and contingencies at the end of the fiscal year	<u>\$ 29,999</u>	<u>\$ 32,180</u>

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 2019.

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. In fiscal year 2016, a permanent agreement was approved that sets a schedule of repayment of AHS net loans and a net loan limit of \$135 million at June 30, 2018. The net loan of \$49.92 million at June 30, 2018 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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 53.3 percent and 28.8 percent, respectively, of gross patient service revenues, excluding certain federal aid revenues, for the year ended June 30, 2018. Reimbursement rates are tentative and final reimbursement for services is determined after submission of annual cost reports and audits by third-party intermediaries.

C. Other Program Revenues

AHS also receives significant revenues from 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 \$148 million in revenues for Section 1115 waiver programs for the year ended June 30, 2018. This amount includes the net intergovernmental transfers for the year ended June 30, 2018 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, 2018:

Charity care at cost	\$ 9,095
Percent of operating expenses	0.9 %

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, 2018:

HPAC unreimbursed cost	\$ 8,000
Percent of operating expenses	0.8 %

E. Accounts Receivable

Accounts receivable at June 30, 2018, comprised the following:

Patient accounts receivable	\$ 255,316
Due from State of California	38,635
Other accounts receivable	<u>3,420</u>
Total	<u><u>\$ 297,371</u></u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

Patient accounts receivable include amounts due from third party payors, patients, and other agencies for patient services rendered and is net of \$469.4 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.

F. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2018, comprised the following:

Accounts payable	\$ 56,417
Accrued payroll	17,793
Due to third-party payors	180,595
	<u>\$ 254,805</u>

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.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

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, 2018, the proportionate share of net pension liability was \$342.2 million.

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

I. Other Postemployment Benefits

AHS also participates in an OPEB plan administered by ACERA for retired members and their eligible dependents. The OPEB plan 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 and Health System's contribution to retirement towards medical premiums of retirees.

Retired employees from AHS receive a monthly medical allowance toward the cost of their health insurance from the SRBR. The SRBR is a funded trust that receives fifty percent of the investment earnings that are in excess of the target investment return of the ACERA pension fund. AHS does not make postemployment medical benefit payments directly to retirees and does not have the ability to fund these benefits.

AHS also implemented GASB Statement No. 75 this year which resulted to decrease in their unrestricted net deficit by \$21.28 million. As of June 30, 2018, the proportionate share of net OPEB liability was \$5.14 million.

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

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).

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

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, 2018 to March 31, 2019.

amounts in tables expressed in dollars

Property Insurance – Declared values as of March 31, 2018 for Policy Period March 31, 2018 to March 31, 2019			
	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: \$3,122,958,420	\$50,000		
Vehicles and mobile equipment (excluding buses): \$115,865,766	\$10,000, except \$100,000 for vehicles with replacement value greater than \$250,000		
Buses: \$4,135,824	\$100,000		
Fine Arts (scheduled): \$1,952,093	\$50,000		
Terrorism	\$50,000	\$200,000	\$550,000,000
Flood: \$3,122,958,420	\$50,000 (Except Zones A/V, 5% per unit subject to minimum per occurrence based on TIV and a maximum of \$4 million per occurrence)	\$75,000 (Except Zones A/V)	\$800,000,000 (excluding Zones A/V in Tower II)
Earthquake: \$2,977,367,976	2% of replacement value per unit per occurrence, with a \$100,000 minimum deductible or 5% deductible if the \$30,000,000 aggregate is exhausted		

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

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

amounts in tables expressed in dollars

Program Description	Funding Sources and Coverage Limits		
	Self-Insured Retention	Pooled Retention Limit (CSAC-EIA)	Excess Insurance Limit (Various carriers)
General and Auto liability	\$1,000,000	\$17,973,312 corridor retention, reinsured by EIO, a captive of EIA.	\$35,000,000 (inclusive of retention)
Medical Malpractice	\$10,000 deductible	\$1,500,000	\$20,000,000
Workers' Compensation	\$3,000,000	\$22,026,998 corridor retention reinsured by EIO, a captive of EIA	Statutory
Employer's Liability	\$3,000,000	\$2,000,000	
Pollution Liability	\$250,000	\$0	\$10 million per occurrence / \$100 million policy aggregate

The County purchases insurance for the following exposures:

amounts in tables expressed in dollars

Description	Deductible	Limit
Aircraft Coverage:		
Aircraft Liability	NIL	\$25,000,000
Aircraft Hull (2000 Cessna 206H)	\$0	PD value: \$825,000
Aircraft Hull (1980 Cessna U206)	\$0	PD value: \$125,000
Watercraft Coverage:		
Watercraft Protection and Indemnity	\$1,000	\$5,000,000
Watercraft Collision and Towers	\$1,000	\$5,000,000
Watercraft Hull and Machinery	\$1,000	Per Schedule of Vessels
Foster Parents Liability	\$250	\$300,000
Crime Bond / Employee Dishonesty	\$2,500	\$15,000,000
Cyber Liability	\$100,000	\$2,000,000
Cyber Liability – Enhanced Option	At least 100 Notified Individuals	100,000 Notified Individuals in the aggregate
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.

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

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	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Estimated liability for claims and contingencies at the beginning of the fiscal year	\$ 21,377	21,520	\$ 111,613	\$ 108,229	\$ 132,990	\$ 129,749
Incurred claims and claim adjustment expenses	10,389	7,516	30,044	23,364	40,433	30,880
Payments	(9,896)	(7,659)	(21,956)	(19,980)	(31,852)	(27,639)
Total estimated liability for claims and contingencies at the end of the fiscal year	<u>\$ 21,870</u>	<u>\$ 21,377</u>	<u>\$ 119,701</u>	<u>\$ 111,613</u>	<u>\$ 141,571</u>	<u>\$ 132,990</u>

B. Litigation

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

C. Federal and State Grants

The County participates in a number of federal and state grants programs subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs for or including the year ended June 30, 2018, 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).

COUNTY OF ALAMEDA, CALIFORNIA

**NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018**

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, 2018, are as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital assets, being depreciated:				
Infrastructure	\$ 3,111	\$ -	\$ -	\$ 3,111
Less accumulated depreciation for:				
Infrastructure	628	62	-	690
Total capital assets, being depreciated, net	<u>\$ 2,483</u>	<u>\$ (62)</u>	<u>\$ -</u>	<u>\$ 2,421</u>

The changes in liabilities, other than long-term debt, of the private-purpose trust fund for the year ended June 30, 2018 are as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
Due to other governmental units	\$ 13,869	\$ 41	\$ (3,040)	\$ 10,870	\$ 2,962

The outstanding tax allocation bonds of the Alameda County Redevelopment Successor Agency as of June 30, 2018:

<u>Type of Obligation and Purpose</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Tax allocation bonds				
Alameda County Successor Agency				
Eden Area Redevelopment Bonds	8/1/2036	4.0 - 5.0 %	\$ 34,735	<u>\$ 26,335</u>

On February 2, 2006, the Alameda County Redevelopment Agency issued \$34.7 million in tax allocation bonds Series 2006A to finance redevelopment eligible activities in Castro Valley, Cherryland, and San Lorenzo project areas. Interest on the bonds varies from 4.0 to 5.0 percent and is payable twice a year, August 1 and February 1, while principal on the bonds is payable on August 1 every year. Total principal and interest remaining on the bonds is \$39.8 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, 2018 was \$2.1 million as against the total debt service payment of \$2.1 million. Pursuant to California Assembly Bill ABx1 26,

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

the responsibility for the payment of this debt was transferred to the Alameda County Redevelopment Successor Agency private-purpose trust fund.

The changes in the tax allocation bonds of the Alameda County Redevelopment Successor Agency for the year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additional Obligations and Net Increases	Current Maturities, Retirements, and Net Decreases	Balance June 30, 2018	Amounts Due Within One Year
Tax allocation bonds	\$ 27,225	\$ -	\$ (890)	\$ 26,335	\$ 925
Deferred amount for issuance premium	233	-	(12)	221	12
Total private-purpose trust bonds payable	<u>\$ 27,458</u>	<u>\$ -</u>	<u>\$ (902)</u>	<u>\$ 26,556</u>	<u>\$ 937</u>

Annual debt service requirements for Alameda County Redevelopment Successor Agency tax allocation bonds outstanding as of June 30, 2018 are as follows:

For the Year Ending June 30	Tax Allocation Bonds		
	Principal	Interest	Total
2019	\$ 925	\$ 1,183	\$ 2,108
2020	960	1,145	2,105
2021	1,000	1,105	2,105
2022	1,040	1,063	2,103
2023	1,085	1,017	2,102
2024-2028	6,165	4,338	10,503
2029-2033	7,620	2,829	10,449
2034-2038	7,540	777	8,317
	<u>\$ 26,335</u>	<u>\$ 13,457</u>	<u>\$ 39,792</u>

21. Restatement of Beginning Net Position

In fiscal year 2018, the County restated the beginning net position as a result of GASB Statement No. 75 implementation.

	Governmental Activities	Alameda Health System
OPEB related items		
Establish net OPEB liability as of July 1, 2017	\$ (217,119)	\$ (24,236)
Establish deferred outflows of resources for OPEB contributions made subsequent to measurement date, as of the beginning of fiscal year	7,086	-
Remove balance of net OPEB obligation as of June 30, 2017	98,782	45,524
Total cumulative effect of restatements of beginning net position	<u>\$ (111,251)</u>	<u>\$ 21,288</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2018

The beginning net position of the internal service funds was restated by a net decrease of \$5.65 million for OPEB related items. The amount is included in the governmental activities as follows:

Establish net OPEB liability as of July 1, 2017	\$ (5,651)
Establish deferred outflows of resources for OPEB contributions made subsequent to measurement date, as of the beginning of fiscal year	-
Total cumulative effect of restatements of beginning net position	<u>\$ (5,651)</u>

22. Subsequent Event

On September 18, 2018, the Alameda County Joint Powers Authority issued Commercial Paper Notes in the amount of \$10 million. The purpose of the issuance was to provide for the final stage of financing for the Acute Care Tower Seismic Replacement Project. This is in addition to the \$10 million Commercial Paper Notes already issued on February 8, 2018 for the same purpose as part of the existing \$100 million Lease Revenue Commercial Paper Program that was approved by the Board in November 2009.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

(amounts expressed in thousands)

JUNE 30, 2018

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

ACERA

Fiscal Year	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability (a)	Covered Payroll (b)	NPL Proportion as percentage of Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a percentage of Total Pension Liability
2018	77.54 %	\$ 1,561,392	\$ 686,402	227.47 %	77.93 %
2017	76.56	1,717,410	660,415	260.05	77.01
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
2018	0.027 %	\$ 2,720	\$ 6,311	43.10 %	73.31 %
2017	0.025	2,181	6,134	35.56	74.06
2016	0.023	1,600	5,951	26.88	78.40
2015	0.026	1,614	5,244	30.77	83.03

These schedules are intended to show information for ten years, information will be added as it becomes available.

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

(amounts expressed in thousands)

JUNE 30, 2018

Schedule of Changes in the Net Pension Liability and Related Ratios

CalPERS Safety Plan

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Total pension liability				
Service cost	\$ 13,986	\$ 13,168	\$ 13,449	\$ 14,144
Interest	29,083	27,452	25,746	23,869
Changes of assumptions	24,186	-	(6,244)	-
Differences between expected and actual experience	692	(352)	1,544	-
Benefit payments, including refunds of employee contributions	<u>(18,785)</u>	<u>(17,229)</u>	<u>(15,559)</u>	<u>(13,785)</u>
Net change in total pension liability	49,162	23,039	18,936	24,228
Total pension liability, beginning	384,277	361,238	342,302	318,074
Total pension liability, ending	<u>\$ 433,439</u>	<u>\$ 384,277</u>	<u>\$ 361,238</u>	<u>\$ 342,302</u>
 Safety plan fiduciary net position				
Contributions - employer	\$ 14,046	\$ 12,596	\$ 12,024	\$ 12,029
Contributions - employee	4,434	4,164	4,144	4,465
Net investment income	32,203	1,614	6,379	41,634
Benefit payments, including refunds of employee contributions	(18,785)	(17,229)	(15,559)	(13,785)
Administrative expense	<u>(426)</u>	<u>(175)</u>	<u>(324)</u>	<u>-</u>
Net change in safety plan fiduciary net position	31,472	970	6,664	44,343
Safety plan fiduciary net position, beginning	288,766	287,796	281,132	236,789
Safety plan fiduciary net position, ending	<u>\$ 320,238</u>	<u>\$ 288,766</u>	<u>\$ 287,796</u>	<u>\$ 281,132</u>
 County's net pension liability - ending	<u>\$ 113,201</u>	<u>\$ 95,511</u>	<u>\$ 73,442</u>	<u>\$ 61,170</u>
 Safety plan fiduciary net position as a percentage of the total pension liability	73.88 %	75.15 %	79.67 %	82.13 %
 Covered employee payroll	\$ 45,815	\$ 45,596	\$ 45,029	\$ 45,785
 County's net pension liability as a percentage of covered employee payroll	247.08 %	209.47 %	163.10 %	133.60 %

These schedules are intended to show information for ten years, information will be added as it becomes available.

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
 (amounts expressed in thousands)
JUNE 30, 2018

Schedule of County Contributions - Pension Plans

ACERA

Fiscal Year*	Contractually Required Contribution	Contributions in relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Employee Payroll
2018	\$ 189,776	\$ 189,776	\$ -	\$ 704,619	26.93 %
2016	182,764	182,764	-	660,415	27.67
2015	169,323	169,323	-	658,750	25.70
2014	159,661	159,661	-	614,704	25.97

*Starting FY 2018, county contributions are reported by fiscal year instead of calendar year.

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
2018	\$ 542	\$ 542	\$ -	\$ 6,737	8.05 %
2017	515	515	-	6,311	8.16
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
2018	\$ 10,067	\$ 10,067	\$ -	\$ 48,646	20.69 %
2017	14,046	14,046	-	45,815	30.66
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

These schedules are intended to show information for ten years, information will be added as it becomes available.

COUNTY OF ALAMEDA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Notes to the CalPERS Safety Plan Schedule- Pension

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2018 were from the June 30, 2015 public agency valuations:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.15% 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 mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

(amounts expressed in thousands)

JUNE 30, 2018

Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios

ACERA

Fiscal Year	Proportion of Net OPEB Liability	Proportionate Share of Net OPEB Liability (a)	Covered Payroll (b)	NOL Proportion as percentage of Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a percentage of Total OPEB Liability
2018	75.20 %	\$ 20,664	\$ 686,402	3.01 %	97.33 %

Schedule of Changes in the Net OPEB Liability and Related Ratios

CalPERS

	Fiscal Year 2018
Service cost	\$ 5,905
Interest	6,490
Changes of assumptions	(9,592)
Differences between expected and actual experience	
Benefit payments, including refunds of employee contributions	(4,915)
Net change in total OPEB liability	(2,112)
Total OPEB liability, beginning	127,411
Total OPEB liability, ending	\$ 125,299
CalPERS fiduciary net position	
Contributions - employer	\$ 7,086
Contributions - employee	1,241
Net investment income	1,468
Benefit payments, including refunds of employee contributions	(4,915)
Administrative expense	(8)
Net change in safety plan fiduciary net position	4,872
Safety plan fiduciary net position, beginning	12,549
Safety plan fiduciary net position, ending	\$ 17,421
County's net OPEB liability - ending	\$ 107,878
CalPERS plan fiduciary net position as a percentage of the total OPEB liability	13.90 %
Covered employee payroll	\$ 72,109
County's net OPEB liability as a percentage of covered employee payroll	149.60 %

These schedules are intended to show information for ten years, information will be added as it becomes available.

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
 (amounts expressed in thousands)
JUNE 30, 2018

Schedule of County Contributions - OPEB Plans

ACERA

Fiscal Year*	Contractually Required Contribution	Contributions in relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Employee Payroll
2018	\$ -	\$ -	\$ -	\$ 704,619	26.93 %

CalPERS

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
2018	\$ 11,220	\$ 6,668	\$ 4,552	\$ 75,330	8.90 %

These schedules are intended to show information for ten years, information will be added as it becomes available.

COUNTY OF ALAMEDA, CALIFORNIA

**REQUIRED SUPPLEMENTARY INFORMATION
(amounts expressed in thousands)
JUNE 30, 2018**

Notes to the CalPERS Plan Schedule- OPEB

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2018 were from the June 30, 2015 public agency valuations:

Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Market value
Amortization Period	2.75%
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	4.75% blended rate
Inflation Rate	3.00%
Medical Trend	Non-Medicare - 7.5% for 2017, decreasing to an ultimate rate of 5% in 2021 and later years
	Medicare - 7.2% for 2017, decreasing to an ultimate rate of 5% in 2021 and later years
Mortality	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with modified Scale MP-2014

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 526,304	\$ 549,355	\$ 555,402	\$ 6,047
Licenses and permits	9,158	9,158	10,248	1,090
Fines, forfeitures, and penalties	15,418	18,261	34,901	16,640
Use of money and property	8,577	8,577	16,494	7,917
State aid	1,073,939	1,095,747	1,096,937	1,190
Federal aid	514,593	527,043	448,132	(78,911)
Other aid	89,784	80,239	118,078	37,839
Charges for services	328,085	340,644	316,843	(23,801)
Other revenue	98,497	172,904	65,590	(107,314)
Total revenues	2,664,355	2,801,928	2,662,625	(139,303)
Expenditures:				
Current				
General government				
Salaries and benefits	107,953	111,610	101,492	10,118
Services and supplies	50,676	55,864	40,129	15,735
Other charges	27,705	27,688	14,508	13,180
Capital assets	1,295	674	674	-
Public protection				
Salaries and benefits	528,408	569,705	546,374	23,331
Services and supplies	231,913	265,348	238,410	26,938
Other charges	7,905	7,935	7,274	661
Capital assets	1,315	1,565	1,446	119
Public assistance				
Salaries and benefits	281,413	283,607	263,732	19,875
Services and supplies	261,403	262,808	215,231	47,577
Other charges	335,662	335,762	298,002	37,760
Capital assets	17,980	18,080	3,902	14,178
Health and sanitation				
Salaries and benefits	202,343	209,049	180,811	28,238
Services and supplies	636,325	672,512	536,245	136,267
Other charges	152,714	219,745	173,156	46,589
Capital assets	12	126	73	53
Public ways and facilities				
Salaries and benefits	472	481	481	-
Services and supplies	3,445	3,443	2,440	1,003
Recreation and cultural services				
Salaries and benefits	10	11	11	-
Services and supplies	706	709	709	-
Education				
Services and supplies	338	338	318	20
Capital outlay	12,173	9,553	7,613	1,940
Pension bond debt service transfer	(60,348)	(60,348)	(60,348)	-
Total expenditures	2,801,818	2,996,265	2,572,683	423,582
Excess (deficiency) of revenues over expenditures	(137,463)	(194,337)	89,942	284,279
Other financing sources (uses):				
Transfers in	-	40,736	2,703	(38,033)
Transfers out	(60,348)	(120,034)	(103,336)	16,698
Budgetary reserves and designations	-	(27,574)	-	27,574
Total other financing sources (uses)	(60,348)	(106,872)	(100,633)	6,239
Net change in fund balance	(197,811)	(301,209)	(10,691)	290,518
Add outstanding encumbrances for current budget year	-	-	166,465	166,465
Fund balance - beginning of period	1,526,647	1,526,647	1,526,647	-
Fund balance - end of period	\$ 1,328,836	\$ 1,225,438	\$ 1,682,421	\$ 456,983

COUNTY OF ALAMEDA, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 PROPERTY DEVELOPMENT SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 237	\$ 3,661	\$ 5,932	\$ 2,271
Other revenue	3,000	3,000	1,730	(1,270)
Total revenues	<u>3,237</u>	<u>6,661</u>	<u>7,662</u>	<u>1,001</u>
Expenditures:				
Current				
General government				
Salaries and benefits	516	516	287	229
Services and supplies	1,854	1,854	282	1,572
Capital assets	225	225	-	225
Public assistance				
Salaries and benefits	-	239,290	4,351	234,939
Services and supplies	-	1,157	1,114	43
Total expenditures	<u>2,595</u>	<u>243,042</u>	<u>6,034</u>	<u>237,008</u>
Excess of revenues over expenditures	<u>642</u>	<u>(236,381)</u>	<u>1,628</u>	<u>238,009</u>
Other financing sources (uses):				
Proceeds from sale of land	18,550	18,550	-	(18,550)
Refunding bonds issued	-	240,000	240,000	-
Transfers out	(19,274)	(66,875)	(11,720)	55,155
Total other financing sources (uses)	<u>(724)</u>	<u>191,675</u>	<u>228,280</u>	<u>36,605</u>
Net change in fund balance	(82)	(44,706)	229,908	274,614
Add outstanding encumbrances for current budget year	-	-	3,015	3,015
Fund balance - beginning of period	<u>380,275</u>	<u>380,275</u>	<u>380,275</u>	<u>-</u>
Fund balance - end of period	<u>\$ 380,193</u>	<u>\$ 335,569</u>	<u>\$ 613,198</u>	<u>\$ 277,629</u>

COUNTY OF ALAMEDA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FLOOD CONTROL SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 39,190	\$ 44,435	\$ 44,384	\$ (51)
Licenses and permits	25	25	126	101
Use of money and property	1,071	1,071	2,457	1,386
State aid	5,446	5,446	2,875	(2,571)
Federal aid	-	-	770	770
Other aid	2,737	2,737	4,855	2,118
Charges for services	12,593	12,593	12,524	(69)
Other revenue	75	75	196	121
Total revenues	61,137	66,382	68,187	1,805
Expenditures:				
Current				
Public protection				
Salaries and benefits	41,184	41,224	16,615	24,609
Services and supplies	79,251	108,281	64,585	43,696
Other charges	1,297	2,302	821	1,481
Capital assets	13,726	12,951	679	12,272
Total expenditures	135,458	164,758	82,700	82,058
Excess (deficiency) of revenues over expenditures	(74,321)	(98,376)	(14,513)	83,863
Other financing uses:				
Transfers out	(13)	(23)	-	23
Total other financing uses	(13)	(23)	-	23
Net change in fund balance	(74,334)	(98,399)	(14,513)	83,886
Add outstanding encumbrances for current budget year	-	-	26,352	26,352
Fund balance - beginning of period	202,173	202,173	202,173	-
Fund balance - end of period	\$ 127,839	\$ 103,774	\$ 214,012	\$ 110,238

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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	\$ 2,572,683	\$ 6,034	\$ 82,700
Encumbrances for current budget year	(166,465)	(3,015)	(26,352)
GAAP basis expenditures	<u>\$ 2,406,218</u>	<u>\$ 3,019</u>	<u>\$ 56,348</u>

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**COMBINING FINANCIAL
STATEMENTS AND OTHER
SUPPLEMENTARY INFORMATION**

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

Capital Projects Fund

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

COUNTY OF ALAMEDA, CALIFORNIA

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive Negative
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 14,275	\$ 14,275	\$ 2,849	\$ (11,426)
Use of money and property	-	-	802	802
State aid	40,557	40,557	9,018	(31,539)
Federal aid	-	300	237	(63)
Other revenue	450	450	503	53
Total revenues	<u>55,282</u>	<u>55,582</u>	<u>13,409</u>	<u>(42,173)</u>
Expenditures:				
Capital outlay	308,742	366,823	93,803	273,020
Deficiency of revenues over expenditures	<u>(253,460)</u>	<u>(311,241)</u>	<u>(80,394)</u>	<u>230,847</u>
Other financing sources (uses):				
Issuance of debt	-	10,000	10,000	-
Transfers in	108,104	164,862	46,340	(118,522)
Transfers out	-	(15,150)	-	15,150
Total other financing sources (uses)	<u>108,104</u>	<u>159,712</u>	<u>56,340</u>	<u>(103,372)</u>
Net change in fund balance	<u>(145,356)</u>	<u>(151,529)</u>	<u>(24,054)</u>	<u>127,475</u>
Add outstanding encumbrances for current budget year	-	-	48,948	48,948
Fund balance - beginning	<u>40,702</u>	<u>40,702</u>	<u>40,702</u>	<u>-</u>
Fund balance - ending	<u>\$ (104,654)</u>	<u>\$ (110,827)</u>	<u>\$ 65,596</u>	<u>\$ 176,423</u>

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

Non-major Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUND

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

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
(amounts expressed in thousands)

	Special Revenue					
	Fish and Game	Road	County Library	Library Special Taxing Zone	Health Services	Fire
Assets:						
Cash and investments with County Treasurer	\$ 318	\$ 80,666	\$ 15,591	\$ 430	\$ 14,617	\$ 65,576
Cash and investments with fiscal agents	-	-	2	-	-	2
Restricted assets - cash and investments with fiscal agents	-	-	-	-	-	-
Deposits with others	-	-	-	-	-	5,315
Other receivables	1	3,899	2,011	25	193	10,067
Due from component unit	-	10	-	-	-	-
Inventory of supplies	-	56	-	-	-	-
Prepaid items	-	-	-	-	-	687
Loans receivable	-	-	-	-	196	-
Total assets	<u>\$ 319</u>	<u>\$ 84,631</u>	<u>\$ 17,604</u>	<u>\$ 455</u>	<u>\$ 15,006</u>	<u>\$ 81,647</u>
Liabilities, deferred inflows of resources, and fund balances						
Liabilities:						
Accounts payable and accrued expenditures	\$ -	\$ 2,463	\$ 1,029	\$ 5	\$ 5,199	\$ 4,564
Due to other funds	-	-	-	-	-	-
Due to component unit	-	-	-	-	230	-
Unearned revenue	-	-	-	-	95	1,632
Total liabilities	<u>-</u>	<u>2,463</u>	<u>1,029</u>	<u>5</u>	<u>5,524</u>	<u>6,196</u>
Deferred inflows of resources						
Unavailable revenue	-	-	93	-	196	159
Fund balances:						
Nonspendable	-	56	-	-	-	687
Restricted	319	82,112	16,482	450	9,286	65,320
Assigned	-	-	-	-	-	9,285
Total fund balances	<u>319</u>	<u>82,168</u>	<u>16,482</u>	<u>450</u>	<u>9,286</u>	<u>75,292</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 319</u>	<u>\$ 84,631</u>	<u>\$ 17,604</u>	<u>\$ 455</u>	<u>\$ 15,006</u>	<u>\$ 81,647</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
(amounts expressed in thousands)

	Special Revenue				
	Recovery Grants	Lighting	Public Ways and Facilities	Dublin Library	Police Protection
Assets:					
Cash and investments with County Treasurer	\$ 406	\$ 2,797	\$ 6,484	\$ 6	\$ -
Cash and investments with fiscal agents	-	-	-	-	-
Restricted assets - cash and investments with fiscal agents	-	-	-	-	-
Deposits with others	-	-	-	-	-
Other receivables	1	10	350	-	969
Due from component unit	-	-	-	-	-
Inventory of supplies	-	-	-	-	-
Prepaid items	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total assets	<u>\$ 407</u>	<u>\$ 2,807</u>	<u>\$ 6,834</u>	<u>\$ 6</u>	<u>\$ 969</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities:					
Accounts payable and accrued expenditures	\$ 27	\$ 30	\$ 367	\$ -	\$ 19
Due to other funds	-	-	-	-	856
Due to component unit	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>27</u>	<u>30</u>	<u>367</u>	<u>-</u>	<u>875</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	380	2,777	6,467	6	94
Assigned	-	-	-	-	-
Total fund balances	<u>380</u>	<u>2,777</u>	<u>6,467</u>	<u>6</u>	<u>94</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 407</u>	<u>\$ 2,807</u>	<u>\$ 6,834</u>	<u>\$ 6</u>	<u>\$ 969</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
(amounts expressed in thousands)

	Special Revenue			Debt Service	Total Non-major Governmental Funds
	Housing Successor Assets	Inmate Welfare	Total	Tobacco Securitization Authority	
Assets:					
Cash and investments with County Treasurer	\$ -	\$ 5,293	\$ 192,184	\$ -	\$ 192,184
Cash and investments with fiscal agents	-	-	4	-	4
Restricted assets - cash and investments with fiscal agents	-	-	-	89,178	89,178
Deposits with others	-	-	5,315	-	5,315
Other receivables	-	306	17,832	7,990	25,822
Due from component unit	-	-	10	-	10
Inventory of supplies	-	-	56	-	56
Prepaid items	-	-	687	-	687
Loans receivable	33,700	-	33,896	-	33,896
Total assets	<u>\$ 33,700</u>	<u>\$ 5,599</u>	<u>\$ 249,984</u>	<u>\$ 97,168</u>	<u>\$ 347,152</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities:					
Accounts payable and accrued expenditures	\$ -	\$ 372	\$ 14,075	\$ -	\$ 14,075
Due to other funds	-	-	856	-	856
Due to component unit	-	-	230	-	230
Unearned revenue	-	-	1,727	-	1,727
Total liabilities	<u>-</u>	<u>372</u>	<u>16,888</u>	<u>-</u>	<u>16,888</u>
Deferred inflows of resources					
Unavailable revenue	33,700	-	34,148	7,990	42,138
Fund balances:					
Nonspendable	-	-	743	-	743
Restricted	-	5,164	188,857	89,178	278,035
Assigned	-	63	9,348	-	9,348
Total fund balances	<u>-</u>	<u>5,227</u>	<u>198,948</u>	<u>89,178</u>	<u>288,126</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,700</u>	<u>\$ 5,599</u>	<u>\$ 249,984</u>	<u>\$ 97,168</u>	<u>\$ 347,152</u>

(concluded)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Special Revenue					
	Fish and Game	Road	County Library	Library Special Taxing Zone	Health Services	Fire
Revenues:						
Taxes	\$ -	\$ 5,809	\$ 26,902	\$ 465	\$ -	\$ 39,139
Licenses and permits	-	1,124	-	-	149	-
Fines, forfeitures, and penalties	9	31	-	-	1,130	-
Use of money and property	3	2,918	79	3	102	458
State aid	-	29,467	314	3	10	5,366
Federal aid	-	2,072	15	-	-	-
Other aid	-	2,881	1,181	39	-	3,441
Charges for services	-	1,008	3,096	-	27,746	87,620
Other revenue	-	166	371	-	1,626	87
Total revenues	12	45,476	31,958	510	30,763	136,111
Expenditures:						
General government	-	-	-	-	-	-
Public protection	58	-	-	-	-	126,326
Public assistance	-	-	-	-	-	-
Health and sanitation	-	-	-	-	33,170	-
Public ways and facilities	-	33,955	-	-	-	-
Education	-	-	28,762	555	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital Outlay	-	12,249	-	-	-	-
Total expenditures	58	46,204	28,762	555	33,170	126,326
Excess (deficiency) of revenues over expenditures	(46)	(728)	3,196	(45)	(2,407)	9,785
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(2,300)	-	-	-	-
Total other financing sources (uses)	-	(2,300)	-	-	-	-
Net change in fund balances	(46)	(3,028)	3,196	(45)	(2,407)	9,785
Fund balances - beginning of period	365	85,196	13,286	495	11,693	65,507
Fund balances - end of period	\$ 319	\$ 82,168	\$ 16,482	\$ 450	\$ 9,286	\$ 75,292

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Special Revenue				
	Recovery Grants	Lighting	Public Ways and Facilities	Dublin Library	Police Protection
Revenues:					
Taxes	\$ -	\$ 8	\$ 927	\$ -	\$ 19,076
Licenses and permits	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	2	61	50	-	107
State aid	-	-	-	-	120
Federal aid	-	-	-	-	-
Other aid	-	2	96	-	-
Charges for services	-	868	2,202	-	-
Other revenue	53	-	-	-	-
Total revenues	55	939	3,275	-	19,303
Expenditures:					
General government	-	-	-	-	-
Public protection	-	-	-	-	19,245
Public assistance	45	-	-	-	-
Health and sanitation	-	-	-	-	-
Public ways and facilities	-	622	5,058	-	-
Education	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total expenditures	45	622	5,058	-	19,245
Excess (deficiency) of revenues over expenditures	10	317	(1,783)	-	58
Other financing sources (uses):					
Transfers in	-	-	2,300	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	2,300	-	-
Net change in fund balances	10	317	517	-	58
Fund balances - beginning of period	370	2,460	5,950	6	36
Fund balances - end of period	<u>\$ 380</u>	<u>\$ 2,777</u>	<u>\$ 6,467</u>	<u>\$ 6</u>	<u>\$ 94</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Special Revenue			Debt Service	Total
	Housing Successor Assets	Inmate Welfare	Total	Tobacco Securitization Authority	Non-major Governmental Funds
Revenues:					
Taxes	\$ -	\$ -	\$ 92,326	\$ -	\$ 92,326
Licenses and permits	-	-	1,273	-	1,273
Fines, forfeitures, and penalties	-	-	1,170	-	1,170
Use of money and property	-	61	3,844	7,725	11,569
State aid	-	-	35,280	-	35,280
Federal aid	-	-	2,087	-	2,087
Other aid	-	-	7,640	-	7,640
Charges for services	-	-	122,540	-	122,540
Other revenue	-	7,382	9,685	15,984	25,669
Total revenues	-	7,443	275,845	23,709	299,554
Expenditures:					
General government	-	-	-	7	7
Public protection	-	8,578	154,207	-	154,207
Public assistance	-	-	45	-	45
Health and sanitation	-	-	33,170	-	33,170
Public ways and facilities	-	-	39,635	-	39,635
Education	-	-	29,317	-	29,317
Debt service					
Principal	-	-	-	8,190	8,190
Interest	-	-	-	8,635	8,635
Capital Outlay	-	-	12,249	-	12,249
Total expenditures	-	8,578	268,623	16,832	285,455
Excess (deficiency) of revenues over expenditures	-	(1,135)	7,222	6,877	14,099
Other financing sources (uses):					
Transfers in	-	-	2,300	67,626	69,926
Transfers out	-	-	(2,300)	(6,327)	(8,627)
Total other financing sources (uses)	-	-	-	61,299	61,299
Net change in fund balances	-	(1,135)	7,222	68,176	75,398
Fund balances - beginning of period	-	6,362	191,726	21,002	212,728
Fund balances - end of period	\$ -	\$ 5,227	\$ 198,948	\$ 89,178	\$ 288,126

(concluded)

COUNTY OF ALAMEDA, CALIFORNIA

FISH AND GAME - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 60	\$ 60	\$ 9	\$ (51)
Use of money and property	-	-	3	3
Total revenues	<u>60</u>	<u>60</u>	<u>12</u>	<u>(48)</u>
Expenditures:				
Current				
Public protection				
Services and supplies	60	425	58	367
Total expenditures	<u>60</u>	<u>425</u>	<u>58</u>	<u>367</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(365)</u>	<u>(46)</u>	<u>319</u>
Net change in fund balance	-	(365)	(46)	319
Fund balance - beginning of period	<u>365</u>	<u>365</u>	<u>365</u>	<u>-</u>
Fund balance - end of period	<u>\$ 365</u>	<u>\$ -</u>	<u>\$ 319</u>	<u>\$ 319</u>

COUNTY OF ALAMEDA, CALIFORNIA

ROAD - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 5,382	\$ 5,382	\$ 5,809	\$ 427
Licenses and permits	1,087	1,087	1,124	37
Fines, forfeitures, and penalties	25	25	31	6
Use of money and property	2,590	2,590	2,918	328
State aid	33,641	33,641	29,467	(4,174)
Federal aid	2,710	2,710	2,072	(638)
Other aid	11,985	11,985	2,881	(9,104)
Charges for services	1,434	1,434	1,008	(426)
Other revenue	2,014	2,014	166	(1,848)
Total revenues	<u>60,868</u>	<u>60,868</u>	<u>45,476</u>	<u>(15,392)</u>
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	14,314	17,029	17,029	-
Services and supplies	92,886	109,471	53,947	55,524
Other charges	570	1,070	110	960
Capital assets	3,970	5,120	2,056	3,064
Total expenditures	<u>111,740</u>	<u>132,690</u>	<u>73,142</u>	<u>59,548</u>
Excess (deficiency) of revenues over expenditures	<u>(50,872)</u>	<u>(71,822)</u>	<u>(27,666)</u>	<u>44,156</u>
Other financing uses:				
Transfers out	(2,300)	(2,300)	(2,300)	-
Total other financing uses	<u>(2,300)</u>	<u>(2,300)</u>	<u>(2,300)</u>	<u>-</u>
Net change in fund balance	(53,172)	(74,122)	(29,966)	44,156
Add outstanding encumbrances for current budget year	-	-	26,938	26,938
Fund balance - beginning of period	<u>85,196</u>	<u>85,196</u>	<u>85,196</u>	<u>-</u>
Fund balance - end of period	<u>\$ 32,024</u>	<u>\$ 11,074</u>	<u>\$ 82,168</u>	<u>\$ 71,094</u>

COUNTY OF ALAMEDA, CALIFORNIA
COUNTY LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 19,151	\$ 26,557	\$ 26,902	\$ 345
Use of money and property	10	10	79	69
State aid	240	240	314	74
Federal aid	-	-	15	15
Other aid	975	975	1,181	206
Charges for services	3,317	3,317	3,096	(221)
Other revenue	210	210	371	161
Total revenues	<u>23,903</u>	<u>31,309</u>	<u>31,958</u>	<u>649</u>
Expenditures:				
Current				
Education				
Salaries and benefits	23,060	23,060	17,919	5,141
Services and supplies	10,585	18,816	10,323	8,493
Other charges	1,002	1,002	974	28
Capital assets	533	973	912	61
Total expenditures	<u>35,180</u>	<u>43,851</u>	<u>30,128</u>	<u>13,723</u>
Excess (deficiency) of revenues over expenditures	<u>(11,277)</u>	<u>(12,542)</u>	<u>1,830</u>	<u>14,372</u>
Net change in fund balance	(11,277)	(12,542)	1,830	14,372
Add outstanding encumbrances for current budget year	-	-	1,366	1,366
Fund balance - beginning of period	<u>13,286</u>	<u>13,286</u>	<u>13,286</u>	<u>-</u>
Fund balance - end of period	<u>\$ 2,009</u>	<u>\$ 744</u>	<u>\$ 16,482</u>	<u>\$ 15,738</u>

COUNTY OF ALAMEDA, CALIFORNIA

LIBRARY SPECIAL TAXING ZONE - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 321	\$ 466	\$ 465	\$ (1)
Use of money and property	10	10	3	(7)
State aid	2	2	3	1
Other aid	-	-	39	39
Total revenues	<u>333</u>	<u>478</u>	<u>510</u>	<u>32</u>
Expenditures:				
Current				
Education				
Services and supplies	1,386	846	460	386
Other charges	8	8	8	-
Total expenditures	<u>1,394</u>	<u>1,144</u>	<u>691</u>	<u>453</u>
Excess (deficiency) of revenues over expenditures	<u>(1,061)</u>	<u>(666)</u>	<u>(181)</u>	<u>485</u>
Net change in fund balance	<u>(1,061)</u>	<u>(666)</u>	<u>(181)</u>	<u>485</u>
Add outstanding encumbrances for current budget year	-	-	136	136
Fund balance - beginning of period	<u>495</u>	<u>495</u>	<u>495</u>	<u>-</u>
Fund balance - end of period	<u>\$ (566)</u>	<u>\$ (171)</u>	<u>\$ 450</u>	<u>\$ 621</u>

COUNTY OF ALAMEDA, CALIFORNIA

HEALTH SERVICES - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 150	\$ 150	\$ 149	\$ (1)
Fines, forfeitures, and penalties	-	-	1,130	1,130
Use of money and property	50	50	102	52
State aid	-	-	10	10
Charges for services	26,564	26,564	27,746	1,182
Other revenue	131	301	1,626	1,325
Total revenues	<u>26,895</u>	<u>27,065</u>	<u>30,763</u>	<u>3,698</u>
Expenditures:				
Current				
Health and sanitation				
Salaries and benefits	9,901	9,996	9,170	826
Services and supplies	27,863	33,276	24,815	8,461
Other charges	330	330	330	-
Capital assets	-	16	14	2
Total expenditures	<u>38,094</u>	<u>43,618</u>	<u>34,329</u>	<u>9,289</u>
Excess (deficiency) of revenues over expenditures	<u>(11,199)</u>	<u>(16,553)</u>	<u>(3,566)</u>	<u>12,987</u>
Other financing uses:				
Budgetary reserves and designations	(133)	(133)	-	133
Total other financing uses	<u>(133)</u>	<u>(133)</u>	<u>-</u>	<u>133</u>
Net change in fund balance	(11,332)	(16,686)	(3,566)	13,120
Add outstanding encumbrances for current budget year	-	-	1,159	1,159
Fund balance - beginning of period	<u>11,693</u>	<u>11,693</u>	<u>11,693</u>	<u>-</u>
Fund balance - end of period	<u>\$ 361</u>	<u>\$ (4,993)</u>	<u>\$ 9,286</u>	<u>\$ 14,279</u>

COUNTY OF ALAMEDA, CALIFORNIA

FIRE - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 36,204	\$ 39,309	\$ 39,139	\$ (170)
Use of money and property	229	229	458	229
State aid	1,781	1,781	5,366	3,585
Other aid	2,539	2,539	3,441	902
Charges for services	92,108	92,108	87,620	(4,488)
Other revenue	21	21	87	66
Total revenues	<u>132,882</u>	<u>135,987</u>	<u>136,111</u>	<u>124</u>
Expenditures:				
Current				
Public protection				
Salaries and benefits	114,109	114,649	109,284	5,365
Services and supplies	24,695	81,302	18,929	62,373
Other charges	524	524	524	-
Capital assets	2,399	2,856	1,587	1,269
Total expenditures	<u>141,727</u>	<u>199,331</u>	<u>130,324</u>	<u>69,007</u>
Excess (deficiency) of revenues over expenditures	<u>(8,845)</u>	<u>(63,344)</u>	<u>5,787</u>	<u>69,131</u>
Net change in fund balance	(8,845)	(63,344)	5,787	69,131
Add outstanding encumbrances for current budget year	-	-	3,998	3,998
Fund balance - beginning of period	<u>65,507</u>	<u>65,507</u>	<u>65,507</u>	<u>-</u>
Fund balance - end of period	<u>\$ 56,662</u>	<u>\$ 2,163</u>	<u>\$ 75,292</u>	<u>\$ 73,129</u>

COUNTY OF ALAMEDA, CALIFORNIA

RECOVERY GRANTS - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 2	\$ 2
Federal aid	1,000	1,000	-	(1,000)
Other revenue	-	-	53	53
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>55</u>	<u>(945)</u>
Expenditures:				
Current				
Public assistance				
Services and supplies	1,000	996	676	320
Total expenditures	<u>1,000</u>	<u>996</u>	<u>676</u>	<u>320</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>4</u>	<u>(621)</u>	<u>(625)</u>
Net change in fund balance	-	4	(621)	(625)
Add outstanding encumbrances for current budget year	-	-	631	631
Fund balance - beginning of period	<u>370</u>	<u>370</u>	<u>370</u>	<u>-</u>
Fund balance - end of period	<u>\$ 370</u>	<u>\$ 374</u>	<u>\$ 380</u>	<u>\$ 6</u>

COUNTY OF ALAMEDA, CALIFORNIA

LIGHTING - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 5	\$ 8	\$ 8	\$ -
Use of money and property	9	9	61	52
Other aid	-	-	2	2
Charges for services	875	875	868	(7)
Total revenues	<u>889</u>	<u>892</u>	<u>939</u>	<u>47</u>
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	-	8	8	-
Services and supplies	984	1,164	434	730
Other charges	180	180	180	-
Total expenditures	<u>1,164</u>	<u>1,352</u>	<u>622</u>	<u>730</u>
Excess (deficiency) of revenues over expenditures	<u>(275)</u>	<u>(460)</u>	<u>317</u>	<u>777</u>
Net change in fund balance	<u>(275)</u>	<u>(460)</u>	<u>317</u>	<u>777</u>
Fund balance - beginning of period	<u>2,460</u>	<u>2,460</u>	<u>2,460</u>	<u>-</u>
Fund balance - end of period	<u>\$ 2,185</u>	<u>\$ 2,000</u>	<u>\$ 2,777</u>	<u>\$ 777</u>

COUNTY OF ALAMEDA, CALIFORNIA

PUBLIC WAYS AND FACILITIES - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 832	\$ 843	\$ 927	\$ 84
Use of money and property	19	19	50	31
Other aid	-	-	96	96
Charges for services	2,225	2,225	2,202	(23)
Total revenues	<u>3,076</u>	<u>3,087</u>	<u>3,275</u>	<u>188</u>
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	2,605	3,088	3,088	-
Services and supplies	8,557	9,210	2,348	6,862
Other charges	71	71	71	-
Total expenditures	<u>11,233</u>	<u>12,369</u>	<u>5,507</u>	<u>6,862</u>
Excess (deficiency) of revenues over expenditures	<u>(8,157)</u>	<u>(9,282)</u>	<u>(2,232)</u>	<u>7,050</u>
Other financing sources:				
Issuance of loans	2,600	2,600	-	(2,600)
Transfers in	2,300	2,300	2,300	-
Total other financing sources	<u>4,900</u>	<u>4,900</u>	<u>2,300</u>	<u>(2,600)</u>
Net change in fund balance	<u>(3,257)</u>	<u>(4,382)</u>	<u>68</u>	<u>4,450</u>
Add outstanding encumbrances for current budget year	-	-	449	449
Fund balance - beginning of period	<u>5,950</u>	<u>5,950</u>	<u>5,950</u>	<u>-</u>
Fund balance - end of period	<u>\$ 2,693</u>	<u>\$ 1,568</u>	<u>\$ 6,467</u>	<u>\$ 4,899</u>

COUNTY OF ALAMEDA, CALIFORNIA

DUBLIN LIBRARY - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current				
Education				
Services and supplies	\$ -	\$ 6	\$ -	\$ 6
Total expenditures	-	6	-	6
Deficiency of revenues over expenditures	-	(6)	-	6
Net change in fund balance	-	(6)	-	6
Fund balance - beginning of period	6	6	6	-
Fund balance - end of period	\$ 6	\$ -	\$ 6	\$ 6

COUNTY OF ALAMEDA, CALIFORNIA

POLICE PROTECTION - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 18,810	\$ 19,209	\$ 19,076	\$ (133)
Use of money and property	20	20	107	87
State aid	124	124	120	(4)
Total revenues	<u>18,954</u>	<u>19,353</u>	<u>19,303</u>	<u>(50)</u>
Expenditures:				
Current				
Public protection				
Salaries and benefits	18,761	19,051	19,051	-
Services and supplies	128	233	125	108
Other charges	65	69	69	-
Total expenditures	<u>18,954</u>	<u>19,353</u>	<u>19,245</u>	<u>108</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>58</u>	<u>58</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>58</u>	<u>58</u>
Fund balance - beginning of period	<u>36</u>	<u>36</u>	<u>36</u>	<u>-</u>
Fund balance - end of period	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 94</u>	<u>\$ 58</u>

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

Internal Service Funds

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

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

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

Information Technology - This fund was established to account for the costs of providing information services, system design, computer programming, and computer processing for all County departments. Effective July 1, 2013, this fund will also provide communication services such as telephone service, radio and microwave maintenance, and electronic maintenance and repair services to County departments, cities, and special districts. Revenues are based on fees charged for services provided.

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

COUNTY OF ALAMEDA, CALIFORNIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018
(amounts expressed in thousands)

	Motor Pool	Building Maintenance	Information Technology	Risk Management	Total
Assets					
Current assets:					
Cash and investments with County Treasurer	\$ 295	\$ 16,148	\$ 8,498	\$ 156,121	\$ 181,062
Cash and investments with fiscal agents	-	-	-	250	250
Deposits with others	-	5	-	-	5
Other receivables	232	461	1,419	768	2,880
Due from component unit	16	34	-	-	50
Inventory of supplies	-	-	4	-	4
Prepaid items	-	-	2,689	136	2,825
Total current assets	<u>543</u>	<u>16,648</u>	<u>12,610</u>	<u>157,275</u>	<u>187,076</u>
Noncurrent assets:					
Capital assets:					
Machinery and equipment, net of depreciation	18,125	337	6,042	4	24,508
Total capital assets	<u>18,125</u>	<u>337</u>	<u>6,042</u>	<u>4</u>	<u>24,508</u>
Total noncurrent assets	<u>18,125</u>	<u>337</u>	<u>6,042</u>	<u>4</u>	<u>24,508</u>
Total assets	<u>18,668</u>	<u>16,985</u>	<u>18,652</u>	<u>157,279</u>	<u>211,584</u>
Deferred outflows of resources					
Related to pensions	1,259	15,850	19,831	745	37,685
Related to OPEB	67	884	1,034	43	2,028
Total deferred outflows of resources	<u>1,326</u>	<u>16,734</u>	<u>20,865</u>	<u>788</u>	<u>39,713</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	684	3,528	2,777	1,703	8,692
Compensated employee absences payable	71	902	1,238	27	2,238
Estimated liability for claims and contingencies	-	-	-	32,588	32,588
Total current liabilities	<u>755</u>	<u>4,430</u>	<u>4,015</u>	<u>34,318</u>	<u>43,518</u>
Noncurrent liabilities:					
Net pension liability	2,454	32,181	37,638	1,549	73,822
Net OPEB liability	37	484	566	23	1,110
Compensated employee absences payable	44	565	775	17	1,401
Estimated liability for claims and contingencies	-	-	-	108,983	108,983
Total noncurrent liabilities	<u>2,535</u>	<u>33,230</u>	<u>38,979</u>	<u>110,572</u>	<u>185,316</u>
Total liabilities	<u>3,290</u>	<u>37,660</u>	<u>42,994</u>	<u>144,890</u>	<u>228,834</u>
Deferred inflows of resources					
Related to pensions	1,036	13,550	15,848	1,022	31,456
Related to OPEB	227	2,976	3,474	174	6,851
Total deferred inflows of resources	<u>1,263</u>	<u>16,526</u>	<u>19,322</u>	<u>1,196</u>	<u>38,307</u>
Net position					
Investment in capital assets	18,125	337	6,042	4	24,508
Unrestricted (deficit)	(2,684)	(20,804)	(28,841)	11,977	(40,352)
Total net position	<u>\$ 15,441</u>	<u>\$ (20,467)</u>	<u>\$ (22,799)</u>	<u>\$ 11,981</u>	<u>\$ (15,844)</u>

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

	Motor Pool	Building Maintenance	Information Technology	Risk Management	Total
Operating revenues:					
Charges for services	\$ 13,606	\$ 103,288	\$ 74,130	\$ 69,078	\$ 260,102
Operating expenses:					
Salaries and benefits	2,936	38,709	38,365	1,512	81,522
Contractual services	499	2,543	6,376	3,564	12,982
Utilities	8	14,188	348	-	14,544
Repairs and maintenance	292	8,156	297	-	8,745
Other supplies and expenses	4,708	36,310	17,016	11,210	69,244
Insurance claims and expenses	-	-	-	39,311	39,311
Depreciation	3,755	53	2,178	-	5,986
Telephone	-	-	2,600	-	2,600
County indirect costs	920	4,698	1,174	1,122	7,914
Dental claims	-	-	-	8,408	8,408
Other	-	-	-	1,208	1,208
Total operating expenses	13,118	104,657	68,354	66,335	252,464
Operating income (loss)	488	(1,369)	5,776	2,743	7,638
Non-operating revenues (expenses):					
Investment income	(4)	77	12	1,179	1,264
Loss on sale of capital assets	(47)	1	-	-	(46)
Total non-operating revenues (expenses)	(51)	78	12	1,179	1,218
Income (loss) before transfers	437	(1,291)	5,788	3,922	8,856
Transfers in	112	1,671	-	-	1,783
Transfers out	-	(4,806)	(1,309)	(3,809)	(9,924)
Change in net position	549	(4,426)	4,479	113	715
Total net position - beginning of period	15,079	(13,590)	(24,419)	12,022	(10,908)
Cumulative effect of change in accounting principles	(187)	(2,451)	(2,859)	(154)	(5,651)
Total net position - beginning of period, as restated	14,892	(16,041)	(27,278)	11,868	(16,559)
Total net position - end of period	\$ 15,441	\$ (20,467)	\$ (22,799)	\$ 11,981	\$ (15,844)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

	Motor Pool	Building Maintenance	Information Technology	Risk Management	Total
Cash flows from operating activities					
Internal activity - receipts from other funds	\$ 13,678	\$ 103,514	\$ 73,549	\$ 68,994	\$ 259,735
Payments to suppliers	(6,093)	(61,523)	(26,738)	(14,760)	(109,114)
Payments to employees	(2,513)	(35,350)	(35,288)	(1,465)	(74,616)
Internal activity - payments to other funds	(920)	(4,698)	(1,174)	(1,122)	(7,914)
Claims paid	-	-	-	(39,138)	(39,138)
Other payments	-	-	-	(1,208)	(1,208)
Net cash provided by operating activities	<u>4,152</u>	<u>1,943</u>	<u>10,349</u>	<u>11,301</u>	<u>27,745</u>
Cash flows from non-capital financing activities					
Transfers in	112	1,671	-	-	1,783
Transfers out	-	(4,806)	(1,309)	(3,809)	(9,924)
Net cash provided by (used in) non-capital financing activities	<u>112</u>	<u>(3,135)</u>	<u>(1,309)</u>	<u>(3,809)</u>	<u>(8,141)</u>
Cash flows from capital and related financing activities					
Acquisition of capital assets	(4,111)	(182)	(2,634)	-	(6,927)
Proceeds from sale of capital assets	146	1	-	-	147
Net cash used in capital and related financing activities	<u>(3,965)</u>	<u>(181)</u>	<u>(2,634)</u>	<u>-</u>	<u>(6,780)</u>
Cash flows from investing activities					
Interest received (paid) on pooled cash and investments	(4)	77	12	1,179	1,264
Net cash provided by (used in) investing activities	<u>(4)</u>	<u>77</u>	<u>12</u>	<u>1,179</u>	<u>1,264</u>
Net increase (decrease) in cash and cash equivalents	<u>295</u>	<u>(1,296)</u>	<u>6,418</u>	<u>8,671</u>	<u>14,088</u>
Cash and cash equivalents - beginning of period	-	17,444	2,080	147,450	166,974
Cash and cash equivalents - end of period	<u>\$ 295</u>	<u>\$ 16,148</u>	<u>\$ 8,498</u>	<u>\$ 156,121</u>	<u>\$ 181,062</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 488	\$ (1,369)	\$ 5,776	\$ 2,743	\$ 7,638
Adjustments for non-cash activities					
Depreciation	3,755	53	2,178	-	5,986
Amortization - pension	432	3,212	2,855	30	6,529
Amortization - OPEB	10	126	148	1	285
Other receivables	71	224	(583)	(84)	(372)
Prepaid items	-	-	302	(11)	291
Accounts payable and accrued expenses	(131)	(324)	(401)	25	(831)
Compensated employee absences payable	(19)	21	74	16	92
Estimated liability for claims and contingencies	-	-	-	8,581	8,581
Due to other funds	(454)	-	-	-	(454)
Total adjustments	<u>3,664</u>	<u>3,312</u>	<u>4,573</u>	<u>8,558</u>	<u>20,107</u>
Net cash provided by (used in) operating activities	<u>\$ 4,152</u>	<u>\$ 1,943</u>	<u>\$ 10,349</u>	<u>\$ 11,301</u>	<u>\$ 27,745</u>

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

Fiduciary Funds

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

TRUST FUNDS

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

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

AGENCY FUNDS

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION, OPEB, AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
JUNE 30, 2018
(amounts expressed in thousands)

	Pension and Other Postemployment Benefits Trust Funds ¹			Other Employee Benefits Trust Fund	Total
	Pension	Postemployment Medical Benefits (OPEB)	Total		
Assets:					
Cash and investments with County Treasurer	\$ -	\$ -	\$ -	\$ 2,526	\$ 2,526
Cash and investments with fiscal agents	17,130	-	17,130	-	17,130
Investments, at fair value:					
Short-term investments	210,168	-	210,168	-	210,168
Domestic equities	1,547,412	-	1,547,412	-	1,547,412
Domestic equity commingled funds	1,082,242	-	1,082,242	-	1,082,242
International equities	1,915,468	-	1,915,468	-	1,915,468
International equity commingled funds	560,459	-	560,459	-	560,459
Domestic fixed income	953,511	-	953,511	-	953,511
International fixed income	136,735	-	136,735	-	136,735
International fixed income commingled funds	141,106	-	141,106	-	141,106
Real estate - separate properties	66,538	-	66,538	-	66,538
Real estate - commingled funds	445,602	-	445,602	-	445,602
Real Return Pool	301,579	-	301,579	-	301,579
Private equity and alternatives	746,115	-	746,115	-	746,115
Total investments	8,106,935	-	8,106,935	-	8,106,935
Investment of securities lending collateral	406,876	-	406,876	-	406,876
Deposits with others	848	-	848	-	848
Other receivable	34,359	-	34,359	-	34,359
Interest receivable	8,551	-	8,551	-	8,551
Non-OPEB assets	37,517	-	37,517	-	37,517
Due from (to) pension plan	(901,353)	863,836	(37,517)	-	(37,517)
Capital assets, net of accumulated depreciation	1,605	-	1,605	-	1,605
Total assets	7,712,468	863,836	8,576,304	2,526	8,578,830
Liabilities:					
Accounts payable and accrued expenses	57,328	-	57,328	8	57,336
Securities lending obligation	406,876	-	406,876	-	406,876
Total liabilities	464,204	-	464,204	8	464,212
Net Position					
Investment in capital assets	1,605	-	1,605	-	1,605
Restricted	7,246,659	863,836	8,110,495	2,518	8,113,013
	\$ 7,248,264	\$ 863,836	\$ 8,112,100	\$ 2,518	\$ 8,114,618

¹ Pension and OPEB balances reported as of December 31, 2017.

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION, OPEB, AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(amounts expressed in thousands)

	Pension and Other Postemployment Benefits Trust Funds ¹			Other	Total
	Pension	Postemployment Medical Benefits (OPEB)	Total	Employee Benefits Trust Fund	
Additions:					
Contributions:					
Employees	\$ 89,326	\$ -	\$ 89,326	\$ 4,474	\$ 93,800
Employer	208,736	38,328	247,064	-	247,064
Total contributions	298,062	38,328	336,390	4,474	340,864
Investment income:					
Interest	41,136	-	41,136	34	41,170
Dividends	70,621	-	70,621	-	70,621
Net increase (decrease) in fair value of investments	1,231,438	-	1,231,438	(8)	1,231,430
Real estate	22,244	-	22,244	-	22,244
Securities lending income	5,899	-	5,899	-	5,899
Private equity and alternatives	(1,803)	-	(1,803)	-	(1,803)
Brokers Commissions	126	-	126	-	126
Earnings allocated to non-OPEB	2,773	-	2,773	-	2,773
Earnings allocated to OPEB reserves	(67,251)	64,478	(2,773)	-	(2,773)
Total investment income (loss)	1,305,183	64,478	1,369,661	26	1,369,687
Less investment expenses:					
Investment expenses	52,943	-	52,943	-	52,943
Securities lending borrower rebates and management fees	3,508	-	3,508	-	3,508
Real estate	4,977	-	4,977	-	4,977
Total investment expenses	61,428	-	61,428	-	61,428
Net investment income (loss)	1,243,755	64,478	1,308,233	26	1,308,259
Miscellaneous income	864	-	864	-	864
Transfer to Pension from SRBR for Employer					
Contribution to 401(h)	38,328	(38,328)	-	-	-
Transfer to Pension from SRBR for Implicit Subsidy	8,788	(8,788)	-	-	-
Administrative expense	(1,204)	1,204	-	-	-
Total additions, net	1,588,593	56,894	1,645,487	4,500	1,649,987
Deductions:					
Benefit payments	437,395	37,904	475,299	4,704	480,003
Refunds of contributions	7,893	-	7,893	-	7,893
Administration expenses	14,571	1,204	15,775	-	15,775
Total deductions	459,859	39,108	498,967	4,704	503,671
Change in net position	1,128,734	17,786	1,146,520	(204)	1,146,316
Net position - beginning of year	6,119,530	846,050	6,965,580	2,722	6,968,302
Net position - end of year	\$ 7,248,264	\$ 863,836	\$ 8,112,100	\$ 2,518	\$ 8,114,618

¹ Pension and OPEB balances reported as of December 31, 2017.

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018
 (amounts expressed in thousands)

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Unapportioned Taxes</u>				
Assets:				
Cash and investments with County Treasurer	\$ 121,136	\$ 5,984,710	\$ 5,974,668	\$ 131,178
Taxes receivable	140,866	4,153,825	4,164,536	130,155
Interest receivable	2	624	619	7
Total assets	\$ 262,004	\$ 10,139,159	\$ 10,139,823	\$ 261,340
Liabilities:				
Due to other governmental units	\$ 262,004	\$ 10,139,528	\$ 10,140,192	\$ 261,340
Total liabilities	\$ 262,004	\$ 10,139,528	\$ 10,140,192	\$ 261,340
<u>Other Agency</u>				
Assets:				
Cash and investments with County Treasurer	\$ 134,929	\$ 6,452,088	\$ 6,409,271	\$ 177,746
Interest receivable	360	2,242	2,175	427
Total assets	\$ 135,289	\$ 6,454,330	\$ 6,411,446	\$ 178,173
Liabilities:				
Accounts payable and accrued expenses	\$ 10,201	\$ 31,696	\$ 24,336	\$ 17,561
Due to other governmental units	125,088	9,849,782	9,814,258	160,612
Total liabilities	\$ 135,289	\$ 9,881,478	\$ 9,838,594	\$ 178,173
<u>Totals - Agency Funds</u>				
Assets:				
Cash and investments with County Treasurer	\$ 256,065	\$ 12,436,798	\$ 12,383,939	\$ 308,924
Taxes receivable	140,866	4,153,825	4,164,536	130,155
Interest receivable	362	2,866	2,794	434
Total assets	\$ 397,293	\$ 16,593,489	\$ 16,551,269	\$ 439,513
Liabilities:				
Accounts payable and accrued expenses	\$ 10,201	\$ 31,696	\$ 24,336	\$ 17,561
Due to other governmental units	387,092	19,989,310	19,954,450	421,952
Total liabilities	\$ 397,293	\$ 20,021,006	\$ 19,978,786	\$ 439,513



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

COUNTY OF ALAMEDA, CALIFORNIA

Capital Assets Used in the Operation of Governmental Funds

Schedule by Source¹

June 30, 2018

(amounts in tables expressed in thousands)

Governmental funds capital assets:

Land	\$ 79,110
Structures & Improvements	1,780,443
Infrastructure	992,055
Equipment	117,881
Software	32,654
Construction in Progress	<u>111,024</u>
Total Governmental funds capital assets	<u><u>\$ 3,113,167</u></u> ²

Investments in governmental funds capital assets acquired prior to July 1, 2001	\$ 1,236,449
Investments in governmental funds capital assets acquired from July 1, 2001 by source:	
General fund	296,463
Capital projects fund	1,047,852
Other governmental funds	518,154
Donations	<u>14,249</u>
Total governmental funds capital assets	<u><u>\$ 3,113,167</u></u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$84,266 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

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

COUNTY OF ALAMEDA, CALIFORNIA

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Type¹

June 30, 2018

(amounts in tables expressed in thousands)

	<u>Land</u>	<u>Structures and Improvements</u>	<u>Infrastructure</u>	<u>Equipment</u>	<u>Software</u>	<u>Construction in Progress</u>	<u>Total</u>
General	\$ 14,406	\$ 151,350	\$ -	\$ 14,018	\$ 32,654	\$ 13,626	\$ 226,054
Public protection	40,430	701,935	256,851	66,809	-	30,022	1,096,047
Public assistance	15,305	67,097	6,109	8,241	-	5,093	101,845
Health and sanitation	6,201	805,841	-	5,630	-	50,263	867,935
Public ways and facilities	1,062	13,420	726,657	12,183	-	12,020	765,342
Recreation and cultural services	-	9,998	2,438	7,448	-	-	19,884
Education	1,706	30,802	-	3,552	-	-	36,060
Total governmental funds capital assets	<u>\$ 79,110</u>	<u>\$ 1,780,443</u>	<u>\$ 992,055</u>	<u>\$ 117,881</u>	<u>\$ 32,654</u>	<u>\$ 111,024</u>	<u>\$3,113,167</u> ²

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$84,266 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

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

COUNTY OF ALAMEDA, CALIFORNIA

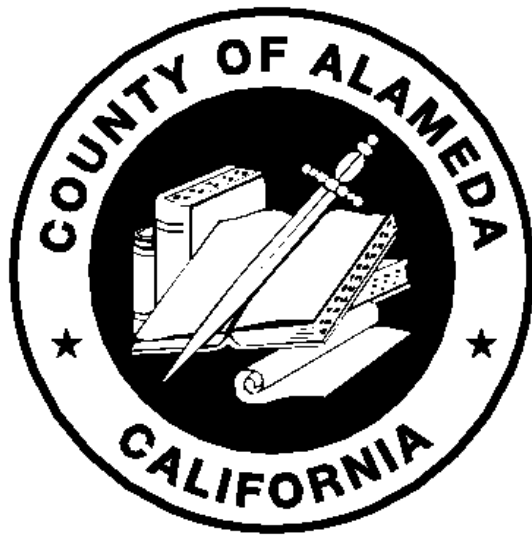
**Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function¹
June 30, 2018
(amounts in tables expressed in thousands)**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
General	\$ 218,196	\$ 9,584	\$ 1,726	\$ 226,054
Public protection	1,075,074	24,289	3,316	1,096,047
Public assistance	96,188	5,691	34	101,845
Health and sanitation	844,747	23,249	61	867,935
Public ways and facilities	752,706	12,989	353	765,342
Recreation and cultural services	19,747	137	-	19,884
Education	34,926	1,134	-	36,060
Total governmental funds capital assets	<u>\$ 3,041,584</u>	<u>\$ 77,073</u>	<u>\$ 5,490</u>	<u>\$ 3,113,167</u> ²

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds of \$84,266 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

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

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STATISTICAL SECTION

Statistical Section

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

CONTENTS	PAGE
FINANCIAL TRENDS These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	146
REVENUE CAPACITY These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	150
DEBT CAPACITY These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	154
ECONOMIC AND DEMOGRAPHIC INFORMATION These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	160
OPERATING INFORMATION These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	162

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities										
Net investment in capital assets	\$ 511,354	\$ 560,449	\$ 404,686	\$ 585,788	\$ 620,302	\$ 619,242	\$ 703,738	\$ 706,722	\$ 796,142	\$ 737,186
Restricted	579,459	641,476	697,984	627,179	655,381	630,253	763,777	779,105	801,958	814,964
Unrestricted (deficit)	465,456	328,726	574,257	512,095	578,463	685,877	(28,960)	56,405	115,106	163,925
Total governmental activities net position	<u>\$ 1,556,269</u>	<u>\$ 1,530,651</u>	<u>\$ 1,676,927</u>	<u>\$ 1,725,062</u>	<u>\$ 1,854,146</u>	<u>\$ 1,935,372</u>	<u>\$ 1,438,555</u>	<u>\$ 1,542,232</u>	<u>\$ 1,713,206</u>	<u>\$ 1,716,075</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 161,834	\$ 143,497	\$ 141,862	\$ 129,436	\$ 138,512	\$ 162,720	\$ 148,801	\$ 201,130	\$175,232	\$ 188,361
Public protection	719,458	766,225	752,191	766,855	780,729	816,218	884,370	995,579	991,438	1,025,266
Public assistance	653,920	680,142	674,181	682,936	664,085	672,473	671,151	672,846	732,600	746,760
Health and sanitation	558,632	597,448	584,815	649,431	697,402	700,454	680,779	638,290	812,264	831,984
Public ways and facilities	39,427	36,598	43,312	45,437	44,269	43,970	47,515	49,533	47,969	61,309
Recreation and cultural services	677	557	608	608	554	539	615	639	665	719
Education	23,064	22,813	22,863	24,356	27,125	27,202	27,442	29,617	21,110	30,695
Interest on long-term debt	78,352	75,420	87,490	90,003	82,957	88,808	87,591	82,458	73,694	73,871
Total governmental activities expenses	<u>2,235,364</u>	<u>2,322,700</u>	<u>2,307,322</u>	<u>2,389,062</u>	<u>2,435,633</u>	<u>2,512,384</u>	<u>2,548,264</u>	<u>2,670,092</u>	<u>2,854,972</u>	<u>2,958,965</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	124,488	111,200	125,619	126,244	122,756	127,863	139,918	139,123	131,865	109,342
Public protection	218,244	222,606	238,915	200,720	206,366	209,420	230,247	236,577	240,242	241,418
Health and sanitation	139,217	153,243	202,110	171,185	176,875	211,742	239,465	186,944	208,147	208,283
Other activities	22,114	27,819	32,085	26,578	21,164	23,037	23,397	28,112	24,533	27,038
Operating grants and contributions	1,130,306	1,170,990	1,232,027	1,269,542	1,482,657	1,459,898	1,463,685	1,481,270	1,644,159	1,716,652
Capital grants and contributions	4,260	5,782	5,550	9,618	8,305	8,737	28,092	57,038	51,456	17,365
Total governmental activities program revenues	<u>1,638,629</u>	<u>1,691,640</u>	<u>1,836,306</u>	<u>1,803,887</u>	<u>2,018,123</u>	<u>2,040,697</u>	<u>2,124,804</u>	<u>2,129,064</u>	<u>2,300,402</u>	<u>2,320,098</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	425,713	403,847	399,701	411,821	444,147	431,923	466,093	500,987	530,322	580,500
Sales taxes - shared revenues	150,551	140,643	150,328	169,375	52,749	54,939	57,369	65,175	64,175	69,692
Other taxes	26,309	28,144	27,503	27,948	29,984	31,312	35,417	37,957	37,222	41,970
Interest and investment income	25,979	9,369	5,751	8,924	22	8,506	12,488	10,075	7,443	22,880
Other	36,948	23,439	34,009	50,577	40,318	26,233	48,133	30,511	28,675	37,945
Transfers	(5,297)	-	-	-	-	-	-	-	-	-
Extraordinary item	-	-	-	(35,335)	-	-	-	-	-	-
Total governmental activities	<u>660,203</u>	<u>605,442</u>	<u>617,292</u>	<u>633,310</u>	<u>567,220</u>	<u>552,913</u>	<u>619,500</u>	<u>644,705</u>	<u>667,837</u>	<u>752,987</u>
Change in Net Position										
Governmental activities	<u>\$ 63,468</u>	<u>\$ (25,618)</u>	<u>\$ 146,276</u>	<u>\$ 48,135</u>	<u>\$ 149,710</u>	<u>\$ 81,226</u>	<u>\$ 196,040</u>	<u>\$ 103,677</u>	<u>\$113,267</u>	<u>\$ 114,120</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011¹</u>	<u>2012¹</u>	<u>2013¹</u>	<u>2014¹</u>	<u>2015¹</u>	<u>2016¹</u>	<u>2017¹</u>	<u>2018¹</u>
General fund										
Reserved	\$ 246,383	\$ 299,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	618,174	627,898	-	-	-	-	-	-	-	-
Nonspendable	-	-	1,725	4,408	3,785	11,487	10,547	5,760	3,962	3,963
Restricted	-	-	303,635	288,068	294,844	292,832	318,351	302,339	321,806	348,316
Committed	-	-	638,601	667,437	806,176	838,833	752,064	728,221	902,385	999,548
Assigned	-	-	101,961	99,646	128,177	144,224	170,789	207,381	191,248	195,744
Unassigned	-	-	16,996	23,305	17,719	7,960	114,717	194,490	107,246	134,850
Total general fund	<u>\$ 864,557</u>	<u>\$ 927,330</u>	<u>\$ 1,062,918</u>	<u>\$ 1,082,864</u>	<u>\$ 1,250,701</u>	<u>\$ 1,295,336</u>	<u>\$ 1,366,468</u>	<u>\$ 1,438,191</u>	<u>\$1,526,647</u>	<u>\$ 1,682,421</u>
All other governmental funds										
Reserved	\$ 171,988	\$ 592,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	606,763	598,330	-	-	-	-	-	-	-	-
Capital projects fund	79,236	(375,645)	-	-	-	-	-	-	-	-
Nonspendable	-	-	5,421	335	472	566	863	190	1,718	2,582
Restricted	-	-	527,282	608,361	506,147	710,121	597,051	462,776	470,014	525,418
Committed	-	-	567,921	321,926	314,766	325,857	349,382	377,205	420,147	676,958
Assigned	-	-	3,003	4,567	5,293	5,708	5,390	5,984	7,645	9,348
Unassigned	-	-	(1,930)	(9,268)	(2,926)	(60,124)	(68,323)	(4,203)	-	-
Total all other governmental funds	<u>\$ 857,987</u>	<u>\$ 815,153</u>	<u>\$ 1,101,697</u>	<u>\$ 925,921</u>	<u>\$ 823,752</u>	<u>\$ 982,128</u>	<u>\$ 884,363</u>	<u>\$ 841,952</u>	<u>\$899,524</u>	<u>\$ 1,214,306</u>

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 602,473	\$ 572,507	\$ 577,186	\$ 608,987	\$ 527,025	\$ 518,733	\$ 558,922	\$ 604,065	\$ 631,794	\$ 692,112
Licenses and permits	7,904	8,490	9,635	13,597	15,006	14,465	14,868	18,332	13,957	11,647
Fines, forfeitures, and penalties	41,228	41,444	38,887	36,076	38,745	36,727	44,763	47,101	36,698	38,920
Use of money and property	48,250	27,769	19,635	20,502	8,391	19,469	23,997	23,956	17,040	34,452
State aid	761,782	694,252	725,140	757,769	946,878	983,076	1,010,825	1,075,081	1,173,431	1,144,110
Federal aid	349,759	459,652	481,010	465,275	506,611	446,110	429,885	427,283	447,142	459,336
Other aid	23,259	40,057	29,914	61,752	44,730	39,520	51,067	35,945	75,038	130,573
Charges for services	389,506	428,166	455,215	365,541	430,141	411,647	491,488	441,795	492,618	481,301
Other revenue	71,436	50,709	136,133	73,549	104,976	110,089	88,901	81,276	83,682	93,688
Total revenues	2,295,597	2,323,046	2,472,755	2,403,048	2,622,503	2,579,836	2,714,716	2,754,834	2,971,400	3,086,139
Expenditures										
Current										
General government	130,358	120,465	129,978	126,190	129,394	127,304	134,691	142,050	140,147	144,664
Public protection	703,959	710,039	739,809	757,380	762,506	806,129	832,408	875,714	890,256	935,371
Public assistance	647,504	666,247	667,601	702,114	657,269	670,945	701,102	697,016	699,635	729,493
Health and sanitation	556,575	590,590	580,833	644,493	690,296	692,549	683,588	644,825	769,081	822,164
Public ways and facilities	46,199	42,400	49,705	49,819	52,828	44,769	43,950	50,158	30,280	42,330
Recreation and cultural services	719	594	675	671	610	580	615	659	654	714
Education	22,883	21,947	22,079	23,450	26,136	26,318	27,017	29,722	28,750	29,635
Debt service										
Principal	78,730	90,896	93,865	98,241	57,695	51,048	44,008	36,428	35,993	44,642
Interest	28,889	27,130	38,788	47,495	96,098	108,264	116,149	119,332	122,488	125,649
Payment to refunded bond escrow agent	-	-	-	82,031	-	-	-	-	10,167	-
Bond issuance costs	-	-	2,465	817	6	1,749	-	-	667	1,838
Capital outlay	31,878	46,875	95,067	111,523	100,560	188,821	193,226	174,437	124,757	74,143
Total expenditures	2,247,694	2,317,183	2,420,865	2,644,224	2,573,398	2,718,476	2,776,754	2,770,341	2,852,875	2,950,643
Excess (deficiency) of revenues over expenditures	47,903	5,863	51,890	(241,176)	49,105	(138,640)	(62,038)	(15,507)	118,525	135,496
Other financing sources (uses)										
Issuance of loans	675	4,732	28,040	785	2,779	18,600	-	-	3,000	10,000
Proceeds from sale of land	-	-	13,452	15,130	4,914	15,352	28,862	30,109	11,957	-
Capital leases issued	3,000	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	320,000	45,675	-	287,380	-	-	-	313,495
Refunding bonds issued	-	-	-	75,915	-	-	-	-	98,470	-
Premium on issuance of debt	-	-	-	10,300	-	13,106	-	-	17,080	3,424
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(110,791)	-
Transfers in	85,552	83,705	93,073	119,366	103,513	141,575	169,984	128,311	197,000	239,159
Transfers out	(82,348)	(74,361)	(84,319)	(110,463)	(94,643)	(134,362)	(163,441)	(113,601)	(189,213)	(231,018)
Total other financing sources (uses)	6,879	14,076	370,246	156,708	16,563	341,651	35,405	44,819	27,503	335,060
Extraordinary item	-	-	-	(71,362)	-	-	-	-	-	-
Net change in fund balances	\$ 54,782	\$ 19,939	\$ 422,136	\$ (155,830)	\$ 65,668	\$ 203,011	\$ (26,633)	\$ 29,312	\$ 146,028	\$ 470,556
Debt service as a percentage of noncapital expenditures	4.90%	5.27%	5.83%	5.76%	6.30%	6.34%	6.15%	5.92%	5.82%	5.92%

* Extraordinary item is due to the dissolution of all redevelopment agencies in California.

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>	<u>Institutional Property</u>	<u>Utility, Unsecured and Escaped Assessment Property¹</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2009	\$ 146,399,031	\$ 25,895,769	\$ 19,172,805	\$ 1,466,409	\$ 2,263,501	\$ 14,086,040	\$ 5,115,665	\$ 204,167,890	1.00 %
2010	139,524,668	27,086,816	19,319,349	1,499,707	2,437,587	14,398,367	5,476,280	198,790,214	1.00
2011	137,082,662	26,746,547	19,385,756	1,435,643	2,450,098	14,454,882	5,793,021	195,762,567	1.00
2012	138,442,842	27,114,991	18,540,107	1,412,736	2,506,623	14,447,692	6,560,413	195,904,578	1.00
2013	140,479,280	27,958,514	19,450,625	1,412,563	2,599,792	15,321,278	6,549,698	200,672,354	1.00
2014	149,092,989	29,348,915	20,120,895	1,456,520	2,689,140	15,633,013	7,566,667	210,774,805	1.00
2015	161,954,196	29,475,074	20,596,312	1,501,740	2,871,593	15,748,875	8,858,490	223,289,300	1.00
2016	174,707,996	30,784,933	21,604,658	1,573,372	3,008,754	16,840,363	7,931,121	240,588,955	1.00
2017	186,918,732	32,806,144	23,888,234	1,756,511	3,170,216	17,221,687	8,558,188	257,203,336	1.00
2018	200,674,894	34,676,697	25,376,448	1,894,968	3,298,031	17,548,323	9,106,096	274,363,265	1.00

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

Source: Auditor-Controller, County of Alameda

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

Fiscal Year	County General	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	Total¹
2009	1.0000 %	0.0035 %	0.0018 %	0.0249 %	0.0987 %	0.0520 %	1.1809 %
2010	1.0000	0.0042	0.0015	0.0195	0.1164	0.0582	1.1998
2011	1.0000	0.0052	0.0017	0.0179	0.1163	0.0582	1.1993
2012	1.0000	0.0063	0.0018	0.0176	0.1273	0.0584	1.2114
2013	1.0000	0.0048	0.0016	0.0159	0.1289	0.0560	1.2072
2014	1.0000	0.0054	0.0015	0.0240	0.1346	0.0529	1.2184
2015	1.0000	0.0054	0.0022	0.0183	0.1393	0.0546	1.2198
2016	1.0000	0.0074	0.0018	0.0177	0.1310	0.0469	1.2048
2017	1.0000	0.0071	0.0019	0.0198	0.1279	0.0513	1.2080
2018	1.0000	0.0077	0.0020	0.0244	0.1406	0.0526	1.2273

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

Source: Auditor-Controller, County of Alameda

**COUNTY OF ALAMEDA, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(amounts expressed in thousands)**

Taxpayer	JUNE 30, 2018			JUNE 30, 2009		
	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Tesla Motors Inc	\$ 2,424,307	1	0.93 %			
Pacific Gas & Electric Co.	2,388,621	2	0.91	\$ 1,259,820	1	0.65 %
Kaiser Foundation Hospitals	528,383	3	0.20	388,378	4	0.20
Kaiser Foundation Health Plan	398,668	4	0.15	343,403	6	0.18
Russell City Energy Company, LLC	387,800	5	0.15			
BMR Gateway Boulevard LLC	383,876	6	0.15			
AT&T	361,957	7	0.14	447,813	3	0.23
Bayer Healthcare LLC	353,961	8	0.14	272,907	8	0.14
BRE Properties	341,918	9	0.13			
5616 Bay Street Investors LLC	319,450	10	0.12			
New United Motor Manufacturing, Inc.				1,087,910	2	0.56
Deutsche Bank National Trust				375,817	5	0.19
Catellus Development Corporation				325,597	7	0.17
Northern California Industrial Portfolio Inc				267,347	9	0.14
SCI Limited Partnership I				262,577	10	0.14
	<u>\$ 7,888,941</u>		<u>3.02 %</u>	<u>\$ 5,031,569</u>		<u>2.60 %</u>

Source: Auditor-Controller, County of Alameda

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year ¹</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years ²</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2009	\$ 2,393,333	\$ 2,284,204	95.44 %	\$ -	\$ -	-
2010	2,360,181	2,283,101	96.73	-	-	-
2011	2,327,545	2,264,442	97.29	58,031	2,322,473	99.78 %
2012	2,358,081	2,300,192	97.55	51,506	2,351,698	99.73
2013	2,402,703	2,359,713	98.21	40,041	2,399,754	99.88
2014	2,539,344	2,503,557	98.59	32,553	2,536,110	99.87
2015	2,711,822	2,675,977	98.68	27,569	2,703,546	99.69
2016	2,880,728	2,840,578	98.61	32,850	2,873,428	99.75
2017	3,082,262	3,040,805	98.65	31,867	3,072,672	99.69
2018	3,350,221	3,313,841	98.91			

¹ Taxes levied for the fiscal year are based on the original charge and are not adjusted for any value changes that may reduce or increase taxes levied and impact percentage of levy collections, including collections to be greater than one hundred percent.

² Data only available beginning fiscal year 2011.

Source: Auditor-Controller, County of Alameda

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

Governmental Activities												
Fiscal Year	Certificates of Participation	Tobacco Settlement Asset-Backed Bonds	Pension Obligations Bonds	Lease Revenue Bonds	General Obligation Bonds	Tax Allocation Bonds¹	Special Assessment Bonds	Capital Leases	Loans and Notes Payable	Total Primary Government	Percentage of Total Personal Income²	Per Capita²
2009	\$ 178,347	\$ 271,655	\$ 504,074	\$ 145,520	\$ -	\$ 33,215	\$ 545	\$ 30,300	\$ 8,194	\$ 1,171,850	1.67 %	\$ 782
2010	160,221	272,799	477,740	141,705	-	32,565	335	29,849	12,129	1,127,343	1.55	746
2011	140,915	274,880	446,593	458,190	-	31,890	220	29,516	39,066	1,421,270	1.87	936
2012	39,249	277,774	410,116	575,655	-	-	-	4,357	37,241	1,344,392	1.58	879
2013	36,552	270,239	367,753	564,254	-	-	-	4,150	38,520	1,281,468	1.50	827
2014	32,617	273,662	318,892	840,363	-	-	-	3,971	51,606	1,521,111	1.68	967
2015	28,451	277,030	262,846	822,644	-	-	-	3,784	17,987	1,412,742	-	883
2016	24,033	281,022	198,891	812,019	-	-	-	3,590	6,484	1,326,039	-	815
2017	19,351	285,265	126,252	799,658	-	-	-	3,351	8,273	1,242,150	1.23	758
2018	14,557	286,873	45,755	856,008	243,424	-	-	2,915	16,646	1,466,178	1.24	882

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

¹ Pursuant to ABx1 26, the responsibility for the payment of this debt was transferred to the Alameda County Successor Agency Private-Purpose Trust Fund.

² See Schedule of Demographic and Economic Statistics for total personal income and population data.

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

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Value of Property ²	Per Capita ³
	General Obligation Bonds	Tax Allocation Bonds ¹	Special Assessment Bonds	Total		
2009	\$ -	\$ 33,215	\$ 545	\$ 33,760	0.02 %	\$ 23
2010	-	32,565	335	32,900	0.02	22
2011	-	31,890	220	32,110	0.02	21
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	243,424	-	-	243,424	0.09	146

Note:

- ¹ Pursuant to ABx1 26, the responsibility for the payment of this debt was transferred to the Alameda County Successor Agency Private-Purpose Trust Fund.
- ² See Schedule of Assessed Taxable Value for the taxable value of property.
- ³ See Schedule of Demographic and Economic Statistics for total population data.

COUNTY OF ALAMEDA, CALIFORNIA

**ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2018
(dollar amounts in tables expressed in thousands)**

2017-18 Assessed Valuation: \$274,363,265 (includes unitary utility valuation)

Population: 1,663,190

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/18</u>
Alameda County	100.000%	\$ 240,000
Bay Area Rapid Transit District	38.963%	326,440
Chabot-Las Positas Community College District	99.408	689,489
Ohlone Community College District	100.000	388,431
Peralta Community College District	100.000	380,170
San Joaquin Delta Community College District	0.400	617
Alameda Unified School District	100.000	153,198
Berkeley Unified School District	100.000	236,545
Castro Valley Unified School District	100.000	100,915
Dublin Unified School District	100.000	437,095
Fremont Unified School District	100.000	363,825
Hayward Unified School District	100.000	417,258
Livermore Valley Joint Unified School District	99.616	135,472
New Haven Unified School District	100.000	241,864
Oakland Unified School District	100.000	900,690
Pleasanton Unified School District	100.000	88,774
San Leandro Unified School District	100.000	219,634
San Lorenzo Unified School District	100.000	115,335
Other Unified School Districts	1.858-100.000	312,620
City of Alameda	100.000	7,570
City of Albany	100.000	13,995
City of Berkeley	100.000	117,520
City of Fremont	100.000	37,685
City of Oakland	100.000	317,605
Washington Township Healthcare District	100.000	332,425
Hayward Area Recreation and Park District	100.000	125,000
East Bay Regional Park District	56.638	106,366
Community Facilities Districts	100.000	195,819
1915 Act Bonds (Estimated)	100.000	30,807
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$7,033,164</u>

COUNTY OF ALAMEDA, CALIFORNIA

ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (Continued)

JUNE 30, 2018

(dollar amounts in tables expressed in thousands)

<u>DIRECT AND OVERLAPPING DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/18</u>
Alameda County Certificates of Participation	100.000%	\$ 14,557
Alameda County Tobacco Securitization Bonds	100.000	286,873
Alameda County Pension Obligations	100.000	45,755
Alameda County Lease Revenue Bonds	100.000	856,008
Alameda County Capital Leases	100.000	2,915
Alameda County Loans and Notes Payable	100.000	16,646
Alameda County General Obligation Bonds	100.000	243,424
Alameda-Contra Costa Transit District Certificates of Participation	89.617	12,385
Peralta Community College District Pension Obligation Bonds	100.000	153,944
Fremont Unified School District Certificates of Participation	100.000	64,455
Hayward Unified School District Certificates of Participation	100.000	17,125
Oakland Unified School District Certificates of Participation	100.000	28,130
San Lorenzo Unified School District Certificates of Participation	100.000	10,305
Other School District Certificates of Participation	100.000	11,872
City of Berkeley General Fund and Pension Obligation Bonds	100.000	26,945
City of Fremont General Fund Obligations	100.000	117,600
City of Hayward General Fund Obligations	100.000	88,057
City of Livermore General Fund Obligations	100.000	66,095
City of Oakland General Fund Obligations	100.000	137,239
City of Oakland Pension Obligation Bonds	100.000	271,579
City of San Leandro General Fund and Pension Obligations Bonds	100.000	37,375
Other City General Fund Obligations	100.000	<u>42,761</u>
TOTAL DIRECT AND OVERLAPPING DEBT		<u>\$2,552,045</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	100.000	<u>\$ 730,295</u>
TOTAL DIRECT DEBT		\$1,466,179 ¹
TOTAL OVERLAPPING DEBT		<u>\$8,609,326</u>
COMBINED TOTAL DEBT		<u>\$10,075,505</u> ²
Ratios to 2017-18 Assessed Valuation:		Per Capita (not in thousands)
Total Overlapping Tax and Assessment Debt	2.56%	\$4,229
Total Direct Debt	.53%	882
Combined Total Debt	3.67%	6,057
Ratios to Redevelopment Successor Agencies Incremental Valuation (\$38,691,772):		
Total Overlapping Tax Increment Debt	1.89%	439

¹ Includes accreted value.

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

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

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

Legal debt margin calculation for fiscal year 2018	
Net assessed value	\$272,632,215
Plus homeowners' exemption	1,731,050
Total assessed value	\$274,363,265
Debt limit (1.25% of total assessed value)	\$3,429,541
Amount of debt applicable to debt limit	240,000
Legal debt margin	\$3,189,541

Fiscal year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin / Debt Limit
2009	\$2,552,099	\$ -	\$2,552,099	100 %
2010	2,484,877	-	2,484,877	100
2011	2,447,032	-	2,447,032	100
2012	2,448,807	-	2,448,807	100
2013	2,508,404	-	2,508,404	100
2014	2,634,685	-	2,634,685	100
2015	2,791,116	-	2,791,116	100
2016	3,007,362	-	3,007,362	100
2017	3,215,042	-	3,215,042	100
2018	3,429,541	-	3,429,541	100

Source: Auditor-Controller, County of Alameda

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

Fiscal Year	Special Assessment Bonds ¹				Tax Allocation Bonds ²				Tobacco Securitization Bonds ³			
	Special Assessment Collections	Debt Service		Coverage	Tax Increment	Debt Service		Coverage	Tobacco Settlement Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2009	\$ 180	\$ 135	\$ 32	108 %	\$ 1,985	\$ 625	\$ 1,489	94 %	\$ 18,019	\$ 6,935	\$ 11,103	100 %
2010	190	210	23	82	2,075	650	1,453	99	14,624	4,565	10,834	95
2011	135	115	14	105	2,078	675	1,426	99	13,162	4,015	10,618	90
2012	86	220	5	38	2,114	705	1,409	100	13,422	3,615	10,432	96
2013	-	-	-	-	2,111	730	1,381	100	20,229	10,505	10,278	97
2014	-	-	-	-	2,111	760	1,351	100	13,299	4,140	9,693	96
2015	-	-	-	-	2,110	790	1,320	100	13,165	4,700	9,455	93
2016	-	-	-	-	2,113	825	1,288	100	13,017	4,615	9,185	94
2017	-	-	-	-	2,109	855	1,254	100	13,388	4,940	8,920	97
2018	-	-	-	-	2,109	890	1,219	100	15,984	8,190	8,635	95

¹ Special Assessment bonds were paid off on September 2, 2011.

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

³ Tobacco Securitization bonds were issued on October 30, 2002.

Source: Auditor-Controller, County of Alameda

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

Fiscal Year	Population	Total Personal Income (amounts expressed in thousands)²	Per Capita Personal Income (dollars)²	Unemployment Rate³
2009	1,497,799	\$ 69,974,222	\$ 46,695	11.1
2010	1,510,271	72,757,457	48,087	11.3
2011	1,517,756	75,908,145	49,617	10.8
2012	1,530,176	85,017,099	54,683	9.5
2013	1,548,681	85,173,987	53,798	7.4
2014	1,573,254	90,631,392	56,261	5.8
2015	1,599,888	- ¹	- ¹	4.6
2016	1,627,865	- ¹	- ¹	4.7
2017	1,638,215	101,370,460	61,879	4.0
2018	1,663,190	118,554,685	71,282	3.3

¹ Personal Income & Per Capita Income for the County is not available from 2014-2016

² Dollar estimates are in current dollars (not adjusted for inflation); Per Capita Personal Income was computed using Census Bureau's midyear population estimates, which differ from the population column of this page.

³ Unemployment rates reflected as of June of each year

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

**COUNTY OF ALAMEDA, CALIFORNIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Type of Business	Number of Employees JUNE 8, 2018 ¹		Rank	Percentage of Total County Employment ²	Number of Employees JUNE 30, 2009 ¹		Rank	Percentage of Total County Employment ²
Kaiser Permanente Medical Group Inc. ³	Health Care	34,398	1		4.21 %	-	20+		- %
Sutter Health ³	Health Care	10,184	2		1.25	-	20+		-
Tesla ³	Electric Vehicle Manufacturer	10,000	3		1.22	-	20+		-
County of Alameda	Local Government	9,545	4		1.17	9,029	2		1.30
Safeway Inc. ³	Supermarkets & Other Grocery	9,373	5		1.15	-	20+		-
John Muir Health ³	Health Care	6,484	6		0.79	-	20+		-
Chevron Corp. ³	Energy	5,252	7		0.64	-	20+		-
PG&E Corporation ³	Energy	5,100	8		0.62	-	20+		-
Wells Fargo Bank ³	Financial Services	5,089	9		0.62	-	20+		-
UPS ³	Trucking/Shipping/Freight	4,500	10		0.55	-	20+		-
Total		<u>99,925</u>			<u>12.21 %</u>	<u>9,029</u>			<u>1.30 %</u>

Source: SFBT research for June 8, 2018 employment data. The County of Alameda number of employees as of June 30, 2009 is obtained from the County of Alameda Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2009.

¹ The number of employees, except for County of Alameda include Alameda County and Contra Costa County employees.
Total employment within County of Alameda is unavailable.

² Percentage calculated based on Alameda County's Employment of 817,500 for June 2018 and 686,300 for 2009 (Source: Employment Development Department)

³ Information from SFBT research as of June 8, 2018. Information as of June 30, 2018 is not available, except for County of Alameda employer.

⁴ Information from County of Alameda's database as of June 30, 2018.

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	1,197	1,256	1,247	1,242	1,241	1,259	1,333	1,291	1,294	1,307
Public Protection	3,422	3,458	3,399	3,319	3,330	3,385	3,155	3,249	3,039	2,994
Public Assistance	2,278	2,159	2,057	1,980	1,919	2,057	2,288	1,211	2,137	2,152
Health and Sanitation	1,042	1,056	1,094	1,130	1,158	1,190	1,159	2,276	1,595	1,641
Public Ways and Facilities	4	4	4	5	5	5	4	105	4	4
Recreation and Cultural Services	4	4	4	4	3	4	4	5	4	4
Education	97	91	93	90	88	93	102	4	107	118
Totals	8,044	8,028	7,898	7,770	7,744	7,993	8,045	8,141	8,180	8,220

Source: Auditor-Controller, County of Alameda

**COUNTY OF ALAMEDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS¹**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Property tax bills processed	573,519	561,531	562,212	556,359	570,121	571,625	568,444	565,466	568,056	584,861
Phone-assisted property tax calls	90,602	92,518	74,700	63,784	60,970	53,484	56,467	42,666	46,641	49,158
Recycled materials recovered (pounds) from county departments										
Metal	277,046	442,250	424,776	347,449	424,908	413,351	386,384	561,659	459,812	486,709
Paper	2,672,980	1,070,263	1,034,233	680,461	1,136,732	1,399,429	1,420,980	1,328,709	1,158,883	963,607
Toner cartridges	5,703	8,716	5,276	9,633	9,709	14,515	14,692	11,644	12,038	7,473
Public Protection										
Juvenile detention risks and needs assessment completed	3,114	2,806	2,180	4,092	3,017	2,740	2524	1,852	1,621	1,596
Youth serviced through community probation	1,528	908	634	640	641	576	436	397	384	565
Documents recorded/indexed	368,584	377,208	396,916	405,824	452,091	323,925	346,218	326,558	320,423	273,564
Child support active caseload	39,611	37,277	35,786	34,612	33,472	32,983	31,825	31,081	31,034	31,625
Emergency calls to fire district	23,855	23,621	31,887	33,071	34,483	36,621	38,797	40,814	40,921	41,683
Calls for police service	52,367	51,742	51,199	50,122	51,610	50,444	53,147	54,317	54,542	55,202
Total patrol arrests	6,518	6,244	5,607	5,856	5,220	6,437	6,430	6,672	5,854	5,670
Total investigation arrests	1,710	1,910	2,039	1,978	1,939	1,969	2,008	1,846	1,652	1,713
Crime investigation cases assigned	5,768	5,115	5,008	2,671	4,146	5,844	7,141	7,002	6,569	4,683
Crime investigation cases closed	7,898	7,438	7,022	8,644	6,822	8,308	6,542	7,099	7,380	6,712
Average daily inmate population	4,441	4,305	3,898	3,487	3,383	3,380	2,988	2,653	2,493	2,547
Public Assistance										
Seniors receiving services (annual amount)	32,000	34,198	41,365	49,685	54,599	57,740	64,464	63,011	72,261	75,755
Congregate nutrition meals served (annual amount)	233,751	222,688	216,540	199,427	200,428	196,768	185,477	180,046	194,848	188,288
Home-delivered nutrition meals served (annual amount)	531,563	514,599	537,310	518,453	488,203	496,397	529,690	480,814	540,995	659,416
CALWORKS job placements (annual amount)	2,964	2,644	2,954	2,788	2,620	2,614	2,626	2,372	1,847	1,596
CALWORKS eligible households aided (monthly average)	19,154	19,963	20,480	19,997	19,172	18,406	17,036	14,581	12,631	11,148
Medi-Cal eligible households aided (monthly average)	69,722	75,813	80,387	84,254	105,488	116,322	168,060	204,664	213,808	212,715
Food stamps eligible households aided (monthly average)	38,613	45,511	52,827	59,802	62,968	63,828	67,545	62,067	59,076	56,676
General Assistance eligible cases aided (monthly average)	9,001	8,907	6,378	7,455	8,184	8,089	8,241	8,250	8,794	9,084
Health and Sanitation										
Food inspections	13,148	13,823	12,151	13,894	15,652	16,165	17,911	15,647	15,227	10,822
Recreational inspections	2,458	2,847	1,986	2,398	1,432	2,418	2,054	2,505	2,315	1,645
Medical waste facility inspections	145	120	160	150	160	158	136	140	146	189
Landfill site inspections	252	252	252	252	258	221	295	306	241	382
Hazardous waste accepted from households (pounds)	2,052,451	2,091,555	2,609,290	2,851,155	2,887,424	3,100,100	3,390,777	4,066,855	4,570,668	4,722,366
Hazardous waste recycled (pounds)	1,784,343	1,801,109	2,017,973	2,200,192	2,343,774	2,450,000	1,982,822	2,889,840	3,426,088	3,430,603
Public Ways and Facilities										
Percent of roadway miles rehabilitated	2.30	1.82	2.95	9.84	9.45	9.45	6.75	8.4	1.1	3.74
Percent of potholes filled within 48 hours of request	87.00	75.00	75.00	75.00	80.00	80.00	80.00	80.00	80.00	72.00
Education										
Number of library visits	4,827,535	4,998,814	4,547,999	4,922,076	4,891,575	4,855,755	5,301,916	5,006,010	4,902,657	4,385,828
Number of registered library card holders	340,737	323,798	336,360	346,431	357,036	366,504	375,054	386,768	395,120	425,068

¹ Operating indicators are not available for the recreation and cultural services function.

Source: Various County of Alameda departments

**COUNTY OF ALAMEDA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administration buildings	3	3	3	3	5	5	6	6	6	7
Public Protection										
Administration buildings	11	11	11	11	11	11	11	11	11	12
Jail and detention facilities	6	6	6	5	5	5	5	5	6	6
Pump stations	13	13	13	13	13	13	13	13	13	13
Fuel cell center	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	5
Fire trucks	30	29	28	30	31	31	33	31	29	27
Aircraft	2	2	2	2	2	2	3	3	3	3
Patrol boats	5	5	5	5	5	5	5	7	7	9
Patrol cars	149	142	141	141	160	160	165	143	129	148
Rescue equipment	10	10	10	10	10	10	10	6	6	6
Heavy equipment	71	65	69	69	70	72	72	61	63	66
Public Assistance										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Health and Sanitation										
Administration buildings	2	2	2	2	2	4	4	4	4	4
Hospitals	3	3	3	3	3	3	3	3	3	3
Health centers	4	5	5	5	5	5	5	6	6	6
Hazardous waste facilities	2	2	2	2	2	2	2	2	2	2
Public Ways and Facilities										
Administration building	1	1	1	1	1	1	1	1	1	1
Maintenance buildings	5	5	5	5	5	5	5	5	5	5
Bridges	7	7	7	7	7	7	7	7	7	7
Road (miles)	473	473	473	472	472	472	472	472	471	471
Street lights	7,496	7,507	7,507	7,531	7,592	7,603	7,613	8,076	8,084	8,084
Traffic signals	81	78	78	78	79	80	87	87	87	87
Heavy equipment	72	64	65	65	65	73	73	68	64	65
Recreation and Cultural Services										
Administration building	1	1	1	1	1	1	1	1	1	1
Exhibit halls	6	6	6	6	6	6	6	6	6	6
Amphitheater	1	1	1	1	1	1	1	1	1	1
Education										
Libraries	3	4	4	4	4	4	4	4	4	4

Source: Auditor-Controller, County of Alameda

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.

